



Meezan

Strategic Allocation Fund-II

MEEZAN STRATEGIC ALLOCATION FUND-II (MSAF-II)

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



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 Shoab, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director – MBL
Mr. Atif Azim	Independent Director
Mr. Ijaz Farooq	Nominee Director – MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Kamila Khan	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. Atif Azim	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoab, 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

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: bawaney@cyber.net.pk

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 FOR THE PERIOD FROM MARCH 06, 2018 TO JUNE 30, 2018

Type of Fund

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

Objective

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

MSAF - II has two Allocation Plans which allow investors to invest according to their risk tolerance levels.

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

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

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

Performance Table with Benchmark

Returns - FY18	
MCPP IV#	-0.40%
Benchmark	-1.01%
MCPP V##	0.1%
Benchmark	0.1%

The Fund was launched on March 6, 2018

The Fund was launched on May 4, 2018

Meezan Strategic Allocation Fund - II (MCPP-IV)

The Meezan Strategic Allocation Fund-II (MCPP-IV) posted a total loss of Rs. 18 million from the period March 06, 2018 to June 30, 2018 as the Plan was launched on March 06, 2018. Total loss comprised of realized loss on investments of Rs. 22 million while the unrealized gain and profit on saving account with banks amounted to Rs. 4 million and Rs. 0.47 million respectively. After accounting for expenses of Rs. 2 million, the Fund posted a net loss of Rs. 20 million. The net assets of the Plan as at June 30, 2018 were Rs. 2,115 million. The net asset value per unit as at June 30, 2018 was Rs. 49.80.

Meezan Strategic Allocation Fund - II (MCPV)

The Meezan Strategic Allocation Fund - II (MCPV) posted a total income of Rs. 0.204 million from the period May 04, 2018 to June 30, 2018 as the Plan was launched on May 04, 2018. Total income comprised of unrealized gain on investments of Rs. 0.705 million while the realized loss and profit on saving account with banks amounted to Rs. 0.762 million and Rs. 0.261 million respectively. After accounting for expenses of Rs. 0.357 million, the Fund posted a net loss of Rs. 0.15 million. The net assets of the Plan as at June 30, 2018 were Rs. 733 million. The net asset value per unit as at June 30, 2018 was Rs. 50.03.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2018.

Breakdown of unit holdings by size

(As on June 30, 2018)

Range (Units)	MSAF- II- MCPV-IV No. of investors	MSAF- II- MCPV-V No. of Investors
1 - 9,999	783	409
10,000 - 49,999	500	198
50,000 - 99,999	95	27
100,000 - 499,999	60	20
500,000 and above	7	2
Total	1,445	656





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

July 17, 2018/ Dhu Al-Qi'dah 3, 1439

Alhamdulillah, the period from July 1, 2017 to June 30, 2018 was the first year of operations of Meezan Strategic Allocation Fund-II (MSAF-II) under management of Al Meezan Investment Management Limited (Al Meezan). The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

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

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

In light of the above, I hereby certify that:

- i. I have reviewed and approved the modes of investments of MSAF-II in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MSAF-II by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MSAF-II for the year ended June 30, 2018 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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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
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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN STRATEGIC ALLOCATION FUND-II

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Strategic Allocation Fund-II (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from March 06, 2018 to June 30, 2018 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 25, 2018





Meezan

A.F.FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Meezan Strategic Allocation Fund II

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Strategic Allocation Fund II (the Fund), which comprise the statement of assets and liabilities as at June 30, 2018, and the income statement, statement of comprehensive income, statement of movement in unit holders' funds and cash flow statement for the period from March 06, 2018 to June 30, 2018 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, 2018, and of its financial performance, its cash flows and transactions for the period from March 06, 2018 to June 30, 2018 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 are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Amendments to NBFC Regulations, 2008</p> <p>(Refer note 3.10 to the annexed financial statements)</p> <p>During the current period, the Securities and Exchange Commission of Pakistan (SECP) through its notification [SRO 756 (I) / 2017] dated August 3, 2017 has prescribed a new definition of element of income. As per the notification, the element of income is considered as a "capital contribution" and taken to the Statement of Movement in Unit Holders' Fund. Element of income is explained in note 3.10.</p> <p>The SECP notification also stipulates that the accounting income available for distribution as appearing in the "Income Statement" excludes income already paid on units redeemed during the period. Accordingly, the net amount appearing on the</p>	<p>We understood the requirements of the SECP notification and made inquiries from the management in respect of their methodology for implementing the requirements with respect to recording of element of income.</p> <p>We verified transactions on a test basis with the underlying records of the reports provided by the management to assess their compliance with the regulations.</p> <p>We verified disclosures to ensure that these are in compliance with the applicable accounting and reporting framework.</p>

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

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S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>"Income Statement" after deducting the income already paid on units redeemed is to be considered as the distributable amount.</p> <p>The above matters are significant accounting and regulatory developments / events for the mutual fund industry affecting the financial statements for the current period and therefore we considered these developments as key audit matter.</p>	
2	<p>Net Asset Value</p> <p>(Refer notes 4 and 5 to the financial statements)</p> <p>The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2018 amounted to Rs 2,729.75 million and balances with banks aggregated to Rs 140.98 million.</p> <p>The proper valuation of investments and balances with banks for the determination of NAV of the Fund as at June 30, 2018 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>We performed the following audit procedures:</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, 2018 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; ▪ Obtained approval of the Board of Directors of the management company in relation to opening of bank accounts; and ▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Information

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

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

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

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

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

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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.
- 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.

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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 Requirement

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**.

Altaqsumi co
Chartered Accountants
Karachi

Date: September 19, 2018





STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2018

		June 30, 2018		
	Note	MCPPIV	MCPPIV	Total
		(Rupees in '000)		
Assets				
Balances with banks	4	1,743	139,238	140,981
Investments	5	2,122,153	607,593	2,729,746
Receivable against conversion of units		-	2,789	2,789
Profit accrued on balances with banks		8	142	150
Total assets		2,123,904	749,762	2,873,666
Liabilities				
Payable to AI Meezan Investment Management Limited - Management Company	6	184	9,255	9,439
Payable to Central Depository Company of Pakistan Limited - Trustee	7	166	39	205
Payable to Meezan Bank Limited		-	5,913	5,913
Payable to Securities and Exchange Commission of Pakistan	8	463	51	514
Payable against redemption and conversion of units		153	5	158
Accrued expenses and other liabilities	9	7,568	1,131	8,699
Total liabilities		8,534	16,394	24,928
Net assets		2,115,370	733,368	2,848,738
Contingencies and commitments	10			
Unitholders' fund (as per statement attached)		2,115,370	733,368	2,848,738
Number of units in issue		42,477,616	14,658,622	
		(Rupees)		
Net asset value per unit		49.7996	50.0298	

The annexed notes 1 to 24 form an integral part of these financial statements.

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

Mohammad Shoab, CFA
Chief Executive

Syed Amir Ali Zaidi
Director

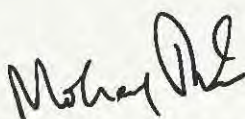
STATEMENT OF INCOME STATEMENT

FOR THE PERIOD FROM MARCH 06, 2018 TO JUNE 30, 2018

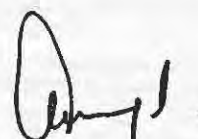
	Note	For the period from March 06, 2018 to June 30, 2018	For the period from May 04, 2018 to June 30, 2018	Total
		MCPPIV	MCPPIV (Rupees in '000)	
Income				
Profit on balances with banks		469	261	730
Loss on sale of investments		(22,442)	(762)	(23,204)
		(21,973)	(501)	(22,474)
Net unrealised appreciation on re-measurement of investments - 'at fair value through profit or loss'	5.1	4,226	705	4,931
Total (loss) / Income		(17,747)	204	(17,543)
Expenses				
Remuneration to Al Meezan Investment Management Limited - Management Company	6.1	305	131	436
Sindh Sales Tax on remuneration to Management Company	6.2	40	17	57
Allocated expenses	6.3	487	53	540
Remuneration to Central Depository Company of Pakistan Limited - Trustee	7.1	425	46	471
Sindh Sales Tax on remuneration of the Trustee	7.2	55	6	61
Annual fee to Securities and Exchange Commission of Pakistan		463	51	514
Auditors' remuneration	11	123	27	150
Fees and subscription		122	9	131
Printing charges		182	12	194
Bank and settlement charges		16	4	20
Total expenses		2,218	356	2,574
Net loss for the period before taxation		(19,965)	(152)	(20,117)
Taxation	12	-	-	-
Net loss for the period after taxation		(19,965)	(152)	(20,117)
Allocation of net income for the year				
Net income for the year after taxation		-	-	-
Income already paid on units redeemed		-	-	-
Accounting income available for distribution				
- Relating to capital gains		-	-	-
- Excluding capital gains		-	-	-

The annexed notes 1 to 24 form an integral part of these financial statements.

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



Mohammad Shoaib, CFA
Chief Executive



Syed Amir Ali Zaidi
Director

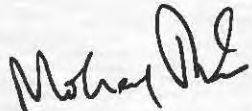


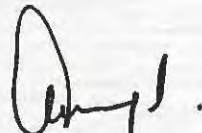
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM MARCH 06, 2018 TO JUNE 30, 2018

	For the period from March 06, 2018 to June 30, 2018	For the period from May 04, 2018 to June 30, 2018	
Note	MCPP-IV	MCPP-V	Total
	(Rupees in '000)		
Net loss for the period after taxation	(19,965)	(152)	(20,117)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	(19,965)	(152)	(20,117)

The annexed notes 1 to 24 form an integral part of these financial statements.

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


Mohammad Shoalb, CFA
Chief Executive


Syed Amir Ali Zaidi
Director

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

FOR THE PERIOD FROM MARCH 06, 2018 TO JUNE 30, 2018

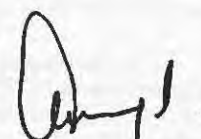
	For the period from March 06, 2018 to June 30, 2018			For the period from May 04, 2018 to June 30, 2018			For the period from March 06, 2018 to June 30, 2018		
	MCPP-IV			MCPP-V			Total		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Issuance of									
MCPP-IV: 43,678,460 units /									
MCPP-V: 14,766,103 units									
- Capital value (at net asset value per unit at the beginning of the period)	2,183,923	-	2,183,923	738,305	-	738,305	2,922,228	-	2,922,228
- Element of Income	11,371	-	11,371	583	-	583	11,954	-	11,954
Total proceeds on issuance of units	2,195,294	-	2,195,294	738,888	-	738,888	2,934,182	-	2,934,182
Redemption of									
MCPP-IV: 1,200,844 units /									
MCPP-V: 107,481 units									
- Capital value (at net asset value per unit at the beginning of the period)	60,043	-	60,043	5,374	-	5,374	65,417	-	65,417
- Element of Income	(84)	-	(84)	(6)	-	(6)	(90)	-	(90)
Total payments on redemption of units	59,959	-	59,959	5,368	-	5,368	65,327	-	65,327
Total comprehensive loss for the period	-	(19,965)	(19,965)	-	(152)	(152)	-	(20,117)	(20,117)
Distribution during the period	-	-	-	-	-	-	-	-	-
Net loss for the period less distribution	-	(19,965)	(19,965)	-	(152)	(152)	-	(20,117)	(20,117)
Net assets at end of the period	2,135,335	(19,965)	2,115,370	733,520	(152)	733,368	2,868,855	(20,117)	2,848,738
Undistributed income carried forward									
- Realised loss		(24,191)			(857)			(25,048)	
- Unrealised Income		4,226			705			4,931	
		<u>(19,965)</u>			<u>(152)</u>			<u>(20,117)</u>	
Accounting income available for distribution									
- Relating to capital gains	-			-			-		
- Excluding capital gains	-			-			-		
	<u>-</u>			<u>-</u>			<u>-</u>		
		Rupees			Rupees				
Net asset value per unit as at end of the period		48.7996			50.0298				

The annexed notes 1 to 24 form an integral part of these financial statements.

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



**Mohammad Shoaib, CFA
Chief Executive**



**Syed Amir Ali Zaidi
Director**





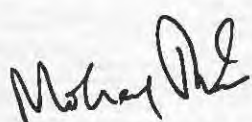
CASH FLOW STATEMENT

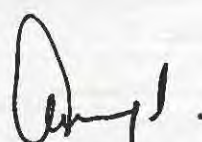
FOR THE PERIOD FROM MARCH 06, 2018 TO JUNE 30, 2018

	Note	For the period from March 06, 2018 to June 30, 2018	For the period from May 04, 2018 to June 30, 2018	
		MCPP-IV	MCPP-V	Total
(Rupees In '000)				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period before taxation		(19,965)	(152)	(20,117)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.1	(4,226)	(705)	(4,931)
		(24,191)	(857)	(25,048)
Increase in assets				
Investments - net		(2,117,927)	(606,888)	(2,724,815)
Profit accrued on balances with banks		(8)	(142)	(150)
		(2,117,935)	(607,030)	(2,724,965)
Increase in liabilities				
Payable to AI Meezan Investment Management Limited - Management Company		184	9,255	9,439
Payable to Central Depository Company of Pakistan Limited - Trustee		166	39	205
Payable to Meezan Bank Limited		-	5,913	5,913
Payable to Securities and Exchange Commission of Pakistan		463	51	514
Accrued expenses and other liabilities		7,568	1,131	8,699
		8,381	16,389	24,770
Net cash used in operating activities		(2,133,745)	(591,498)	(2,725,243)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts against conversion of units		2,195,294	736,099	2,931,393
Payment against redemption and conversion of units		(59,806)	(5,363)	(65,169)
Net cash generated from financing activities		2,135,488	730,736	2,866,224
Net increase in cash and cash equivalents		1,743	139,238	140,981
Cash and cash equivalents at the beginning of the year		-	-	-
Cash and cash equivalents at end of the period	4	1,743	139,238	140,981

The annexed notes 1 to 24 form an integral part of these financial statements.

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


Mohammad Shoalb, CFA
Chief Executive


Syed Amir Ali Zaidi
Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM MARCH 06, 2018 TO JUNE 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Strategic Allocation Fund II (MSAF - II) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on January 15, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund is registered as a Notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations) issued through S.R.O.1203(I)/2008 on October 10, 2016. The Management Company has been licensed by the SECP to act as an Asset Management Company under the the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund has been formed to enable the unitholders to participate in a diversified portfolio of equity schemes and fixed income / money market schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end Shariah compliant Fund of Funds Scheme listed on Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis till the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 Title to the assets of the Fund are held in the name of Central Depository Company as the Trustee of the Fund. The Fund's property comprises of different types of allocation plans which are accounted for and maintained separately in the books of accounts and collectively constitute the Fund's property.
- 1.5 The Management Company of the Fund has been given quality rating of AM1 by JCR-VIS Credit Rating Company Limited.
- 1.6 As per the offering document approved by the SECP, the accounting period, in case of the first such period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly these financial statements have been prepared from March 6, 2018 to June 30, 2018 (former being the date from which the proceeds from the issue of units were received). The initial offering of Meezan Capital Preservation Plan-IV (MCPV-IV) and Meezan Capital Preservation Plan-V (MCPV-V) was on March 6, 2018 and May 4, 2018 for one business day respectively.
- 1.7 The fund generates returns on investment as per allocation plans (sub funds) namely Meezan Capital Preservation Plan-IV (MCPV-IV) and Meezan Capital Preservation Plan-V (MCPV-V) by investing in Shariah compliant fixed income / money market and equity mutual funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP.
- 1.8 In the current period, two plans Meezan Capital Preservation Plan - IV (MCPV - IV) and Meezan Capital Preservation Plan - V (MCPV - V) were introduced. The brief description of the plans are as follows:





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

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

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

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

Standard	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments	July 01, 2018
- IFRS 15 - Revenue from Contracts with Customers	July 01, 2018
- IFRS 16 - Leases	January 01, 2019

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

2.3 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the approved accounting 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 period in which the estimate is revised if the revision affects only that period, or in the period of revision and future period 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 3.3 and 5) and provision for taxation (notes 3.14 and 13).

2.4 Accounting convention

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

2.5 Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.2 Cash and cash equivalents

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

3.3 Financial instruments

3.3.1 Classification

The management determines the appropriate classification of the financial assets of the Fund in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Fund are categorised as follows:

(a) Financial instruments as 'at fair value through profit or loss'

These are acquired principally for the purpose of generating profits from short-term fluctuations in prices.

(b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.





c) Available-for-sale

These are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss, or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.3.2 Regular way contracts

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

3.3.3 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.

3.3.4 Subsequent measurement

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

a) 'Financial assets at fair value through profit or loss' and 'available-for-sale financial assets'

Basis of valuation of units in Collective Investment Scheme

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

Net gains and losses arising from changes in the fair value of financial assets at fair value through profit and loss account are taken to the 'income statement'.

b) Loans and receivables

These are carried at amortised cost using the effective yield method.

3.3.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount. For loans and receivables the amount of the provision for impairment loss is determined based on the provisioning criteria specified by the SECP.

3.3.6 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.

3.3.7 Derivatives

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

3.4 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.

3.5 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.

3.6 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.

3.7 Net asset value per unit

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

3.8 Issue and redemption of units

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

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

3.9 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 Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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

3.10 Element of income

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. The element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying





in unit holders fund shall be refunded on units in the same proportion as dividend bears to accounting income available for distribution. MUFAP, in consultation with the SECP, has specified methodology of determination of income paid on units redeemed during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

3.11 Revenue recognition

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

3.12 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.

3.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits for the period at the enacted rates. The charge for current tax also include adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

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 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 utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on enacted tax rates.

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

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

3.15 Earnings / (loss) per unit

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

3.16 Foreign currency translation

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

4. BALANCES WITH BANKS

	Note	MCPPIV	MCPPIV	Total
		(Rupees in '000)		
Balance with banks in:				
Saving accounts	4.1	1,742	139,238	140,980
Current accounts		1	-	1
		<u>1,743</u>	<u>139,238</u>	<u>140,981</u>

4.1 The balance in saving accounts have expected profit rates ranging from 2.00% to 2.40% per annum.

5. INVESTMENTS

	Note	June 30, 2018		
		MCPPIV	MCPPIV	Total
		(Rupees in '000)		
Investments - 'at fair value through profit or loss'				
- Held for trading - units of mutual funds	5.1	<u>2,122,153</u>	<u>607,593</u>	<u>2,729,746</u>

5.1 Held for Trading - Units of mutual funds

Name of Investee funds	Acquired during the period	Redemptions during the period	As at June 30, 2018	June 30, 2018		Percentage in relation to market value as a percentage of total investments
				Carrying value as at June 30, 2018	Market value as at June 30, 2018	
	No. of units			(Rupees in '000)		(Percentage)
Meezan Capital Preservation Plan - IV						
Meezan Dedicated Equity Fund	15,477,331	8,474,087	7,003,244	350,311	339,919	16%
Meezan Cash Fund	49,784,653	15,895,175	33,889,478	1,767,616	1,782,234	84%
				<u>2,117,927</u>	<u>2,122,153</u>	<u>100%</u>
Meezan Capital Preservation Plan - V						
Meezan Dedicated Equity Fund	3,100,087	978,303	2,121,785	103,804	102,986	17%
Meezan Cash Fund	12,517,489	2,922,299	9,595,190	503,084	504,607	83%
				<u>606,888</u>	<u>607,593</u>	<u>100%</u>
Total investments in units of mutual funds						
Meezan Dedicated Equity Fund	18,577,418	9,452,390	9,125,029	454,115	442,905	16%
Meezan Cash Fund	62,302,141	18,817,473	43,484,668	2,270,700	2,286,841	84%
				<u>2,724,815</u>	<u>2,729,746</u>	<u>100%</u>





6. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	June 30, 2018	
		MCPP-IV	MCPP-V
		(Rupees in '000)	
Management fee payable	6.1	9	81
Sindh Sales Tax payable on remuneration of the -Management Company	6.2	1	11
Allocated Expenses	6.3	174	41
Sales load payable		-	8,073
Sindh Sales Tax on sales load		-	1,049
		184	9,255

6.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 1.5% of average annual net assets in case of a Fund of Funds Scheme. The remuneration of the Management Company has been charged at the rate of 1% of daily bank balance for the period from March 06, 2018 to June 30, 2018.

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

6.3 The Management Company may charge fees and expenses related to registrar services, accounting, operations and valuations services, related to Collective Investment Scheme (CIS) upto a maximum of 0.1% of the average annual net assets of the Scheme. Accordingly, such expenses have been charged at the rate of 0.1% of the average annual net assets of the Scheme being lower than actual expenses.

7. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	June 30, 2018	
		MCPP-IV	MCPP-V
		(Rupees in '000)	
Trustee fee payable	7.1	147	35
Sindh Sales Tax payable on trustee fee	7.2	19	4
		166	39

7.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed in accordance with the tariff specified therein, based on the daily net assets value of the Fund.

The remuneration of the Trustee for the year ended June 30, 2018 has been calculated as per the following applicable tariff:

Net assets	Tariff
Up to 1,000 million	0.10% per annum
Over 1,000 million	Rs. 1 million plus 0.075% p.a. of Net Assets exceeding Rs. 1,000 million

7.2 During the current period, an amount of Rs 0.023 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. 0.182 million was paid to the Trustee which acts as a collecting agent.

8. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee at the rate of 0.095% of the average annual net assets of the fund payable to SECP under regulation 62 read with Schedule II of NBFC Regulation.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

	June 30, 2018		
	MCPPIV	MCPPIV	Total
	(Rupees in '000)		
Auditors' remuneration payable	123	27	150
Shariah advisor fee payable			
Printing charges payable	182	13	195
Zakat payable	2	-	2
Sales load payable	6,315	949	7,264
Sindh Sales Tax on sales load	821	123	944
Withholding Tax	3	-	3
Other Payable	-	10	10
	<u>7,568</u>	<u>1,131</u>	<u>8,699</u>

10. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2018.

11. AUDITORS' REMUNERATION

	June 30, 2018		
	MCPPIV	MCPPIV	Total
	(Rupees in '000)		
Annual audit fee	123	27	150

12. 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.

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

13. TOTAL EXPENSE RATIO

The Total Expense Ratio of the Fund for the period ended June 30, 2018 is 0.23% & 0.34% which include 0.06% & 0.07% representing government levy, Worker Welfare Fund and SECP fee for MCPPIV - IV and MCPPIV - V respectively. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Fund.

14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES





- 14.1** Connected persons include AI Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, AI Meezan Investment Management Limited Employees' Gratuity Fund and unitholders holding 10% or more of the Fund's net assets.
- 14.2** 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.
- 14.3** Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Rules, the NBFC Regulations and the Trust Deed respectively.
- 14.4** Detail of transactions with connected persons and balances with them are as follows:

	MCPPIV	MCPPIV
	For the period from March 6, 2018 to June 30, 2018	For the period from May 4, 2018 to June 30, 2018
	(Rupees in '000)	
AI Meezan Investment Management Limited		
- Management Company		
-Transactions during the period		
Remuneration for the period (Rs in '000)	305	131
Sindh Sales Tax on management fee (Rs in '000)	40	17
Allocated expenses (Rs in '000)	487	53
Meezan Dedicated Equity Fund		
Invested during the period (Rs in '000)	796,500	153,000
Invested during the period (Units)	15,477,331	3,100,087
Redeemed during the period (Rs in '000)	420,850	48,100
Redeemed during the period (Units)	8,474,087	978,303
Investment (Rs in '000)	339,919	102,986
Investment (Units)	7,003,244	2,121,785
Meezan Cash Fund		
Invested during the period (Rs in '000)	2,595,000	656,100
Invested during the period (Units)	49,784,653	12,517,489
Redeemed during the period (Rs in '000)	830,280	153,350
Redeemed during the period (Units)	15,895,175	2,922,299
Investment (Rs in '000)	1,782,234	504,607
Investment (Units)	33,889,478	9,595,190
-Balances		
	As at 30, June 2018	
Remuneration payable (Rs in '000)	9	81
Sindh Sales Tax on management fee (Rs in '000)	1	11
Allocated expenses payable (Rs in '000)	174	41
Sales load payable	-	9,122

Meezan Bank Limited

Profit on saving account (Rs in '000)
 Bank balance (Rs in '000)
 Profit receivable (Rs in '000)

MCCP-IV	MCCP-V
For the period from March 6, 2018 to June 30, 2018	For the period from May 4, 2018 to June 30, 2018
(Rupees in '000)	
469	261
1,743	139,238
8	142

-Balances

Sales load payable

MCCP-IV	MCCP-V
As at 30, June 2018	
-	5,913

Central Depository Company of Pakistan Limited - Trustee
-Transactions during the period

Trustee fee (Rs in '000)
 Sindh Sales Tax on trustee fee (Rs in '000)

MCCP-IV	MCCP-V
For the period from March 6, 2018 to June 30, 2018	For the period from May 4, 2018 to June 30, 2018
(Rupees in '000)	
425	46
55	6

-Balances

Trustee fee payable (Rs. in '000)
 Sindh Sales Tax on trustee fee payable (Rs. in '000)

MCCP-IV	MCCP-V
As at 30, June 2018	
147	35
19	4

Directors and Executives of the Management Company

Investment (Rs in '000)
 Investment (Units)

4,969	-
99,772	-

15. FINANCIAL INSTRUMENTS BY CATEGORY

	2018			Total
	Loans and receivables	At fair value through profit or loss	Available-for-sale	
(Rupees in '000)				
Financial assets				
Balances with banks	140,981	-	-	140,981
Investments	-	2,729,746	-	2,729,746
Receivable against conversion of units	2,789	-	-	2,789
Profit accrued on balances with banks	150	-	-	150
	143,920	2,729,746	-	2,873,666





	2018		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Financial liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	-	9,439	9,439
Payable to Central Depository Company of Pakistan Limited - Trustee	-	205	205
Payable to Meezan Bank Limited	-	5,913	5,913
Payable against redemption and conversion of units	-	158	158
Accrued expenses and other liabilities	-	7,750	7,750
	-	23,465	23,465

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

16.1 Market Risk

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

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

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

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2018, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.002 million.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2018, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2018 can be determined as follows:

	As at June 30, 2018					
	Effective yield /profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
(Rupees in '000)						
On-balance sheet financial instruments						
Financial assets						
Balances with banks	2.00% to 2.40%	140,981	-	-	140,981	
Investments		-	-	2,729,746	2,729,746	
Receivable against conversion of units		-	-	2,789	2,789	
Profit accrued on balances with banks		-	-	150	150	
		140,981	-	2,732,685	2,873,666	
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	9,439	9,439	
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	205	205	
Payable to Meezan Bank Limited		-	-	5,913	5,913	
Payable on redemption and conversion of units		-	-	158	158	
Accrued expenses and other liabilities		-	-	7,750	7,750	
		-	-	23,465	23,465	
On-balance sheet gap		140,981	-	2,709,220	2,850,201	
Off-balance sheet financial instruments						
		-	-	-	-	
Off-balance sheet gap		-	-	-	-	
Total profit rate sensitivity gap		140,981	-	-	-	
Cumulative profit rate sensitivity gap		140,981	-	-	-	

ii Currency risk

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

iii Price risk

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

16.2 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 period for any of the sub-funds.

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

	2018					Total
	Within 1 month	More than one month and upto three months	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	
(Rupees in '000)						
Financial assets						
Balances with banks	140,981	-	-	-	-	140,981
Investments	-	-	-	-	2,729,746	2,729,746
Receivable against conversion of units	2,789	-	-	-	-	2,789
Profit accrued on balances with banks	150	-	-	-	-	150
	143,920	-	-	-	2,729,746	2,873,666
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	9,439	-	-	-	-	9,439
Payable to Central Depository Company of Pakistan Limited - Trustee	205	-	-	-	-	205
Payable to Meezan Bank Limited	5,913	-	-	-	-	5,913
Payable against redemption and conversion of units	158	-	-	-	-	158
Accrued expenses and other liabilities	-	486	-	-	-	486
	15,715	486	-	-	-	16,201
Net assets / (liabilities)	128,205	(486)	-	-	2,729,746	2,857,465

16.3 Credit risk

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

	2018	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
(Rupees in '000)		
Balances with banks	140,981	140,981
Investments	2,729,746	-
Receivable against conversion of units	2,789	-
Profit accrued on balances with banks	150	150
	2,873,666	141,131

16.3.2 Credit quality of financial assets

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

Bank	Rating	Amount of financial assets exposed to credit risk	% of financial assets exposed to credit risk
		2018	2018
Meezan Bank Limited	AA	140,982	100.00%
		<u>140,982</u>	<u>100.00%</u>

17. FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. 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, 2018, the Fund held the following financial instruments measured at fair values:

	2018		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets			
At fair value through profit or loss	2,729,746	-	-
	<u>2,729,746</u>	<u>-</u>	<u>-</u>





18. UNITHOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 16, 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.

19. UNIT HOLDING PATTERN OF THE FUND

	MCPPIV			MCPPIV		
	2018			2018		
	Number of Investors	Investment amount (Rupees in '000)	Percentage of total Investment (Percentage)	Number of Investors	Investment amount (Rupees in '000)	Percentage of total Investment (Percentage)
Individual	1,388	1,439,660	68.06	639	597,437	81.47
Director	1	4,969	0.23	-	-	-
Retirement funds	41	561,460	26.54	8	60,725	8.28
Others	15	109,281	5.17	9	75,206	10.25
Total	1,445	2,115,370	100.00	656	733,368	100.00

20. PERFORMANCE TABLE

	June 30, 2018	
	MCPPIV	MCPPIV
	(Rupees in '000)	
Net assets (Rs. '000) (ex-distribution)	2,115,370	733,368
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	49.7996	50.0298
Offer price per unit as at June 30 (Rs.)	-	51.7258
Highest offer price per unit (Rs.)	52.1562	51.9502
Lowest offer price per unit (Rs.)	51.6950	51.4939
Highest redemption price per unit (Rs.)	50.4461	50.2468
Lowest redemption price per unit (Rs.)	49.4952	49.8055
Total return (%)	-0.40%	0.10%

Investment portfolio composition of the Fund is described in note 5.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate.

21. INVESTMENT COMMITTEE MEMBERS

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

Name	Designation	Qualification	Experience in years
Mr. Mohammad Shoaib	Chief Executive	CFA / MBA	Twenty Eight years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Two years
Mr. Ahmed Hassan	VP Investments	CFA / MBA	Eleven years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Eight years
Mr. Zain Malik	VP Investments	CFA / BBA	Nine years
Mr. Asif Imtiaz	Senior Manager	CFA / MBA - Finance	Ten years
Mr. Asmar Hamoodi	AVP Investments	BBA - Finance / CFA / A.C.C.A	Six years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Thirteen years
Mr. Ali Asghar	AVP/Head of Research	CFA level II / MBA (in progress)	Seven years

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

- KSE - Meezan Index Fund
- Meezan Dedicated Equity Fund
- Meezan Strategic Allocation Fund - I
- Meezan Financial Planning Fund of Funds; and
- Meezan Balanced Fund

22. 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	Designation	Meeting held on				
		August 24, 2017	October 19, 2017	February 8, 2018	April 24, 2018	May 31, 2018
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	Yes	No	Yes	No
Mr. Arshad Majeed *	Director	-	-	-	No	Yes
Syed Amir Ali *	Director	Yes	Yes	Yes	Resigned	-
Ms. Salma Kamila Khan **	Director	-	-	Yes	Yes	Yes
Mr. P. Ahmed **	Director	Yes	Yes	-	-	-
Mazhar Sharif ***	Director	Yes	Yes	-	-	-
Mr. Naeem Sattar ***	Director	-	-	Yes	Yes	Yes

* Syed Amir Ali resigned and in his place Mr. Arshad Majeed was appointed as Director of Al Meezan Investment Management Limited for the remaining term of the Board. The SECP vide their letter no. SCD/AMCW/AMIML/369/2018 dated May 15, 2018 have expressed their No Objection to this appointment.

**Ms. Kamila was appointed as an Independent Director in place of Mr. P. Ahmed in the elections of the Company held in December 2017. The SECP vide their letter no. SCD/AMCW/AMIML/230/2018 dated January 16, 2018 have expressed their No Objection to this appointment.

***Mr. Naeem Sattar was appointed as a nominee Director of PKIC in place of Mr. Mazhar Sharif in the elections of the Company held in December 2017. The SECP vide their letter no. SCD/AMCW/AMIML/230/2018 dated January 16, 2018 have expressed their No Objection to this appointment.





23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 09, 2018.

24. GENERAL

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

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

Handwritten signature of Mohammad Shoaib in black ink.

**Mohammad Shoaib, CFA
Chief Executive**

Handwritten signature of Syed Amir Ali Zaidi in black ink.

**Syed Amir Ali Zaidi
Director**



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