KSE-Meezan
Index Fund

KSE-MEEZAN INDEX FUND (KMIF)

KSE Meezan Index Fund(KMIF) is a Shariah compliant Index Fund that aims to provide investors an opportunity to closely track the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages.

REDEFINING INVESTMENT IN THE CITY OF LIGHTS

FUND INFORMATION

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY
Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURSE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	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
Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking

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

TRANSFER AGENT
Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER
KSE Meezan Index Fund (KMIF)

Type of Fund
Open end index tracker fund

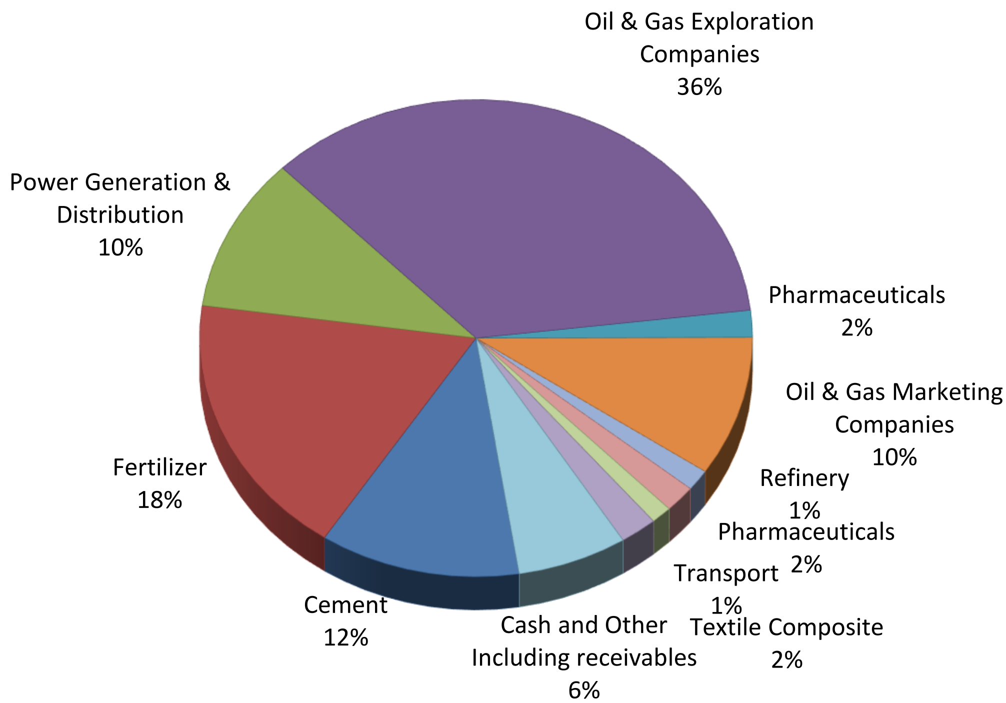
Objective
The objective of KMIF is to provide investors an opportunity to track the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the Index in proportion to their weightages.

Strategy, Investment Policy and Asset Allocation

The performance of KMIF is linked directly to the performance of KSE-Meezan Index 30 (KMI 30). The Fund Manager, Al Meezan Investment Management Limited, manages the fund with an aim to closely track the returns of the index. The Fund Manager strives to completely match the weightages of the constituent stocks of the index. Hence, this is a passively managed fund.

As on June 30, 2019, the asset allocation of the fund is as given below:

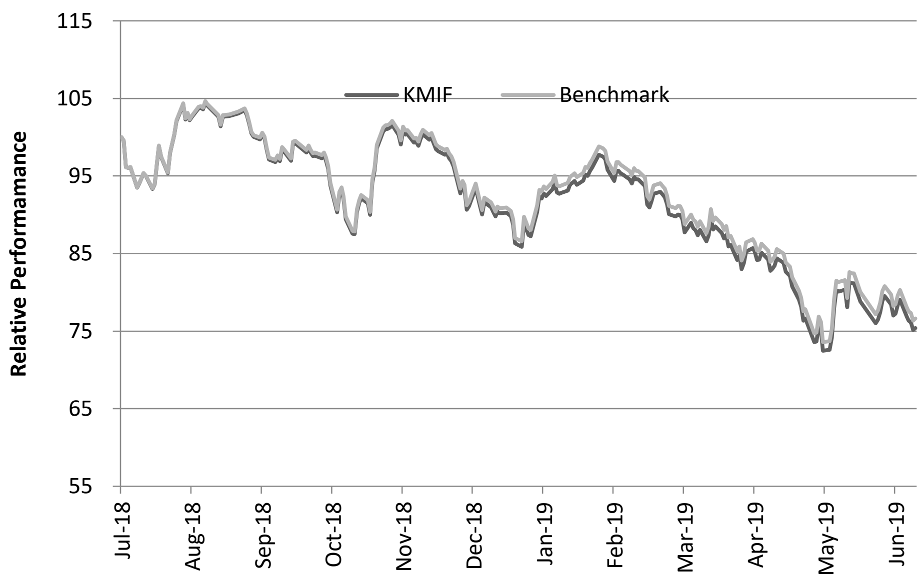
Sector Allocation as on 30th June 2019



Performance Review
During FY19, KSE Meezan Index Fund (KMIF) provided a return of negative 25.06% to its investors while KSE Meezan Index (KMI 30) returned negative 23.84% to close at 54,119 pts. On a gross basis, the fund's return was -23.26%, thus tracking 97.56% of the benchmark return with tracking error remaining within the stipulated limits.

	KMIF	KMI-30
Net Asset Value (NAV) as on June 30, 2018	70.66	71,060
Net Asset Value (NAV) as on June 30, 2019	52.95	54,119
Return During the Period	-25.06%	-23.84%

KMIF posted a total loss of Rs. 450 million in the fiscal year 2019 as compared to a total loss of Rs. 187 million last year. Total loss comprised of realized and unrealized capital losses on investments of Rs. 90 million and Rs. 447 million respectively, while the net inflow in the Fund during the year was 310 million. Dividend income contributed Rs. 84 million to income, while profit on saving accounts with banks amounted to Rs. 0.55 million. After accounting for expenses of Rs. 30 million, the Fund posted a net loss of Rs. 480 million. The net assets of the Fund as at June 30, 2019 were Rs. 1,517 million as compared to Rs. 1,687 million at the end of last year depicting a decline of 10%. The net asset value per unit as at June 30, 2019 was Rs. 52.95 as compared to Rs. 70.66 per unit as on June 30, 2018.



Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2019 an amount of Rs. 1.843 million was accrued as charity payable.

Distributions
There is NIL distribution by the Fund during the fiscal year ended June 30, 2019.

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	2	2	-	-
Percentage	100%	100%	-	-

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website www.almeezangroup.com. A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.

Breakdown of unit holdings by size:

(As on June 30, 2019)

Range (Units)	No. of investors
1 - 9,999	920
10,000 - 49,999	87
50,000 - 99,999	10
100,000 - 499,999	10
500,000 and above	8
Total	**1,035**

Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor –KSE Meezan Index Fund

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 2018 to June 30, 2019 was the Seventh year of operations of KSE Meezan Index Fund (KMIF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity

In the capacity of *Shari'ah Advisor*, we have prescribed six criteria for Shari'ah compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non-Shari'ah compliant activities to Total assets (iv) Shari'ah Non Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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 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.

i. We have reviewed and approved the modes of investments of KMIF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of KMIF as on June 30, 2019 and their evaluation according to the screening criteria established by us. (December 31, 2018 accounts of the Investee companies have been used for the following calculations*):

	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
						Net Liquid Assets vs. Share Price (B>A)	
Company Name	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets per Share (A)	Share Price (B)
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.02%	11.98%	1.31%	39%	47.24	149.66
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	12.32%	4.26%	36%	77.25	128
Engro Corporation Ltd	Fertilizer	33.98%	20.80%	3.52%	66%	(144.42)	

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Pakistan Oil Fields	Oil & Gas Exploration Companies	0.00%	0.01%	3.2%	52.39%	(9.27)	
Lucky Cement	Cement	13.58%	0.03%	2.09%	76%	(65)	
The Hub Power Company***	Power Generation and Distribution	31.38%	0.00%	0.43%	41%	(29.25)	
Engro Fertilizer	Fertilizer	25.93%	6.57%	0.43%	76%	(32.98)	
Sui Northern Gas Pipelines Ltd.	Oil & Gas Marketing Companies	15.27%	0.00%	1.51%	50%	(360.99)	
Mari Petroleum Ltd	Oil & Gas Exploration Companies	11.14%	15.09%	1.04%	33%	(597.55)	

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.

** All interest based debts.

*** Debt is considered excluding circular debt.

ii. On the basis of information provided by the management, all operations of KMIF for the year ended June 30, 2019 have been in compliance with the *Shari'ah* principles.

In light of the above, we hereby certify that all the provisions of the Scheme and investments made on account of KMIF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shariah Advisor

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

KSE MEEZAN INDEX 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 KSE Meezan Index 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, 2019 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 20, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of KSE Meezan Index Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KSE Meezan Index Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2019, 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 is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer note 6 to the financial statements)	
	The investments constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 1,522.876 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures included the following: ▪ 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 as at June 30, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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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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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 othe information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirement

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

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

Chartered Accountants

Karachi

Date: September 18, 2019

KSE MEEZAN INDEX FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019

KSE-Meezan Index Fund

	Note	2019	2018
		-------Rupees in '000'-------	
Assets			
Balances with banks	5	8,935	19,141
Investments	6	1,522,876	1,686,929
Receivable against conversion of units		40,106	654
Dividend receivable		9,994	62
Deposits and other receivables	7	2,756	2,781
Total assets		1,584,667	1,709,567
Liabilities			
Remuneration of Al Meezan Investment Management Limited - - Management Company	8	1,507	1,803
Payable to Central Depository Company of Pakistan Limited - Trustee	9	229	253
Payable to Securities and Exchange Commission of Pakistan	10	1,564	1,647
Payable to Meezan Bank Limited		14	43
Payable against conversion and redemption of units		274	69
Payable against purchase of investments		44,670	266
Accrued expenses and other liabilities	11	19,271	18,006
Total liabilities		67,529	22,087
NET ASSETS		1,517,138	1,687,480
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,517,138	1,687,480
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		28,653,899	23,882,324
		(Rupees)	
NET ASSET VALUE PER UNIT		52.9470	70.6581

The annexed notes from 1 to 28 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive | **Chief Financial Officer** | **Director**

KSE MEEZAN INDEX FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		-------Rupees in '000'-------	
Income			
Dividend income		83,572	91,836
Profit on saving accounts with banks		555	305
Net realised loss on sale of investments		(89,688)	(96,851)
Other income		2,084	1,176
		(3,477)	(3,534)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(446,872)	(183,503)
Total loss		(450,349)	(187,037)
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	16,463	17,339
Sindh Sales Tax on remuneration of the Management Company	8.2	2,140	2,254
Allocated expenses	8.3	1,646	1,734
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,645	2,731
Sindh Sales Tax on remuneration of the Trustee	9.2	344	355
Annual fees to Securities and Exchange Commission of Pakistan	10	1,564	1,647
Brokerage expense		1,642	1,673
Auditors' remuneration	13	385	359
Fee and subscription		561	568
Printing expense		40	36
Legal and professional charges		-	49
Charity expense	11.2	1,726	1,678
Bank and settlement charges		632	38
Total expenses		29,788	30,461
Net loss for the year before taxation		(480,137)	(217,498)
Taxation	16	-	-
Net loss for the year after taxation		(480,137)	(217,498)
Allocation of net income for the year			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
		-	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

KSE MEEZAN INDEX FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	-------Rupees in '000'-------	
Net loss for the year after taxation	(480,137)	(217,498)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(480,137)	(217,498)

The annexed notes from 1 to 28 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive | **Chief Financial Officer** | **Director**

KSE MEEZAN INDEX FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019

	2019			2018		
	Capital Value	Undistributed income / (accumulated losses)	Total	Capital Value	Undistributed income	Total
	---(Rupees in '000)---			---(Rupees in '000)---		
Net assets at the beginning of the year	1,469,611	217,869	1,687,480	1,473,507	435,367	1,908,874
Issuance of 15,900,473 units (2018: 15,357,871 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,123,497	-	1,123,497	1,221,872	-	1,221,872
- Element of loss	(113,994)	-	(113,994)	(52,313)	-	(52,313)
Total proceeds on issuance of units	1,009,503	-	1,009,503	1,169,559	-	1,169,559
Redemption of 11,128,898 units (2018: 15,468,331 units)						
- Capital value (at net asset value per unit at the beginning of the year)	786,347	-	786,347	1,230,660	-	1,230,660
- Element of income	(86,639)	-	(86,639)	(57,205)	-	(57,205)
Total payments on redemption of units	699,708	-	699,708	1,173,455	-	1,173,455
Total comprehensive loss for the year	-	(480,137)	(480,137)	-	(217,498)	(217,498)
Distribution during the year	-	-	-	-	-	-
Net loss for the year less distribution	-	(480,137)	(480,137)	-	(217,498)	(217,498)
Net assets at the end of the year	1,779,406	(262,268)	1,517,138	1,469,611	217,869	1,687,480

	2019	2018
Undistributed income brought forward		
- Realised income	401,372	485,214
- Unrealised loss	(183,503)	(49,847)
	217,869	435,367
Accounting income available for distribution		
- Relating to capital gains	-	-
- Excluding capital gains	-	-
	-	-
Net loss for the year after taxation	(480,137)	(217,498)
Distribution during the year	-	-
(Accumulated losses) / undistributed income carried forward	(262,268)	217,869
(Accumulated losses) / undistributed income carried forward		
- Realised income	184,604	401,372
- Unrealised loss	(446,872)	(183,503)
	(262,268)	217,869

	2019 (Rupees)	2018 (Rupees)
Net assets value per unit at the beginning of the year	70.6581	79.5600
Net assets value per unit at the end of the year	52.9470	70.6581

The annexed notes from 1 to 28 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

KSE MEEZAN INDEX FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

KSE-Meezan Index Fund

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year before taxation		(480,137)	(217,498)
Adjustments for:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		446,872	183,503
		(33,265)	(33,995)
Decrease / (increase) in assets			
Investments - net		(282,819)	45,649
Receivable against investments		-	155,028
Dividend receivable		(9,932)	6,882
Deposits and other receivables		25	74
		(292,726)	207,633
(Decrease) / Increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(296)	(373)
Payable to Central Depository Company of Pakistan Limited - Trustee		(24)	(33)
Payable to Securities and Exchange Commission of Pakistan		(83)	555
Payable to Meezan Bank Limited		(29)	(4)
Payable against investments		44,404	266
Accrued expenses and other liabilities		1,265	(13,706)
		45,237	(13,295)
Net cash (used in) / generated from operating activities		(280,754)	160,343
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		970,051	1,169,750
Payment against redemption and conversion of units		(699,503)	(1,175,111)
Dividend paid		-	(146,426)
Net cash generated from / (used in) financing activities		270,548	(151,787)
Net decrease in cash and cash equivalents during the year		(10,206)	8,556
Cash and cash equivalents at the beginning of the year		19,141	10,585
Cash and cash equivalents at the end of the year	5	8,935	19,141

The annexed notes from 1 to 28 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 KSE Meezan Index Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on March 13, 2012 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, 2008). The Management Company has been licensed by 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 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 is a Shariah Compliant Index Fund that aims to provide investors an opportunity to track closely the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.3 The Fund is an open-end fund listed on Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and be redeemed by surrendering them to the Fund. The Fund is categorized as a Shariah Compliant Index Fund.

1.4 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

1.5 The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and

- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair value through other comprehensive income (FVOCI). The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as Fair value through profit or loss (FVPL). The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio in equity securities continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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

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

Amendments	**Effective date (accounting periods beginning on or after)**
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

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

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2019 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

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

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

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair Value through Other Comprehensive Income (FVOCI). The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under Fair Value through Profit or Loss is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

4.3.2 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.

4.3.3 Regular way contracts

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

4.3.4 Initial recognition and measurement

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

4.3.5 Derecognition

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

4.3.6 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

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

4.12 Expenses

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

4.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

4.14 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on enacted tax rates.

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

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

4.15 Earnings / (loss) per unit

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

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

4.16 Foreign currency translation

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

5 BALANCES WITH BANKS	Note	2019	2018
		(Rupees in '000)	
Balances with banks in:			
Savings accounts	5.1	7,559	18,559
Current account		1,376	582
		8,935	19,141

5.1 The balances in saving accounts have expected profit rates ranging from 3.32% to 12.30% per annum (2018: 2.00% to 2.4% per annum).

6 INVESTMENTS	Note	2019	2018
		(Rupees in '000)	
At fair value through profit or loss			
Quoted equity securities	6.1	1,522,876	1,686,929

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6.1 Investments in equity securities - listed

Shares of listed companies - fully paid up ordinary shares with a face value of Rs. 10 each except K-Electric Limited whose shares have a face value of Rs 3.5 each.

Name of the Investee Company	As at July 01, 2018	Acquired during the year	Bonus / Right shares during the year	Sold during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to: Net Assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
	---Number of shares held---					---Rupees in '000'---			---Percentage---		
Sectors / companies											
Automobile Assembler											
Millat Tractors Limited	39,920	8,920	-	48,840	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	41,000	11,800	-	52,800	-	-	-	-	-	-	-
Cable And Electrical Goods											
Pak Elektron Limited	448,803	296,500	-	180,000	565,303	17,737	11,317	(6,420)	0.75	0.11	0.74
Cement											
D.G. Khan Cement Company Limited	400,000	208,400	-	109,900	498,500	51,945	28,185	(23,760)	1.86	0.01	1.85
Fauji Cement Company Limited	1,370,875	784,500	-	420,000	1,735,375	38,115	27,297	(10,818)	1.80	0.13	1.79
Lucky Cement Limited	237,130	130,650	-	75,100	292,680	142,293	111,356	(30,937)	7.34	0.09	7.31
Maple Leaf Cement Limited	491,955	242,700	-	130,500	604,155	28,419	14,433	(13,986)	0.95	0.09	0.95
Chemical											
Engro Polymer & Chemicals Limited *	420,000	954,771	-	347,500	1,027,271	34,768	27,695	(7,073)	1.83	0.11	1.82
Lotte Chemical Pakistan Limited	-	976,000	-	118,500	857,500	14,699	13,077	(1,622)	0.86	0.06	0.86
Engineering											
International Industries Limited	97,100	52,600	-	27,200	122,500	24,553	9,441	(15,112)	0.62	0.10	0.62
International Steels Limited	314,000	164,300	-	84,900	393,400	35,363	15,622	(19,741)	1.03	0.09	1.03
Mughal Iron & Steel Industries Limited	113,000	52,000	-	165,000	-	-	-	-	-	-	-
Investment Banks / Investment Companies / Securities Companies											
Dawood Hercules Corporation Limited	607,875	136,200	-	744,075	-	-	-	-	-	-	-
Fertilizers											
Engro Corporation Limited	530,819	277,500	63,581	155,000	716,900	204,807	190,409	(14,398)	12.55	0.12	12.50
Engro Fertilizer Limited	1,106,636	559,500	-	309,000	1,357,136	100,664	86,816	(13,848)	5.72	0.10	5.70
Food And Personal Care Products											
FrieslandCampina Engro Pakistan Limited (formerly Engro Foods Limited)	140,500	123,000	-	89,000	174,500	14,465	10,179	(4,286)	0.67	0.02	0.67
Oil And Gas Exploration Companies											
Mari Petroleum Company Limited	39,731	26,160	4,079	14,940	55,030	72,635	55,544	(17,091)	3.66	0.05	3.65
Oil & Gas Development Company Limited	1,188,218	608,300	-	336,900	1,459,618	221,257	191,925	(29,332)	12.65	0.03	12.60
Pakistan Oilfields Limited	197,867	188,700	40,113	132,550	294,130	150,260	119,385	(30,875)	7.87	0.10	7.84
Pakistan Petroleum Limited	885,526	607,900	133,353	372,500	1,254,279	225,254	181,156	(44,098)	11.94	0.06	11.90
Oil And Gas Marketing Companies											
Hascol Petroleum Limited	93,453	81,200	37,877	53,200	159,330	29,438	10,933	(18,505)	0.72	0.08	0.72
Pakistan State Oil Company Limited	-	453,900	-	55,200	398,700	91,050	67,631	(23,419)	4.46	0.10	4.44
Shell Pakistan Limited	-	58,700	-	9,800	48,900	13,567	8,922	(4,645)	0.59	0.05	0.59
Sui Northern Gas Pipelines Limited	513,833	303,500	-	171,500	645,833	59,020	44,879	(14,141)	2.96	0.10	2.95
Sui Southern Gas Company Limited	567,231	299,000	-	171,000	695,231	20,297	14,377	(5,920)	0.95	0.08	0.94
Paper & Board											
Packages Limited	56,462	30,850	-	26,500	60,812	26,732	18,278	(8,454)	1.20	0.07	1.20
Pharmaceuticals											
The Searle Company Limited	135,995	87,000	20,864	52,100	191,759	51,395	28,104	(23,291)	1.85	0.09	1.85
Power Generation & Distribution											
K-Electric Limited (face value of Rs. 3.5)	5,001,540	2,242,500	-	993,000	6,251,040	34,632	27,442	(7,190)	1.81	0.02	1.80
Kot Addu Power Company Limited	262,000	-	-	262,000	-	-	-	-	-	-	-
The Hub Power Company Limited *	1,256,732	866,165	-	419,000	1,703,897	146,928	134,182	(12,746)	8.84	0.15	8.81

Name of the Investee Company	As at July 01, 2018	Acquired during the year	Bonus / Right shares during the year	Sold during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to Net Assets of the Fund	Percentage in relation to Paid-up capital of investee company (with face value of investment)	Percentage in relation to Total market value of investments
	------ Number of shares held ------					------ Rupees in '000' ------			------ Percentage ------		
Refinery											
Attock Refinery Limited	62,733	70,600	15,658	50,900	98,091	14,981	7,580	(7,401)	0.50	0.09	0.50
Byco Petroleum Pakistan Limited	-	1,386,500	-	175,500	1,211,000	10,674	7,763	(2,911)	0.51	0.02	0.51
National Refinery Limited	46,348	31,900	-	19,200	59,048	20,503	6,700	(13,803)	0.44	0.07	0.44
Pakistan Refinery Limited	165,000	54,000	-	219,000	-	-	-	-	-	-	-
Textile Composite											
Nishat Mills Limited	285,700	160,500	-	87,900	358,300	48,983	33,444	(15,539)	2.20	0.10	2.20
Transport											
Pakistan International Bulk Terminal Limited	-	2,529,000	-	301,000	2,228,000	24,314	18,804	(5,510)	1.24	0.12	1.22
Right Certificates											
Chemical											
Engro Polymer & Chemicals Limited *	154,290	-	-	154,290	-	-	-	-	-	-	-
Power Generation & Distribution											
The Hub Power Company Limited *			186,187	186,187	-	-	-	-	-	-	-
Total as at June 30, 2019						1,969,748	1,522,876	(446,872)	100		100
Total as at June 30, 2018						1,870,432	1,686,929	(183,503)	-		

* The right certificates were exercised during the year and the shares are included in the investment in Engro Polymer and Chemicals Limited and The Hub Power Company Limited above.

6.1.1 Investments include 682,000 shares (June 30, 2018: 682,000 shares) of Pakistan Petroleum Limited having market value of Rs 98.50 million as at June 30, 2019 (June 30, 2018: Rs 146.56 million), which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

6.1.2 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the current year. Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.883 million (2018: Rs. 1.58 million).

		Note	2019	2018
6.2	**Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'**		**(Rupees in '000)**	
	Market value of investments	6.1	1,522,876	1,686,929
	Carrying value of investments	6.1	1,969,748	1,870,432
			(446,872)	(183,503)

		2019	2018
7	**DEPOSITS AND OTHER RECEIVABLES**		
	Profit receivable on saving account	153	178
	Security deposit with Central Depository Company of Pakistan Limited	103	103
	Security deposit with the National Clearing Company of Pakistan Limited	2,500	2,500
		2,756	2,781

		Note	2019	2018
8	**PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY**			
	Management fee payable	8.1	1,224	1,422
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	159	185
	Allocated expenses payable	8.3	122	142
	Sales load payable		1	48
	Sindh Sales Tax payable on sales load		1	6
			1,507	1,803

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 1.5% of the average annual net assets in case of Index Schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2018: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs. 2.140 million (2018: Rs 2.254 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. 2.166 million (2018: Rs. 2.292 million) has been paid to the Management Company which acts as a collecting agent.

8.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

		Note	2019	2018
9	**PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**		**(Rupees in '000)**	
	Trustee fee payable	9.1	183	204
	Sindh Sales Tax payable on trustee fee	9.2	46	49
			229	253

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 1,000 million	Rs 0.7 million or 0.2% per annum of net assets, whichever is higher.
- from Rs 1,000 million and above	Rs 2.0 million plus 0.10% per annum of net assets exceeding Rs 1,000 million.

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9.2 During the year, an amount of Rs 0.344 million (2018: Rs. 0.355 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. 0.347 million (2018: Rs. 0.359 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, 2008, a collective investment scheme classified as a Index Scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

11 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2019	2018
		(Rupees in '000)	
Auditors' remuneration payable		225	325
Printing charges payable		115	77
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.1	5,741	5,404
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load		497	429
Brokerage payable		1,071	769
Shariah advisor fee payable		264	269
Charity payable	11.2	1,843	1,117
Withholding tax payable		245	323
Provision for Sindh Workers' Welfare Fund	11.3	9,270	9,270
Zakat payable		-	23
		19,271	18,006

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 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 6.238 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.22 (June 30, 2018: Re 0.24) per unit.

During the year, FED amounting to Rs. 0.405 million has been paid to the fund by the Management Company in respect of management fee and sales load pertaining to prior periods.

11.2 According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year ended June 30, 2019, non-shariah compliant income amounting to Rs 1.73 million (2018: Rs. 1.68 million) was charged as an expense in the books of the Fund. As per the requirement of Clause 3.3.2 of Offering document, following is the list of charitable / welfare organizations to whom charity payments were made in excess of Rs. 200,000 during the year ended June 30, 2019:

- Sharmeen Khan Memorial Foundation; and
- National Institute of Blood Diseases.

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.32 per unit (2018: Re 0.39 per unit).

12 CONTINGENCIES AND COMMITMENTS

12.1 There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

13 AUDITORS' REMUNERATION

	2019	2018
	(Rupees in '000)	
Annual audit fee	228	202
Half yearly review of condensed interim financial statements	101	101
Fee for other certifications	40	40
Out of pocket expenses	16	16
	385	359

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 1.81% which includes 0.26% representing government levies on the Fund, sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Index scheme.

15 PERFORMANCE TABLE

	2019	2018	2017	2016	2015
Net assets (Rs in '000) (ex-distribution)	1,517,138	1,687,480	1,908,874	881,629	1,159,323
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	52.9470	70.6581	79.56	78.91	71.7
Offer price per unit as at June 30 (Rs.) (ex-distribution)	54.2760	72.4316	81.36	81	73.79
Highest offer price per unit (Rs.)	73.3295	66.4	109.77	85.05	77.64
Lowest offer price per unit (Rs.)	50.8823	83.95	80.6	65.44	61.18
Highest redemption price per unit (Rs.)	75.1701	82.0908	107.34	82.86	75.44
Lowest redemption price per unit (Rs.)	52.1594	64.767	78.82	63.75	59.45
Distribution (%)	N/A	N/A	24	4.7	3.7
Date of distribution	N/A	N/A	June 23, 2017	June 24, 2016	July 3, 2015
Growth distribution (Rupees in '000)	N/A	N/A	270,893	24,604	N/A
Total return (%)	(25)	(11)	16	13	17
	One Year	Two Year	Three Year	Four Year	Five Year
Average annual return (%) as at June 30, 2019	(25)	(18)	(8)	(3)	1

Investment portfolio composition of the Fund as described in Note 6.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate as described in note 19.

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. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

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

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, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

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, 2008 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:

	2019	2018
Balances	(Rupees in '000)	
Al Meezan Investment Management Limited (Management Company)		
Remuneration Payable	1,224	1,422
Sindh Sales Tax on management fee	159	185
Sales load payable	1	48
Sindh Sales Tax on sales load	1	6
Allocated expenses payable	122	142
Outstanding 7,651,969 units (2018: 4,241,874 units) - at net asset value	405,149	299,723
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Trustee fee payable	183	204
Sindh Sales Tax on Trustee fee payable	46	49
Security Deposit	103	103
Meezan Bank Limited		
Bank balance	3,425	1,744
Profit receivable on saving accounts	62	25
Sales load payable	14	43
Sindh Sales Tax on sales load payable	2	6
Outstanding 2,113,224 units (2018: 2,113,224 units) - at net asset value	111,889	149,316
Directors and their close family members and key management		
Outstanding 18,925 units (2018: 19,890 units) - at net asset value	1,002	1,405
Unitholders holding 10% or more units of the Fund		
Investment as at June 30, 2019: 9,725,888 units (June 30, 2018: 9,725,888 units)	514,957	687,213

	2019	2018
	(Rupees in '000)	
Al Meezan Investment Management Limtied (GF)		
Investment as at June 30, 2019: 133,559 units (2018: nil units)	7,072	-
Meezan Strategic Allocation Fund MSAP-I		
Investment as at June 30, 2019: 201,580 units (2018: nil units)	10,673	-
Meezan Strategic Allocation Fund MSAP-II		
Investment as at June 30, 2019: 137,526 units (2018: nil units)	7,282	-
Meezan Strategic Allocation Fund MSAP-III		
Investment as at June 30, 2019: 167,669 units (2018: nil units)	8,879	-
Meezan Strategic Allocation Fund MSAP-IV		
Investment as at June 30, 2019: 190,276 units (2018: nil units)	10,075	-
Meezan Strategic Allocation Fund MSAP-V		
Investment as at June 30, 2019: 56,518 units (2018: nil units)	2,992	-

	For the year ended June 30,	
Transactions during the year	2019	2018
	(Rupees in '000)	
Al Meezan Investment Management Limited (Management Company)		
Remuneration charged	16,463	17,339
Sindh Sales Tax on remuneration of the Management Company	2,140	2,254
Allocated expenses	1,646	1,734
Issue of 4,655,875 units (2018: 309,662 units)	291,388	22,500
Redemption of 1,245,780 units (2018: nil units)	76,200	-
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Remuneration of the Trustee	2,645	2,731
Sindh Sales Tax on remuneration of the Trustee	344	355
CDS charges	84	90
Meezan Bank Limited		
Profit on saving account	214	67
Meezan Financial Planning Fund of Funds - MAAP I		
Issue of nil units (2018: 911,030 units)	-	64,736
Redemption of nil units (2018: 1,259,360 units)	-	91,118
Directors and their close family members and key management personnel of the Management Company		
Issue of 749,321 units (2018: 4,933 units)	50,056	365
Redemption of 750,286 units (2018: 369,419 units)	38,776	26,367
Meezan Strategic Allocation Fund MSAP-I		
Issue of 201,580 units (2018: nil units)	10,700	-
Meezan Strategic Allocation Fund MSAP-II		
Issue of 137,526 units (2018: nil units)	7,300	-
Meezan Strategic Allocation Fund MSAP-III		
Issue of 167,669 units (2018: nil units)	8,900	-
Meezan Strategic Allocation Fund MSAP-IV		
Issue of 190,276 units (2018: nil units)	10,100	-
Meezan Strategic Allocation Fund MSAP-V		
Issue of 56,518 units (2018: nil units)	3,000	-

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

18 FINANCIAL INSTRUMENTS BY CATEGORY

	2019		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000'		
Financial assets			
Balances with banks	8,935	-	8,935
Investments	-	1,522,876	1,522,876
Receivable against conversion of units	40,106	-	40,106
Dividend receivable	9,994	-	9,994
Deposits and other receivables	2,756	-	2,756
	61,791	1,522,876	1,584,667

	2019		
	At fair value through profit or loss	At amortised cost	Total
	Rupees in '000'		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	1,507	1,507
Payable to Central Depository Company Limited - Trustee	-	229	229
Payable to Meezan Bank Limited	-	14	14
Payable against conversion and redemption of units	-	274	274
Payable against purchase of investments	-	44,670	44,670
Accrued expenses and other liabilities	-	3,518	3,518
	-	50,212	50,212

	2018		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000'		
Financial assets			
Balances with banks	19,141	-	19,141
Investments	-	1,686,929	1,686,929
Receivable against conversion of units	654	-	654
Dividend receivable	62	-	62
Deposits and other receivables	2,781	-	2,781
	22,638	1,686,929	1,709,567

	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	-	1,803	1,803
Payable to Central Depository Company Limited - Trustee	-	253	253
Payable to Meezan Bank Limited	-	43	43
Payable against conversion and redemption of units	-	69	69
Payable against purchase of investments	-	266	266
Accrued expenses and other liabilities	-	2,580	2,580
	-	5,014	5,014

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

19.1 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: yield / profit rate risk, currency risk, and price risk.

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

During the year ended June 30, 2019, the net income would have increased / (decreased) by Rs. 0.08 million (2018: Rs. 0.186 million) had the profit rates on profit and loss saving accounts increased / (decreased) by 100 basis points.

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

	2019					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		Rupees in '000'				
Financial assets						
Balances with banks	3.32% - 12.30%	7,559	-	-	1,376	8,935
Investments		-	-	-	1,522,876	1,522,876
Receivable against conversion of units		-	-	-	40,106	40,106
Dividend receivable		-	-	-	9,994	9,994
Deposits and other receivables		-	-	-	2,756	2,756
		7,559	-	-	**1,577,108**	**1,584,667**
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	1,507	1,507
Payable to Central Depository Company Limited - Trustee		-	-	-	229	229
Payable to Meezan Bank Limited		-	-	-	14	14
Payable against conversion and redemption of units		-	-	-	274	274
Payable against purchase of investments		-	-	-	44,670	44,670
Accrued expenses and other liabilities		-	-	-	3,518	3,518
		-	-	-	**50,212**	**50,212**
On-balance sheet gap (a)		**7,559**	-	-	**1,526,896**	**1,534,455**
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		**7,559**	-	-		
Cumulative profit rate sensitivity gap		**7,559**	**7,559**	**7,559**		

	Effective profit rate (%)	---------- 2018 ---------- Exposed to yield / profit rate risk: Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Total
		---------- Rupees in '000' ----------				
Financial assets						
Balances with banks	2.00% to 2.40%	18,559	-	-	582	19,141
Investments		-	-	-	1,686,929	1,686,929
Receivable against conversion of units		-	-	-	654	654
Dividend receivable		-	-	-	62	62
Deposits and other receivables		-	-	-	2,781	2,781
		18,559	**-**	**-**	**1,691,008**	**1,709,567**
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	1,803	1,803
Payable to Central Depository Company Limited - Trustee		-	-	-	253	253
Payable to Meezan Bank Limited		-	-	-	43	43
Payable against conversion and redemption of units		-	-	-	69	69
Payable against purchase of investments		-	-	-	266	266
Accrued expenses and other liabilities		-	-	-	2,580	2,580
		-	**-**	**-**	**5,014**	**5,014**
On-balance sheet gap (a)		**18,559**	**-**	**-**	**1,685,994**	**1,704,553**
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		**18,559**	**-**	**-**		
Cumulative profit rate sensitivity gap		**18,559**	**18,559**	**18,559**		

(ii) Currency risk

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

(iii) Price risk

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

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks.

In case of 1% increase / decrease in KMI 30 index on June 30, 2019, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 15.229 million (2018: Rs. 16.869 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI-30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 Index.

19.2 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 settlement of equity securities and 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.

The Fund is exposed to daily settlement of equity securities and 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, 2008, 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:

	2019						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000'						
Financial assets							
Balances with banks	8,935	-	-	-	-	-	8,935
Investments	-	-	-	-	-	1,522,876	1,522,876
Receivable against conversion of units	40,106	-	-	-	-	-	40,106
Dividend receivable	9,994	-	-	-	-	-	9,994
Deposits and other receivables	153	-	-	-	-	2,603	2,756
	59,188	-	-	-	-	**1,525,479**	**1,584,667**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	1,507	-	-	-	-	-	1,507
Payable to Central Depository Company Limited - Trustee	229	-	-	-	-	-	229
Payable to Meezan Bank Limited	14						14
Payable against conversion and redemption of units	274	-	-	-	-	-	274
Payable against purchase of investments	44,670	-	-	-	-	-	44,670
Accrued expenses and other liabilities	3,518	-	-	-	-	-	3,518
	50,212	-	-	-	-	-	**50,212**
Net assets / (liabilities)	**8,976**	-	-	-	-	**1,525,479**	**1,534,455**

	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
	2018						
	Rupees in '000'						
Financial assets							
Balances with banks	19,141	-	-	-	-	-	19,141
Investments	-	-	-	-	-	1,686,929	1,686,929
Receivable against conversion of units	654	-	-	-	-	-	654
Dividend receivable	62	-	-	-	-	-	62
Deposits and other receivables	178	-	-	-	-	2,603	2,781
	20,035	**-**	**-**	**-**	**-**	**1,689,532**	**1,709,567**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	1,803	-	-	-	-	-	1,803
Payable to Central Depository Company Limited - Trustee	253	-	-	-	-	-	253
Payable to Meezan Bank Limited	43	-	-	-	-	-	43
Payable against conversion and redemption of units	69	-	-	-	-	-	69
Payable against purchase of investments	266	-	-	-	-	-	266
Accrued expenses and other liabilities	2,580	-	-	-	-	-	2,580
	5,014	**-**	**-**	**-**	**-**	**-**	**5,014**
Net assets / (liabilities)	**15,021**	**-**	**-**	**-**	**-**	**1,689,532**	**1,704,553**

19.3 Credit risk

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

	2019		2018	
	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	8,935	8,935	19,141	19,141
Investments	1,522,876	-	1,686,929	-
Receivable against conversion of units	40,106	40,106	654	654
Dividend receivables	9,994	9,994	62	62
Deposits and other receivables	2,756	2,756	2,781	2,781
	1,584,667	**61,791**	**1,709,567**	**22,638**

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

19.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2019	2018
AAA	0.01	0.05
AA+	99.98	99.87
AA	0.01	-
AA-	-	0.08
	100.00	100.00

20 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	1,522,876	-	-
	1,522,876	-	-

	2018		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	1,686,929	-	-
	1,686,929	-	-

21 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 19, 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.

22 UNIT HOLDING PATTERN OF THE FUND

Category	---- 2019 ----			---- 2018 ----		
	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	1,014	262,510	17.30	912	317,520	18.82
Associated Companies / Directors	6	445,048	29.34	3	449,039	26.61
Retirement Funds	5	82,671	5.45	11	100,171	5.94
Others	10	726,909	47.91	5	820,750	48.63
	1,035	1,517,138	100.00	931	1,687,480	100.00

23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

---- 2019 ----		---- 2018 ----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Standard Capital Securities (Private) Limited	8.94	Topline Securities (Private) Limited	8.66
Foundation Securities (Private) Limited	8.28	Optimus Capital Management Limited	6.74
Alfalah Securities (Private) Limited	8.17	Insight Securities (Private) Limited	7.49
Aba Ali Habib Securities (Private) Limited	7.58	Taurus Securities Limited	6.10
Intermarket Securities (Private) Limited	7.20	Aba Ali Habib Securities (Private) Limited	5.56
Fortune Securities (Private) Limited	5.07	Vector Capital (Private) Limited	6.10
Fawad Yousuf Securities (Private) Limited	5.03	Al Habib Capital market (Private) Limited	5.99
Shajar Capital Pakistan (Private) Limited	4.74	BMA Capital Management Limited	5.45
Topline Securities (Private) Limited	4.44	BIPL Securities Limited	5.13
Vector Capital (Private) Limited	4.31	Alfalah Securities (Private) Limited	5.35

24 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Twenty nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Eight years

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

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

25 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Designation	Meeting held on					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim *	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Atif Azim resigned on May 07, 2019.

26 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.

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 19, 2019.

28 GENERAL

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

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director