



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.

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. 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 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 - Islamic Banking
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
Habib Bank Limited - Islamic Banking

Habib Metropolitan Bank Limited - Islamic Banking
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking
Sindh Bank Limited - Islamic Banking
UBL Ameen

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 YEAR ENDED JUNE 30, 2018

Type of Fund

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

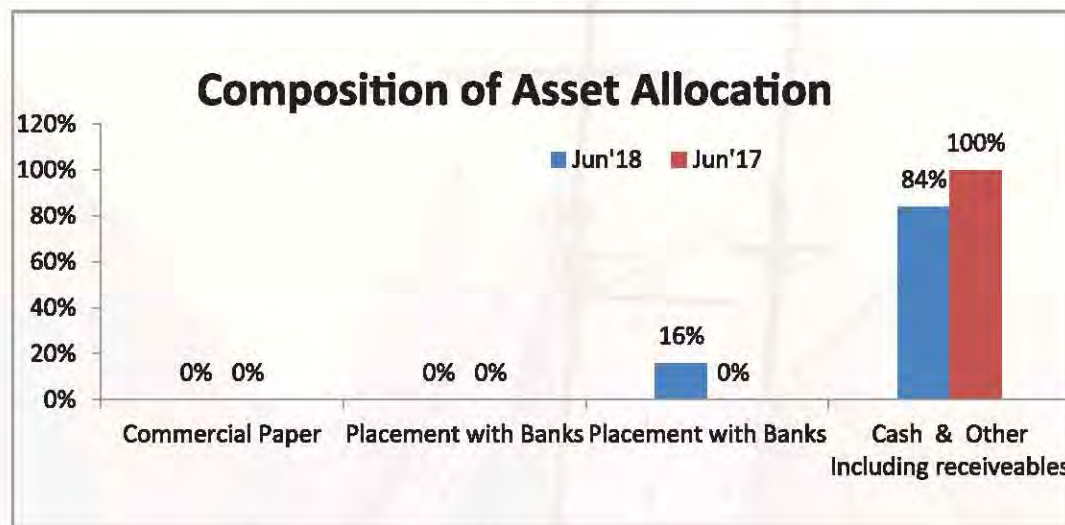
Objective

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 2017 and 2018



Performance Review

Meezan Cash Fund (MCF) provided a competitive return of 4.29% to its investors for the year ended June 30, 2018 as compared to its benchmark return of 2.58%.

The Fund earned a gross income of Rs. 426 million, which was primarily due to profit on bank deposits and placements amounting to Rs. 426 million. The fund also incurred expenses totalling to Rs. 112 million, which brought the net income figure to Rs. 314 million. The net assets of the Fund as at June 30, 2018 were Rs. 9,921 million as compared to Rs. 3,350 million at the end of last year depicting an increase of 196%. The net asset value per unit as at June 30, 2018 was Rs. 52.60 as compared to Rs. 50.43 per unit as on June 30, 2017.

Distributions

The final Payout by the Fund during the fiscal year ended June 30, 2018 was Rs. 2.16 per unit (4.33%). Total distribution made by the fund was Rs. 178 million.

Fund Stability Rating

JCR-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, 2018)

Range (Units)	No. of Investors
1 - 9,999	5,360
10,000 - 49,999	1,285
50,000 - 99,999	223
100,000 - 499,999	145
500,000 and above	25
Total	7,038



Meezan Bank
The Premier Islamic Bank

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

August 3, 2018/ Dhu Al-Qi'dah 20, 1439

Alhamdulillah, the period from July 1, 2017 to June 30, 2018 was the tenth 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, 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
Shari'ah Advisor

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shakra-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
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Email: info@cdcpak.com



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, 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





INDEPENDENT AUDITOR'S REPORT

**To the Unitholders 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, 2018, and the income statement, statement of comprehensive income, statement of movement in unit holders' funds 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, 2018, and of its financial performance, its cash flows and transactions 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 are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	Amendments to NBFC Regulations, 2008 (Refer note 3.10 to the annexed financial statements) The Securities and Exchange Commission of Pakistan through its notification [SRO 756(I)/2017] dated August 3, 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The impacts of these amendments have been incorporated in the financial statements of the Fund for the year ended June 30, 2018. These amendments mainly includes changes with respect to recognition, measurement and presentation of "element of income", addition of certain disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Fund'. The Fund has changed its accounting policy during the current year in respect of accounting for "element of income" consequent to the issuance of the above mentioned	We understood the requirements of the SECP notification and made inquiries from the management in respect of their methodology for implementing the changes with respect to recording of element of income. We performed walkthrough tests for ensuring compliance with the revised requirements and in this respect obtained reports of distribution of income and refund of capital by the Fund. We verified transactions on a test basis with the underlying records of the reports provided by the management to assess their compliance with the revised regulations.

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>

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S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>notification. The change in accounting policy has been applied prospectively from July 1, 2017 based on the clarification issued by the SECP. With this change in accounting policy the element of income which was previously recognized as part of the income for the year in the Income Statement is now 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 year. Accordingly, the net amount appearing on the "Income Statement" after deducting the income already paid on units redeemed is to be considered as the distributable amount.</p> <p>In order to avail tax exemption, the Fund has to distribute 90 percent of its accounting income (excluding realised and unrealised capital gains). However, at the time of distribution of income, the element of income contributed on issue of units recognized in the equity during the year is required to be refunded on the units in the same proportion in which income is distributed from the Income Statement i.e after taking into account the amount of income already paid on units redeemed. Management has developed a system for carrying out the calculations for such distributions.</p> <p>These calculations are important from the point of view of ensuring compliance with the applicable requirements. The above matters are significant accounting and regulatory developments / events for the mutual fund industry affecting the financial statements for the current year and therefore we considered these developments as key audit matter.</p>	<p>We recalculated the profit available for distribution taking into account amount already distributed at the time of redemption.</p> <p>We verified the accuracy of the management report for allocation of distributable amount between "distribution out of income" and "refund of capital". This included testing the parameters of the report.</p> <p>We verified disclosures relating to change in accounting policy to ensure that these are in compliance with the applicable accounting and reporting framework.</p>
2	Net Asset Value	
	<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 1.66 billion and balances with banks aggregated to Rs 8.47 billion.</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; • Ensured that the investments are carried as per the valuation methodology specified in the accounting policies; • Obtained approval of 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.

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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.
- 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.

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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.

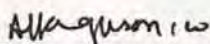
Report on Other Legal and Regulatory Requirement

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.

Other Matter

The financial statements of the Fund for the year ended June 30, 2017 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated August 24, 2017.

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


Chartered Accountants

Karachi

Date: September 19, 2018





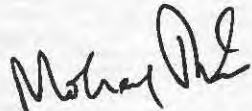
STATEMENT OF ASSETS AND LIABILITIES

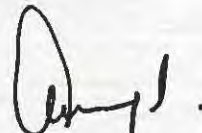
AS AT JUNE 30, 2018

	Note	2018 (Rupees in '000)	2017
Assets			
Balances with banks	4	8,470,637	3,730,705
Investments	5	1,657,000	-
Receivable against conversion of units		86,612	738,771
Profit accrued	6	73,526	37,071
Deposits and prepayments	7	572	596
Total assets		10,288,347	4,507,143
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	8	10,198	4,550
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	763	375
Payable to the Securities and Exchange Commission of Pakistan	10	5,536	2,903
Payable against conversion and redemption of units		308,928	1,096,454
Dividend payable		-	4,552
Accrued expenses and other liabilities	11	41,970	47,915
Total liabilities		367,395	1,156,749
NET ASSETS		9,920,952	3,350,394
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		9,920,952	3,350,394
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		188,624,016	66,430,638
		(Rupees)	
NET ASSET VALUE PER UNIT		52.5964	50.4300

The annexed notes from 1 to 30 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

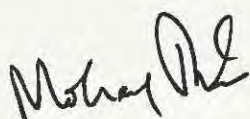
INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2018

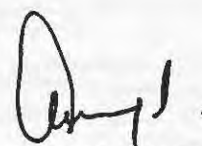
	Note	2018 (Rupees in '000)	2017
Income			
Profit earned	13	425,878	226,133
Reversal of Workers' Welfare Fund (WWF)		-	58,585
Total income		425,878	284,718
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	73,813	38,809
Sindh Sales Tax on remuneration of the Management Company	8.2	9,596	5,034
Allocated expenses	8.3	7,381	3,844
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	6,284	3,661
Sindh Sales Tax on remuneration of the Trustee	9.2	817	476
Annual fees to the Securities and Exchange Commission of Pakistan	10	5,536	2,903
Auditors' remuneration	14	464	435
Fees and Subscription		1,130	734
Printing expenses		119	223
Legal and professional charges		76	104
Bank and settlement charges		379	198
Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	6,406	6,091
Total expenses		112,001	62,512
Net income from operating activities		313,877	222,206
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net	3.1	-	(23,468)
Net income for the year before taxation		313,877	198,738
Taxation	16	-	-
Net income for the year after taxation		313,877	198,738
Allocation of net income for the year			
Net income for the year after taxation		313,877	-
Income already paid on units redeemed		(135,869)	-
		178,008	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		178,008	-
		178,008	-

The annexed notes from 1 to 30 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**



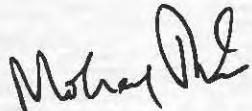


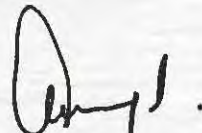
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 (Rupees in '000)	2017
Net income for the year after taxation		313,877	198,738
Other comprehensive income for the year		-	-
Total comprehensive income for the year		313,877	198,738

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

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


Mohammad Shoalb, CFA
Chief Executive


Syed Amir Ali Zaidi
Director

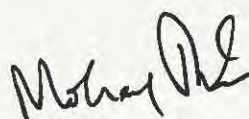
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2018

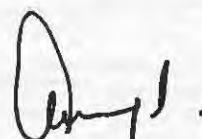
	2018		
	Capital Value	Undistributed Income / (loss)	Total
	(Rupees in '000)		
Net assets at beginning of the year	3,314,546	35,848	3,350,394
Issuance of 709,742,876 units			
- Capital value (at net asset value per unit at the beginning of the year)	35,792,333	-	35,792,333
- Element of Income	774,214	-	774,214
Total proceeds on issuance of units	36,566,547	-	36,566,547
Redemption of 587,549,498 units			
- Capital value (at net asset value per unit at the beginning of the year)	29,630,121	-	29,630,121
- Element of Income	543,876	135,869	679,745
Total payments on redemption of units	30,173,997	135,869	30,309,866
Total comprehensive income for the year	-	313,877	313,877
Distribution during the year	-	-	-
Net income for the year less distribution	-	313,877	313,877
Net assets at end of the year	9,707,096	213,856	9,920,952
Undistributed Income carried forward			
- Realised income		213,856	
- Unrealised Income		-	
		213,856	
Accounting Income available for distribution			
- Relating to capital gains		-	
- Excluding capital gains		178,008	
		178,008	
			(Rupees)
Net assets value per unit at beginning of the year			50.4300
Net assets value per unit at end of the year			52.5964
			June 30, 2017
			Rupees in '000
Capital Value			3,415,326
Undistributed Income brought forward			16,456
- Realised			-
- Unrealised			-
Net assets at beginning of the year			3,431,782
Issuance of 396,890,720 units			22,077,080
Redemption of 468,956,990 units			(22,201,328)
			(124,248)
Element of loss and capital losses included in prices of units Issued less those in units redeemed - net			23,468
Realised loss on sale of sukuk certificates			-
Other net income for the year			198,738
Total comprehensive income for the year			198,738
Interim distribution for the year ended June 30, 2017			-
- cash dividend @ 5.50% (Rs. 2.75 per unit)			(179,346)
Net income for the year less distribution			19,392
Net assets at end of the year			3,350,394
Represented by:			
Capital value			3,314,546
Undistributed income carried forward			35,848
- Realised Income			-
- Unrealised Income			-
			3,350,394
			(Rupees)
Net assets value per unit at beginning of the year			50.1400
Net assets value per unit at end of the year			50.4300

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

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



Mohammad Shoab, CFA
Chief Executive



Syed Amir Ali Zaidi
Director



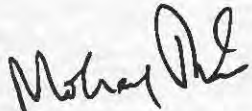


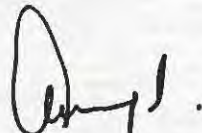
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 (Rupees in '000)	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		313,877	198,738
Adjustments for:			
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		-	23,468
		313,877	222,206
(Increase) / decrease in assets			
Investments - net		-	800,000
Profit accrued		(36,455)	5,017
Deposits and prepayments		24	(32)
		(36,431)	804,985
(Decrease) / increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		5,648	1,113
Payable to the Central Depository Company of Pakistan Limited - Trustee		388	(241)
Payable to the Securities and Exchange Commission of Pakistan		2,633	(849)
Accrued expenses and other liabilities		(5,945)	(52,109)
		2,724	(52,086)
Net cash (used in) / generated from operating activities		280,170	975,105
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		37,218,706	22,482,240
Payments against redemption and conversion of units		(31,097,392)	(21,590,372)
Dividend paid		(4,552)	(174,819)
Net cash generated from financing activities		6,116,762	717,049
Net increase in cash and cash equivalents		6,396,932	1,692,154
Cash and cash equivalents at the beginning of the year		3,730,705	2,038,551
Cash and cash equivalents at the end of the year	18	10,127,637	3,730,705

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

**For Al 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 YEAR ENDED JUNE 30, 2018

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 given a quality rating of AM1 and the stability rating of the Fund is AA(f) given by JCR-VIS Credit Rating Company Limited.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a Trustee.

2. BASIS OF PREPARATION

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 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 IFRS Standards, 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.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain amendments to the standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2017 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3 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.

2.4 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 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 3.3 and 5) and provision for taxation (notes 3.14 and 18).

2.5 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 value.

2.6 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years except for the changes in accounting policies as explained in notes 3.10 and 3.11 below.

3.2 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.

3.3 Financial assets

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 assets 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 i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets generally 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'

Subsequent to initial recognition, instruments classified as financial assets at 'fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement. Changes in the fair value of instruments classified as 'available for sale' are recognised in other comprehensive income until derecognised or impaired when the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

b) Loans and receivables

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

Gains or losses are recognised in the Income Statement through the amortisation process or when the financial assets carried at amortised cost are derecognised or impaired.

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.

a) Available-for-sale financial assets

Impairment loss on investment classified as 'available for sale' debt instruments is recognised in the Income Statement whenever the acquisition cost of investment exceeds its recoverable amount. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed in the Income Statement.

b) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. 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.

3.4 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 year end.

3.8 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 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.

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 / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, 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. Further, the revised regulations also specify that 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 will 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.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosure requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 based on a clarification issued by the SECP. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been higher by Rs 92.579 million net off charge for SWWF with immaterial effect on the 'net assets attributable to the unit holders' and NAV per unit of the Fund as disclosed in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund' respectively. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

- 3.11** During the current year, the Fund has also changed its accounting policy in respect of the presentation of components of 'other comprehensive income' by including a separate statement titled 'Statement of Comprehensive Income'. Previously, these components were shown in a single statement along with the items of income and expenses under the heading 'Income Statement and Statement of Comprehensive Income'. As a result of the above change, two separate statements are now being presented i.e. 'Income Statement' (representing items of income and expenses) and 'Statement of Other Comprehensive Income' (representing components of 'other comprehensive income'). This change in accounting policy has been made for better presentation and has been applied retrospectively.

3.12 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits 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.

3.13 Expenses

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

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 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 of the year before taxation of the Fund by the weighted average number of units outstanding during the year.

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





4. BALANCES WITH BANKS	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Balances with banks in:			
Savings accounts	4.1	8,468,137	3,705,496
Current account		2,500	25,209
		8,470,637	3,730,705

4.1 The balances in saving accounts have expected profit rates ranging from 2.40% to 6.60% per annum (2017: 2.40% to 6.10% per annum).

5. INVESTMENTS	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Loans and receivables			
Term deposit receipts	5.1	1,657,000	-
		1,657,000	-

5.1 Details of term deposit receipts

Name of the bank	Maturity Date	Profit rate	As at July 01, 2017	Term deposit receipts placed during the year	Matured during the year	As at June 30, 2018	Percentage of market value of total investments
		%					%
Bank Al Habib Limited	1-Nov-17	5.80%	-	420,000	420,000	-	0%
Bank Al Habib Limited	1-Feb-18	5.85%	-	670,000	670,000	-	0%
Habib Bank Limited	7-May-18	5.90%	-	650,000	650,000	-	0%
Habib Bank Limited	29-Jan-18	6.20%	-	110,000	110,000	-	0%
Bank Al Habib Limited	30-Apr-18	5.90%	-	757,000	757,000	-	0%
Faysal Bank Limited	9-May-18	5.95%	-	760,000	760,000	-	0%
Bank Al Habib Limited	16-May-18	6.05%	-	757,000	757,000	-	0%
Faysal Bank Limited	16-May-18	6.13%	-	900,000	900,000	-	0%
Bank Al Habib Limited	30-Jul-18	6.05%	-	757,000	-	757,000	46%
Faysal Bank Limited	18-Aug-18	6.13%	-	900,000	-	900,000	54%
As at June 30, 2018				6,681,000	5,024,000	1,657,000	100%
As at June 30, 2017						-	-

6. PROFIT ACCRUED	2018 (Rupees in '000)	2017 (Rupees in '000)
Profit accrued on		
Bank balances	60,830	37,071
Term deposit receipts	12,696	-
	73,526	37,071

7. DEPOSITS AND PREPAYMENTS	2018 (Rupees in '000)	2017 (Rupees in '000)
Security deposit with Central Depository Company of Pakistan Limited		
	100	100
Prepayments	272	296
Initial deposit with Meezan Bank Limited	200	200
	572	596

	Note	2018 (Rupees in '000)	2017
8. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee payable	8.1	8,291	3,700
Sindh Sales Tax payable on remuneration of the Management Company	8.2	1,078	481
Allocated expenses	8.3	829	369
		10,198	4,550

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 3% of the average annual net assets in case of Money Market Scheme. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2017: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2018. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs. 9.596 million (2017: Rs 5.034 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. 8.999 million (2017: Rs. 4.941 million) has been paid to the Management Company which acts as a collecting agent.

8.3 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.

	Note	2018 (Rupees in '000)	2017
9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY			
Trustee fee payable	9.1	683	332
Sindh Sales Tax payable on trustee fee	9.2	80	43
		763	375

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- Up to Rs 1 billion 0.15% 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.

9.2 During the year, an amount of Rs 0.817 million (2017: Rs 0.476 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 0.780 million (2017: Rs 0.509 million) was paid to the Trustee which acts as a collecting agent.

10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a collective investment scheme classified as a Money Market scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.075% of the average annual net assets of the Fund as annual fee.





	Note	2018 (Rupees in '000)	2017
11. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		445	295
Printing expenses payable		40	98
Shariah advisor fee payable		403	268
Withholding tax payable		3,659	16,450
Federal Excise Duty payable on remuneration of the Management Company	11.1	24,687	24,687
Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	12,497	6,091
Zakat payable		239	26
		41,970	47,915

- 11.1** 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% 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.

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.

With effect from July 01, 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.

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 01, 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 24.687 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 for FED not been made, the Net Asset Value of the Fund as at June 30, 2018 would have been higher by Rs 0.13 (2017: Rs 0.37) per unit.

- 11.2** 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).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

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, 2018, the net asset value of the Fund as at June 30, 2018 would have been higher by Rs. 0.07 per unit (2017: Rs 0.09 per unit).

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2018 and June 30, 2017.

13. PROFIT EARNED

Profit on:

Savings and term deposits
Sukuk certificates

2018 **2017**
(Rupees in '000)

	425,878	219,288
	-	6,845
	425,878	226,133
	336	175
	111	110
	-	120
	17	30
	464	435

14. AUDITORS' REMUNERATION

Annual audit fee
Half yearly review
Other certification fee
Out of pocket expenses

15. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2018 is 1.52% which includes 0.30% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, 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. PERFORMANCE TABLE

	2018	2017	2016	2015	2014
Net assets (Rs '000) (ex-distribution)	9,920,952	3,350,394	3,431,782	7,617,739	3,049,366
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	50.4315	50.43	50.14	50.10	50.07
Offer price per unit as at June 30 (Rs) (ex-distribution) *	50.4315	50.43	50.14	50.10	50.07
Distribution (%)					
- First interim distribution	-	5.50	4.50	7.40	0.54
- Second interim distribution	-	-	-	-	0.60
- Third interim distribution	-	-	-	-	0.60
- Fourth interim distribution	-	-	-	-	0.64
- Fifth interim distribution	-	-	-	-	0.54
- Sixth interim distribution	-	-	-	-	0.60
- Seventh interim distribution	-	-	-	-	0.60
- Eighth interim distribution	-	-	-	-	0.60
- Ninth interim distribution	-	-	-	-	0.60
- Tenth interim distribution	-	-	-	-	0.52
- Eleventh interim distribution	-	-	-	-	0.48
- Final distribution	Refer note 28	-	-	-	0.52



16. PERFORMANCE TABLE	2018	2017	2016	2015	2014
- First interim distribution	-	Jun 23, 2017	Jun 24, 2016	Jun 26, 2015	Jul 23, 2013
- Second interim distribution	-	-	-	-	Aug 22, 2013
- Third interim distribution	-	-	-	-	Sep 20, 2013
- Fourth interim distribution	-	-	-	-	Oct 23, 2013
- Fifth interim distribution	-	-	-	-	Nov 21, 2013
- Sixth interim distribution	-	-	-	-	Dec 24, 2013
- Seventh interim distribution	-	-	-	-	Jan 24, 2014
- Eighth interim distribution	-	-	-	-	Feb 24, 2014
- Ninth interim distribution	-	-	-	-	Mar 24, 2014
- Tenth interim distribution	-	-	-	-	Apr 24, 2014
- Eleventh interim distribution	-	-	-	-	May 23, 2014
- Final distribution	July 06, 2018	-	-	-	Jun 24, 2014
Income distribution (Rupees in '000)	178,008	179,346	98,455	231,767	133
Growth distribution (Rupees in '000)	230,344	-	-	-	379,647
Highest offer price per unit (Rs.)	52.5964	53.12	52.32	53.72	50.35
Lowest offer price per unit (Rs.)	50.4345	50.21	50.09	50.04	50.00
Highest redemption price per unit (Rs.)	52.5964	53.12	52.32	53.72	50.35
Lowest redemption price per unit (Rs.)*	50.4345	50.21	50.09	50.04	50.00
Total return (%)	4.30	6.07	4.59	7.46	7.08
	One Year	Two Year	Three Year	Four Year	Five Year
Average annual return (%) as at June 30, 2018	4.30	5.12	4.94	5.49	5.78

* Back end load will apply as per the requirements of the offering document of the Fund.

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

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

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 intends to distribute the required minimum percentage of income earned by the Fund for the year ended June 30, 2018 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 and unitholders 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:

	2018	2017
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Management Company		
Transactions during the year		
Remuneration charged	73,813	38,809
Sindh Sales Tax on remuneration of the Management Company	9,596	5,034
Allocated expenses	7,381	3,844
Balances		
Remuneration Payable	8,291	3,700
Sindh Sales Tax on accounting and operational charges	1,078	481
Allocated expenses	829	369
Central Depository Company of Pakistan Limited - Trustee		
Transactions during the year		
Remuneration of the Trustee	6,284	3,661
Sindh Sales Tax on remuneration of the Trustee	817	476
Settlement charges incurred	6	7
Balances		
Remuneration Payable	683	340
Sindh Sales Tax on trustee fee payable	80	35
Security deposits	100	100
Meezan Bank Limited		
Transactions during the year		
Balance with bank	133,042	33,858
Profit receivable on saving account	1,288	1,441
Balances		
Profit on saving account	2,893	1,623
Units issued: 10,303,266 units (June 30, 2017: Nil units)	530,000	-
Units redeemed: 10,303,266 units (June 30, 2017: Nil units)	530,517	-
MFPF - Meezan Aggressive Allocation Plan		
Units issued: 212,965 units (June 30, 2017: 2,228,076 units)	10,997	117,329
Units redeemed: 898,696 units (June 30, 2017: 359,359 units)	45,970	18,858
Dividend Paid	-	5,067
Investment of 1,182,986 (June 30, 2017: 1,868,717 units)	62,221	94,239





	2018 (Rupees in '000)	2017
MFPF - Meezan Conservative Allocation Plan		
Units issued: 368,345 units (June 30, 2017: 3,362,999 units)	18,985	177,125
Units redeemed: 1,385,690 units (June 30, 2017: 328,489 units)	71,072	16,941
Dividend Paid	-	5,872
Investment of 2,017,164 units (June 30, 2017: 3,034,510 units)	106,096	153,030
MFPF - Meezan Moderate Allocation Plan		
Units issued: 340,959 units (June 30, 2017: 2,343,328 units)	17,616	123,391
Units redeemed: 896,651 units (June 30, 2017: 315,296 units)	46,071	16,119
Dividend Paid	-	8,374
Investment of 1,472,341 units (June 30, 2017: 2,028,032 units)	77,440	102,274
MFPF - Meezan Asset Allocation Plan - I		
Units issued: 3,634,077 units (June 30, 2017: 2,340,409 units)	185,030	122,107
Units redeemed: 4,946,368 units (June 30, 2017: 463,492 units)	252,980	24,218
Dividend Paid	-	4,894
Investment of 564,625 units (June 30, 2017: 1,876,917 units)	29,697	94,653
MFPF - Meezan Asset Allocation Plan - II		
Units issued: 13,750,054 units (June 30, 2017: 2,823,075 units)	705,388	145,949
Units redeemed: 15,325,017 units (June 30, 2017: 1,248,112 units)	789,452	65,394
Dividend Paid	-	4,107
Investment of Nil units (June 30, 2017: 1,574,963 units)	-	79,425
MFPF - Meezan Asset Allocation Plan - III		
Units issued: 58,062,364 units (June 30, 2017: 5,397,053 units)	2,995,511	283,032
Units redeemed: 58,062,364 units (June 30, 2017: 5,397,053 units)	3,010,181	273,898
Dividend Paid	-	12,032
MFPF - Meezan Asset Allocation Plan - IV		
Units issued: 391,619 units (June 30, 2017: 1,406,135 units)	20,000	73,667
Units redeemed: 835,093 units (June 30, 2017: Nil units)	43,160	-
Dividend Paid	-	3,667
Investment of 962,661 units (June 30, 2017: 1,406,135 units)	50,632	70,911
Meezan Strategic Asset Allocation Fund - MSAP-I		
Units issued: 3,993,262 units (June 30, 2017: 4,033,032 units)	201,500	211,399
Units redeemed: 2,173,221 units (June 30, 2017: 4,033,032 units)	112,371	203,469
Dividend Paid	-	10,423
Investment of 1,820,041 units (June 30, 2017: Nil)	95,728	-
Meezan Strategic Asset Allocation Fund - MSAP-II		
Units issued: 69 units (June 30, 2017: 2,523,778 units)	4	132,292
Units redeemed: 880,336 units (June 30, 2017: 3,793 units)	45,591	200
Dividend Paid	-	6,571
Investment of 1,639,719 units (June 30, 2017: 2,519,985 units)	86,243	127,083
Meezan Strategic Asset Allocation Fund - MSAP-III		
Units issued: 3,606,817 units (June 30, 2017: 4,094,901 units)	182,000	214,936
Units redeemed: 650,740 units (June 30, 2017: 4,085,153 units)	33,940	207,000
Dividend Paid	-	9,436
Investment of 2,965,825 units (June 30, 2017: 9,748 units)	155,992	492

	2018 (Rupees in '000)	2017
Meezan Strategic Asset Allocation Fund - MSAP-IV		
Units issued: 2,576,298 units (June 30, 2017: 6,724,071 units)	130,000	356,152
Units redeemed: 253,653 units (June 30, 2017: 5,522,518 units)	13,140	289,514
Dividend Paid	-	6,649
Investment of 3,524,201 units (June 30, 2017: 1,201,553 units)	185,360	60,594
Meezan Strategic Asset Allocation Fund - MSAP-V		
Units issued: 8,654,895 units (June 30, 2017: Nil units)	441,000	-
Units redeemed: 6,509,422 units (June 30, 2017: Nil units)	332,508	-
Investment of 2,145,473 units (June 30, 2017: Nil)	112,844	-
Meezan Strategic Allocation Fund - MCPP - III		
Units issued: 38,939,974 units (June 30, 2017: Nil units)	2,015,155	-
Units redeemed: 15,708,622 units (June 30, 2017: Nil units)	815,330	-
Investment of 23,231,836 units (June 30, 2017: Nil)	1,221,911	-
Meezan Strategic Allocation Fund -II - MCPP - IV		
Units issued: 51,132,660 units (June 30, 2017: Nil units)	2,665,000	-
Units redeemed: 17,243,182 units (June 30, 2017: Nil units)	900,280	-
Investment of 33,889,478 units (June 30, 2017: Nil)	1,782,465	-
Meezan Strategic Allocation Fund-II - MCPP - V		
Units issued: 12,517,489 units (June 30, 2017: Nil units)	656,100	-
Units redeemed: 2,922,299 units (June 30, 2017: Nil units)	153,350	-
Investment of 9,595,190 units (June 30, 2017: Nil)	504,672	-
Directors and executives of the Management Company		
Units issued: 441,029 units (June 30, 2017: 270,865 units)	22,665	14,186
Units redeemed: 334,999 units (June 30, 2017: 294,804 units)	17,294	15,352
Dividend Paid	-	226
Investment of 108,096 units (June 30, 2017: 86,239 units)	5,685	4,349

	Note	2018 (Rupees in '000)	2017
18. CASH AND CASH EQUIVALENTS			
Cash and bank balances	4	8,470,637	3,730,705
Term Deposit Receipt (with original maturity of three months)	5	1,657,000	-
		10,127,637	3,730,705





19. FINANCIAL INSTRUMENTS BY CATEGORY

	2018			
	Loans and receivables	At fair value through profit or loss	Available-for-sale	Total
	Rupees in '000			
Financial assets				
Balances with banks	8,470,637	-	-	8,470,637
Investments	1,657,000	-	-	1,657,000
Receivable against conversion of units	86,612	-	-	86,612
Profit accrued	73,526	-	-	73,526
Deposits	300	-	-	300
	10,288,075	-	-	10,288,075

	2018		
	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	-	10,198	10,198
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	763	763
Payable against conversion and redemption of units	-	308,928	308,928
Accrued expenses and other liabilities	-	888	888
	-	320,777	320,777

	2017			
	Loans and receivables	At fair value through profit or loss	Available-for-sale	Total
	Rupees in '000			
Financial assets				
Balances with banks	3,730,705	-	-	3,730,705
Investments	-	-	-	-
Receivable against conversion of units	738,771	-	-	738,771
Dividend and other receivables	-	-	-	-
Profit accrued	37,071	-	-	37,071
Deposits	300	-	-	300
	4,506,847	-	-	4,506,847

	2017		
	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	-	4,550	4,550
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	375	375
Payable against conversion and redemption of units	-	1,096,454	1,096,454
Dividend payable	-	4,552	4,552
Accrued expenses and other liabilities	-	661	661
	-	1,106,592	1,106,592

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, 2018, the Fund is exposed to such risk on its balances held with banks and investments in term deposit receipts. 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. At June 30, 2018, 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 0.67 million (2017: Rs 0.37 million).

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in term deposit receipts. At June 30, 2018, 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 0.07 million (2017: Rs Nil).

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, 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 interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2018 can be determined as follows:

	Effective yield / Interest rate (%)	2018			Not exposed to yield / Interest rate risk	Total
		Exposed to yield / Interest rate risk				
		Upto three months	More than three months and upto one year	More than one year		
(Rupees in '000)						
Financial assets						
Balances with banks	2.4% to 6.6%	8,468,137	-	-	2,500	8,470,637
Investments	6.05% to 6.13%	1,657,000	-	-	-	1,657,000
Receivable against conversion of units		-	-	-	86,612	86,612
Profit accrued		-	-	-	73,526	73,526
Deposits		-	-	-	300	300
		10,125,137	-	-	162,938	10,288,075
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	10,198	10,198
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	763	763
Payable against conversion and redemption of units		-	-	-	308,928	308,928
Accrued expenses and other liabilities		-	-	-	888	888
		-	-	-	320,777	320,777
On-balance sheet gap (a)		10,125,137	-	-	(157,839)	9,967,298
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		10,125,137	-	-	-	-
Cumulative profit rate sensitivity gap		10,125,137	10,125,137	10,125,137	-	-
(Rupees in '000)						
2017						
	Effective yield / Interest rate (%)	Exposed to yield / Interest rate risk			Not exposed to yield / Interest rate risk	Total
		Exposed to yield / Interest rate risk				
		Upto three months	More than three months and upto one year	More than one year		
(Rupees in '000)						
Financial assets						
Balances with banks	2.4% to 6.1%	3,705,496	-	-	25,209	3,730,705
Investments		-	-	-	-	-
Receivable against conversion of units		-	-	-	738,771	738,771
Profit accrued		-	-	-	37,071	37,071
Deposits		-	-	-	300	300
		3,705,496	-	-	801,351	4,506,847
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	4,550	4,550
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	375	375
Payable against conversion and redemption of units		-	-	-	1,096,454	1,096,454
Dividend payable		-	-	-	4,552	4,552
Accrued expenses and other liabilities		-	-	-	661	661
		-	-	-	1,106,592	1,106,592
On-balance sheet gap (a)		3,705,496	-	-	(305,241)	3,400,255
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		3,705,496	-	-	-	-
Cumulative profit rate sensitivity gap		3,705,496	3,705,496	3,705,496	-	-



(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. The Fund, at present is not exposed to price risk as it does not have any investment in equity or debt securities as of 30 June 2018.

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:

	2018					Financial instruments with no fixed maturity	Total
	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		
(Rupees in '000)							
Financial assets							
Balances with banks	8,470,637	-	-	-	-	-	8,470,637
Investments	757,000	900,000	-	-	-	-	1,657,000
Receivable against conversion of units	86,612	-	-	-	-	-	86,612
Profit accrued	73,526	-	-	-	-	-	73,526
Deposits and prepayments	-	-	-	-	-	300	300
	9,387,775	900,000	-	-	-	300	10,288,075





2018						
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 liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	10,198	-	-	-	-	10,198
Payable to the Central Depository Company of Pakistan Limited - Trustee	763	-	-	-	-	763
Payable against conversion and redemption of units	308,928	-	-	-	-	308,928
Accrued expenses and other liabilities	-	848	40	-	-	888
	319,889	848	40	-	-	320,777
Net assets / (liabilities)	9,067,886	899,152	(40)	-	300	9,967,298
2017						
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	3,730,705	-	-	-	-	3,730,705
Investments	-	-	-	-	-	-
Receivable against conversion of units	738,771	-	-	-	-	738,771
Profit accrued	37,071	-	-	-	-	37,071
Deposits and prepayments	-	-	-	-	300	300
	4,506,547	-	-	-	300	4,506,847
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	4,550	-	-	-	-	4,550
Payable to the Central Depository Company of Pakistan Limited - Trustee	375	-	-	-	-	375
Payable against conversion and redemption of units	1,096,454	-	-	-	-	1,096,454
Dividend payable	4,552	-	-	-	-	4,552
Accrued expenses and other liabilities	-	563	98	-	-	661
	1,105,931	563	98	-	-	1,106,592
Net assets / (liabilities)	3,400,616	(563)	(98)	-	300	3,400,255

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:

	2018		2017	
	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	8,470,637	8,470,637	3,730,705	3,730,705
Investments	1,657,000	1,657,000	-	-
Receivable against conversion of units	86,612	86,612	738,771	738,771
Profit accrued	73,526	73,526	37,071	37,071
Deposits and prepayments	572	572	596	596
	10,288,347	10,288,347	4,507,143	4,507,143

The maximum exposure to credit risk before any credit enhancement as at June 30, 2018 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 and investments is as follows:

Rating	% of financial assets exposed to credit risk	
	2018	2017
AAA	54.48	71.66
AA+	19.35	0.27
AA	26.17	28.07
	100.00	100.00

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. The Fund's portfolio mainly comprises of term deposit receipt and balances with banks. 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, 2018 are unsecured and are not impaired

21. 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 does not hold financial assets which required fair valuation.

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	2018			2017		
	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	6,902	4,224,512	42.58	3,367	1,767,544	52.76
Associated Companies / Directors	15	4,472,648	45.08	9	782,853	23.37
Insurance Companies	9	124,484	1.25	10	85,851	2.56
Banks and DFIs	1	10	0.00	1	9	0.00
Retirement Funds	45	206,059	2.08	29	99,768	2.98
Private Limited Companies	20	243,921	2.46	20	256,837	7.67
Others	46	649,318	6.55	26	357,532	10.66
	7,038	9,920,952	100.00%	3,462	3,350,394	100.00%



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	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

25.1 The Fund manager of the Fund is Mr. Zain Malik. Other Funds being managed by the Fund Manager are as follows:

- Meezan Cash Fund; and
- Meezan Sovereign 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	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. Saima 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 AI 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.





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. NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

The Board of Directors of the Management Company in the meeting held on July 06, 2018 approved a final cash dividend of Rs Rs. 2.1649 per unit (2017: Rs 2.2500 per unit) on the face value of Rs 50 each (i.e.4.33%) amounting to Rs 178.01 million (2017: Rs 179.35 million) . The financial statements of the Fund for the year ended June 30, 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

29. 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.

30. GENERAL

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

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

**Mohammad Shoaib, CFA
Chief Executive**

**Syed Amir Ali Zaidi
Director**



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