



Meezan
Cash Fund

Meezan Cash Fund (MCF)

Meezan Cash Fund is Pakistan's first Shariah compliant Money Market Fund. MCF aims to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and debt securities.

MEEZAN FUNDS ONLINE



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
E-mail: 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

Allied Bank Limited	Habib Metropolitan Bank Limited - Islamic Banking
Askari Bank Limited - Islamic Banking	MCB Bank Limited
Bank Al Habib Limited - Islamic Banking	MCB Islamic Bank Limited
Bank Alfalah Limited	Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited	National Bank of Pakistan - Islamic Banking
Faysal Bank Limited - Islamic Banking	Sindh Bank Limited
Habib Bank Limited -Islamic Banking	UBL Ameen - Islamic Banking

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER Meezan Cash Fund (MCF)

Type of Fund

Open end cash fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

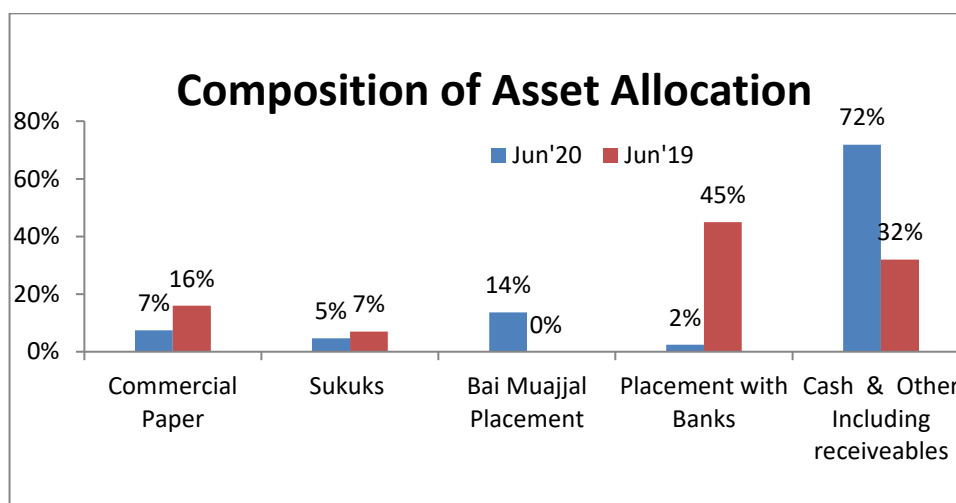
Objective

Its objective is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market & debt securities.

Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term tenors. As per its investment policy, MCF can invest or place funds in instruments/avenues with a credit rating of at least 'double A' (AA). Moreover, the investment policy limits interest rate risk by capping the maturity of instruments up to a maximum of six months, along with maximum portfolio duration of three months.

Sector Allocation as on June 30th 2019 and 2020



Performance Review

Meezan Cash Fund (MCF) provided a return of 10.95% to its investors for the year ended June 30, 2020 as compared to its benchmark return of 5.37%.

	MCF	Benchmark
Net Asset Value as on June 30, 2019	50.47	
Net Asset Value as on June 30, 2020	50.50	
Return During the Period - Net	10.95%	5.37%
Outperformance – Net	5.58%	

Benchmark: 3 Month average deposit rate of 3 AA rated Islamic Banks

The Fund earned a gross income of Rs. 1,404 million as compared to Rs. 1,086 million in last year, which was primarily due to profit on bank deposits, placements and Sukuks amounting to Rs. 1,403 million. The fund also incurred expenses totalling to Rs. 187 million, which brought the net income figure to Rs. 1,217 million. The net assets of the Fund as at June 30, 2020 were Rs. 14,026 million as compared to Rs. 8,851 million at the end of last year depicting an increase of 58%. The net asset value per unit as at June 30, 2020 was Rs. 50.50 (Ex-dividend) as compared to Rs. 50.47 per unit as on June 30, 2019.

Distributions

The interim Pay out by the Fund during the fiscal year ended June 30, 2020 was Rs. 5.48 per unit (10.96 %). Total distribution made by the fund was Rs. 1,406 million.

Fund Stability Rating

VIS Credit Rating Company has assigned Stability Rating of AA (f) to Meezan Cash Fund.

Breakdown of unit holdings by size

(As on June 30, 2020)

Range (Units)	No. of investors
1 - 9,999	13,851
10,000 - 49,999	3,188
50,000 - 99,999	662
100,000 - 499,999	471
500,000 and above	35
Total	18,207

PERFORMANCE TABLE

	2020	2019	2018	2017	2016
Net assets (Rs '000) (ex-distribution)	14,026,439	8,851,088	9,920,952	3,350,394	3,431,782
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	50.4952	50.47	50.43	50.43	50.14
Offer price per unit as at June 30 (Rs) (ex-distribution) *	50.4952	50.47	50.43	50.43	50.14
Distribution (%)					
- First interim distribution	10.95	3.92	-	5.50	4.50
- Second interim distribution		-	-	-	-
- Third interim distribution		-	-	-	-
- Fourth interim distribution		-	-	-	-
- Fifth interim distribution		-	-	-	-
- Sixth interim distribution		-	-	-	-
- Seventh interim distribution		-	-	-	-
- Eighth interim distribution		-	-	-	-
- Ninth interim distribution		-	-	-	-
- Tenth interim distribution		-	-	-	-
- Eleventh interim distribution		-	-	-	-
- Final distribution		-	-	-	-
Dates of distribution					
- First interim distribution	Jun 26, 2020	Jun 28, 2019	-	Jun 23, 2017	Jun 24, 2016
- Second interim distribution			-	-	-
- Third interim distribution			-	-	-
- Fourth interim distribution			-	-	-
- Fifth interim distribution			-	-	-
- Sixth interim distribution			-	-	-
- Seventh interim distribution			-	-	-
- Eighth interim distribution			-	-	-
- Ninth interim distribution			-	-	-
- Tenth interim distribution			-	-	-
- Eleventh interim distribution			-	-	-
- Final distribution			July 06, 2018	-	-
Income distribution (Rupees in '000)	719,539	333,845.00	178,008.00	179,346.00	98,455.00
Growth distribution (Rupees in '000)	685,164	307,899.00	230,344.00	-	-
Highest offer price per unit (Rs.)	55.9183	54.35330	52.59640	53.12000	52.32000
Lowest offer price per unit (Rs.)	50.4730	50.44550	50.43450	50.21000	50.09000
Highest redemption price per unit (Rs.)	55.9183	54.35330	52.59640	53.12000	52.32000
Lowest redemption price per unit (Rs.) *	50.4730	50.44550	50.43450	50.21000	50.09000
Total return (%)		7.84	4.30	6.07	4.59
Average annual return (%) as at June 30, 2020					
	One Year	Two Year	Three Year	Four Year	Five Year
	10.95	7.84	5.84	5.92	5.56



Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Cash Fund

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

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Eleventh year of operations of Meezan Cash Fund (MCF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, we 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, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MCF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MCF 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 MCF 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.

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shari'ah Advisor

Head Office

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN CASH FUND

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 Cash Fund (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 Cash Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Cash Fund (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	Net Asset Value (Refer notes 5 and 6 to the financial statements)	
	<p>Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 4,172.191 million and balances with banks aggregated to Rs 10,054.710 million.</p> <p>The existence and proper valuation of investments and existence of balances with banks 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.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> Tested the design and operating effectiveness of the key controls for valuation of investments; 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; Ensured that the investments are carried as per the valuation methodology specified in the accounting policies; and Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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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 these 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 CASH FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020**

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
Assets			
Balances with banks	5	10,054,710	2,580,335
Investments	6	4,172,191	6,270,999
Receivable against conversion of units		184,956	130,600
Profit accrued	7	60,289	92,348
Deposits and prepayments	8	583	579
Total assets		14,472,729	9,074,861
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	9	18,036	11,306
Payable to Central Depository Company of Pakistan Limited - Trustee	10	972	834
Payable to the Securities and Exchange Commission of Pakistan	11	2,400	8,764
Payable against conversion and redemption of units		200,168	98,921
Accrued expenses and other liabilities	12	224,714	103,948
Total liabilities		446,290	223,773
NET ASSETS		14,026,439	8,851,088
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		14,026,439	8,851,088
CONTINGENCIES AND COMMITMENTS	13		
NUMBER OF UNITS IN ISSUE		277,777,662	175,362,634
		----- Rupees -----	
NET ASSET VALUE PER UNIT		50.4952	50.4731

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN CASH FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 (Rupees in '000)	2019
Income			
Profit on GoP ijarah sukuks		-	4,552
Profit on corporate sukuks		76,583	20,189
Profit on commercial papers		167,117	102,973
Profit on term deposits		175,042	143,855
Profit on Bai Muajjal		168,278	18,551
Profit on saving accounts with banks		816,140	792,003
Net realised gain on sale of investments		1,132	3,470
Total income		<u>1,404,292</u>	<u>1,085,593</u>
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	9.1	74,526	116,853
Sindh Sales Tax on remuneration of the Management Company	9.2	9,688	15,191
Selling and marketing expense	9.3	45,483	-
Allocated expenses	9.4	17,686	11,685
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	7,801	9,258
Sindh Sales Tax on remuneration of the Trustee	10.2	1,014	1,204
Annual fees to the Securities and Exchange Commission of Pakistan	11	2,400	8,764
Auditors' remuneration	14	510	494
Fees and subscription		1,403	1,337
Printing expenses		-	123
Brokerage expenses		801	94
Bank and settlement charges		1,142	635
Provision for Sindh Workers' Welfare Fund (SWWF)	12.2	24,837	18,399
Total expenses		<u>187,291</u>	<u>184,037</u>
Net income for the year before taxation		<u>1,217,001</u>	<u>901,556</u>
Taxation	16	-	-
Net income for the year after taxation		<u><u>1,217,001</u></u>	<u><u>901,556</u></u>
Allocation of net income for the year			
Net income for the year after taxation		1,217,001	901,556
Income already paid on units redeemed		(448,464)	(560,440)
		<u><u>768,537</u></u>	<u><u>341,116</u></u>
Accounting income available for distribution			
- Relating to capital gains		1,132	3,470
- Excluding capital gains		767,405	337,646
		<u><u>768,537</u></u>	<u><u>341,116</u></u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN CASH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
	(Rupees in '000)	
Net income for the year after taxation	1,217,001	901,556
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>1,217,001</u>	<u>901,556</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

MEEZAN CASH FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	(Rupees in '000)			(Rupees in '000)		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at the beginning of the year	8,807,969	43,119	8,851,088	9,707,096	213,856	9,920,952
Issuance of 830,657,240 units (2019: 605,880,722 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	41,925,846	-	41,925,846	30,555,473	-	30,555,473
- Element of income	2,448,135	-	2,448,135	1,041,160	-	1,041,160
Total proceeds on issuance of units	44,373,981	-	44,373,981	31,596,633	-	31,596,633
Redemption of 728,242,212 units (2019: 619,142,104 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	36,756,642	-	36,756,642	31,224,265	-	31,224,265
- Element of loss	1,805,822	448,464	2,254,286	733,253	560,440	1,293,693
Total payments on redemption of units	38,562,464	448,464	39,010,928	31,957,518	560,440	32,517,958
Total comprehensive income for the year	-	1,217,001	1,217,001	-	901,556	901,556
Distribution for the year ended June 30, 2018	-	-	-	-	(178,008)	(178,008)
Distribution for the year ended June 30, 2019	-	-	-	-	(333,845)	(333,845)
Distribution for the year ended June 30, 2020	-	(713,781)	(713,781)	-	-	-
Refund of Capital for the year ended June 30, 2018	-	-	-	(230,343)	-	(230,343)
Refund of Capital for the year ended June 30, 2019	-	-	-	(307,899)	-	(307,899)
Refund of Capital for the year ended June 30, 2020	(690,922)	-	(690,922)	-	-	-
Total distribution during the year	(690,922)	(713,781)	(1,404,703)	(538,242)	(511,853)	(1,050,095)
Net assets at the end of the year	13,928,564	97,875	14,026,439	8,807,969	43,119	8,851,088
Undistributed income brought forward						
- Realised income		43,119			213,856	
- Unrealised income		-			-	
		43,119			213,856	
Accounting income available for distribution						
- Relating to capital gains		1,132			3,470	
- Excluding capital gains		767,405			337,646	
		768,537			341,116	
Distribution during the period: Rs. 5.4787 per unit i.e 10.96% of the par value of Rs. 50/- each [2019: Rs. 3.9218 per unit i.e. 7.84% of the par value of Rs. 50/- each.]		(713,781)			(333,845)	
Distribution during the prior period: Rs. 2.1649 per unit i.e. 4.33% of the par value of Rs. 50/- each (July 6, 2018)		-			(178,008)	
Undistributed income carried forward		97,875			43,119	
Undistributed income carried forward						
- Realised income		97,875			43,119	
- Unrealised income		-			-	
		97,875			43,119	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			50.4731			52.5964
Net assets value per unit at the end of the year			50.4952			50.4731

The annexed notes from 1 to 29 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



MEEZAN CASH FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		1,217,001	901,556
(Increase) / decrease in assets			
Investments - net		(401,192)	(3,420,999)
Profit accrued		32,059	(18,822)
Deposits and prepayments		(4)	(7)
		(369,137)	(3,439,828)
Increase / (decrease) in liabilities			
Payable to AI Meezan Investment Management Limited - Management Company		6,730	1,108
Payable to Central Depository Company of Pakistan Limited - Trustee		138	71
Payable to the Securities and Exchange Commission of Pakistan		(6,364)	3,228
Accrued expenses and other liabilities		120,766	61,978
		121,270	66,385
Net cash generated from / (used in) operating activities		969,134	(2,471,887)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		43,628,703	31,014,403
Payments against redemption and conversion of units		(38,909,681)	(32,727,965)
Dividend paid		(713,781)	(511,853)
Net cash generated from / (used in) financing activities		4,005,241	(2,225,415)
Net increase / (decrease) in cash and cash equivalents		4,974,375	(4,697,302)
Cash and cash equivalents at the beginning of the year		5,430,335	10,127,637
Cash and cash equivalents at the end of the year	18	10,404,710	5,430,335

The annexed notes from 1 to 29 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN CASH FUND
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 Cash Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed on May 14, 2009 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) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). 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 provide the unitholders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point in time. The Fund shall seek to maximise preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and Shariah compliant debt securities. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts 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 categorized as an open-end Shariah Compliant (Islamic) Money Market Scheme listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** 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. Further, VIS has assigned a stability rating of AA(f) to the Fund in its credit rating report dated December 30, 2019.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

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 VIII A 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 VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIII A 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 amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments 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 effect 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 4.5 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 are measured at their respective fair values.

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. These policies have been applied consistently to all the years presented.

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

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

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.2 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.

4.3.2.1 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.

4.4 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 Issue and redemption of units

Units issued are recorded at the offer price, 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 represents the net assets value of the units as of the close of that business day plus the allowable sales load, provision for duties and charges and provision for transaction costs, if applicable.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.9 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.

4.10 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 Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the 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 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.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits and term deposit receipts is recognised on time proportion basis using the effective yield method.
- 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.
- Income on sukuk certificates, placements and government securities is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by SECP for which the profits are recorded on cash basis.

4.12 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.

4.13 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).

4.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income 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.

4.15 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 year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS

Note	2020	2019
	(Rupees in '000)	
Balances with banks in:		
Savings accounts	10,054,064	2,579,578
Current account	646	757
	<u>10,054,710</u>	<u>2,580,335</u>

5.1 The balances in saving accounts have expected profit rates ranging from 1.50% to 7.50% per annum (2019: 3.32% to 12.50% per annum).

6 INVESTMENTS

Note	2020	2019
	(Rupees in '000)	
At fair value through profit or loss		
Corporate sukus	675,000	675,000
Commercial papers	1,080,275	1,471,289
Term deposit receipts - having original maturity of 3 months or less	350,000	2,850,000
Bai muajjal receivable	2,066,916	1,274,710
	<u>4,172,191</u>	<u>6,270,999</u>

6.1 Corporate Sukuks

Name of the security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemptions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
			(Number of certificates)			(Rupees in '000)				Net assets of the Fund	Total market value of investment
Hub Power Company Limited - II (A1+, PACRA) (note 6.1.1)	October 2, 2019	3 months Kibor plus base rate of 1.00%	135,000		135,000	-	-	-	-	-	-
Hub Power Company Limited - V (AA+, PACRA) (note 6.1.2)	May 21, 2020	6 months Kibor plus base rate of 1.50%		6,000	6,000	-	-	-	-	-	-
Hub Power Company Limited - VII (AA+, PACRA) (note 6.1.3)	November 19, 2020	6 months Kibor plus base rate of 1.50%		6,750		6,750	675,000	675,000	-	4.81%	16.18%
Total as at June 30, 2020							<u>675,000</u>	<u>675,000</u>			
Total as at June 30, 2019							<u>675,000</u>	<u>675,000</u>			

6.1.1 The nominal value of these sukuk certificates is Rs 5,000 each.

6.1.2 The nominal value of these sukuk certificates is Rs 100,000 each.

6.1.3 The nominal value of these sukuk certificates is Rs 100,000 each.

6.2 Commercial Papers

Name of the security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemptions / maturity during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (loss) / gain as at June 30, 2020	As a percentage of	
			(Number of certificates)			(Rupees in '000)				net assets of the fund	total market value of investment
K-Electric Limited CP II (note 6.2.1)	September 2, 2019	6 months Kibor plus base rate of 0.90%	1,500	-	1,500	-	-	-	-	-	-
K-Electric Limited CP III (note 6.2.1)	March 19, 2020	6 month KIBOR plus base rate of 1.30%	-	1,390	1,390	-	-	-	-	-	-
K-Electric Limited CP V (A-1+, VIS) (note 6.2.1)	August 14, 2020	6 month KIBOR plus base rate of 1.15%	-	109	-	109	107,206	107,206	-	0.76%	2.57%
K-Electric Limited CP VI (A-1+, PACRA) (note 6.2.1)	August 26, 2020	6 month KIBOR plus base rate of 1.15%	-	225	-	225	220,290	220,290	-	1.57%	5.28%
K-Electric Limited CP VII (A-1+, PACRA) (note 6.2.1)	September 10, 2020	6 month KIBOR plus base rate of 1.15%	-	250	-	250	243,794	243,794	-	1.74%	5.84%
K-Electric Limited CP VIII (A-1+, VIS) (note 6.2.1)	October 6, 2020	6 month KIBOR plus base rate of 1.15%	-	525	-	525	508,985	508,985	-	3.63%	12.20%
Total as at June 30, 2020							<u>1,080,275</u>	<u>1,080,275</u>	-		
Total as at June 30, 2019							<u>1,471,289</u>	<u>1,471,289</u>	-		

6.2.1 The nominal value of these commercial papers is Rs 1,000,000 each.

6.2.2 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

6.3 Term Deposit Receipts

Name of the bank	Maturity date	Profit rate	As at July 1, 2019	Term deposit receipts placed during the year	Matured during the year	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (loss) / gain as at June 30, 2020	Percentage of total market value of investments
		%	----- (Rupees in '000) -----						%
Having original maturity of 3 months or less									
Faysal Bank Limited	September 6, 2019	10.75%	450,000	-	450,000	-	-	-	-
Askari Bank Limited	September 3, 2019	12.05%	1,200,000	-	1,200,000	-	-	-	-
United Bank Limited - Ameen	September 12, 2019	12.10%	1,200,000	-	1,200,000	-	-	-	-
Meezan Bank Limited	December 2, 2019	13.50%	-	1,000,000	1,000,000	-	-	-	-
Askari Bank Limited	December 11, 2019	13.10%	-	1,020,000	1,020,000	-	-	-	-
Askari Bank Limited	April 17, 2020	12.65%	-	1,000,000	1,000,000	-	-	-	-
United Bank Limited - Ameen	June 8, 2020	7.50%	-	350,000	350,000	-	-	-	-
Bank Alfalah Limited	June 15, 2020	6.00%	-	1,450,000	1,450,000	-	-	-	-
United Bank Limited - Ameen	July 8, 2020	7.35%	-	350,000	-	350,000	350,000	-	8.39%
As at June 30, 2020				5,170,000	7,670,000	350,000	350,000	-	8.39%
As at June 30, 2019						2,850,000	2,850,000	-	45.45%

6.4 Bai Muajjal Receivable

The Fund entered in a Bai Muajjal Transaction with Pak Brunei Investment Company Limited and with United Bank Limited, which have credit rating of AA+ and AAA respectively as rated by VIS, on January 20, 2020 and on March 02, 2020 against K-Electric Limited Commercial Paper III (issued on September 19, 2019) at an effective interest rate of 12.70% and 12.45% respectively. The final payment is agreed to be received on July 20, 2020 and August 31, 2020 respectively. The final transaction price is Rs. 1,038.976 million and 1,055.070 million which includes deferred profit of Rs. 61.876 million and 61.670 million respectively.

6.4.1 The carrying amount of the Bai Muajjal receivable includes accrued profit amounting to Rs. 96.416 million.

7	PROFIT ACCRUED	Note	2020	2019
			(Rupees in '000)	
Profit accrued on:				
	Bank balances		51,042	49,267
	Term deposit receipts		1,621	22,892
	Sukuk certificates		7,626	20,189
			<u>60,289</u>	<u>92,348</u>
8	DEPOSITS AND PREPAYMENTS			
	Security deposit with Central Depository Company of Pakistan Limited		100	100
	Prepayments		283	279
	Initial deposit with Meezan Bank Limited		200	200
			<u>583</u>	<u>579</u>
9	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
	Management fee payable	9.1	942	9,192
	Sindh Sales Tax payable on remuneration of the Management Company	9.2	122	1,195
	Selling and marketing expenses payable	9.3	14,990	-
	Allocated expenses payable	9.4	1,982	919
			<u>18,036</u>	<u>11,306</u>

- 9.1** 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 average net assets from July 1, 2019 to July 21, 2019. Effective from July 22, 2019, the management company has reduced the rate of remuneration from 1% to 0.6% of average annual net assets of the fund. The remuneration is payable to the Management Company monthly in arrears.
- 9.2** During the year, an amount of Rs. 9.688 million (2019: Rs 15.191 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. 10.761 million (2019: Rs. 15.074 million) has been paid to the Management Company which acts as a collecting agent.
- 9.3** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Effective from July 22, 2019, the Management Company has started charging selling and marketing expenses to the Fund. The Management Company, based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

- 9.4** 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 scheme for allocation of such expenses to the Fund for the year from July 1, 2019 to July 21, 2019 and 0.15% for the year from July 22, 2019 to June 30, 2020.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2020	2019
		(Rupees in '000)	
Trustee fee payable	10.1	860	738
Sindh Sales Tax payable on trustee fee	10.2	112	96
		<u>972</u>	<u>834</u>

- 10.1** 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 tariff as under:

Net Assets (Rs.)	Previous Tariff		Revised Tariff (Flat Rate)
	Fee		
Upto Rs. 1 billion	0.15% per annum of net assets		0.065% per annum of Net Assets.
From Rs. 1 billion to Rs. 10 billion	Rs 1.5 million plus 0.075% per annum of net assets exceeding Rs 1 billion.		
Exceeding Rs. 10 billion	Rs 8.25 million plus 0.06% per annum of net assets exceeding Rs 10 billion.		

Accordingly, the Fund has charged Trustee Fee @ 0.065% per annum during the current year.

- 10.2** During the year, an amount of Rs 1.014 million (2019: Rs 1.204 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 0.998 million (2019: Rs 1.188 million) was paid to the Trustee which acts as a collecting agent.

11 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 money market fund was 0.075%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

	Note	2020	2019
		(Rupees in '000)	
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		336	335
Printing expenses payable		111	111
Brokerage payable		511	85
Shariah advisor fee payable		606	472
Withholding tax payable		122,325	39,378
Capital gain tax payable		17,210	5,105
Federal Excise Duty payable on remuneration of the Management Company	12.1	27,018	27,018
Provision for Sindh Workers' Welfare Fund (SWWF)	12.2	55,733	30,896
Other Expenses		389	-
Zakat payable		475	548
		<u>224,714</u>	<u>103,948</u>

- 12.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 27.018 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.10 (2019: Re 0.15) per unit.

- 12.2** 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 per unit of the Fund as at June 30, 2020 would have been higher by Re 0.20 per unit (2019: Re 0.18 per unit).

13 CONTINGENCIES AND COMMITMENTS

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

14 AUDITORS' REMUNERATION	2020	2019
	(Rupees in '000)	
Annual audit fee	364	282
Half yearly review	119	152
Other certification fee	-	47
Out of pocket expenses	27	13
	<u>510</u>	<u>494</u>

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 1.56% which includes 0.32% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market scheme.

16 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 Section 4B of the Income Tax Ordinance, 2001.

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, the 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 unit holders holding 10 percent or more of the Fund's net assets.
- 17.2** 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.
- 17.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.
- 17.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5** The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

Balances	2020	2019
	(Rupees in '000)	
AI Meezan Investment Management Limited - Management Company		
Management fee payable	942	9,192
Sindh Sales Tax payable on the remuneration of the Management Company	122	1,195
Selling and marketing expenses payable	14,990	-
Allocated expenses payable	1,982	919
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	860	738
Sindh Sales Tax payable on trustee fee	112	96
Security deposit with Central Depository Company of Pakistan Limited	100	100
Meezan Bank Limited		
Balance with bank	245,644	131,399
Profit receivable on saving account	318	170
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Investment of nil units (2019: 898,802 units)	-	45,365
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Investment of nil units (2019: 1,628,815 units)	-	82,211
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Investment of nil units (2019: 1,000,001 units)	-	50,473
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment of nil units (2019: 8,448 units)	-	426
Meezan Strategic Allocation Fund - MSAP - II		
Investment of nil units (2019: 1,616 units)	-	82
Meezan Strategic Allocation Fund - MSAP - III		
Investment of nil units (2019: 116,450 units)	-	5,878
Meezan Strategic Allocation Fund - MSAP - IV		
Investment of nil units (2019: 158,203 units)	-	7,985
Meezan Strategic Allocation Fund - MSAP - V		
Investment of nil units (2019: 786,614 units)	-	39,703
Meezan Strategic Allocation Fund-III - MCPP - IX		
Investment of nil units (2019: 64,627 units)	-	3,262
Directors and Executives of the Management Company		
Investment of 8,292,346 units (2019: 485,288 units)	418,724	24,494
Transactions during the year	2020	2019
	(Rupees in '000)	
AI Meezan Investment Management Limited - Management Company		
Remuneration of AI Meezan Investment Management Limited - Management Company	74,526	116,853
Sindh Sales Tax payable on the remuneration of the Management Company	9,688	15,191
Selling and marketing expenses payable	45,483	-
Allocated expenses payable	17,686	11,685
Units issued: 36,085,264 units (2019: 992 units)	2,000,001	51
Units redeemed: 36,085,264 units (2019: 992 units)	2,003,842	53



For the year ended June 30,

2020 2019

(Rupees in '000)

Central Depository Company of Pakistan Limited - Trustee

Trustee fee payable	7,801	9,258
Sindh Sales Tax payable on trustee fee	1,014	1,204
Security deposit with Central Depository Company of Pakistan Limited	310	122

Meezan Bank Limited

Profit on saving accounts	9,446	4,853
Term deposits receipts placed	1,000,000	-
Term Deposits matured	1,000,000	-
Profit on term deposit receipt	33,623	-

Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan

Units issued: nil units (2019: 180,787 units)	-	9,188
Units redeemed: 898,802 units (2019: 464,971 units)	45,839	24,645
Dividend paid	-	5,504
Refund of capital	-	328

Meezan Financial Planning Fund of Funds - Conservative Allocation Plan

Units issued: nil units (2019: 405,237 units)	-	20,676
Units redeemed: 1,628,815 units (2019: 793,586 units)	83,034	41,208
Dividend paid	-	9,645
Refund of capital	-	649

Meezan Financial Planning Fund of Funds - Moderate Allocation Plan

Units issued: nil units (2019: 138,048 units)	-	6,969
Units redeemed: 1,000,001 units (2019: 610,387 units)	50,914	31,738
Dividend paid	-	6,398
Refund of capital	-	429

Meezan Financial Planning Fund of Funds - MAAP - I

Units issued: 3,821,029 units (2019: 24,848 units)	196,322	1,253
Units redeemed: 3,829,477 units (2019: 581,025 units)	199,398	30,010
Dividend paid	-	886
Refund of capital	-	368

Meezan Financial Planning Fund of Funds - MAAP - IV

Units issued: nil units (2019: 7,368,899 units)	-	372,084
Units redeemed: nil units (2019: 8,331,559 units)	-	421,491
Dividend paid	-	1,833
Refund of capital	-	251

Meezan Strategic Allocation Fund - MSAP - I

Units issued: 11,301,674 units (2019: 78,130 units)	596,752	3,940
Units redeemed: 11,301,674 units (2019: 1,898,170 units)	597,678	97,777
Dividend paid	-	3,863
Refund of capital	-	78

Meezan Strategic Allocation Fund - MSAP - II

Units issued: nil units (2019: 70,506 units)	-	3,556
Units redeemed: 1,616 units (2019: 1,708,608 units)	83	88,430
Dividend paid	-	3,556
Refund of capital	-	44

	For the year ended June 30,	
	2020	2019
	(Rupees in '000)	
Meezan Strategic Allocation Fund - MSAP - III		
Units issued: nil units (2019: 135,718 units)	-	2,985
Units redeemed: 116,450 units (2019: 6,844,458 units)	5,926	155,816
Dividend paid	-	6,749
Refund of capital	-	95
Meezan Strategic Allocation Fund - MSAP - IV		
Units issued: nil units (2019: 2,157,738 units)	-	110,525
Units redeemed: 158,203 units (2019: 5,523,736 units)	8,082	285,470
Dividend paid	-	7,897
Refund of capital	-	309
Meezan Strategic Allocation Fund - MSAP - V		
Units issued: nil units (2019: 148,857 units)	-	7,507
Units redeemed: 786,614 units (2019: 1,507,716 units)	40,274	78,911
Dividend paid	-	6,175
Refund of capital	-	1,332
Meezan Strategic Asset Allocation Fund - MCPP-III		
Units Issued: 45,907,961 units (2019: 12,068,356 units)	2,375,547	621,276
Units redeemed: 45,907,961 units (2019: 35,300,192 units)	2,399,864	1,873,381
Dividend paid	-	16,480
Refund of capital	-	33,815
Meezan Strategic Allocation Fund II- MCPP - IV		
Units issued: 60,052,727 units (2019: 26,190,952 units)	3,191,022	1,351,751
Units redeemed: 60,052,727 units (2019: 60,080,430 units)	3,210,844	3,175,048
Dividend paid	-	13,834
Refund of capital	-	59,534
Meezan Strategic Allocation Fund II- MCPP - V		
Units issued: 14,488,227 units (2019: 11,656,713 units)	764,542	598,507
Units redeemed: 14,488,227 units (2019: 21,251,903 units)	768,550	1,120,631
Dividend paid	-	1,360
Refund of capital	-	19,413
Meezan Strategic Allocation Fund II- MCPP - VI		
Units issued: 9,714,504 units (2019: 17,489,369 units)	510,190	896,940
Units redeemed: 9,714,504 units (2019: 17,489,369)	512,629	926,277
Meezan Strategic Allocation Fund II- MCPP - VII		
Units issued: 5,532,141 units (2019: 10,117,433 units)	291,866	524,917
Units redeemed: 5,532,141 units (2019: 10,117,433 units)	293,151	535,927
Meezan Strategic Allocation Fund II- MCPP - VIII		
Units issued: 5,286,139 units (2019: 4,224,783 units)	273,486	223,062
Units redeemed: 5,286,139 units (2019: 4,224,783 units)	274,147	226,382
Meezan Strategic Allocation Fund III- MCPP - IX		
Units issued: 2,417,604 units (2019: 304,134 units)	127,049	16,200
Units redeemed: 2,482,231 units (2019: 239,507 units)	130,549	12,974

For the year ended June 30,
2020 2019
(Rupees in '000)
Directors and Executives of the Management Company

Units issued: 15,889,970 units (2019: 1,405,485 units)

Units redeemed: 8,082,912 units (2019: 1,102,645 units)

Dividend Paid

Refund of Capital

870,310	73,097
447,483	57,195
1,690	889
37,927	1,277

17.6 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

18 CASH AND CASH EQUIVALENTS	Note	2020	2019
(Rupees in '000)			
Cash and bank balances	5	10,054,710	2,580,335
Term deposit receipt (with original maturity of three months)	6.3	350,000	2,850,000
		<u>10,404,710</u>	<u>5,430,335</u>

19 FINANCIAL INSTRUMENTS BY CATEGORY
Financial assets

Balances with banks

Investments

Receivable against conversion of units

Profit accrued

Deposits

-----2020-----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
10,054,710	-	10,054,710
-	4,172,191	4,172,191
184,956	-	184,956
60,289	-	60,289
300	-	300
<u>10,300,255</u>	<u>4,172,191</u>	<u>14,472,446</u>

Financial liabilities

Payable to AI Meezan Investment Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against conversion and redemption of units

Accrued expenses and other liabilities

-----2020-----		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----		
-	18,036	18,036
-	972	972
-	200,168	200,168
-	1,953	1,953
-	<u>221,129</u>	<u>221,129</u>

Financial assets

Balances with banks

Investments

Receivable against conversion of units

Profit accrued

Deposits

-----2019-----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
2,580,335	-	2,580,335
-	6,270,999	6,270,999
130,600	-	130,600
92,348	-	92,348
300	-	300
<u>2,803,583</u>	<u>6,270,999</u>	<u>9,074,582</u>

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

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	11,306	11,306
Payable to Central Depository Company of Pakistan Limited - Trustee	-	834	834
Payable against conversion and redemption of units	-	98,921	98,921
Accrued expenses and other liabilities	-	1,003	1,003
	-	<u>112,064</u>	<u>112,064</u>

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unitholders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, 2008, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Risks managed and measured by the Fund are explained below:

20.1 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 interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks and investments in corporate sukuks, commercial papers, term deposit receipts and Bai Muajjal. 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

The Fund's profit rate risk arises from the balances in savings accounts and investments in corporate sukuks and term deposit receipts. At June 30, 2020, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 110.791 million (2019: Rs 61.046 million).

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in commercial papers and Bai Muajjal. At June 30, 2020, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 31.472 million (2019: Rs 27.460 million).

The composition of the Fund's investment portfolio and KIBOR rates 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 interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:

----- 2020 -----					
Effective interest rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees in '000 -----					
Financial assets					
Balances with banks	1.50% to 7.50%	10,054,064	-	646	10,054,710
Investments	KIBOR + 1.00% and 9.59% - 14.70%	3,497,191	675,000	-	4,172,191
Receivable against conversion of units		-	-	184,956	184,956
Profit accrued		-	-	60,289	60,289
Deposits		-	-	300	300
		13,551,255	675,000	246,191	14,472,446
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	18,036	18,036
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	972	972
Payable against conversion and redemption of units		-	-	200,168	200,168
Accrued expenses and other liabilities		-	-	1,953	1,953
		-	-	221,129	221,129
On-balance sheet gap (a)		13,551,255	675,000	25,062	14,251,317
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		13,551,255	675,000	-	
Cumulative profit rate sensitivity gap		13,551,255	14,226,255	14,226,255	

----- 2019 -----					
Effective interest rate (%)	Exposed to profit rate risk			Not exposed to yield / interest rate	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees in '000 -----					
Financial assets					
Balances with banks	3.32% to 12.50%	2,579,578	-	757	2,580,335
Investments	KIBOR + 0.90% - KIBOR + 1.00% and 11.23% - 12.13%	6,270,999	-	-	6,270,999
Receivable against conversion of units		-	-	130,600	130,600
Profit accrued		-	-	92,348	92,348
Deposits		-	-	300	300
		8,850,577	-	224,005	9,074,582
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	11,306	11,306
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	834	834
Payable against conversion and redemption of units		-	-	98,921	98,921
Dividend payable		-	-	-	-
Accrued expenses and other liabilities		-	-	1,003	1,003
		-	-	112,064	112,064
On-balance sheet gap (a)		8,850,577	-	111,941	8,962,518
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		8,850,577	-	-	
Cumulative profit rate sensitivity gap		8,850,577	8,850,577	8,850,577	

(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 interest 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.

20.2 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.

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 three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

Financial assets

Balances with banks	10,054,710	-	-	-	-	10,054,710
Investments	-	3,497,191	675,000	-	-	4,172,191
Receivable against conversion of units	184,956	-	-	-	-	184,956
Profit accrued	52,663	-	7,626	-	-	60,289
Deposits	-	-	-	-	300	300
	10,292,329	3,497,191	682,626	-	300	14,472,446

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	18,036	-	-	-	-	18,036
Payable to Central Depository Company of Pakistan Limited - Trustee	972	-	-	-	-	972
Payable against conversion and redemption of units	200,168	-	-	-	-	200,168
Accrued expenses and other liabilities	511	942	111	-	-	1,564
	219,687	942	111	-	-	220,740

Net assets / (liabilities)

	10,072,642	3,496,249	682,515	-	300	14,251,706
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2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

Financial assets

Balances with banks	2,580,335	-	-	-	-	2,580,335
Investments	-	5,595,999	675,000	-	-	6,270,999
Receivable against conversion of units	130,600	-	-	-	-	130,600
Profit accrued	49,267	43,081	-	-	-	92,348
Deposits	-	-	-	-	300	300
	2,760,202	5,639,080	675,000	-	300	9,074,582

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	11,306	-	-	-	-	11,306
Payable to Central Depository Company of Pakistan Limited - Trustee	834	-	-	-	-	834
Payable against conversion and redemption of units	98,921	-	-	-	-	98,921
Accrued expenses and other liabilities	85	807	111	-	-	1,003
	111,146	807	111	-	-	112,064

Net assets / (liabilities)

	2,649,056	5,638,273	674,889	-	300	8,962,518
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20.3 Credit risk

20.3.1 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. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks, receivable against conversion of units and credit exposure arising as a result of receivable against sale of investments. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by the Trustee of the fund minimises the credit risk. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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	10,054,710	10,054,710	2,580,335	2,580,335
Investments	4,172,191	4,172,191	6,270,999	6,270,999
Receivable against conversion of units	184,956	184,956	130,600	130,600
Profit accrued	60,289	60,289	92,348	92,348
Deposits	300	300	300	300
	14,472,446	14,472,446	9,074,582	9,074,582

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon and receivable against conversion of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	97.44	73.60
AA+	2.46	26.33
AA	0.10	0.07
	<u>100.00</u>	<u>100.00</u>

Ratings of sukuku, commercial paper and bai muajjal have been disclosed in related notes to the financial statements.

20.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties thereby any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2020 are unsecured and are not impaired.

21 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		
Financial assets - at fair value through profit or loss			
Corporate sukuku *	-	675,000	-
Commercial papers **	-	1,080,275	-
Term deposit receipts - having original maturity of 3 months or less *	-	350,000	-
Bai Muajjal receivable **	-	2,066,916	-
	<u>-</u>	<u>4,172,191</u>	<u>-</u>



2019		
Level 1	Level 2	Level 3
Rupees in '000		
Financial assets - at fair value through profit or loss		
Corporate sukuku *	675,000	-
Commercial papers **	1,471,289	-
Term deposit receipts - having original maturity of 3 months or less *	2,850,000	-
Bai Muajjal receivable **	1,274,710	-
	<u>6,270,999</u>	<u>-</u>

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers and Bai Muajjal receivable have been carried out based on amortisation of commercial papers and the sale price under Bai Muajjal to their fair values as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and they are placed with counterparties which have high credit rating.

22 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, 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 requirements 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 20, 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.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	18,026	12,130,444	86.48	15,078	7,841,359	88.59
Associated Companies /						
Directors	4	381,251	2.72	17	240,430	2.72
Insurance Companies	5	64,166	0.46	6	54,264	0.61
Banks and DFIs	2	550,253	3.92	1	11	0.00
Retirement Funds	64	464,116	3.31	62	315,677	3.57
Private Limited Companies	62	277,437	1.98	38	246,893	2.79
Others	44	158,772	1.13	71	152,454	1.71
	<u>18,207</u>	<u>14,026,439</u>	<u>100.00%</u>	<u>15,273</u>	<u>8,851,088</u>	<u>100.00%</u>

24 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2020
	Percentage of commission paid
Invest One Market Limited	86%
Paramount Capital (Private) Limited	10%
BIPL Securities Limited	3%
C & M Management Private Limited	1%
	<u>100%</u>

24.1 The Fund has traded only with the above mentioned four brokers / dealers during the year ended June 30, 2020.

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

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

The Fund manager of the Fund is Mr. Faizan Saleem. Other Funds being managed by the Fund Manager are as follows:

- Meezan Islamic Income Fund
- Meezan Sovereign Fund
- Meezan Rozana Amdani Fund

26 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				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	April 15, 2020	Jun 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

27 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.

28 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**.

29 GENERAL

29.1 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.

29.2 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.

29.3 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



Meezan
Rozana Amdani Fund

Meezan Rozana Amdani Fund (MRAF)

Meezan Rozana Amdani Fund the objective of the Fund is to meet liquidity needs of investors by providing investors a daily payout through investment in Shariah Compliant money market instruments.

The Fund shall be subject to such exposure limits as are specified in the Rules, the Regulations and directives issued by SECP from time to time. The Fund will make daily payout to the unit holders, which will be reinvested.

MANAGER OF
LARGEST
MONEY MARKET FUND



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
E-mail: 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

Allied Bank Limited
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Bank Of Punjab - Islamic Banking
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
Habib Bank 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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER Meezan Rozana Amdani Fund (MRAF)

Type of Fund

Open end money market fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

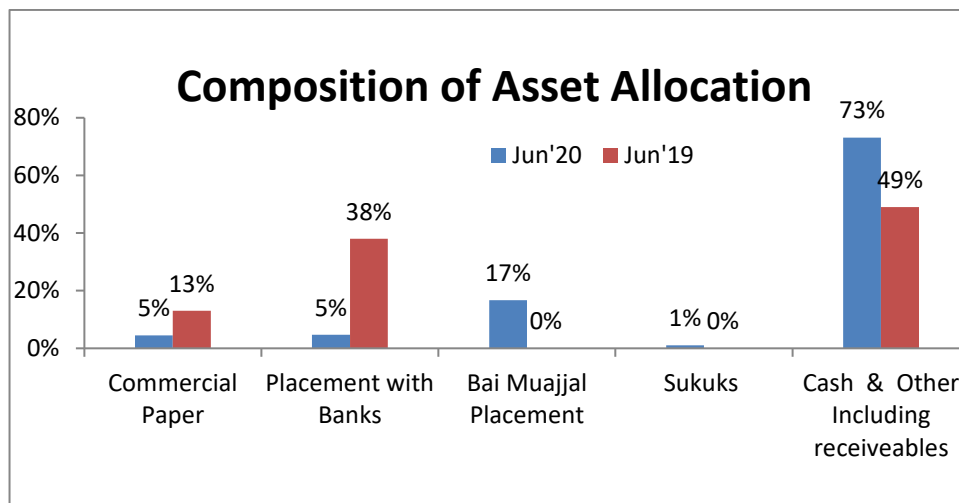
Objective

Its objective is to meet liquidity needs of investors by providing investors a daily pay out through investment in Shariah Compliant money market instruments.

Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term tenors. As per its investment policy, MRAF can invest or place funds in instruments/avenues with a credit rating of at least 'double A' (AA). Moreover, the investment policy limits interest rate risk by capping the maturity of instruments up to a maximum of six months, along with maximum portfolio duration of three months.

Sector Allocation as on June 30th 2020



Performance Review

Meezan Rozana Amdani Fund (MRAF) provided a return of 11.76% to its investors for the year ended June 30, 2020 as compared to its benchmark return of 5.37%.

	MRAF	Benchmark
Net Asset Value as on June 30, 2019	50.00	
Net Asset Value as on June 30, 2020	50.00	
Return During the Period - Net	11.76%	5.37%
Outperformance - Net	6.39%	

Benchmark: 3 Month average deposit rate of 3 AA rated Islamic Banks

The Fund earned a gross income of Rs. 3,851 million, which was primarily due to profit on bank deposits, placements and Sukuks amounting to Rs. 3,850 million. The fund also incurred expenses totalling to Rs. 313 million, which brought the net income figure to Rs. 3,538 million. The net assets of the Fund as at June 30, 2019 were Rs. 53,351 million as compared to Rs. 16,134 million at the end of last year depicting an increase of 231%. The net asset value per unit as at June 30, 2020 was Rs. 50 (Ex-dividend).

Distributions

The Total Pay-out by the Fund during the period ended June 30, 2020 was Rs. 5.51 per unit (11.02%). Total distribution made by the fund was Rs. 3,538 million.

Fund Stability Rating

VIS Credit Rating Company has assigned Stability Rating of AA (f) to the Fund.

Breakdown of unit holdings by size

(As on June 30, 2020)

Range (Units)	No. of investors
1 - 9,999	514
10,000 - 49,999	1538
50,000 - 99,999	406
100,000 - 499,999	461
500,000 and above	113
Total	3,032

PERFORMANCE TABLE

	2020	2019
Net assets (Rs '000) (ex-distribution)	53,350,947	16,134,440
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	50.0000	50.0000
Offer price per unit as at June 30 (Rs) (ex-distribution) *	50.0000	50.0000
Distribution (%)	5.5092	2.467
- Final distribution		
Income distribution (Rupees in '000)	3,537,655	455,648
Growth distribution (Rupees in '000)	-	-
Highest offer price per unit (Rs.)	50.0000	50.0000
Lowest offer price per unit (Rs.)	50.0000	50.0000
Highest redemption price per unit (Rs.)	50.0000	50.0000
Lowest redemption price per unit (Rs.) *	50.0000	50.0000
Total return (%)	11.76%	9.97%
	One Year	Two Year
Average annual return (%) as at June 30, 2020	11.76%	10.86%



Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Rozana Amdani Fund

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

Alhamdulillah, the period from July 1, 2019 to June 30, 2020 was the Second year of operations of Meezan Rozana Amdani Fund (MRAF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. 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, we 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, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MRAF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MRAF 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 MRAF 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.

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.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ROZANA AMDANI FUND

**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 Rozana Amdani Fund (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 Rozana Amdani Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Rozana Amdani Fund (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	Net Asset Value (Refer notes 5 and 6 to the financial statements)	
	<p>Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 38,829.879 million and balances with banks aggregated to Rs 14,938.606 million.</p> <p>The existence and proper valuation of investments and existence of balances with banks 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.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> ▪ Tested the design and operating effectiveness of the key controls for valuation of investments; ▪ 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; ▪ Ensured that the investments are carried as per the valuation methodology specified in the accounting policies; and ▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

AMC

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
 State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
 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 these 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 ROZANA AMDANI FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020**

	Note	2020 (Rupees in '000)	2019
Assets			
Balances with banks	5	38,829,879	7,673,651
Investments	6	14,938,606	8,359,401
Receivable against conversion of units		95,551	74,205
Profit accrued	7	184,297	160,695
Deposits and prepayments	8	278	266
Preliminary expenses and floatation costs	9	699	899
Total assets		54,049,310	16,269,117
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	10	36,196	9,360
Payable to Central Depository Company of Pakistan Limited - Trustee	11	3,213	1,173
Payable to the Securities and Exchange Commission of Pakistan	12	6,657	3,418
Payable against conversion and redemption of units		524,590	96,609
Dividend payable		13,279	9,333
Accrued expenses and other liabilities	13	114,428	14,784
Total liabilities		698,363	134,677
NET ASSETS		53,350,947	16,134,440
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		53,350,947	16,134,440
CONTINGENCIES AND COMMITMENTS	14		
NUMBER OF UNITS IN ISSUE		1,067,018,923	322,688,791
		----- Rupees -----	
NET ASSET VALUE PER UNIT		50.0000	50.0000

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ROZANA AMDANI FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	For the year ended June 30, 2020	For the period from December 28, 2018 to June 30, 2019
(Rupees in '000)			
Income			
Profit on commercial papers and sukuk		399,909	56,020
Profit on term deposits		320,400	54,699
Profit on Bai muajjal		508,583	18,828
Profit on saving accounts with banks		2,621,517	372,611
Net realised gain on sale of investment		352	-
Total income		<u>3,850,761</u>	<u>502,158</u>
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	10.1	86,836	25,108
Sindh Sales Tax on remuneration of the Management Company	10.2	11,289	3,264
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	21,634	3,637
Sindh Sales Tax on remuneration of the Trustee	11.2	2,813	473
Annual fees to the Securities and Exchange Commission of Pakistan	12	6,657	3,418
Selling and marketing expenses	10.3	105,202	-
Auditors' remuneration	15	438	200
Amortisation of preliminary expenses and floatation costs	9	200	101
Fees and subscription		1,876	570
Brokerage expenses		2,186	85
Bank and settlement charges		1,778	355
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1	72,197	9,299
Total expenses		<u>313,106</u>	<u>46,510</u>
Net income for the year / period before taxation		<u>3,537,655</u>	<u>455,648</u>
Taxation	17	-	-
Net income for the year / period after taxation		<u>3,537,655</u>	<u>455,648</u>
Allocation of net income for the year / period			
Net income for the year / period after taxation		3,537,655	455,648
Income already paid on units redeemed		-	-
		<u>3,537,655</u>	<u>455,648</u>
Accounting income available for distribution			
- Relating to capital gains		352	-
- Excluding capital gains		3,537,303	455,648
		<u>3,537,655</u>	<u>455,648</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN ROZANA AMDANI FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	For the year ended June 30, 2020	For the period from December 28, 2018 to June 30, 2019
	(Rupees in '000)	
Net income for the year / period after taxation	3,537,655	455,648
Other comprehensive income for the year / period	-	-
Total comprehensive income for the year / period	<u>3,537,655</u>	<u>455,648</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ROZANA AMDANI FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	For the year ended June 30, 2020			For the period from December 28, 2018 to June 30, 2019		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year / period	16,134,440	-	16,134,440	-	-	-
Issuance of 2,555,661,207 units						
- Capital value (at par value per unit at the beginning of the year / period)	127,783,060	-	127,783,060	28,633,757	-	28,633,757
- Element of income / (loss)	-	-	-	-	-	-
Total proceeds on issuance of units	127,783,060	-	127,783,060	28,633,757	-	28,633,757
Redemption of 1,811,331,075 units						
- Capital value (at par value per unit at the beginning of the year / period)	90,566,553	-	90,566,553	12,499,317	-	12,499,317
- Element of (income) / loss	-	-	-	-	-	-
Total payments on redemption of units	90,566,553	-	90,566,553	12,499,317	-	12,499,317
Total comprehensive income for the year / period	-	3,537,655	3,537,655	-	455,648	455,648
Distribution during the year / period *	-	(3,537,655)	(3,537,655)	-	(455,648)	(455,648)
Net income for the year / period less distribution	-	-	-	-	-	-
Net assets at the end of the year / period	53,350,947	-	53,350,947	16,134,440	-	16,134,440
Undistributed income brought forward						
- Realised income		-			-	
- Unrealised income		-			-	
Accounting income available for distribution						
- Relating to capital gains		352			-	
- Excluding capital gains		3,537,303			455,648	
		3,537,655			455,648	
Distribution during the year: Rs. 5.5092 per unit i.e 11.02% of the par value of Rs. 50/- each (2019: Rs 2.4687 per unit i.e 9.79%)		(3,537,655)			(455,648)	
Undistributed income carried forward		-			-	
Undistributed income carried forward						
- Realised income		-			-	
- Unrealised income		-			-	
		-			-	
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the year / period		50.0000			50.0000	
Net assets value per unit at the end of the year / period		50.0000			50.0000	

The annexed notes from 1 to 30 form an integral part of these financial statements.

* Meezan Rozana Amdani Fund is required to distribute dividend on a daily basis on each business day. The cumulative distribution per unit for the year ended June 30, 2020 amounted to Rs. 5.5092 (2019: Rs. 2.4687) per unit.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ROZANA AMDANI FUND
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2020**

Note	For the year ended June 30, 2020	For the period from December 28, 2018 to June 30, 2019
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year / period before taxation	3,537,655	455,648
Adjustment for non-cash items:		
Amortisation of preliminary expenses and floatation costs	200	101
(Increase) / decrease in assets		
Investments	(8,712,767)	(3,709,401)
Profit accrued	(23,602)	(160,695)
Deposits and prepayments	(12)	(266)
Preliminary expenses and flotation costs	-	(1,000)
	(8,736,381)	(3,871,362)
Increase in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	26,836	9,360
Payable to the Central Depository Company of Pakistan Limited - Trustee	2,040	1,173
Payable to the Securities and Exchange Commission of Pakistan	3,239	3,418
Accrued expenses and other liabilities	99,644	14,784
	131,759	28,735
Net cash used in operating activities	(5,066,767)	(3,386,878)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	127,761,714	28,559,552
Payments against redemption and conversion of units	(90,138,572)	(12,402,708)
Dividend paid	(3,533,709)	(446,315)
Net cash generated from financing activities	34,089,433	15,710,529
Net increase in cash and cash equivalents	29,022,666	12,323,651
Cash and cash equivalents at the beginning of the year / period	12,323,651	-
Cash and cash equivalents at the end of the year / period	41,346,317	12,323,651

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

 Chief Executive

 Chief Financial Officer

 Director

MEEZAN ROZANA AMDANI FUND
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 Rozana Amdani Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on October 29, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under 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 investment objective of the Fund is to meet liquidity needs of investors by providing investors a daily payout through investment in Shariah Compliant money market instruments. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited (MBL) acts 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 Money Market Scheme and has the following specific features:

- (a) Dividend will be distributed to the entitled unit holders on a daily basis (i.e. each business day).
- (b) Daily dividend received by the unit holder shall be reinvested.

By distributing dividend on a daily basis, the Management Company is required to ensure that total distribution in an accounting period accumulates to an amount that is required under the tax laws and other regulations in force.

1.4 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

1.5 The Management Company has been assigned a quality rating of AM1 by PACRA dated June 26, 2020 (2019: AM1 dated June 28, 2019) and VIS dated December 31, 2019 (2019: AM1 dated December 28, 2018). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The stability rating of the Fund is AA(f) given by VIS Credit Rating Company Limited.

1.6 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

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 VIII A 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 IFRSs, 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 amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments 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 effect 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 are measured at their respective fair values.

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, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial assets

4.3.1 Classification and subsequent measurement

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

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.2 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.

4.3.2.1 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.

4.4 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 Issue and redemption of units

Units of the Scheme shall be allocated on the basis of Purchase (Offer) Price applicable on the date of realization of subscription money into the bank account of the Scheme.

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

4.9 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. As more fully explained in note 1.3 to the financial statements, the Fund is required to make distribution on each business day.

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.

4.10 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 Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the 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 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.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits and term deposit receipts is recognised on time proportion basis using the effective yield method.
- 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.
- Income on sukuk certificates, placements and government securities is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by SECP for which the profits are recorded on cash basis.
- Income on bai muajjal is recognised on time proportion basis, the difference between the sale and the credit price is recognised over the credit period.

4.12 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.

4.13 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 unit holders. 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).

4.14 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.

4.15 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 year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5	BALANCES WITH BANKS	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
	Balances with banks in:			
	Savings accounts	5.1	38,829,845	7,673,626
	Current account		34	25
			<u>38,829,879</u>	<u>7,673,651</u>
5.1	The balances in saving accounts have an expected profit ranging from 1.50% to 14.25 % per annum (2019: 4.00% to 11.85% per annum)			
6	INVESTMENTS	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
	At fair value through profit or loss			
	Corporate sukuks	6.1	675,000	675,000
	Commercial papers	6.2	2,466,695	1,558,584
	Term deposit receipts - having original maturity of 3 months or less	6.3	2,516,438	4,650,000
	Bai Muajjal receivable	6.4	9,280,473	1,475,817
			<u>14,938,606</u>	<u>8,359,401</u>

6.1 Corporate sukuku

Name of the security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the period	Sales / redemptions during the period	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation	
										Net assets of the Fund	Total market value of investment
-----Certificates-----							(Rupees in '000)		----- % -----		
Hub Power Company Limited - II (A1+, PACRA) (note 6.1.1)	October 2, 2019	3 months Kibor plus base rate of 1.00%	135,000	-	135,000	-	-	-	-	-	-
Hub Power Company Limited II (A1+, PACRA) (note 6.2.1)	May 21, 2020	3 months Kibor plus base rate of 1.50%	-	6,000	6,000	-	-	-	-	-	-
Hub Power Company Limited II (A1+, PACRA) (note 6.2.1)	November 19, 2020	6 months Kibor plus base rate of 1.50%	-	6,750	-	6,750	675,000	675,000	-	1.27%	4.52%
Total as at June 30, 2020							<u>675,000</u>	<u>675,000</u>			
Total as at June 30, 2019							<u>675,000</u>	<u>675,000</u>			

6.1.1 The nominal value of these sukuk certificates is Rs 100,000 each except for sukuk certificates that matured on October 2, 2019 which have nominal value of Rs 5,000 each.

6.2 Commercial Papers

Name of the security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the period	Sales / redemptions / maturity during the period	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	As a percentage of net assets of the fund	As a percentage of total market value of investment
K-Electric Limited CP II (note 6.2.1)	September 2, 2019	6 months Kibor plus base rate of 0.90%	1,589	-	1,589	-	-	-	-	-	-
K-Electric Limited CP- 2 Sukuk (note 6.1.1)	February 28, 2020	6 months Kibor plus base rate of 1.30%	-	1,200	1,200	-	-	-	-	-	-
K-Electric Limited CP- 3 Sukuk (note 6.1.1)	March 19, 2020	6 months Kibor plus base rate of 1.30%	-	1,420	1,420	-	-	-	-	-	-
K-Electric Limited CP- 5 Sukuk (note 6.1.1)	August 14, 2020	6 months Kibor plus base rate of 1.15%	-	600	-	600	590,131	590,131	-	1.11%	3.95%
K-Electric Limited CP- 6 Sukuk (note 6.1.1)	August 26, 2020	6 months Kibor plus base rate of 1.15%	-	600	-	600	587,440	587,440	-	1.10%	3.93%
K-Electric Limited CP- 7 Sukuk (note 6.1.1)	September 10, 2020	6 months Kibor plus base rate of 1.15%	-	800	-	800	780,140	780,140	-	1.46%	5.22%
K-Electric Limited CP- 8 Sukuk (note 6.1.1)	October 06, 2020	6 months Kibor plus base rate of 1.15%	-	525	-	525	508,984	508,984	-	0.95%	3.41%
Total as at June 30, 2020							<u>2,466,695</u>	<u>2,466,695</u>			
Total as at June 30, 2019							<u>1,558,584</u>	<u>1,558,584</u>			

6.2.1 The nominal value of these commercial papers is Rs 1,000,000 each.

6.2.2 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

6.3 Term deposit receipts

Name of the bank	Maturity date	Profit rate	As at July 1, 2019	Term deposit receipts placed during the period	Matured during the period	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (loss) / gain as at June 30, 2020	Percentage of total market value of investments
		%							%

Having original maturity of 3 months or less

Faysal Bank Limited	September 8, 2019	12.15%	1,550,000	-	1,550,000	-	-	-	-		
Askari Bank Limited	September 17, 2019	12.05%	1,600,000	-	1,600,000	-	-	-	-		
Meezan Bank Limited	September 20, 2019	12.25%	1,500,000	-	1,500,000	-	-	-	-		
Faysal Bank Limited	December 6, 2019	13.53%	-	2,000,000	2,000,000	-	-	-	-		
Meezan Bank Limited	December 2, 2019	13.50%	-	1,200,000	1,200,000	-	-	-	-		
Meezan Bank Limited	December 20, 2019	13.50%	-	1,500,000	1,500,000	-	-	-	-		
United Bank Limited	June 01, 2020	7.50%	-	2,500,000	2,500,000	-	-	-	-		
Dubai Islamic Bank Pakistan Limited	June 15, 2020	6.50%	-	2,000,000	2,000,000	-	-	-	-		
United Bank Limited	July 02, 2020	7.35%	-	2,516,438	-	2,516,438	2,516,438	-	16.85%		
As at June 30, 2020						11,716,438	13,850,000	2,516,438	2,516,438	-	16.85%
As at June 30, 2019						7,290,000	2,640,000	4,650,000	4,650,000	-	55.63%

6.4 Bai Muajjal receivable

The Fund entered into certain Bai Muajjal Transactions with Pak Brunei Investment Company limited, United Bank limited, Pak Kuwait investment Company limited and Samba Bank limited against K-Electric Limited Commercial Papers having profit ranging from 7.00% to 12.70% per annum with latest maturity on December 22, 2020. The total transaction value is Rs. 9,488.07 million which includes deferred profit of Rs. 439.152 million.

6.4.1 The carrying amount of the Bai Muajjal receivable includes accrued profit amounting to Rs. 231.555 million.

	Note	2020	2019
		(Rupees in '000)	
7 PROFIT ACCRUED			
Profit accrued on:			
Bank balances		157,036	115,926
Term deposit receipts		19,635	24,580
Sukuk certificates		7,626	20,189
		<u>184,297</u>	<u>160,695</u>
8 DEPOSITS AND PREPAYMENTS			
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepayments		178	166
		<u>278</u>	<u>266</u>
9 PRELIMINARY EXPENSES AND FLOTATION COSTS			
At the beginning of the year		899	-
Preliminary expenses and flotation costs incurred		-	1,000
Less: amortisation during the period		(200)	(101)
At the end of the year	9.1	<u>699</u>	<u>899</u>
9.1			
Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.			

10	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2020	2019
			(Rupees in '000)	
	Management fee payable	10.1	1,440	8,283
	Sindh Sales Tax payable on remuneration of the Management Company	10.2	187	1,077
	Selling and marketing expenses payable	10.3	34,569	-
			<u>36,196</u>	<u>9,360</u>

- 10.1** 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.

During the year, the Management Company has charged the remuneration at 5% of gross earnings of the Fund subject to minimum of 0.25% and maximum of 1% of average annual net assets. Effective from July 22, 2019, the Management Company has reduced charging of the remuneration from 5% to 2% of gross earnings of the Fund subject to minimum of 0.25% and maximum of 1% of average annual net assets and has charged accordingly at the same rates.

- 10.2** During the year, an amount of Rs. 11.289 million (2019: Rs. 3.264 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. 12.179 million (2019: 2.187 million) has been paid to the Management Company which acts as a collecting agent.

- 10.3** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Effective from July 22, 2019, the Management Company started charging selling and marketing expenses to the Fund. The Management Company, based on its own discretion determined a capping of 0.34% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which had also been approved by the Board. The Management Company, based on its own discretion has suspended the charging of selling & marketing expenses from June 22, 2020.

11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2020	2019
			(Rupees in '000)	
	Trustee fee payable	11.1	2,843	1,038
	Sindh Sales Tax payable on trustee fee	11.2	370	135
			<u>3,213</u>	<u>1,173</u>

- 11.1** 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 tariff as under:

Net Assets (Rs.)	Previous Tariff		Revised Tariff
	Fee		
Up to Rs. 1 billion	0.15% per annum of net assets		0.065% per annum of Net Assets.
From Rs. 1 billion to Rs. 10 billion	Rs 1.5 million plus 0.075% per annum of net assets exceeding Rs 1 billion		
Exceeding Rs. 10 billion	Rs 8.25 million plus 0.06% per annum of net assets exceeding Rs 10 billion		

- 11.2** During the year, an amount of Rs 2.813 million (2019: Rs. 0.473 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 2.578 million (2019: 0.338 million) was paid to the Trustee which acts as a collecting agent.

12 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 money market fund was 0.075%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

	Note	2020	2019
13 ACCRUED EXPENSES AND OTHER LIABILITIES		(Rupees in '000)	
Auditors' remuneration payable		282	200
Brokerage payable		1,341	85
Shariah advisor fee payable		540	538
Withholding tax payable		29,570	4,649
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1	81,496	9,299
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		77	-
Other payable		367	-
Zakat payable		755	13
		<u>114,428</u>	<u>14,784</u>

- 13.1** 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 December 28, 2018 to June 30, 2020, the net asset value of the Fund and accordingly, dividend payout as at June 30, 2020 would have been higher by Re. 0.08 per unit (2019: Re. 0.03 per unit).

14 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 December 28, 2018 to June 30, 2019
15 AUDITORS' REMUNERATION	(Rupees in '000)	
Statutory Audit Fee	297	200
Half Yearly Review Fee	122	-
Out Of Pocket Expenses	19	-
	<u>438</u>	<u>200</u>
16 TOTAL EXPENSE RATIO		

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 0.94% which includes 0.28% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market scheme.

17 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. 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 unit holders. 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 Section 4B of the Income Tax Ordinance, 2001.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 18.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, the 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 and unit holders holding 10 percent or more of the Fund's net assets.
- 18.2** 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.
- 18.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.
- 18.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 18.5** The details of transactions carried out by the Fund with connected persons during the period and balances with them as at period end are as follows:

Balances	2020	2019
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Management fee payable	1,440	8,283
Sindh Sales Tax payable on management remuneration	187	1,077
Selling and marketing expense payable	34,569	-
Investment of 33,990,446 units (2019:16,629,842 units)	1,699,522	835,975
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	2,843	1,038
Sindh Sales Tax on trustee fee payable	370	135
Security deposit	100	100
CDS Charges Payable	77	-
Meezan Bank Limited		
Balance with bank	175,445	55,616
Profit receivable on saving account	1,864	364
Meezan Strategic Allocation Fund - MSAP - I		
Investment of Nil units (2019:1,486,486 units)	-	74,324
Meezan Strategic Allocation Fund - MSAP - II		
Investment of Nil units (2019:1,014,332 units)	-	50,717
Meezan Strategic Allocation Fund - MSAP - III		
Investment of Nil units (2019:1,222,400 units)	-	61,120

	2020	2019
	(Rupees in '000)	
Meezan Strategic Allocation Fund - MSAP - IV Investment of Nil units (2019:1,378,452 units)	-	68,923
Meezan Strategic Allocation Fund - MSAP - V Investment of Nil units (2019:220,080 units)	-	11,004
Meezan Strategic Asset Allocation Fund - MCPP - III Investment of Nil units (2019:4,521,293 units)	-	226,065
Meezan Strategic Allocation Fund -II - MCPP - IV Investment of Nil units (2019:6,081,739 units)	-	304,087
Meezan Strategic Allocation Fund-II - MCPP - V Investment of Nil units (2019:2,000,572 units)	-	100,029
Meezan Strategic Allocation Fund II- MCPP - VI Investment of Nil units (2019:1,420,406 units)	-	71,020
Meezan Strategic Allocation Fund II- MCPP - VII Investment of Nil units (2019:760,217 units)	-	38,011
Meezan Strategic Allocation Fund II- MCPP - VIII Investment of Nil units (2019: 460,132 units)	-	23,007
Unitholders holding 10 percent or more of the Fund Investment of 228,629,749 units (2019: 58,295,559 units)	11,431,488	2,914,778
Directors and Executives of the Management Company Investment of 163,605 units (2019: 2,291,179 units)	8,180	114,559
	For the year ended June 30, 2020	For the period from December 28, 2018 to June 30, 2019
	(Rupees in '000)	
Transactions during the period		
AI Meezan Investment Management Limited - Management Company		
Remuneration of the Management Company	86,836	25,108
Sindh Sales Tax on remuneration of the Management Company	11,289	3,264
Selling and marketing expense	105,202	-
Units issued: 80,278,510 units (2019: 16,629,842 units)	4,013,926	835,975
Units redeemed: 62,917,906 units (2019: Nil units)	3,145,895	-
Dividend paid	148,289	29,888
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	21,634	3,637
Sindh Sales Tax on remuneration of the Trustee	2,813	473
Settlement charges	1,101	174
Meezan Bank Limited		
Profit on saving account	50,139	1,689
Term deposit receipt placed	2,700,000	-
Term deposit receipt matured	4,200,000	-
Profit on term deposit receipts	132,910	-
Meezan Strategic Allocation Fund - MSAP - I		
Units issued: 25,261,350 units (2019 : 1,700,486 units)	1,263,068	85,024
Units redeemed: 26,747,836 units (2019 : 214,000 units)	1,337,392	10,700
Dividend paid	38,296	24
Meezan Strategic Allocation Fund - MSAP - II		
Units issued: 4,787,998 units (2019 :1,1160,332 units)	239,400	58,017
Units redeemed: 5,802,330 units (2019 :146,000 units)	290,117	7,300
Dividend paid	13,542	17



	For the year ended June 30, 2020	For the period from December 28, 2018 to June 30, 2019
	(Rupees in '000)	
Meezan Strategic Allocation Fund - MSAP - III		
Units issued: 7,202,722 units (2019: 1,400,000 units)	360,136	70,020
Units redeemed: 8,425,122 units (2019: 178,000 units)	421,256	8,900
Dividend paid	21,485	20
Meezan Strategic Allocation Fund - MSAP - IV		
Units issued: 7558,004 units (2019: 1,580,452 units)	377,900	79,023
Units redeemed: 8,936,456 units (2019: 202,000 units)	446,823	10,100
Dividend paid	22,651	23
Meezan Strategic Allocation Fund - MSAP - V		
Units issued: 2,309,749 units (2019: 280,000 units)	115,487	14,004
Units redeemed: 2,529,829 units (2019: 60,000 units)	126,491	3,000
Dividend paid	5,876	4
Meezan Strategic Asset Allocation Fund - MCPP - III		
Units issued: 42,294,146 units (2019: 4,521,293 units)	2,114,707	226,065
Units redeemed: 46,815,439 units (2019: Nil units)	2,340,772	65
Dividend paid	44,688	-
Meezan Strategic Allocation Fund II - MCPP - IV		
Units issued: 52,195,260 units (2019: 6,081,739 units)	2,609,763	304,087
Units redeemed: 58,276,999 units (2019: Nil units)	2,913,850	87
Dividend paid	81,101	-
Meezan Strategic Allocation Fund II - MCPP - V		
Units issued: 12,839,426 units (2019: 2,000,572 units)	641,971	100,029
Units redeemed: 14,839,998 units (2019: Nil units)	742,000	-
Dividend paid	21,695	29
Meezan Strategic Allocation Fund II - MCPP - VI		
Units issued: 8,127,302 units (2019: 1,420,406 units)	406,365	71,020
Units redeemed: 9,547,708 units (2019: Nil units)	477,385	20
Dividend paid	19,336	-
Meezan Strategic Allocation Fund II - MCPP - VII		
Units issued: 4,565,434 units (2019: 760,217 units)	228,272	38,011
Units redeemed: 5,325,651 units (2019: Nil units)	266,283	11
Dividend paid	10,928	-
Meezan Strategic Allocation Fund II - MCPP - VIII		
Units issued: 5,736,944 units (2019: 460,132 units)	286,847	23,007
Units redeemed: 6,197,076 units (2019: Nil units)	309,854	7
Dividend paid	6,581	-
Meezan Strategic Allocation Fund III - MCPP - IX		
Units issued: 4,800,693 units (2019: Nil units)	240,035	-
Units redeemed: 4,800,693 units (2019: Nil units)	240,035	-
Dividend paid	6,130	-
Directors and Executives of the Management Company		
Units issued: 2,550,952 units (2019: 2,550,952 units)	15,635	127,913
Units redeemed: 259,773 units (2019: 259,773 units)	122,013	12,989
Dividend paid	1,430	3,651

- 18.6 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

	Note	2020 (Rupees in '000)	2019
19 CASH AND CASH EQUIVALENTS			
Cash and bank balances	5	38,829,879	7,673,651
Term deposit receipt (with original maturity of three months)	6.3	2,516,438	4,650,000
		<u>41,346,317</u>	<u>12,323,651</u>

20 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	38,829,879	-	38,829,879
Investments	-	14,938,606	14,938,606
Receivable against conversion of units	95,551	-	95,551
Profit accrued	184,297	-	184,297
Deposits	100	-	100
	<u>39,109,827</u>	<u>14,938,606</u>	<u>54,048,433</u>

	2020		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	36,196	36,196
Payable to Central Depository Company of Pakistan Limited - Trustee	-	3,213	3,213
Payable against conversion and redemption of units	-	524,590	524,590
Dividend payable	-	13,279	13,279
Accrued expenses and other liabilities	-	2,607	2,607
	<u>-</u>	<u>579,885</u>	<u>579,885</u>

	2019		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	7,673,651	-	7,673,651
Investments	-	8,359,401	8,359,401
Receivable against conversion of units	74,205	-	74,205
Profit accrued	160,695	-	160,695
Deposits	100	-	100
	<u>7,908,651</u>	<u>8,359,401</u>	<u>16,268,052</u>

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

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	9,360	9,360
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,173	1,173
Payable against conversion and redemption of units	-	96,609	96,609
Dividend payable	-	9,333	9,333
Accrued expenses and other liabilities	-	823	823
	-	<u>117,298</u>	<u>117,298</u>

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, 2008, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Risks managed and measured by the Fund are explained below:

21.1 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 interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks and investments in corporate sukuks, commercial papers, term deposit receipts and Bai Muajjal. 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

The Fund's profit rate risk arises from the balances in savings accounts and investment in corporate sukuks and term deposit receipts. At June 30, 2020, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the period then ended would have been higher / lower by Rs 420.21 million (2019: Rs 129.99 million).

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in commercial papers and Bai Muajjal. At June 30, 2020, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the period then ended would have been higher / lower by Rs 117.472 million (2019: Rs. 30.344 million)

The composition of the Fund's investment portfolio and KIBOR rates 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 interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:

----- 2020 -----						
Effective interest rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000 -----						
Financial assets						
Balances with banks	1.50% to 14.25%	38,829,845	-	-	34	38,829,879
Investments	6.50% to 13.64%	8,559,700	6,378,906	-	-	14,938,606
Receivable against conversion of units		-	-	-	95,551	95,551
Profit accrued		-	-	-	184,297	184,297
Deposits		-	-	-	100	100
		47,389,545	6,378,906	-	279,982	54,048,433
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	36,196	36,196
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	3,213	3,213
Dividend payable		-	-	-	13,279	13,279
Payable against conversion and redemption of units		-	-	-	524,590	524,590
Accrued expenses and other liabilities		-	-	-	2,607	2,607
		-	-	-	579,885	579,885
On-balance sheet gap (a)		47,389,545	6,378,906	-	(299,903)	53,468,548
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		47,389,545	6,378,906	-		
Cumulative profit rate sensitivity gap		47,389,545	53,768,451	53,768,451		

----- 2019 -----						
Effective interest rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000 -----						
Financial assets						
Balances with banks	4.00% to 11.85%	7,673,626	-	-	25	7,673,651
Investments	10.6% to 12.25%	2,150,817	6,208,584	-	-	8,359,401
Receivable against conversion of units		-	-	-	74,205	74,205
Profit accrued		-	-	-	160,695	160,695
Deposits		-	-	-	100	100
		9,824,443	6,208,584	-	235,025	16,268,052
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	9,360	9,360
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,173	1,173
Payable against conversion and redemption of units		-	-	-	96,609	96,609
Dividend Payable		-	-	-	9,333	9,333
Accrued expenses and other liabilities		-	-	-	823	823
		-	-	-	117,298	117,298
On-balance sheet gap (a)		9,824,443	6,208,584	-	117,727	16,150,754
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		9,824,443	6,208,584	-		
Cumulative profit rate sensitivity gap		9,824,443	16,033,027	16,033,027		

(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 interest 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.

21.2 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 ended June 30, 2020.

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 three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
-----Rupees in '000-----						
Financial assets						
Balances with banks	38,829,879	-	-	-	-	38,829,879
Investments	-	8,559,700	6,378,906	-	-	14,938,606
Receivable against conversion of units	95,551	-	-	-	-	95,551
Profit accrued	176,671	7,626	-	-	-	184,297
Deposits	-	-	-	-	100	100
	39,102,101	8,567,326	6,378,906	-	100	54,048,433
Financial liabilities						
Payable to AI Meezan Investment Management Limited - Management Company	36,196	-	-	-	-	36,196
Payable to the Central Depository Company of Pakistan Limited - Trustee	3,213	-	-	-	-	3,213
Payable against conversion and redemption of units	524,590	-	-	-	-	524,590
Dividend payable	13,279	-	-	-	-	13,279
Accrued expenses and other liabilities	1,785	822	-	-	-	2,607
	579,063	822	-	-	-	579,885
Net assets / (liabilities)	38,523,038	,566,504	6,378,906	-	100	53,468,548

2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

Financial assets

Balances with banks	7,673,651	-	-	-	-	7,673,651
Investments	-	7,684,401	675,000	-	-	8,359,401
Receivable against conversion of units	74,205	-	-	-	-	74,205
Profit accrued	115,926	44,769	-	-	-	160,695
Deposits	-	-	-	-	100	100
	7,863,782	7,729,170	675,000	-	-	100

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	9,360	-	-	-	-	9,360
Payable to the Central Depository Company of Pakistan Limited - Trustee	1,173	-	-	-	-	1,173
Payable against conversion and redemption of units	96,609	-	-	-	-	96,609
Dividend payable	9,333	-	-	-	-	9,333
Accrued expenses and other liabilities	85	738	-	-	-	823
	116,560	738	-	-	-	117,298

Net assets / (liabilities)

	7,747,222	7,728,432	675,000	-	-	100	16,150,754
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21.3 Credit risk

21.3.1 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. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks, receivable against conversion of units and credit exposure arising as a result of receivable against sale of investments. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by the Trustee of the fund minimises the credit risk. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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	38,829,879	38,829,879	7,673,651	7,673,651
Investments	14,938,606	14,938,606	8,359,401	8,359,401
Receivable against conversion of units	95,551	95,551	74,205	74,205
Profit accrued	184,297	184,297	160,695	160,695
Deposits	100	100	100	100
	54,048,433	54,048,433	16,268,052	16,268,052

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets.

21.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon and receivable against conversion of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets	
	2020	2019
AAA	81.20	26.19
AA+	0.45	35.32
AA	18.34	38.49
	<u>100.00</u>	<u>100.00</u>

Ratings of corporate sukuk have been disclosed in related notes to the financial statements.

21.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties thereby any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2020 are unsecured and are not impaired.

22 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		
Financial assets - at fair value through profit or loss			
Corporate sukuk *	-	675,000	-
Commercial papers **	-	2,466,695	-
Term deposit receipts - having original maturity of 3 months or less *	-	2,516,438	-
Bai Muajjal receivable **	-	9,280,473	-
	-	<u>14,938,606</u>	-

2019		
Level 1	Level 2	Level 3
Rupees in '000		
Financial assets - at fair value through profit or loss		
Corporate sukus *	675,000	-
Commercial papers **	1,558,584	-
Term deposit receipts - having original maturity of 3 months or less *	4,650,000	-
Bai Muajjal receivable **	1,475,817	-
	8,359,401	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers and Bai Muajjal receivable have been carried out based on amortisation to their face values / sale price as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and they are placed with counterparties which have high credit rating.

23 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, 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 requirements 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 21, 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.

24 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	2,820	9,360,957	17.55	1,794	5,985,067	37.09
Associated Companies /						
Directors	2	1,706,861	3.20	14	1,140,948	7.07
Insurance Companies	2	19,797	0.04	1	10,296	0.06
Banks and DFIs	1	579,704	1.09	-	-	-
Retirement Funds	45	850,631	1.59	29	438,121	2.72
Private Limited Companies	80	32,373,233	60.67	32	5,134	0.03
Others	82	8,459,764	15.86	59	8,554,874	53.02
	<u>3,032</u>	<u>53,350,947</u>	<u>100.00</u>	<u>1,929</u>	<u>16,134,440</u>	<u>100.00</u>

25 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2020	2019
	Percentage of commission paid	
Paramount Capital (Private) Limited	60%	90%
C & M Management (Private) Limited	-	10%
Invest one markets (Private) Limited	40%	-
	<u>100%</u>	<u>100%</u>

25.1 The fund has traded with only the above mentioned two brokers / dealers during the year ended June 30, 2020.

26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

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 the Fund is Mr. Faizan Saleem, Other Funds being managed by the Fund Manager are as follows:

- Meezan Islamic Income Fund
- Meezan Sovereign Fund
- Meezan Cash Fund

27 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				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	Apr 15, 2020	Jun 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. Furqan 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

28 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.

29 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**.

30 GENERAL
30.1 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.

30.2 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.

30.3 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