



**Meezan**  
Strategic Allocation Fund-II

## Meezan Strategic Allocation Fund II (MSAF II)

Meezan Strategic Allocation Fund-II is a Shariah compliant scheme which will use active asset allocation strategy for providing competitive returns on your investment. It is a unique asset allocation fund for investors who wish to benefit from the equity market and want an actively managed investment portfolio with diversification.

# HIGHEST SOCIAL MEDIA FOLLOWING IN THE INDUSTRY



# FUND INFORMATION

## MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre,  
Shahrah-e-Faisal Karachi 74400, Pakistan.  
Phone (9221) 35630722-6, 111-MEEZAN  
Fax: (9221) 35676143, 35630808  
Website: [www.almeezangroup.com](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto:info@almeezangroup.com)

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Mohammad Furquan R Kidwai	Independent Director
Mr. Ijaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Shaukat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Arshad Majeed	Member
Mr. Naeem Abdul Sattar	Member

## RISK MANAGEMENT COMMITTEE

Mr. Muhammad Abdullah Ahmed	Chairman
Syed Amir Ali Zaidi	Member
Mr. Naeem Abdul Sattar	Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

## TRUSTEE

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

## AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C,  
I.I. Chundrigar Road, Karachi-74000

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Bank Al Habib Limited - Islamic Banking  
Meezan Bank Limited

## LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone (9221) 35156191-94 Fax: (9221) 35156195  
E-mail:

## TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: [www.meezanbank.com](http://www.meezanbank.com)

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

## REPORT OF THE FUND MANAGER

### Meezan Strategic Allocation Fund – II (MSAF – II)

#### Type of Fund

MSAF – II is a perpetual Shariah Compliant (Islamic) Fund of Funds Scheme.

#### Objective

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

#### Strategy and Investment Policy

MSAF – II has two Allocation Plans which allow investors to invest according to their risk tolerance levels. These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a weighted average combination of KSE Meezan Index 30 and Fixed Income/Money Market Schemes performance, according to the invested percentages in both the asset classes.

Meezan Strategic Allocation Plan - MCPP-IV	Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation.
Meezan Strategic Allocation Plan - MCPP-V	
Meezan Strategic Allocation Plan - MCPP-VI	
Meezan Strategic Allocation Plan - MCPP-VII	
Meezan Strategic Allocation Plan - MCPP-VIII	

### Performance Table with Benchmark

	Returns - FY20
M CPP IV	2.30%
Benchmark	-1.43%
M CPP V	3.12%
Benchmark	-0.18%
M CPP VI	0.43%
Benchmark	-1.17%
M CPP VII	0.34%
Benchmark	1.00%
M CPP VIII	0.81%
Benchmark	-1.21%

#### **Meezan Capital Preservation Plan – IV**

The Meezan Capital Preservation Plan – IV posted a total gain of Rs. 40 million in FY20. Total gain comprised of realized and unrealized loss on investments of Rs. 42 million. Dividend income and profit on saving account with banks comprised of Rs. 82 million and 0.3 million respectively. After accounting for expenses of Rs. 4 million, the Fund posted a net income of Rs. 36 million. The net assets of the Fund as at June 30, 2020 were Rs. 1,112 million.

#### **Meezan Capital Preservation Plan – V**

The Meezan Capital Preservation Plan – V posted total gain of Rs. 16 million in FY20. Total gain comprised of realized loss on investments of Rs. 6 million. Dividend income and profit on saving account with banks comprised of Rs. 22 million and 0.2 million respectively. After accounting for expenses of Rs. 1 million, the Fund posted a net income of Rs. 15 million. The net assets of the Fund as at June 30, 2020 were Rs. 216 million.

#### **Meezan Capital Preservation Plan – VI**

The Meezan Capital Preservation Plan – VI posted total gain of Rs. 8 million in FY20. Total gain comprised of realized loss on investments of Rs. 12 million. Dividend income and profit on saving account with banks comprised of Rs. 20 million and 0.2 million respectively. After accounting for expenses of Rs. 1 million, the Fund posted a net income of Rs. 7 million. The net assets of the Fund as at June 30, 2020 were Rs. 213 million.

#### **Meezan Capital Preservation Plan – VII**

The Meezan Capital Preservation Plan – VII posted total gain of Rs. 3 million in FY20. Total gain comprised of realized loss on investments of Rs. 8 million. Dividend income and profit on saving account with banks comprised of Rs. 11 million and 0.01 million respectively. After accounting for expenses of Rs. 0.5 million, the Fund posted a net income of Rs. 3 million. The net assets of the Fund as at June 30, 2020 were Rs. 136 million.

#### **Meezan Capital Preservation Plan – VIII**

The Meezan Capital Preservation Plan – VIII posted total gain of Rs. 3 million in FY20. Total gain comprised of realized loss on investments of Rs. 4 million. Dividend income and profit on saving account with banks comprised of Rs. 7 million and 0.3 million respectively. After accounting for expenses of Rs.

0.3 million, the Fund posted a net income of Rs. 3 million. The net assets of the Fund as at June 30, 2020 were Rs. 64 million.

### **Distributions**

The Interim Pay out by the Fund during the fiscal year ended June 30, 2020 was Rs. 1.6 per unit (3.2%), Rs. 1.40 per unit (2.8%), Rs. 0.04 per unit (0.08%), Re. 1 per unit (2%) and Rs. 0.33 per unit (0.66%) in MCPP-IV, MCPP-V, MCPP-VI, MCPP-VII and MCPP-VIII respectively. Total distribution made by the fund was Rs. 35 million, Rs. 6 million, Rs. 0.2 million, Rs. 3 million and Rs. 0.4 million in MCPP-IV, MCPP-V, MCPP-VI, MCPP-VII and MCPP-VIII respectively.

### **Breakdown of unit holdings by size**

(As on June 30, 2019)

Range (Units)	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII
	No. of investors	No. of investors	No. of investors	No. of investors	No. of investors
1 - 9,999	391	207	345	313	306
10,000 - 49,999	195	96	69	39	33
50,000 - 99,999	33	11	10	5	2
100,000 - 499,999	34	4	4	2	0
500,000 and above	5	0	0	1	0
<b>Total</b>	<b>658</b>	<b>318</b>	<b>428</b>	<b>360</b>	<b>341</b>

**PERFORMANCE TABLE**

			June 30, 2020			
	MCPP IV	MCPP V	MCPP VI	MCPP VII	MCPP VIII	
Net assets (Rs. '000) (ex-distribution)	1,112,385	216,363	213,480	135,604	63,871	
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	49.6737	50.2777	50.1329	49.2089	49.0635	
Highest redemption price per unit (Rs.)	56.0150	56.1642	55.9504	56.4559	55.2446	
Lowest redemption price per unit (Rs.)	48.8788	48.6429	48.3177	48.2911	47.4841	
Distribution (%)						
Interim	3.20	2.80	0.08	2.00	0.66	
Final						
Date of distribution						
Interim	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	
Final	N/A	N/A	N/A	N/A	N/A	
Income distribution (Rupees in '000)						
Growth distribution (Rupees in '000)	34,898	5,894	167	2,726	432	
Total return (%)	2.30%	3.12%	0.43%	0.34%	0.81%	



**Meezan Bank**  
The Premier Islamic Bank

## Report of the *Shari'ah* Advisor– Meezan Strategic Allocation Fund-II

August 4, 2020/ Dhu'l-Hijjah 13, 1441

**Alhamdulillah**, the period from July 1, 2019 to June 30, 2020 was the Second year of operation of Meezan Strategic Allocation Fund-II (MSAF-II) under management of Al Meezan Investment Management Limited (Al Meezan). The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, I have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, I hereby certify that:

- i. I have reviewed and approved the modes of investments of MSAF-II in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MSAF-II by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MSAF-II for the year ended June 30, 2020 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

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**Dr. Muhammad Imran Ashraf Usmani**

For and on behalf of Meezan Bank  
*Shariah* Advisor

**Head Office**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN STRATEGIC ALLOCATION FUND – II**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Strategic Allocation Fund – II (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 24, 2020



**INDEPENDENT AUDITOR'S REPORT**

**To the Unit holders of Meezan Strategic Allocation Fund II**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Meezan Strategic Allocation Fund II (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer note 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 1,751.582 million.  The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"><li>▪ Tested the design and operating effectiveness of the key controls for valuation of investments;</li><li>▪ Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and</li><li>▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li></ul>

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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>



### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

  
Chartered Accountants

Karachi

Date: September 22, 2020



**MEEZAN STRATEGIC ALLOCATION FUND - II  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2020**

		June 30, 2020						
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total	
Note		(Rupees in '000)						
<b>Assets</b>								
	Balances with banks	5	1,366	2,299	692	175	339	4,871
	Investments	6	1,119,695	217,726	213,216	137,116	63,829	1,751,582
	Receivable against sale of investments		1,190	3,120	-	100	-	4,410
	Advances, deposits and other receivables		118	46	46	27	20	257
	<b>Total assets</b>		<u>1,122,369</u>	<u>223,191</u>	<u>213,954</u>	<u>137,418</u>	<u>64,188</u>	<u>1,761,120</u>
<b>Liabilities</b>								
	Payable to Al Meezan Investment Management Limited - Management Company	7	95	18	19	12	18	162
	Payable to Central Depository Company of Pakistan Limited - Trustee	8	72	15	14	9	4	114
	Payable to Securities and Exchange Commission of Pakistan	9	265	66	57	34	18	440
	Payable against redemption and conversion of units		1,292	4,608	78	131	110	6,219
	Dividend payable		2,190	744	25	1,242	16	4,217
	Accrued expenses and other liabilities	10	6,070	1,377	281	386	151	8,265
	<b>Total liabilities</b>		<u>9,984</u>	<u>6,828</u>	<u>474</u>	<u>1,814</u>	<u>317</u>	<u>19,417</u>
	<b>NET ASSETS</b>		<u>1,112,385</u>	<u>216,363</u>	<u>213,480</u>	<u>135,604</u>	<u>63,871</u>	<u>1,741,703</u>
	<b>UNIT HOLDERS' FUND</b> (as per statement attached)		<u>1,112,385</u>	<u>216,363</u>	<u>213,480</u>	<u>135,604</u>	<u>63,871</u>	<u>1,741,703</u>
	<b>CONTINGENCIES AND COMMITMENTS</b>	11						
			----- (Number of units) -----					
	<b>NUMBER OF UNITS IN ISSUE</b>		<u>22,393,842</u>	<u>4,303,353</u>	<u>4,258,282</u>	<u>2,755,688</u>	<u>1,301,802</u>	
			----- (Rupees) -----					
	<b>NET ASSET VALUE PER UNIT</b>		<u>49.6737</u>	<u>50.2777</u>	<u>50.1329</u>	<u>49.2089</u>	<u>49.0635</u>	

The annexed notes 1 to 26 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN STRATEGIC ALLOCATION FUND - II  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2020**

		June 30, 2019						
		MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	Total	
Note		(Rupees in '000)						
<b>Assets</b>								
	Balances with banks	5	1,876	908	1,845	2,960	2,286	9,875
	Investments	6	1,568,641	474,109	382,823	204,711	128,551	2,758,835
	Advances, deposits and other receivables		52	5	21	12	7	97
	<b>Total assets</b>		<u>1,570,569</u>	<u>475,022</u>	<u>384,689</u>	<u>207,683</u>	<u>130,844</u>	<u>2,768,807</u>
<b>Liabilities</b>								
	Payable to AI Meezan Investment Management Limited - Management Company	7	137	44	45	20	25	271
	Payable to Central Depository Company of Pakistan Limited - Trustee	8	123	40	36	17	10	226
	Payable to Securities and Exchange Commission of Pakistan	9	1,803	626	467	176	56	3,128
	Payable against purchase of investments		-	252	-	35	-	287
	Payable against redemption and conversion of units		14,713	-	50	-	9	14,772
	Accrued expenses and other liabilities	10	745	153	65	23	20	1,006
	<b>Total liabilities</b>		<u>17,521</u>	<u>1,115</u>	<u>663</u>	<u>271</u>	<u>120</u>	<u>19,690</u>
	<b>NET ASSETS</b>		<u>1,553,048</u>	<u>473,907</u>	<u>384,026</u>	<u>207,412</u>	<u>130,724</u>	<u>2,749,117</u>
	<b>UNIT HOLDERS' FUND</b> (as per statement attached)		<u>1,553,048</u>	<u>473,907</u>	<u>384,026</u>	<u>207,412</u>	<u>130,724</u>	<u>2,749,117</u>
	<b>CONTINGENCIES AND COMMITMENTS</b>	11						
			----- (Number of units) -----					
	<b>NUMBER OF UNITS IN ISSUE</b>		<u>30,985,762</u>	<u>9,456,605</u>	<u>7,686,873</u>	<u>4,144,993</u>	<u>2,667,944</u>	
			----- (Rupees) -----					
	<b>NET ASSET VALUE PER UNIT</b>		<u>50.1213</u>	<u>50.1139</u>	<u>49.9586</u>	<u>50.0391</u>	<u>48.9980</u>	

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN STRATEGIC ALLOCATION FUND - II**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

For the year ended June 30, 2020						
Note	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	Total
(Rupees in '000)						
<b>Income</b>						
Net realised loss on sale of investments	(41,360)	(5,843)	(11,860)	(7,827)	(3,732)	(70,622)
Profit on saving accounts with banks	314	170	223	85	306	1,098
Dividend income	81,689	21,816	19,451	11,003	6,616	140,575
	40,643	16,143	7,814	3,261	3,190	71,051
Net unrealised (diminution) / appreciation on re-measurement of investments - 'at fair value through profit or loss'	6.1 (470)	77	76	49	23	(245)
<b>Total income</b>	<b>40,173</b>	<b>16,220</b>	<b>7,890</b>	<b>3,310</b>	<b>3,213</b>	<b>70,806</b>
<b>Expenses</b>						
Remuneration to AI Meezan Investment Management Limited - Management Company	7.1 19	11	18	12	29	89
Sindh Sales Tax on remuneration of the Management Company	7.2 3	1	2	2	4	12
Allocated expenses	15 1,307	326	283	166	91	2,173
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1 916	228	198	116	64	1,522
Sindh Sales Tax on remuneration of trustee	8.2 119	30	26	15	8	198
Annual fee to Securities and Exchange Commission of Pakistan	265	66	57	34	18	440
Auditors' remuneration	12 330	88	76	45	24	563
Fees and subscription	394	96	75	40	21	626
Provision for Sindh Workers' Welfare Fund	736	307	142	58	59	1,302
Bank and settlement charges	15	4	8	1	1	29
<b>Total expenses</b>	<b>4,104</b>	<b>1,157</b>	<b>885</b>	<b>489</b>	<b>319</b>	<b>6,954</b>
<b>Net income for the year before taxation</b>	<b>36,069</b>	<b>15,063</b>	<b>7,005</b>	<b>2,821</b>	<b>2,894</b>	<b>63,852</b>
Taxation	13 -	-	-	-	-	-
<b>Net income for the year after taxation</b>	<b>36,069</b>	<b>15,063</b>	<b>7,005</b>	<b>2,821</b>	<b>2,894</b>	<b>63,852</b>
<b>Allocation of net income for the year</b>						
Net income for the year after taxation	36,069	15,063	7,005	2,821	2,894	63,852
Income already paid on units redeemed	(1,171)	(9,092)	(6,762)	(46)	(2,440)	(19,511)
	34,898	5,971	243	2,775	454	44,341
<b>Accounting income available for distribution</b>						
- Relating to capital gains	-	-	-	-	-	-
- Excluding capital gains	34,898	5,971	243	2,775	454	44,341
	34,898	5,971	243	2,775	454	44,341

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited**  
**(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN STRATEGIC ALLOCATION FUND - II**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	For the year ended June 30, 2019	For the period from July 10, 2018 to June 30, 2019	For the period from September 26, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019	Total		
Note	M CPP-IV	M CPP-V	M CPP-VI	M CPP-VII	M CPP-VIII		
(Rupees in '000)							
<b>Income</b>							
Net realised gain / (loss) on sale of investments	41,900	15,852	11,154	4,354	(3,747)	69,513	
Profit on saving accounts with banks	400	260	391	614	241	1,906	
Dividend income	15,819	1,942	469	250	151	18,631	
	58,119	18,054	12,014	5,218	(3,355)	90,050	
Net unrealised diminution on re-measurement of investments - 'at fair value through profit or loss'	6.1	(36,668)	(12,925)	(11,860)	(6,448)	(4)	(67,905)
<b>Total income / (loss)</b>	21,451	5,129	154	(1,230)	(3,359)	22,145	
<b>Expenses</b>							
Remuneration to AI Meezan Investment Management Limited - Management Company	7.1	96	79	138	71	56	440
Sindh Sales Tax on remuneration of the Management Company	7.2	13	10	18	9	7	57
Allocated expenses	15	1,898	659	492	185	59	3,293
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	1,568	545	405	152	49	2,719
Sindh Sales Tax on remuneration of trustee	8.2	204	71	53	20	6	354
Annual fee to Securities and Exchange Commission of Pakistan		1,803	626	467	176	56	3,128
Auditors' remuneration	12	184	64	45	19	4	316
Fees and subscription		155	54	39	16	5	269
Printing charges		38	13	8	4	1	64
Provision for Sindh Workers' Welfare Fund		310	60	-	-	-	370
Bank and settlement charges		6	9	18	15	18	66
<b>Total expenses</b>		6,275	2,190	1,683	667	261	11,076
<b>Net income / (loss) for the year / period before taxation</b>		15,176	2,939	(1,529)	(1,897)	(3,620)	11,069
Taxation	13	-	-	-	-	-	-
<b>Net income / (loss) for the year / period after taxation</b>		15,176	2,939	(1,529)	(1,897)	(3,620)	11,069
<b>Allocation of net income for the year / period</b>							
Net income for the year / period after taxation		15,176	2,939	-	-	-	18,115
Income already paid on units redeemed		(5,218)	(1,982)	-	-	-	(7,200)
		9,958	957	-	-	-	10,915
<b>Accounting income available for distribution</b>							
- Relating to capital gains		9,958	957	-	-	-	10,915
- Excluding capital gains		-	-	-	-	-	-
		9,958	957	-	-	-	10,915

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited**  
**(Management Company)**

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



**MEEZAN STRATEGIC ALLOCATION FUND - II  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020**

	For the year ended June 30, 2020					
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
	(Rupees in '000)					
Net income for the year after taxation	36,069	15,063	7,005	2,821	2,894	63,852
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>36,069</b>	<b>15,063</b>	<b>7,005</b>	<b>2,821</b>	<b>2,894</b>	<b>63,852</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN STRATEGIC ALLOCATION FUND - II  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020**

	For the year ended June 30, 2019		For the period from July 10, 2018 to June 30, 2019	For the period from September 26, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019	Total
	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	
	------(Rupees in '000)-----					
Net income / (loss) for the year / period after taxation	15,176	2,939	(1,529)	(1,897)	(3,620)	11,069
Other comprehensive income for the year / period	-	-	-	-	-	-
<b>Total comprehensive income / (loss) for the year / period</b>	<b>15,176</b>	<b>2,939</b>	<b>(1,529)</b>	<b>(1,897)</b>	<b>(3,620)</b>	<b>11,069</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN STRATEGIC ALLOCATION FUND - II**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	June 30,2020			June 30,2020			June 30,2020			June 30,2020			June 30,2020			June 30,2020		
	MCPPIV			MCPPIV			MCPPIV			MCPPIV			MCPPIV			Total		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital Value	Accumulated Loss	Total	Capital Value	Undistributed income	Total	Capital Value	Accumulated Loss	Total	Capital Value	Accumulated Loss	Total	Capital Value	Accumulated Loss	Total	Capital Value	Accumulated Loss	Total
<b>Net assets at the beginning of the year</b>	1,563,055	(10,007)	1,553,048	473,102	805	473,907	385,555	(1,529)	384,026	209,309	(1,897)	207,412	134,344	(3,620)	130,724	2,765,365	(16,248)	2,749,117
<b>Issuance of units:</b>																		
MCPPIV: 567,866 (2019: nil) MCPPIV: 84,080 (2019: 1,643,879)																		
MCPPIV: 2,284 (2019: 13,205,775) MCPPIV: 24,190 (2019: 7,646,585) MCPPIV: 6,994 (2019: 3,463,481)																		
- Capital value (at net asset value per unit at the beginning of the year)	28,462	-	28,462	4,214	-	4,214	114	-	114	1,210	-	1,210	343	-	343	34,343	-	34,343
- Element of (loss) / income	(254)	-	(254)	14	-	14	-	-	-	(20)	-	(20)	1	-	1	(259)	-	(259)
<b>Total proceeds on issuance of units</b>	<b>28,208</b>	<b>-</b>	<b>28,208</b>	<b>4,228</b>	<b>-</b>	<b>4,228</b>	<b>114</b>	<b>-</b>	<b>114</b>	<b>1,190</b>	<b>-</b>	<b>1,190</b>	<b>344</b>	<b>-</b>	<b>344</b>	<b>34,084</b>	<b>-</b>	<b>34,084</b>
<b>Redemption of units:</b>																		
MCPPIV: 9,159,786 (2019: 11,491,854) / MCPPIV: 5,237,332 (2019: 6,845,896)																		
MCPPIV: 3,430,875 (2019: 5,518,902) MCPPIV: 1,413,495 (2019: 3,501,592) MCPPIV: 1,373,136 (2019: 795,537)																		
- Capital value (at net asset value per unit at the beginning of the year)	459,099	-	459,099	262,462	-	262,462	171,402	-	171,402	70,731	-	70,731	67,281	-	67,281	1,030,975	-	1,030,975
- Element of (loss) / income	9,772	1,171	10,943	(613)	9,092	8,479	(666)	6,762	6,096	2,316	46	2,362	(62)	2,440	2,378	10,747	19,511	30,258
<b>Total payments on redemption of units</b>	<b>468,871</b>	<b>1,171</b>	<b>470,042</b>	<b>261,849</b>	<b>9,092</b>	<b>270,941</b>	<b>170,736</b>	<b>6,762</b>	<b>177,498</b>	<b>73,047</b>	<b>46</b>	<b>73,093</b>	<b>67,219</b>	<b>2,440</b>	<b>69,659</b>	<b>1,041,722</b>	<b>19,511</b>	<b>1,061,233</b>
Total comprehensive income for the year	-	36,069	36,069	-	15,063	15,063	-	7,005	7,005	-	2,821	2,821	-	2,894	2,894	-	63,852	63,852
Distribution during the year	-	(34,898)	(34,898)	-	(5,894)	(5,894)	-	(167)	(167)	-	(2,726)	(2,726)	-	(432)	(432)	-	(44,117)	(44,117)
<b>Net income for the year less distribution</b>	<b>-</b>	<b>1,171</b>	<b>1,171</b>	<b>-</b>	<b>9,169</b>	<b>9,169</b>	<b>-</b>	<b>6,838</b>	<b>6,838</b>	<b>-</b>	<b>95</b>	<b>95</b>	<b>-</b>	<b>2,462</b>	<b>2,462</b>	<b>-</b>	<b>19,735</b>	<b>19,735</b>
<b>Net assets at the end of the year</b>	<b>1,122,392</b>	<b>(10,007)</b>	<b>1,112,385</b>	<b>215,481</b>	<b>882</b>	<b>216,363</b>	<b>214,933</b>	<b>(1,453)</b>	<b>213,480</b>	<b>137,452</b>	<b>(1,848)</b>	<b>135,604</b>	<b>67,469</b>	<b>(3,598)</b>	<b>63,871</b>	<b>1,757,727</b>	<b>(16,024)</b>	<b>1,741,703</b>
<b>(Accumulated loss) / undistributed income brought forward</b>																		
- Realised income / (loss)	26,661			13,730			10,331			4,551			(3,616)			51,657		
- Unrealised loss	(36,668)			(12,925)			(11,860)			(6,448)			(4)			(67,905)		
	(10,007)			805			(1,529)			(1,897)			(3,620)			(16,248)		
Accounting income available for distribution																		
- Relating to capital gains	-			-			-			-			-			-		
- Excluding capital gains	34,898			5,971			243			2,775			454			44,341		
	34,898			5,971			243			2,775			454			44,341		
Distribution during the year	(34,898)			(5,894)			(167)			(2,726)			(432)			(44,117)		
<b>(Accumulated loss) / undistributed income carried forward</b>	<b>(10,007)</b>			<b>882</b>			<b>(1,453)</b>			<b>(1,848)</b>			<b>(3,598)</b>			<b>(16,024)</b>		
<b>(Accumulated loss) / undistributed income carried forward</b>																		
- Realised (loss) / income	(9,537)			805			(1,529)			(1,897)			(3,621)			(15,779)		
- Unrealised (loss) / income	(470)			77			76			49			23			(245)		
	(10,007)			882			(1,453)			(1,848)			(3,598)			(16,024)		
	<b>Rupees</b>			<b>Rupees</b>			<b>Rupees</b>			<b>Rupees</b>			<b>Rupees</b>			<b>Rupees</b>		
Net asset value per unit as at the beginning of the year	50.1213			50.1139			49.9586			50.0391			48.9980			49.0635		
Net asset value per unit as at the end of the year	49.6737			50.2777			50.1329			49.2089			49.0635			49.0635		

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI-Meezan Investment Management Limited**  
**(Management Company)**

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - II**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	June 30, 2019			June 30, 2019			For the period from July 10, 2018 to June 30, 2019			For the period from September 26, 2018 to June 30, 2019			For the period from December 17, 2018 to June 30, 2019			For the year / period ended June 30, 2019		
	MCPPIV (Rupees in '000)			MCPPIV (Rupees in '000)			MCPPIV (Rupees in '000)			MCPPIV (Rupees in '000)			MCPPIV (Rupees in '000)			Total (Rupees in '000)		
	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total
Net assets at the beginning of the year / period	2,135,335	(19,965)	2,115,370	733,520	(152)	733,368	-	-	-	-	-	-	-	-	-	2,868,855	(20,117)	2,848,738
Issuance of units:																		
MCPPIV: nil (2018: 43,678,460) MCPPIV: 1,643,879 (2018: 14,766,103)																		
MCPPIV: 13,205,775 / MCPPIV: 7,646,585 / MCPPIV: 3,463,481																		
- Capital value (at net asset value per unit at the beginning of the year / period)	-	-	-	82,243	-	82,243	660,289	-	660,289	382,378	-	382,378	173,174	-	173,174	1,298,084	-	1,298,084
- Element of (loss) / income	-	-	-	(417)	-	(417)	3,028	-	3,028	4,471	-	4,471	713	-	713	7,795	-	7,795
Total proceeds on issuance of units	-	-	-	81,826	-	81,826	663,317	-	663,317	386,849	-	386,849	173,887	-	173,887	1,305,879	-	1,305,879
Redemption of units:																		
MCPPIV: 11,491,854 (2018: 1,200,844) / MCPPIV: 6,845,896 (2018: 107,481)																		
MCPPIV: 5,518,902 / MCPPIV: 3,501,592 / MCPPIV: 795,537 units																		
- Capital value (at net asset value per unit at the beginning of the year / period)	572,290	-	572,290	342,499	-	342,499	275,945	-	275,945	175,129	-	175,129	39,777	-	39,777	1,405,640	-	1,405,640
- Element of (loss) / income	(10)	5,218	5,208	(255)	1,982	1,727	1,817	-	1,817	2,411	-	2,411	(234)	-	(234)	3,963	7,200	10,929
Total payments on redemption of units	572,280	5,218	577,498	342,244	1,982	344,226	277,762	-	277,762	177,540	-	177,540	39,543	-	39,543	1,409,603	7,200	1,416,569
Total comprehensive income / (loss) for the year / period		15,176	15,176		2,939	2,939		(1,529)	(1,529)		(1,897)	(1,897)		(3,620)	(3,620)		11,069	11,069
Distribution during the year / period																		
Net income / (loss) for the year / period less distribution		15,176	15,176		2,939	2,939		(1,529)	(1,529)		(1,897)	(1,897)		(3,620)	(3,620)		11,069	11,069
Net assets at the end of the year / period	1,563,055	(10,007)	1,553,048	473,102	805	473,907	385,555	(1,529)	384,026	209,309	(1,897)	207,412	134,344	(3,620)	130,724	2,765,131	(16,248)	2,749,117
Accumulated loss brought forward																		
- Realised loss		(24,191)			(857)			-			-			-			(25,048)	
- Unrealised income		4,226			705			-			-			-			4,931	
		(19,965)			(152)			-			-			-			(20,117)	
Accounting income available for distribution																		
- Relating to capital gains		9,958			957			-			-			-			10,915	
- Excluding capital gains		-			-			-			-			-			-	
		9,958			957			-			-			-			10,915	
Net loss for the year / period after taxation		-			-			(1,529)			(1,897)			(3,620)			(7,046)	
Distribution during the year / period																		
(Accumulated losses) / undistributed income carried forward		(10,007)			805			(1,529)			(1,897)			(3,620)			(16,248)	
(Accumulated losses) / undistributed income carried forward																		
- Realised income / (loss)		26,661			13,730			10,331			4,551			(3,616)			51,657	
- Unrealised loss		(36,668)			(12,925)			(11,860)			(6,448)			(4)			(67,905)	
		(10,007)			805			(1,529)			(1,897)			(3,620)			(16,248)	
		<u>Rupees</u>			<u>Rupees</u>			<u>Rupees</u>			<u>Rupees</u>			<u>Rupees</u>			<u>Rupees</u>	
Net asset value per unit as at the beginning of the year / period		49,7996			50,0298			-			-			-			48,9980	
Net asset value per unit as at the end of the year / period		50,1213			50,1139			49,9586			50,0391			48,9980				

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI-Meezan Investment Management Limited**  
**(Management Company)**

Chief Executive

Chief Financial Officer

Director



**MEEZAN STRATEGIC ALLOCATION FUND - II**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

For the year ended June 30, 2020							
Note	MCCP-IV	MCCP-V	MCCP-VI	MCCP-VII	MCCP-VIII	Total	
------(Rupees in '000)-----							
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Net income for the year before taxation	36,069	15,063	7,005	2,821	2,894	63,852	
<b>Adjustments for:</b>							
Net unrealised (diminution) / appreciation on re-measurement of investments 'at fair value through profit or loss'	6.1	470	(77)	(76)	(49)	(23)	245
	36,539	14,986	6,929	2,772	2,871	64,097	
<b>Decrease / (increase) in assets</b>							
Investments - net	448,476	256,460	169,683	67,644	64,745	1,007,008	
Receivable against sale of investments - net	(1,190)	(3,120)	-	(100)	-	(4,410)	
Advances, deposits and other receivables	(66)	(41)	(25)	(15)	(13)	(160)	
	447,220	253,299	169,658	67,529	64,732	1,002,438	
<b>Increase / (decrease) in liabilities</b>							
Payable to AI Meezan Investment Management Limited - Management Company	(42)	(26)	(26)	(8)	(7)	(109)	
Payable to Central Depository Company of Pakistan Limited - Trustee	(51)	(25)	(22)	(8)	(6)	(112)	
Payable to Securities and Exchange Commission of Pakistan	(1,538)	(560)	(410)	(142)	(38)	(2,688)	
Payable against purchase of investments - net	-	(252)	-	(35)	-	(287)	
Accrued expenses and other liabilities	5,325	1,224	216	363	131	7,259	
	3,694	361	(242)	170	80	4,063	
<b>Net cash generated from operating activities</b>	487,453	268,646	176,345	70,471	67,683	1,070,598	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Receipts against issuance and conversion of units	28,208	4,228	114	1,190	344	34,084	
Payments against redemption and conversion of units	(483,463)	(266,333)	(177,470)	(72,962)	(69,558)	(1,069,786)	
Dividend paid	(32,708)	(5,150)	(142)	(1,484)	(416)	(39,900)	
<b>Net cash used in financing activities</b>	(487,963)	(267,255)	(177,498)	(73,256)	(69,630)	(1,075,602)	
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>	(510)	1,391	(1,153)	(2,785)	(1,947)	(5,004)	
Cash and cash equivalents at the beginning of the year	1,876	908	1,845	2,960	2,286	9,875	
<b>Cash and cash equivalents at the end of the year</b>	5	1,366	2,299	692	175	339	4,871

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited**  
**(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN STRATEGIC ALLOCATION FUND - II  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2020**

Note	For the year ended June 30, 2019		For the period from July 10, 2018 to March 31, 2019	For the period from September 26, 2018 to March 31, 2019	For the period from December 17, 2018 to March 31, 2019	Total
	M CPP-IV	M CPP-V	M CPP-VI	M CPP-VII	M CPP-VIII	
------(Rupees in '000)-----						
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income / (loss) for the year / period before taxation	15,176	2,939	(1,529)	(1,897)	(3,620)	11,069
<b>Adjustments for:</b>						
Net unrealised diminution on re-measurement of investments 'at fair value through profit or loss'	6.1 36,668	12,925	11,860	6,448	4	67,905
	51,844	15,864	10,331	4,551	(3,616)	78,974
<b>Decrease / (increase) in assets</b>						
Investments - net	516,844	120,559	(394,683)	(211,159)	(128,555)	(96,994)
Advances, deposits and other receivables	(44)	137	(21)	(12)	(7)	53
	516,800	120,696	(394,704)	(211,171)	(128,562)	(96,941)
<b>Increase / (decrease) in liabilities</b>						
Payable to AI Meezan Investment Management Limited - Management Company	(47)	(9,211)	45	20	25	(9,168)
Payable to Central Depository Company of Pakistan Limited - Trustee	(43)	1	36	17	10	21
Payable to Meezan Bank Limited	-	(5,913)	-	-	-	(5,913)
Payable to Securities and Exchange Commission of Pakistan	1,340	575	467	176	56	2,614
Payable against purchase of investments - net	-	252	-	35	-	287
Accrued expenses and other liabilities	(6,823)	(978)	65	23	20	(7,693)
	(5,573)	(15,274)	613	271	111	(19,852)
<b>Net cash generated from / (used in) operating activities</b>	<b>563,071</b>	<b>121,286</b>	<b>(383,760)</b>	<b>(206,349)</b>	<b>(132,067)</b>	<b>(37,819)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Receipts against issuance and conversion of units	-	84,615	663,317	386,849	173,887	1,308,668
Payments against redemption and conversion of units	(562,938)	(344,231)	(277,712)	(177,540)	(39,534)	(1,401,955)
<b>Net cash (used in) / generated from financing activities</b>	<b>(562,938)</b>	<b>(259,616)</b>	<b>385,605</b>	<b>209,309</b>	<b>134,353</b>	<b>(93,287)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>						
Cash and cash equivalents at the beginning of the year / period	133	(138,330)	1,845	2,960	2,286	(131,106)
	1,743	139,238	-	-	-	140,981
<b>Cash and cash equivalents at the end of the year / period</b>	<b>1,876</b>	<b>908</b>	<b>1,845</b>	<b>2,960</b>	<b>2,286</b>	<b>9,875</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN STRATEGIC ALLOCATION FUND - II**  
**NOTES TO AND FORMING PART OF THE FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Strategic Allocation Fund - II (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on January 15, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules). The Fund is registered as a Notified entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations) issued through S.R.O.1203(I)/2008 on October 10, 2016. The Management Company has been licensed by the SECP to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund has been formed to enable the unit holders to participate in a diversified portfolio of Equity Schemes and Fixed Income / Money Market Schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah compliant Fund of Funds Scheme. Units are offered for public subscription on a continuous basis till the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unit holders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund. The Fund's property comprises of different types of allocation plans which are accounted for and maintained separately in the books of accounts and collectively constitute the Fund's property.
- 1.5** The Management Company has been assigned a rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 28, 2018) and by PACRA dated June 26, 2020 (2019: AM1 dated June 28, 2019). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6** The Fund is an open-end Shariah compliant Fund of Funds Scheme that aims to generate returns on investment as per allocation plans (sub funds) namely Meezan Capital Preservation Plan-IV (MCPPIV), Meezan Capital Preservation Plan-V (MCPPIV), Meezan Capital Preservation Plan-VI (MCPPIV), Meezan Capital Preservation Plan-VII (MCPPIV) and Meezan Capital Preservation Plan-VIII (MCPPIV) by investing in Shariah compliant Fixed Income / Money Market and Equity Mutual funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP.
- 1.7** A brief description of the plans is as follows:

Meezan Capital Preservation Plan-IV (MCPPIV)	<b>Low risk - High return through asset allocation</b> This allocation plan commenced its operations from March 06, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.
Meezan Capital Preservation Plan-V (MCPPIV)	<b>Low risk - High return through asset allocation</b> This allocation plan commenced its operations from May 04, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.
Meezan Capital Preservation Plan-VI (MCPPIV)	<b>Low risk - High return through asset allocation</b> This allocation plan commenced its operations from July 10, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.

Meezan Capital Preservation Plan-VII (MCPV-VII)	<b>Low risk - High return through asset allocation</b> This allocation plan commenced its operations from September 26, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.
Meezan Capital Preservation Plan-VIII (MCPV-VIII)	<b>Low risk - High return through asset allocation</b> This allocation plan commenced its operations from December 17, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.

Each allocation plan announces separate Net Asset Values which ranks Pari Passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

## 2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

## 3 BASIS OF PREPARATION

### 3.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

### 3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

### 3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These standards may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these standards on the financial statements of the Fund.

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2020 but are considered not to be relevant or will not have any significant impact on the Fund's operations and are, therefore, not disclosed in these financial statements.

### **3.4 Critical accounting estimates and judgments**

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6).

### **3.5 Accounting convention**

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which is measured at fair value.

### **3.6 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Funds operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**4.1** The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years except for the change in accounting policy as explained in note 3.2 above.

### **4.2 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

### **4.3 Financial assets**

#### **4.3.1 Classification**

##### **4.3.1.1 Debt instruments**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

#### **4.3.2 Subsequent measurement**

Subsequent to initial recognition, financial assets are valued as follows:

## **a) 'Financial assets at fair value through profit or loss'**

### **Basis of valuation in the units of mutual funds**

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

### **4.3.3 Impairment**

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### **4.3.3.1 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

### **4.3.4 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### **4.3.5 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

### **4.3.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

### **4.3.7 Derivatives**

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

## **4.4 Financial liabilities**

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

## **4.5 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.6 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.7 Net asset value per unit**

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

#### **4.8 Unit holders' Fund**

Unit holders' Fund of each allocation plan representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

#### **4.9 Issuance and redemption of units**

Units issued are recorded at the offer price of each allocation plan, determined by the Management Company for the applications received by the distributors during business hours of the day when the applications are received. The offer price of each allocation plan represents the net assets value (NAV) of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the net assets value (NAV) per unit as of close of business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

#### **4.10 Distributions to unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

#### **4.11 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

Element of income represents the difference between net assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (NAV) per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' Fund. However, to maintain the same ex-dividend net asset value (NAV) of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### **4.12 Revenue recognition**

- (i) Gains / (losses) arising on sale of investments are included in the Income Statement on the date when the transaction takes place.
- (ii) Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the commencement of date of book closure of the investee Fund declaring the dividend.
- (iii) Profit on bank deposit is recognized on a time proportion basis using the effective yield method.
- (iv) Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.

#### **4.13 Expenses**

All expenses including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

#### 4.14 Taxation

##### Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

##### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

#### 4.15 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

#### 4.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

#### 5 BALANCES WITH BANKS

	Note	June 30, 2020					
		MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	Total
		(Rupees in '000)					
Saving accounts	5.1	1,356	2,299	692	175	339	4,861
Current accounts		10	-	-	-	-	10
		<u>1,366</u>	<u>2,299</u>	<u>692</u>	<u>175</u>	<u>339</u>	<u>4,871</u>
		June 30, 2019					
		(Rupees in '000)					
Saving accounts	5.1	1,866	908	1,845	2,960	2,286	9,865
Current accounts		10	-	-	-	-	10
		<u>1,876</u>	<u>908</u>	<u>1,845</u>	<u>2,960</u>	<u>2,286</u>	<u>9,875</u>

5.1 The balances in savings accounts have an expected profit which ranges from 3% to 3.40% (2019 6.30% to 11.85%) per annum.

**6 INVESTMENTS**

		June 30, 2020					
Note	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	Total	
----- (Rupees in '000) -----							
<b>Investments - 'at fair value through profit or loss'</b>							
6.1	1,119,695	217,726	213,216	137,116	63,829	1,751,582	
<b>June 30, 2019</b>							
Note	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	Total	
----- (Rupees in '000) -----							
<b>Investments - 'at fair value through profit or loss'</b>							
6.1	1,568,641	474,109	382,823	204,711	128,551	2,758,835	

**6.1 Investments - 'at fair value through profit or loss' - Units of mutual funds**

Name of investee funds	As at July 1, 2019	Purchases during the year	Redemptions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (diminution) / appreciation on as at June 30, 2020	Percentage in relation to	
								Market value on the basis of Net Assets of the Fund	Total market value of investments
					----- (Number of units) -----		----- (Rupees in '000) -----		(Percentage)
<b>Meezan Capital Preservation Plan - IV</b>									
Meezan Dedicated Equity Fund	10,044,192	11,323,232	20,360,026	1,007,398	35,715	34,860	(855)	3.13	3.11
Meezan Cash Fund	-	60,130,394	60,130,394	-	-	-	-	-	-
Meezan Sovereign Fund	17,633,059	40,595,658	37,183,424	21,045,293	1,084,450	1,084,835	385	97.52	96.89
Meezan Rozana Amdani Fund	6,081,739	52,156,846	58,238,585	-	-	-	-	-	-
					<b>1,120,165</b>	<b>1,119,695</b>	<b>(470)</b>	<b>100.65</b>	<b>100.00</b>
<b>Meezan Capital Preservation Plan - V</b>									
Meezan Dedicated Equity Fund	3,081,261	1,989,241	5,070,502	-	-	-	-	-	-
Meezan Cash Fund	-	14,518,639	14,518,639	-	-	-	-	-	-
Meezan Sovereign Fund	5,140,343	8,619,038	9,535,589	4,223,792	217,649	217,726	77	100.63	100.00
Meezan Rozana Amdani Fund	2,000,572	12,706,040	14,706,612	-	-	-	-	-	-
					<b>217,649</b>	<b>217,726</b>	<b>77</b>	<b>100.63</b>	<b>100.00</b>
<b>Meezan Capital Preservation Plan - VI</b>									
Meezan Dedicated Equity Fund	2,745,310	1,458,405	4,203,715	-	-	-	-	-	-
Meezan Cash Fund	-	9,715,078	9,715,078	-	-	-	-	-	-
Meezan Sovereign Fund	4,162,470	7,918,847	7,945,024	4,136,293	213,140	213,216	76	99.88	100.00
Meezan Rozana Amdani Fund	1,420,406	8,126,875	9,547,281	-	-	-	-	-	-
					<b>213,140</b>	<b>213,216</b>	<b>76</b>	<b>99.88</b>	<b>100.00</b>
<b>Meezan Capital Preservation Plan - VII</b>									
Meezan Dedicated Equity Fund	1,477,397	1,197,147	2,674,544	-	-	-	-	-	-
Meezan Cash Fund	-	5,533,525	5,533,525	-	-	-	-	-	-
Meezan Sovereign Fund	2,218,732	5,082,410	4,641,152	2,659,990	137,067	137,116	49	101.11	100.00
Meezan Rozana Amdani Fund	760,217	4,578,896	5,339,113	-	-	-	-	-	-
					<b>137,067</b>	<b>137,116</b>	<b>49</b>	<b>101.11</b>	<b>100.00</b>
<b>Meezan Capital Preservation Plan - VIII</b>									
Meezan Dedicated Equity Fund	518,566	2,929,551	3,448,117	-	-	-	-	-	-
Meezan Cash Fund	-	5,286,147	5,286,147	-	-	-	-	-	-
Meezan Sovereign Fund	1,692,281	2,398,196	2,852,234	1,238,243	63,806	63,829	23	99.93	100.00
Meezan Rozana Amdani Fund	460,132	5,737,533	6,197,665	-	-	-	-	-	-
					<b>63,806</b>	<b>63,829</b>	<b>23</b>	<b>99.93</b>	<b>100.00</b>
<b>Total investments in units of mutual funds (2020)</b>									
Meezan Dedicated Equity Fund	17,866,726	18,897,576	35,756,904	1,007,398	35,715	34,860	(855)	2	1.99
Meezan Cash Fund	-	95,183,783	95,183,783	-	-	-	-	-	-
Meezan Sovereign Fund	30,846,884	64,614,149	62,157,423	33,303,610	1,716,112	1,716,722	610	98.57	98.01
Meezan Rozana Amdani Fund	10,723,066	83,306,190	94,029,256	-	-	-	-	-	-
<b>Total as at June 30, 2020</b>					<b>1,751,827</b>	<b>1,751,582</b>	<b>(245)</b>	<b>100.57</b>	<b>100.00</b>
<b>Total as at June 30, 2019</b>					<b>2,826,740</b>	<b>2,758,835</b>	<b>(67,905)</b>	<b>100.35</b>	<b>100.00</b>

7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED

		June 30, 2020					
Note	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	Total	
(Rupees in '000)							
Management fee payable	7.1	2	-	1	1	11	15
Sindh Sales Tax on management fee payable	7.2	1	-	-	-	2	3
Allocated Expenses	15	92	18	18	11	5	144
		<b>95</b>	<b>18</b>	<b>19</b>	<b>12</b>	<b>18</b>	<b>162</b>
		June 30, 2019					
Note	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	Total	
(Rupees in '000)							
Management fee payable	7.1	5	1	5	3	12	26
Sindh Sales Tax on management fee payable	7.2	1	-	1	-	2	4
Allocated Expenses	15	131	43	39	17	11	241
		<b>137</b>	<b>44</b>	<b>45</b>	<b>20</b>	<b>25</b>	<b>271</b>

7.1 As per regulation 61 of the NBFC Regulations 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2019: 1%) per annum of the daily bank balance of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs 0.012 million (2019: Rs 0.057 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.013 million (2019: Rs 0.065 million) has been paid to the Management Company which acts as a collecting agent.

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

		June 30, 2020					
Note	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	Total	
(Rupees in '000)							
Trustee fee payable	8.1	64	13	12	8	3	100
Sindh Sales Tax payable on trustee fee	8.2	8	2	2	1	1	14
		<b>72</b>	<b>15</b>	<b>14</b>	<b>9</b>	<b>4</b>	<b>114</b>
		June 30, 2019					
Note	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	Total	
(Rupees in '000)							
Trustee fee payable	8.1	109	36	32	15	9	201
Sindh Sales Tax payable on trustee fee	8.2	14	4	4	2	1	25
		<b>123</b>	<b>40</b>	<b>36</b>	<b>17</b>	<b>10</b>	<b>226</b>

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed. Effective from July 1, 2019, the Trustee has revised its remuneration as under:

Net Assets (Rs.)	Previous Tariff	Revised Tariff
Upto 1 billion	0.10% of Net Assets	0.070% per annum of Net Assets
Above 1 billion	Rs. 1 million plus 0.075% p.a. of Net Assets exceeding Rs 1 billion	Assets

Accordingly, the Fund has charged Trustee Fee at the rate of 0.07% per annum during the current period.

8.2 During the current year, an amount of Rs 0.198 million (2019: Rs 0.354 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.210 million (2019 : Rs. 2.719 million) was paid to the Trustee which acts as a collecting agent.

## 9 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to fund of funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

## 10 ACCRUED EXPENSES AND OTHER LIABILITIES

		June 30, 2020					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
Note		(Rupees in '000)					
	Auditors' remuneration payable	188	43	39	23	12	305
	Withholding tax payable	4,514	922	27	294	73	5,830
	Shariah advisory fee payable	101	18	16	10	5	150
	Printing charges payable	212	9	8	-	2	231
	Provision for Sindh Workers' Welfare Fund	1,046	367	142	58	59	1,672
10.1	Capital gain tax payable	9	18	1	1	-	29
	Other payable	-	-	-	-	-	-
	Zakat Payable	-	-	48	-	-	48
		<u>6,070</u>	<u>1,377</u>	<u>281</u>	<u>386</u>	<u>151</u>	<u>8,265</u>
		June 30, 2019					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		(Rupees in '000)					
	Auditors' remuneration payable	115	40	29	12	4	200
	Shariah advisor fee payable	15	-	-	-	-	15
	Sales load payable	88	24	22	11	5	150
	Sindh Sales tax payable on sales load	213	9	7	-	1	230
	Printing charges payable						
	Zakat payable	310	60	-	-	-	370
	Provision for Sindh Workers' Welfare Fund	2	5	1	-	-	8
10.1	Other payable	-	-	-	-	10	10
		<u>2</u>	<u>15</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>23</u>
		<u>745</u>	<u>153</u>	<u>65</u>	<u>23</u>	<u>20</u>	<u>1,006</u>

- 10.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of MCPP-IV, MCPP-V, MCPP-VI, MCPP-VII, MCPP-VIII as at June 30, 2020 would have been higher by Re. 0.05, Re. 0.09, Re. 0.03, Re.0.02 and Re 0.05 per unit respectively (2019: Re 0.010 and Re. 0.006 per unit respectively).

## 11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

**12 AUDITORS' REMUNERATION**

	June 30, 2020					Total
	MCP-IV	MCP-V	MCP-VI	MCP-VII	MCP-VIII	
	(Rupees in '000)					
Annual audit fee	261	69	60	36	19	445
Half yearly review fee	69	19	16	9	5	118
	<u>330</u>	<u>88</u>	<u>76</u>	<u>45</u>	<u>24</u>	<u>563</u>

  

	June 30, 2019					Total
	MCP-IV	MCP-V	MCP-VI	MCP-VII	MCP-VIII	
	(Rupees in '000)					
Annual audit fee	116	40	29	12	4	201
Half yearly review fee	68	24	16	7	-	115
	<u>184</u>	<u>64</u>	<u>45</u>	<u>19</u>	<u>4</u>	<u>316</u>

**13 TAXATION**

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in Finance Act, 2015 is also not applicable on Funds as per Income Tax Ordinance, 2001.

**14 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2020 are;

	June 30, 2020				
	MCP-IV	MCP-V	MCP-VI	MCP-VII	MCP-VIII
Total Expense ratio (including government levies)	0.31%	0.36%	0.31%	0.29%	0.35%
Government levies	0.09%	0.12%	0.08%	0.06%	0.10%

  

	June 30, 2019				
	MCP-IV	MCP-V	MCP-VI	MCP-VII	MCP-VIII
Total Expense ratio (including government levies)	0.33%	0.33%	0.33%	0.27%	0.24%
Government levies	0.12%	0.12%	0.11%	0.08%	0.06%

This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Fund Scheme.

**15 ALLOCATED EXPENSES**

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the Fund for allocation of such expenses to the Fund for the year ended June 30, 2020

**16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

**16.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and executives of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

**16.2** Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

**16.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

**16.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

**16.5** Detail of transactions with connected persons and balances with them are as follows:

	<b>June 30, 2020</b>					
<b>Balances</b>	<b>MCP-IV</b>	<b>MCP-V</b>	<b>MCP-VI</b>	<b>MCP-VII</b>	<b>MCP-VIII</b>	<b>Total</b>
<b>Al Meezan Investment Management Limited</b>						
<b>- Management Company</b>						
Remuneration payable (Rs in '000)	2	-	1	1	11	15
Sindh Sales Tax on management fee (Rs in '000)	1	-	-	-	2	3
Allocated expenses (Rs in '000)	92	18	18	11	5	144
<b>Meezan Bank Limited</b>						
Bank balance (Rs in '000)	1,356	2,289	692	175	339	4,851
Profit receivable (Rs in '000)	3	2	4	1	2	12
<b>Central Depository Company of Pakistan Limited - Trustee</b>						
Trustee fee payable (Rs. in '000)	64	13	12	8	3	100
Sindh Sales Tax on trustee fee payable (Rs. in '000)	8	2	2	1	1	14
<b>Directors and Executives of the Management Company</b>						
Investment (Rs in '000)	5,092	-	-	-	-	5,092
Investment (Units)	102,501	-	-	-	-	102,501
<b>Meezan Dedicated Equity Fund</b>						
Investment (Rs in '000)	34,860	-	-	-	-	34,860
Investment (Units)	1,007,398	-	-	-	-	1,007,398
<b>Meezan Sovereign Fund</b>						
Investment (Rs in '000)	1,084,835	217,726	213,216	137,116	63,829	1,716,722
Investment (Units)	21,045,293	4,223,792	4,136,293	2,659,990	1,238,243	33,303,611
<b>Unitholders holding 10% or more units of the Fund</b>						
Investment (Rs in '000)	167,703	-	24,728	48,575	-	241,007
Investment (Units)	3,376,099	-	493,254	987,119	-	4,856,472
<b>June 30, 2019</b>						
<b>Balances</b>	<b>MCP-IV</b>	<b>MCP-V</b>	<b>MCP-VI</b>	<b>MCP-VII</b>	<b>MCP-VIII</b>	<b>Total</b>
<b>Al Meezan Investment Management Limited</b>						
<b>Remuneration payable (Rs in '000)</b>						
Remuneration payable (Rs in '000)	5	1	5	3	12	26
Sindh Sales Tax on management fee payable (Rs in '000)	1	-	1	-	2	4
Allocated expenses (Rs in '000)	131	43	39	17	11	241
<b>Meezan Bank Limited</b>						
Bank balance (Rs in '000)	1,876	908	1,845	2,960	2,286	9,875
Profit receivable (Rs in '000)	52	5	21	12	7	97

**June 30, 2019**

	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
<b>Central Depository Company of Pakistan Limited</b>						
Trustee fee payable (Rs in '000)	109	36	32	15	9	201
Sindh Sales Tax on trustee fee payable (Rs in '000)	14	4	4	2	1	25
<b>Directors and Executives of the Management Company</b>						
Investment (Rs in '000)	5,001	-	-	-	-	5,001
Investment (Units)	99,772	-	-	-	-	99,772
<b>Meezan Dedicated Equity Fund</b>						
Investment (Rs in '000)	356,705	109,427	97,496	52,468	18,416	634,512
Investment (Units)	10,044,192	3,081,261	2,745,310	1,477,397	518,566	17,866,726
<b>Meezan Sovereign Fund</b>						
Investment (Rs in '000)	907,849	264,653	214,307	114,233	87,128	1,588,170
Investment (Units)	17,633,059	5,140,343	4,162,470	2,218,732	1,692,281	30,846,885
<b>Meezan Rozana Amdani Fund</b>						
Investment (Rs in '000)	304,087	100,029	71,020	38,010	23,007	536,153
Investment (Units)	6,081,739	2,000,572	1,420,406	760,217	460,132	10,723,066
<b>Unitholders holding 10% or more units of the Fund</b>						
Investment (Rs in '000)	163,938	-	-	29,598	-	193,536
Investment (Units)	3,270,818	-	-	591,506	-	3,862,324

**For the year ended June 30, 2020**

	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
<b>Transactions during the year</b>						
----- (Rupees in '000) -----						
<b>Al Meezan Investment Management Limited - Management Company</b>						
Remuneration for the year (Rs in '000)	19	11	18	12	29	89
Sindh Sales Tax on management fee (Rs in '000)	3	1	2	2	4	12
Allocated expenses (Rs in '000)	1,307	326	283	166	91	2,173
<b>Meezan Bank Limited</b>						
Profit on saving account (Rs in '000)	314	170	223	85	306	1,098
<b>Central Depository Company of Pakistan Limited - Trustee</b>						
Trustee Fee for the year	916	228	198	116	64	1,522
Sindh Sales Tax on trustee fee (Rs in '000)	119	30	26	15	8	198
<b>Meezan Dedicated Equity Fund</b>						
Invested during the year (Rs. in '000)	438,970	76,882	58,200	47,000	103,750	724,802
Invested during the year (Units)	11,323,232	1,989,241	1,458,405	1,197,147	2,929,551	18,897,576
Redeemed during the year (Rs. in '000)	688,423	174,575	139,351	89,075	117,124	1,208,548
Redeemed during the year (Units)	20,360,026	5,070,502	4,203,715	2,674,544	3,448,117	35,756,904
<b>Meezan Cash Fund</b>						
Invested during the year (Rs. in '000)	3,195,300	766,228	510,222	291,943	273,487	5,037,180
Invested during the year (Units)	60,130,394	14,518,639	9,715,078	5,533,525	5,286,147	95,183,783
Redeemed during the year (Rs. in '000)	3,215,119	770,234	512,660	293,228	274,147	5,065,388
Redeemed during the year (Units)	60,130,394	14,518,639	9,715,078	5,533,525	5,286,147	95,183,783
<b>Meezan Sovereign Fund</b>						
Invested during the year (Rs. in '000)	2,301,132	488,568	448,851	288,077	135,933	3,662,562
Invested during the year (Units)	40,595,658	8,619,038	7,918,847	5,082,410	2,398,196	64,614,149
Redeemed during the year (Rs. in '000)	2,027,369	515,374	430,908	252,929	153,493	3,380,073
Redeemed during the year (Units)	37,183,424	9,535,589	7,945,024	4,641,152	2,852,234	62,157,423
Dividend received during the year (Rs. in '000)	588	121	116	74	35	934
Dividend received during the year (Units)	11,412	2,344	2,246	1,443	681	18,125
Refund of capital during the year (Rs. in '000)	107,522	22,083	21,157	13,595	6,413	170,770
Refund of capital during the year (Units)	2,086,583	428,555	410,589	263,835	124,444	3,314,006

**For the year / period ended June 30, 2019**

	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	Total
			For the period from July 10, 2018 to June 30, 2019	For the period from September 26, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019	
	For the year ended June 30, 2019					
----- (Rupees in '000) -----						
<b>Meezan Rozana Amdani Fund</b>						
Invested during the year (Rs. in '000)	2,607,842	635,302	406,344	228,945	286,877	4,165,309
Invested during the year (Units)	52,156,846	12,706,040	8,126,875	4,578,896	5,737,533	83,306,190
Redeemed during the year (Rs. in '000)	2,911,929	735,331	477,364	266,956	309,883	4,701,463
Redeemed during the year (Units)	58,238,585	14,706,612	9,547,281	5,339,113	6,197,665	94,029,256
Dividend received during the year (Rs. in '000)	81,101	21,695	19,336	10,928	6,581	139,641
Dividend received during the year (Units)	1,622,012	433,908	386,712	218,569	131,628	2,792,830
Refund of capital during the year (Rs. in '000)	81,101	21,695	19,336	10,928	6,581	139,641
Refund of capital during the year (Units)	1,622,012	433,908	386,712	218,569	131,628	2,792,830
<b>AI Meezan Investment Management Limited - Management Company</b>						
Remuneration for the year / period (Rs in '000)	96	79	138	71	56	440
Sindh Sales Tax on management fee (Rs in '000)	13	10	18	9	7	57
Allocated expenses (Rs in '000)	1,898	659	492	185	59	3,293
<b>Meezan Bank Limited</b>						
Profit on saving account (Rs in '000)	400	260	391	614	241	1,906
<b>Central Depository Company of Pakistan Limited - Trustee</b>						
Sindh Sales Tax on trustee fee (Rs in '000)	204	71	53	20	6	354
Trustee Fee for the year / period	1,568	545	405	152	49	2,719
<b>Meezan Dedicated Equity Fund</b>						
Invested during the year / period (Rs. in '000)	1,824,019	575,586	434,500	230,900	113,000	3,178,005
Invested during the year / period (Units)	33,787,207	10,794,498	9,942,055	5,339,238	2,825,733	62,688,731
Redeemed during the year / period (Rs. in '000)	1,708,242	534,259	305,924	164,842	87,232	2,800,499
Redeemed during the year / period (Units)	30,746,259	9,835,022	7,196,745	3,861,841	2,307,167	53,947,034
<b>Meezan Cash Fund</b>						
Invested during the year / period (Rs. in '000)	3,136,590	1,104,214	896,940	524,917	223,062	5,885,723
Invested during the year / period (Units)	26,242,105	11,674,476	17,489,369	10,117,433	4,224,783	69,748,165
Redeemed during the year / period (Rs. in '000)	4,960,273	1,626,087	926,277	535,927	226,382	8,274,946
Redeemed during the year / period (Units)	60,131,583	21,269,666	17,489,369	10,117,433	4,224,783	113,232,833
Dividend received during the year / period (Rs. in '000)	13,834	1,360	-	-	-	15,194
Dividend received during the year / period (Units)	274,308	26,959	-	-	-	301,267
Refund of capital during the year / period (Rs. in '000)	59,534	19,413	-	-	-	78,947
Refund of capital during the year / period (Units)	1,180,484	384,939	-	-	-	1,565,423
<b>Meezan Sovereign Fund</b>						
Invested during the year / period (Rs. in '000)	1,280,833	417,798	374,904	159,575	125,383	2,358,492
Invested during the year / period (Units)	23,423,819	7,638,157	6,852,698	2,919,954	2,291,535	43,126,163
Redeemed during the year / period (Rs. in '000)	318,930	137,570	148,110	38,620	33,000	676,230
Redeemed during the year / period (Units)	5,790,760	2,497,814	2,690,229	701,222	599,254	12,279,279
Dividend received during the year / period (Rs. in '000)	1,899	554	449	239	145	3,285
Dividend received during the year / period (Units)	36,878	10,761	8,714	4,645	2,811	63,808
Refund of capital during the year / period (Rs. in '000)	57,295	16,702	13,525	7,209	5,536	100,266
Refund of capital during the year / period (Units)	1,112,830	324,398	262,686	140,021	107,529	1,947,463
<b>Meezan Rozana Amdani Fund</b>						
Invested during the year / period (Rs. in '000)	304,087	100,057	71,041	38,022	23,007	536,213
Invested during the year / period (Units)	6,081,739	2,000,572	1,420,406	760,217	460,132	10,723,066
Dividend received during the year / period (Rs. in '000)	87	29	20	11	7	153
Dividend received during the year / period (Units)	1,739	572	406	217	132	3,066
<b>Meezan Islamic Income Fund</b>						
Invested during the year / period (Rs. in '000)	-	6,100	-	-	-	6,100
Invested during the year / period (Units)	-	112,077	-	-	-	112,077
Redeemed during the year / period (Rs. in '000)	-	6,106	-	-	-	6,106
Redeemed during the year / period (Units)	-	112,077	-	-	-	112,077

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets

Balances with banks	4,871	-	4,871
Investments	-	1,751,582	1,751,582
Receivable against sale of investments	4,410	-	4,410
Advances, deposits and other receivables	12	-	12
	<u>9,293</u>	<u>1,751,582</u>	<u>1,760,875</u>

2020		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		

### Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	162	-	162
Payable to Central Depository Company of Pakistan Limited - Trustee	114	-	114
Payable against redemption and conversion of units	6,219	-	6,219
Dividend payable	4,217	-	4,217
Accrued expenses and other liabilities	686	-	686
	<u>11,398</u>	<u>-</u>	<u>11,398</u>

2020		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		

### Financial assets

Balances with banks	9,875	-	9,875
Investments	-	2,758,835	2,758,835
Profit accrued on balances with banks	97	-	97
	<u>9,972</u>	<u>2,758,835</u>	<u>2,768,807</u>

2019		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		

### Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	271	-	271
Payable to Central Depository Company of Pakistan Limited - Trustee	226	-	226
Payable against purchase of investments	287	-	287
Payable against redemption and conversion of units	14,772	-	14,772
Accrued expenses and other liabilities	590	-	590
	<u>16,146</u>	<u>-</u>	<u>16,146</u>

2019		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		

## 18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 18.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.

**(i) Yield / profit rate risk**

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

**a) Sensitivity analysis for variable rate instruments**

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 0.049 million (2019: Rs 0.099 million).

**b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2020, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:

As at June 30, 2020					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

----- Rupees in '000 -----

**On-balance sheet financial instruments**

**Financial assets**

Balances with banks	3.00% to 3.40%	4,871	-	-	-	4,871
Investments		-	-	-	1,751,582	1,751,582
Receivable against sale of investments - net		-	-	-	4,410	4,410
Advances, deposits and other receivables		-	-	-	12	12
		4,871	-	-	1,756,004	1,760,875

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	162	162
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	114	114
Payable on redemption and conversion of units		-	-	-	6,219	6,219
Dividend payable		-	-	-	4,217	4,217
Accrued expenses and other liabilities		-	-	-	686	686
		-	-	-	11,398	11,398

**On-balance sheet gap**

**Off-balance sheet financial instruments**

**Off-balance sheet gap**

**Total profit rate sensitivity gap**

**Cumulative profit rate sensitivity gap**

As at June 30, 2019					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

----- Rupees in '000 -----

#### On-balance sheet financial instruments

##### Financial assets

Balances with banks	5.00% to 11.85%	9,875	-	-	-	9,875
Investments		-	-	-	2,758,835	2,758,835
Profit accrued on balances with banks		-	-	-	97	97
		<u>9,875</u>	<u>-</u>	<u>-</u>	<u>2,758,932</u>	<u>2,768,807</u>

##### Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	271	271
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	226	226
Payable against purchase of investments	-	-	-	287	287
Payable on redemption and conversion of units	-	-	-	14,772	14,772
Accrued expenses and other liabilities	-	-	-	590	590
	-	-	-	<u>16,146</u>	<u>16,146</u>
<b>On-balance sheet gap</b>		<u>9,875</u>	<u>-</u>	<u>2,742,786</u>	<u>2,752,661</u>

#### Off-balance sheet financial instruments

<b>Off-balance sheet gap</b>	-	-	-	-	-
<b>Total profit rate sensitivity gap</b>		<u>9,875</u>			
<b>Cumulative profit rate sensitivity gap</b>		<u>9,875</u>			

#### ii Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

#### iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in open end mutual funds. The Fund manages its price risk arising from investments by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 1% increase / decrease in equity prices as at June 30, 2020 with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 17.516 million (2019: Rs. 27.588 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

## 18.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year for any of the sub-funds.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

2020					
Within 1 month	More than one month and upto three months	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000					
<b>Financial assets</b>					
Balances with banks	4,871	-	-	-	4,871
Investments	-	-	-	1,751,582	1,751,582
Receivable against sale of investments - net	4,410	-	-	-	4,410
Advances, deposits and other receivables	12	-	-	-	12
	9,293	-	-	1,751,582	1,760,875
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited - Management Company	162	-	-	-	162
Payable to Central Depository Company of Pakistan Limited - Trustee	114	-	-	-	114
Payable against redemption and conversion of units	6,219	-	-	-	6,219
Dividend payable	4,217	-	-	-	4,217
Accrued expenses and other liabilities	-	686	-	-	686
	10,712	686	-	-	11,398
<b>Net assets / (liabilities)</b>	<b>(1,419)</b>	<b>(686)</b>	<b>-</b>	<b>1,751,582</b>	<b>1,749,477</b>
2019					
Within 1 month	More than one month and upto three months	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000					
<b>Financial assets</b>					
Balances with banks	9,875	-	-	-	9,875
Investments	-	-	-	2,758,835	2,758,835
Profit accrued on balances with banks	97	-	-	-	97
	9,972	-	-	2,758,835	2,768,807
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited - Management Company	271	-	-	-	271
Payable to Central Depository Company of Pakistan Limited - Trustee	226	-	-	-	226
Payable to Meezan Bank Limited	-	-	-	-	-
Payable against purchase of investments	287	-	-	-	287
Payable against redemption and conversion of units	14,772	-	-	-	14,772
Accrued expenses and other liabilities	-	590	-	-	590
	15,556	590	-	-	16,146
<b>Net assets / (liabilities)</b>	<b>(5,584)</b>	<b>(590)</b>	<b>-</b>	<b>2,758,835</b>	<b>2,752,661</b>

### 18.3 Credit risk

18.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----- Rupees in '000 -----		----- Rupees in '000 -----	
Balances with banks	4,871	4,871	9,875	9,875
Investments	1,751,582	-	2,758,835	-
Receivable against sale of investments - net	4,410	4,410	-	-
Advances, deposits and other receivables	12	12	97	97
	<b>1,760,875</b>	<b>9,293</b>	<b>2,768,807</b>	<b>9,972</b>

#### 18.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon, dividend receivable and receivable against sale of units and against investments. The credit rating profile of balances with banks is as follows:

Bank	Amount of financial assets exposed to credit risk		% of financial assets exposed to credit risk	
	2020	2019	2020	2019
AA+	4,871	9,875	100.00%	100.00%
	<b>4,871</b>	<b>9,875</b>	<b>100.00%</b>	<b>100.00%</b>

## 19 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

#### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees in '000 -----			----- Rupees in '000 -----		
<b>Financial assets</b>						
At fair value through profit or loss	-	1,751,582	-	-	2,758,835	-
	<b>-</b>	<b>1,751,582</b>	<b>-</b>	<b>-</b>	<b>2,758,835</b>	<b>-</b>

## 20 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## 21 UNIT HOLDING PATTERN OF THE FUND

	MCCP IV			MCCP IV		
	2020			2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)	(Rupees in '000)	(Percentage)	(Rupees in '000)	(Rupees in '000)	(Percentage)
Individual	613	612,725	55.08	986	1,006,281	64.79
Director	1	5,092	0.46	1	5,001	0.32
Retirement funds	27	424,370	38.15	34	482,642	31.08
Others	8	70,198	6.31	6	59,125	3.81
<b>Total</b>	<b>649</b>	<b>1,112,385</b>	<b>100.00</b>	<b>1,027</b>	<b>1,553,048</b>	<b>100.00</b>

	MCCP V			MCCP V		
	2020			2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)	(Rupees in '000)	(Percentage)	(Rupees in '000)	(Rupees in '000)	(Percentage)
Individual	303	190,355	87.98	507	411,953	86.93
Director	-	-	-	-	-	-
Retirement funds	5	17,194	7.95	7	41,068	8.67
Others	5	8,814	4.07	2	20,887	4.41
<b>Total</b>	<b>313</b>	<b>216,363</b>	<b>100.00</b>	<b>516</b>	<b>473,907</b>	<b>100.00</b>

	MCCP VI			MCCP VI		
	2020			2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)	(Rupees in '000)	(Percentage)	(Rupees in '000)	(Rupees in '000)	(Percentage)
Individual	416	168,731	79.04	602	314,487	81.89
Director	-	-	-	-	-	-
Retirement funds	4	43,351	20.31	6	67,556	17.59
Others	3	1,398	0.65	1	1,982	0.52
<b>Total</b>	<b>423</b>	<b>213,480</b>	<b>100.00</b>	<b>609</b>	<b>384,026</b>	<b>100.00</b>

	MCPPII			MCPPII		
	2020			2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)	(Percentage)	(Rupees in '000)	(Percentage)		
Individual	353	133,768	98.65	488	202,384	97.58
Director	-	-	-	-	-	-
Retirement funds	1	1,826	1.35	2	5,028	2.42
Others	2	10	-	-	-	-
<b>Total</b>	<b>356</b>	<b>135,604</b>	<b>100.00</b>	<b>490</b>	<b>207,412</b>	<b>100.00</b>

	MCPPIII			MCPPIII		
	2020			2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)	(Percentage)	(Rupees in '000)	(Percentage)		
Individual	335	58,574	91.71	455	120,381	92.09
Director	-	-	-	-	-	-
Retirement funds	1	4,916	7.70	2	8,503	6.50
Others	1	381	0.60	2	1,840	1.41
<b>Total</b>	<b>337</b>	<b>63,871</b>	<b>100.00</b>	<b>459</b>	<b>130,724</b>	<b>100.00</b>

## 22 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Details of members of investment committee of the Fund are as follows:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Nine years

22.1 The Fund manager of the Fund is Mr. Asif Imtiaz. Other funds being managed by the Fund manager are as follows :

- Meezan Balanced Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- KSE Meezan Index Fund
- Meezan Strategic Allocation Fund-III; and
- Meezan Dedicated Equity Fund

## 23 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on				
		August 19, 2019	October 15, 2019	February 10, 2020	April 15, 2020	June 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

## 24 CORRESPONDING FIGURES

Corresponding figures have been reclassified and rearranged in these financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these financial statements during the current year.

## 25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

## 26 GENERAL

### 26.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

## 26.2 Operational Risk Management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

26.3 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

**For Al Meezan Investment Management Limited  
(Management Company)**

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**Chief Executive**

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**Chief Financial Officer**

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**Director**



**Meezan**  
Strategic Allocation Fund-III

## Meezan Strategic Allocation Fund III (MSAF III)

Meezan Strategic Allocation Fund-III is a Shariah compliant scheme which aims to earn potentially high returns through investment as per respective Allocation Plans by investing in Shariah Compliant Fixed Income/Money Market Collective Investment Schemes and Equity based Collective Investment Schemes.

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# FUND INFORMATION

## MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre,  
Shahrah-e-Faisal Karachi 74400, Pakistan.  
Phone (9221) 35630722-6, 111-MEEZAN  
Fax: (9221) 35676143, 35630808  
Website: [www.almeezangroup.com](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto:info@almeezangroup.com)

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Mohammad Furquan R Kidwai	Independent Director
Mr. Ijaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Shaukat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Arshad Majeed	Member
Mr. Naeem Abdul Sattar	Member

## RISK MANAGEMENT COMMITTEE

Mr. Muhammad Abdullah Ahmed	Chairman
Syed Amir Ali Zaidi	Member
Mr. Naeem Abdul Sattar	Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

## TRUSTEE

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

## AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C, I.I. Chundrigar Road , Karachi-74000

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Bank Al Habib Limited - Islamic Banking                      Dubai Islamic Bank Pakistan Limited  
Meezan Bank Limited

## LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone (9221) 35156191-94 Fax: (9221) 35156195  
E-mail:

## TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: [www.meezanbank.com](http://www.meezanbank.com)

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

## **REPORT OF THE FUND MANAGER**

### **Meezan Strategic Allocation Fund – III (MSAF – III)**

#### **Type of Fund**

MSAF – III is a perpetual Shariah Compliant (Islamic) Fund of Funds Scheme.

#### **Objective**

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

#### **Strategy and Investment Policy**

MSAF – III has one Allocation Plans which allow investors to invest according to their risk tolerance levels.

These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a weighted average combination of KSE Meezan Index 30 and Fixed Income/Money Market Schemes performance, according to the invested percentages in both the asset classes.

Meezan Strategic Allocation Plan – III (MCPPIX)	<b>Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual Allocation.</b>
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#### **Performance Table with Benchmark**

	<b>Returns - FY20</b>
MCPPIX	5.45%
Benchmark	-1.17%

The Meezan Capital Preservation Plan – IX posted total gain of Rs. 5.77 million FY 20. Total gain comprised of realized loss on investments of Rs. 1.611 million while the unrealized gain on investments of Rs. 0.98 million. Dividend income and profit on saving account with banks amounted to Rs. 6.16 million and Rs. 0.24 million respectively. After accounting for expenses of Rs. 0.78 million, the Fund posted a net income of Rs. 5 million. The net assets of the Plan as at June 30, 2020 were Rs. 89 million. The net asset value per unit as at June 30, 2020 was Rs. 48.60

#### **Distributions**

The interim Pay out by the Plan during the fiscal year ended June 30, 2020 was Rs. 2.25 per unit (4.50%). Total distribution made by the fund was Rs. 4 million.

**Breakdown of unit holdings by size**

(As on June 30, 2020)

<b>Range (Units)</b>	<b>MSAF- III- MCPP-IX</b>
	<b>No. of investors</b>
1 - 9,999	194
10,000 - 49,999	8
50,000 - 99,999	1
100,000 - 499,999	0
500,000 and above	1
<b>Total</b>	<b>204</b>

## PERFORMANCE TABLE

	June 30, 2020	June 30, 2019
Net assets (Rs. '000) (ex-distribution)	<b>88,995</b>	33,930
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	<b>48.5984</b>	48.2374
Offer price per unit as at June 30 (Rs.)	-	49.8726
Distribution (%)		
Interim		
-First quarter	-	-
-Second quarter	-	-
-Third quarter	-	-
-Fourth quarter	<b>4.50%</b>	-
Annual	-	-
Dates of distribution (interim)		
- First quarter	-	-
- Second quarter	-	-
- Third quarter	-	-
- Fourth quarter	<b>30-Jun-20</b>	-
Annual	-	-
Income distribution (Rs. in '000)	<b>3,959</b>	-
Highest offer price per unit (Rs.)	<b>50.1602</b>	51.7103
Lowest offer price per unit (Rs.)	<b>49.7876</b>	49.7845
Highest redemption price per unit (Rs.)	<b>54.8414</b>	50.0148
Lowest redemption price per unit (Rs.)	<b>46.5731</b>	48.1522
Total return (%)	<b>5.45%</b>	-3.55%
Weighted Average Portfolio Duration (years)		
	One Year	Two Year
Average annual return (%) as at June 30, 2020	<b>5.45%</b>	0.85%



**Meezan Bank**  
The Premier Islamic Bank

## Report of the *Shari'ah* Advisor– Meezan Strategic Allocation Fund-III

August 4, 2020/ Dhu'l-Hijjah 13, 1441

**Alhamdulillah**, the period from July 01, 2019 to June 30, 2020 was the Second year of operations of Meezan Strategic Allocation Fund-III (MSAF-III) under management of Al Meezan Investment Management Limited (Al Meezan). The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, I have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, I hereby certify that:

- i. I have reviewed and approved the modes of investments of MSAF-III in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MSAF-III by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MSAF-III for the year ended June 30, 2020 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

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**Dr. Muhammad Imran Ashraf Usmani**

For and on behalf of Meezan Bank

*Shariah* Advisor

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi - 74400. Pakistan.  
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Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN STRATEGIC ALLOCATION FUND – III**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the  
Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Strategic Allocation Fund – III (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 24, 2020



**INDEPENDENT AUDITOR'S REPORT**

**To the Unit holders of Meezan Strategic Allocation Fund III**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Meezan Strategic Allocation Fund - III (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer note 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 89.54 million.  The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"><li>Tested the design and operating effectiveness of the key controls for valuation of investments;</li><li>Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and</li><li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li></ul>

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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>



### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

AMW



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

  
Chartered Accountants

Karachi

Date: September 22, 2020

**MEEZAN STRATEGIC ALLOCATION FUND - III  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2020**



**Meezan**  
Strategic Allocation Fund-III

	June 30, 2020	June 30, 2019
<b>Note</b>	<b>MCCP-IX</b>	
	<b>(Rupees in '000)</b>	
<b>Assets</b>		
Balances with banks	5      447	15,908
Investments	6      89,540	18,944
Profit accrued on balances with banks	2	26
<b>Total assets</b>	<u>89,989</u>	<u>34,878</u>
<b>Liabilities</b>		
Payable to AI Meezan Investment Management Limited - Management Company	7      7	866
Payable to Central Depository Company of Pakistan Limited - Trustee	8      6	1
Payable to Securities and Exchange Commission of Pakistan	9      18	1
Accrued expenses and other liabilities	10      963	80
<b>Total liabilities</b>	<u>994</u>	<u>948</u>
<b>NET ASSETS</b>	<u>88,995</u>	<u>33,930</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	11	
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<u>88,995</u>	<u>33,930</u>
	<b>(Number of units)</b>	
<b>NUMBER OF UNITS IN ISSUE</b>	<u>1,831,230</u>	<u>703,396</u>
	<b>(Rupees)</b>	
<b>NET ASSET VALUE PER UNIT</b>	<u>48.5984</u>	<u>48.2374</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN STRATEGIC ALLOCATION FUND - III  
STATEMENT OF INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2020**

	For the year ended June 30, 2020	For the period from May 20, 2019 to June 30,
	<b>MCCP-IX (Rupees in '000)</b>	
<b>Income</b>		
Dividend income	6,159	-
Loss on sale of investments	(1,611)	(45)
Profit on balance with banks	240	32
	4,788	(13)
Net unrealised appreciation / (diminution) on re-measurement of investments - 'at fair value through profit or loss'	988	(211)
<b>Total income / (loss)</b>	<u>5,776</u>	<u>(224)</u>
<b>Expenses</b>		
Remuneration to Al Meezan Investment Management Limited - Management Company	26	4
Sindh Sales Tax on remuneration to Management Company	3	1
Allocated expenses	92	1
Remuneration to Central Depository Company of Pakistan Limited - Trustee	65	1
Sindh Sales Tax on remuneration of the Trustee	8	-
Annual fee to Securities and Exchange Commission of Pakistan	18	1
Auditors' remuneration	92	50
Fees and subscription	368	30
Bank and settlement charges	7	4
Provision for Sindh Workers' Welfare Fund	102	-
<b>Total expenses</b>	<u>781</u>	<u>92</u>
<b>Net income / (loss) for the year / period before taxation</b>	<u>4,995</u>	<u>(316)</u>
Taxation	-	-
<b>Net income / (loss) for the year / period after taxation</b>	<u><u>4,995</u></u>	<u><u>(316)</u></u>
<b>Allocation of net income for the year / period</b>		
Net income for the year / period after taxation	4,995	-
Income already paid on units redeemed	(48)	-
	<u><u>4,947</u></u>	<u><u>-</u></u>
<b>Accounting income available for distribution</b>		
- Relating to capital gains	-	-
- Excluding capital gains	4,947	-
	<u><u>4,947</u></u>	<u><u>-</u></u>

The annexed notes 1 to 26 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN STRATEGIC ALLOCATION FUND - III  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>For the year ended June 30, 2020</b>	<b>For the period from May 20, 2019 to June 30, MCPPI-IX (Rupees in '000)</b>
<b>Net income / (loss) for the year / period after taxation</b>	4,995	(316)
Other comprehensive income for the year / period	-	-
<b>Total comprehensive income / (loss) for the year / period</b>	<u>4,995</u>	<u>(316)</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



**MEEZAN STRATEGIC ALLOCATION FUND - III  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2020**



**Meezan**  
Strategic Allocation Fund-III

	For the year ended June 30, 2020	For the period from May 20, 2019 to June 30, MCCP-IX (Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the year / period before taxation	4,995	(316)
Net unrealised appreciation / (diminution) on re-measurement of investments 'at fair value through profit or loss'	6.1 (988)	211
	<u>4,007</u>	<u>(105)</u>
<b>Increase in assets</b>		
Investments - net	(69,608)	(19,155)
Profit accrued on balances with banks	24	(26)
	<u>(69,584)</u>	<u>(19,181)</u>
<b>Increase in liabilities</b>		
Payable to AI Meezan Investment Management Limited - Management Company	(859)	866
Payable to Central Depository Company of Pakistan Limited - Trustee	5	1
Payable to Securities and Exchange Commission of Pakistan	17	1
Accrued expenses and other liabilities	883	80
	<u>46</u>	<u>948</u>
<b>Net cash used in operating activities</b>	<u>(65,531)</u>	<u>(18,338)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	91,185	34,262
Payments against redemption and conversion of units	(37,156)	(16)
Dividend paid	(3,959)	-
<b>Net cash generated from financing activities</b>	<u>50,070</u>	<u>34,246</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(15,461)</u>	<u>15,908</u>
Cash and cash equivalents at the beginning of the year / period	15,908	-
<b>Cash and cash equivalents at the end of the year / period</b>	<u>5 447</u>	<u>15,908</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN STRATEGIC ALLOCATION FUND - III**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Strategic Allocation Fund - III (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on January 24, 2019 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules). The Fund is registered as a Notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations) issued through S.R.O.1203(I)/2008 on October 10, 2016. The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund has been formed to enable the unitholders to participate in a diversified portfolio of equity schemes and fixed income / money market schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah compliant Fund of Funds Scheme. Units are offered for public subscription on a continuous basis till the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4** Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund. The Fund's property comprises of different types of allocation plans which are accounted for and maintained separately in the books of accounts and collectively constitute the Fund's property.
- 1.5** The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 28, 2018) and by PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6** The fund generates returns on investment as per allocation plan (sub fund) namely Meezan Capital Preservation Plan-IX (MCPPI-IX) by investing in Shariah compliant fixed income / money market and equity mutual funds in line with the risk tolerance of the investor. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP.
- 1.7** A brief description of the plan is as follows:

Meezan Capital Preservation Plan-IX (MCPPI-IX)	Low risk - High return through asset allocation This allocation plan commenced its operations from May 14, 2019 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.
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**2 BASIS OF PRESENTATION**

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

### 3 BASIS OF PREPARATION

#### 3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

#### 3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

#### 3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following standards have been adopted in Pakistan and would be effective from the dates mentioned below against the respective standards:

<b>Amendments</b>	<b>Effective date (accounting periods beginning on or after)</b>
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These standards may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these standards on the financial statements of the Fund.

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2020 but are considered not to be relevant or will not have any significant impact on the Fund's operations and are, therefore, not disclosed in these financial statements.

#### 3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6).

#### 3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which is measured at fair value.

### 3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below.

### 4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

### 4.3 Financial instruments

#### 4.3.1 Classification

##### 4.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

##### 4.3.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

###### a) 'Financial assets at fair value through profit or loss'

###### Basis of valuation in the collective investment scheme

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

##### 4.3.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

##### 4.3.3.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

##### 4.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

#### **4.3.5 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

#### **4.3.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

#### **4.3.7 Derivatives**

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

#### **4.4 Financial liabilities**

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

#### **4.5 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.6 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.7 Net asset value per unit**

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

#### **4.8 Unitholders' Fund**

Unitholders' Fund of each allocation plan representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

#### **4.9 Issue and redemption of units**

Units issued are recorded at the offer price of each allocation plan, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price of each allocation plan represents the net assets value of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the net assets value per unit as of close of business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

#### **4.10 Distributions to unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

#### **4.11 Element of income**

Element of income represents the difference between net assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (NAV) per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' Fund. However, to maintain the same ex-dividend net asset value (NAV) of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### **4.12 Revenue recognition**

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the commencement of date of book closure of the investee fund declaring the dividend.
- Profit on balances with banks is recognized on a time proportion basis using the effective yield method.

#### **4.13 Expenses**

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

#### **4.14 Taxation**

##### **Current**

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

##### **Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I to the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV to the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

#### **4.15 Earnings / (loss) per unit**

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

#### 4.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2020	2019
<b>MCCP-IX</b>			
<b>Rupees in '000</b>			
<b>5 BALANCES WITH BANKS</b>			
Saving accounts	5.1	447	15,908

5.1 The balances in savings accounts have an expected profit which ranges from 3.00% to 7.50% per annum. (June 30, 2019: 6.30% to 11.85% per annum).

	Note	2020	2019
<b>MCCP-IX</b>			
<b>Rupees in '000</b>			
<b>6 INVESTMENTS</b>			
Investments - 'at fair value through profit or loss'	6.1	89,540	18,944

#### 6.1 Investments - 'at fair value through profit or loss' - Units of mutual funds

Name of investee funds	As at July 1, 2019	Purchases during the year	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain as at June 30, 2020	Percentage in relation to total market value of investments
	(Number of units)				(Rupees in '000)			(Percentage)
<b>Meezan Capital Preservation Plan - IX</b>								
Meezan Dedicated Equity Fund	153,424	3,967,681	3,096,183	1,024,922	34,498	35,468	970	39.61
Meezan Cash Fund	64,627	2,417,601	2,482,228	-	-	-	-	-
Meezan Sovereign Fund	198,820	2,241,976	1,391,816	1,048,980	54,054	54,072	18	60.39
Meezan Rozana Amdani Fund	-	4,765,329	4,765,329	-	-	-	-	-
<b>Total as at June 30, 2020</b>					<b>88,552</b>	<b>89,540</b>	<b>988</b>	<b>100</b>
<b>Total as at June 30, 2019</b>					<b>19,155</b>	<b>18,944</b>	<b>(211)</b>	<b>100</b>

	Note	2020	2019
<b>MCCP-IX</b>			
<b>Rupees in '000</b>			
<b>7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - Management Company</b>			
Management fee payable	7.1	-	4
Sindh Sales Tax payable on remuneration of the Management Company	7.2	-	1
Allocated expenses	14	7	1
Sales load payable		-	761
Sindh Sales Tax on sales load		-	99
		<u>7</u>	<u>866</u>

7.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2019: 1%) per annum of the daily bank balances of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company and sales load through the Sindh Sales Tax on Services Act 2011 effective from July 1, 2011. During the year SST at the rate of 13% (2019: 13%) was charged on the remuneration of Management Company, sales load and trustee fee.

8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	MCCP-IX	
			2020	2019
			Rupees in '000	
	Trustee fee payable	8.1	5	1
	Sindh Sales Tax payable on trustee fee	8.2	1	-
			6	1

- 8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. Effective from July 1, 2019, the Trustee has revised its remuneration as under:

Previous Tariff		Revised Tariff (Flat Rate)
Net assets (Rs)	Fee	
Up to 1,000 million	0.10% per annum	0.07% per annum of Net Assets
Over 1,000 million	Rs. 1 million plus 0.075% p.a. of Net Assets exceeding Rs. 1,000 million	

Accordingly, the Fund has charged Trustee Fee @ 0.07% per annum during the current year.

- 8.2 During the current year an amount of Rs. 0.008 million (2019: Rs.167) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011
- 8.3 During the year, Sindh Sales Tax at the rate of 13% (2019: 13%) was charged on the remuneration of the trustee.

## 9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to fund of funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	MCCP-IX	
			2020	2019
			Rupees in '000	
	Auditors' remuneration payable		50	50
	Shariah advisory fee payable		147	30
	Capital gain tax payable		1	-
	Provision for Sindh Workers' Welfare Fund	10.1	102	-
	Withholding tax payable		604	-
	Dividend payable		59	-
			963	80

- 10.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded for the period from May 21, 2015 to June 30, 2020, the net asset value of the plan (MCCP IX) as at June 30, 2020 would have been higher by Re. 0.06 per unit (2019: Rs nil per unit).

## 11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.



	For the year ended June 30, 2020	For the period from May 20, 2019 to June 30, 2019
<b>MCCP-IX</b>		
<b>Rupees in '000</b>		
<b>12 AUDITORS' REMUNERATION</b>		
Annual audit fee	58	50
Half yearly review	32	-
Out of pocket expenses	2	-
	<u>92</u>	<u>50</u>

**13 EXPENSE RATIO**

The Total Expense Ratio of the Fund for the year ended June 30, 2020 is 0.85% which include 0.25% representing government levy, Sindh Worker Welfare Fund and SECP fee for MCCP - IX. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Funds Scheme.

**14 ALLOCATED EXPENSES**

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1 percent of the average annual net assets of the scheme for allocation of such expenses to the Fund.

**15 TAXATION**

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per Section 4B of the Income Tax Ordinance, 2001.

**16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

**16.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited Employees' Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

**16.2** Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

**16.3** Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Rules, the NBFC Regulations and the Trust Deed respectively.

16.4 Detail of transactions with connected persons and balances with them are as follows:

	2020	2019
<b>Balances</b>		
<b>AI Meezan Investment Management Limited - Management Company</b>		
Management fee payable	-	4
Sindh Sales Tax on management fee payable	-	1
Allocated expenses payable	7	1
Sales load payable	-	761
Sindh Sales Tax on sales load payable	-	99
Investment	71,839	-
Investment (Units)	1,478,213	-
<b>Meezan Bank Limited</b>		
Bank balance	427	15,898
Profit receivable	2	26
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	5	1
Sindh Sales Tax on trustee fee payable	1	-
<b>Meezan Dedicated Equity Fund</b>		
Investment	35,468	5,449
Investment (Units)	1,024,922	153,424
<b>Meezan Cash Fund</b>		
Investment	-	3,259
Investment (Units)	-	64,627
<b>Meezan Sovereign Fund</b>		
Investment	54,072	10,236
Investment (Units)	1,048,980	198,820
<b>Unitholders holding 10% or more units of the Fund</b>		
Investment (Rs in '000)	-	4,802
Investment (Units)	-	99,555
<b>Transactions during the year</b>		
<b>AI Meezan Investment Management Limited - Management Company</b>		
Management fee for the year / period	26	4
Sindh Sales Tax on management fee	3	1
Allocated expenses	92	1
Invested during the year/ period	68,876	-
Invested during the year / period (Units)	1,422,356	-
Dividend paid during the year	125	-
Dividend paid during the year (Units)	55,857	-
<b>Meezan Bank Limited</b>		
Profit on saving account	240	32
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee	65	1
Sindh Sales Tax on trustee fee	8	-



For the year ended June 30, 2020  
For the period from May 20, 2019 to June 30, 2019

**MCCP-IX**

Rupees in '000

**Meezan Dedicated Equity Fund**

Invested during the year / period	136,800	7,250
Invested during the year / period (Units)	3,967,681	195,852
Redeemed during the year / period	105,450	1,500
Redeemed during the year / period (Units)	3,096,183	42,428

**Meezan Cash Fund**

Invested during the year / period	127,049	16,200
Invested during the year / period (Units)	2,417,601	304,134
Redeemed during the year / period	130,549	12,974
Redeemed during the year / period (Units)	2,482,228	239,507

**Meezan Sovereign Fund**

Invested during the year / period (Rs in '000)	120,546	10,224
Invested during the year / period (Units)	2,241,976	198,820
Redeemed during the year (Rs in '000)	77,179	-
Redeemed during the year (Units)	1,391,816	-

**Meezan Rozana Amdani Fund**

Invested during the year	238,271	-
Invested during the year (Units)	4,765,329	-
Redeemed during the year	238,271	-
Redeemed during the year (Units)	4,765,329	-
Dividend received during the year (Units)	122,591	-
Dividend received during the year	6,130	-

**17 FINANCIAL INSTRUMENTS BY CATEGORY**

**Financial assets**

2020		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
Balances with banks	447	-
Investments	-	89,540
Profit accrued on balances with banks	2	-
	449	89,989

**Financial liabilities**

2020		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
Payable to Al Meezan Investment Management Limited - Management Company	-	7
Payable to Central Depository Company of Pakistan Limited - Trustee	-	6
Accrued expenses and other liabilities	-	256
	-	269

**Financial assets**

Balances with banks  
Investments  
Profit accrued on balances with banks

2019		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
15,908	-	15,908
-	18,944	18,944
26	-	26
<u>15,934</u>	<u>18,944</u>	<u>34,878</u>

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company  
Payable to Central Depository Company of Pakistan Limited - Trustee  
Accrued expenses and other liabilities

2019		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
-	866	866
-	1	1
-	80	80
-	<u>947</u>	<u>947</u>

**18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

**18.1 Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.

**(i) Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

**a) Sensitivity analysis for variable rate instruments**

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.004 million (2019: 0.159 million).

**b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2020, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:

As at June 30, 2020					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

----- Rupees in '000 -----

**On-balance sheet financial instruments**

**Financial assets**

Balances with banks	3.00% to 7.50%	447	-	-	-	447
Investments		-	-	-	89,540	89,540
Profit accrued on balances with banks		-	-	-	2	2
		<u>447</u>	<u>-</u>	<u>-</u>	<u>89,542</u>	<u>89,989</u>

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	7	7
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	6	6
Accrued expenses and other liabilities		-	-	-	256	256
					<u>269</u>	<u>269</u>

<b>On-balance sheet gap</b>		<u>447</u>	<u>-</u>	<u>-</u>	<u>89,273</u>	<u>89,720</u>
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**Off-balance sheet financial instruments**

		-	-	-	-	-
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**Off-balance sheet gap**

		-	-	-	-	-
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**Total profit rate sensitivity gap**

		<u>447</u>	<u>-</u>	<u>-</u>		
--	--	------------	----------	----------	--	--

**Cumulative profit rate sensitivity gap**

		<u>447</u>	<u>447</u>	<u>447</u>		
--	--	------------	------------	------------	--	--

As at June 30, 2019					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

----- Rupees in '000 -----

**On-balance sheet financial instruments**

**Financial assets**

Balances with banks	5.00% to 11.85%	15,908	-	-	-	15,908
Investments		-	-	-	18,944	18,944
Profit accrued on balances with banks		-	-	-	26	26
		<u>15,908</u>	<u>-</u>	<u>-</u>	<u>18,970</u>	<u>34,878</u>

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	866	866
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1	1
Accrued expenses and other liabilities		-	-	-	80	80
					<u>947</u>	<u>947</u>

<b>On-balance sheet gap</b>		<u>15,908</u>	<u>-</u>	<u>-</u>	<u>18,023</u>	<u>33,931</u>
-----------------------------	--	---------------	----------	----------	---------------	---------------

**Off-balance sheet financial instruments**

		-	-	-	-	-
--	--	---	---	---	---	---

**Off-balance sheet gap**

		-	-	-	-	-
--	--	---	---	---	---	---

**Total profit rate sensitivity gap**

		<u>15,908</u>	<u>-</u>	<u>-</u>		
--	--	---------------	----------	----------	--	--

**Cumulative profit rate sensitivity gap**

		<u>15,908</u>	<u>15,908</u>	<u>15,908</u>		
--	--	---------------	---------------	---------------	--	--

## ii Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

## iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in open end mutual funds. The Fund manages its price risk arising from investments by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 1% increase / decrease in equity prices as at June 30, 2020 with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 0.895 million (2019: Rs. 0.189 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

## 18.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

	2020					Total
	Within 1 month	More than one month and upto three months	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	
	----- Rupees in '000 -----					
<b>Financial assets</b>						
Balances with banks	447	-	-	-	-	447
Investments	-	-	-	-	89,540	89,540
Profit accrued on balances with banks	2	-	-	-	-	2
	449	-	-	-	89,540	89,989
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	7	-	-	-	-	7
Payable to Central Depository Company of Pakistan Limited - Trustee	6	-	-	-	-	6
Accrued expenses and other liabilities	-	256	-	-	-	256
	13	256	-	-	-	269
<b>Net assets / (liabilities)</b>	<b>436</b>	<b>(256)</b>	<b>-</b>	<b>-</b>	<b>89,540</b>	<b>89,720</b>



2019					
Within 1 month	More than one month and upto three months	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000					
<b>Financial assets</b>					
Balances with banks	15,908	-	-	-	15,908
Investments	-	-	-	18,944	18,944
Profit accrued on balances with banks	26	-	-	-	26
	15,934	-	-	18,944	34,878
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited - Management Company	866	-	-	-	866
Payable to Central Depository Company of Pakistan Limited - Trustee	1	-	-	-	1
Accrued expenses and other liabilities	-	80	-	-	80
	867	80	-	-	947
<b>Net assets / (liabilities)</b>	<b>15,067</b>	<b>(80)</b>	<b>-</b>	<b>18,944</b>	<b>33,931</b>

### 18.3 Credit risk

18.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000				
Balances with banks	447	447	15,908	15,908
Investments	89,540	-	18,944	-
Profit accrued on balances with banks	2	2	26	26
	89,989	449	34,878	15,934

### 18.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of balances with banks is as follows:

Rating	2020		2019	
	Amount of financial assets exposed to credit risk	% of financial assets exposed to credit risk	Amount of financial assets exposed to credit risk	% of financial assets exposed to credit risk
Rupees in '000				
AA+	437	97.76%	15,908	100.00%
AA	10	2.24%	-	-
	447	100%	15,908	100%

## 19 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. However, during the year on certain days and since January 23, 2020, the Fund is below the minimum requirement of Rs 100 million. As per the SECP Circular 16 of 2020 dated April 21, 2020, the Fund has been granted 180 days from the date of non compliance, to comply with the minimum requirement of the fund size.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## 20 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

		2020		
		Level 1	Level 2	Level 3
		Rupees in '000		
<b>Financial assets</b>				
At fair value through profit or loss		-	89,540	-
		-	89,540	-
		2019		
		Level 1	Level 2	Level 3
		Rupees in '000		
<b>Financial assets</b>				
At fair value through profit or loss		-	18,944	-
		-	18,944	-

## 21 UNIT HOLDING PATTERN OF THE FUND

	MCPPI IX			MCPPI IX		
	2020			2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	Rupees in '000	Percentage	Rupees in '000	Percentage		
Individuals	203	17,156	19.28	235	32,101	94.61
Retirement fund	-	-	-	1	1,829	5.39
Associated Companies	1	71,839	80.72	-	-	-
<b>Total</b>	<b>204</b>	<b>88,995</b>	<b>100</b>	<b>236</b>	<b>33,930</b>	<b>100</b>



## 22 INVESTMENT COMMITTEE MEMBERS

22.1 Details of members of investment committee of the Fund are as follows:

Name	Designation	Qualification	Experience in years
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equity	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP/ Head of Research	CFA / MBA (in progress)	Nine years

The Fund Manager of this Fund is Mr. Asif Imtiaz. Other Funds being managed by the Fund Manager are:

- Meezan Balanced Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- KSE Meezan Index Fund
- Meezan Strategic Allocation Fund-II; and
- Meezan Dedicated Equity Fund

## 23 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

23.1 The date of the meeting of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on				
		August 19, 2019	October 15, 2019	February 10, 2020	April 15, 2020	June 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

## 24 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

## 25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

## 26 GENERAL

### 26.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

### 26.2 Operational Risk Management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network (“VPN”) connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

26.3 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

**For Al Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director