

# HBL

ASSET MANAGEMENT LTD.

ایسٹیت میجمنٹ لمیٹڈ

AMC Rating : AM2+ by JCR-VIS

## QUARTERLY REPORT 2019

For the nine months ended March 31, 2019

MOVING TOWARDS  
**EXCELLENCE**

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## CORPORATE INFORMATION

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### Management Company

HBL Asset Management Limited

### Board of Directors

Chairman	Mr. Agha Sher Shah	(Independent Director)
Directors	Mr. Farid Ahmed Khan	(Chief Executive Officer)
	Mr. Shabbir Hussain Hashmi	(Independent Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Shahid Ghaffar	(Independent Director)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Aamir Hasan Irshad	(Non-Executive Director)

### Audit Committee

Chairman	Mr. Shabbir Hussain Hashmi	(Independent Director)
Members	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Shahid Ghaffar	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)

### Human Resource Committee

Chairman	Mr. Agha Sher Shah	(Independent Director)
Members	Mr. Shabbir Hussain Hashmi	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)

### Risk Management Committee

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Members	Mr. Farid Ahmed Khan	(Chief Executive Officer)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Aamir Hasan Irshad	(Non-Executive Director)

### Company Secretary &

### Chief Financial Officer

Mr. Noman Qurban

### AMC Rating

AM2+ (Positive Outlook)

### Legal Advisors

Mandviwalla & Zafar, Advocates and Legal Consultants,  
Mandviwalla Chambers, C-15, Block-2, Clifton, Karachi.

### Website

[www.hblasset.com](http://www.hblasset.com)

### Head Office & Registered Office

7th Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi.



# REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS ENDED MARCH 31, 2019

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## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Islamic Money Market Fund, HBL Islamic Income Fund, HBL Islamic Stock Fund, HBL Islamic Equity Fund, HBL Islamic Asset Allocation Fund, HBL Islamic Financial Planning Fund and HBL Islamic Dedicated Equity Fund (the Funds) for the nine months ended March 31, 2019.

### Economic Review

FY19 started with a political transition with interim and incumbent government setup facing economic challenges particularly twin deficits and inflationary pressures. Policy makers have successfully reduced current account deficit during 9MFY19 to 4.5% of GDP, with Mar-19 deficit at 3.6% of GDP, from a decade high level of 5.7% of GDP during FY18. CAD reduction was largely driven by significant monetary tightening, PKR depreciation and imposition of duties on imports. Moreover, Government also successfully managed to get financial support from friendly countries (Saudi Arabia, UAE and China) which along with increase in remittances provided support to foreign exchange reserves during the period under review.

Policy steps to contain aggregate demand and external account pressures started to reflect in LSM slowdown and shrinking CAD during 3QFY19. PKR depreciated by further 1.4% during 3QFY19, to bring currency to equilibrium levels as Real Effective Exchange Rate reached 103.3 in Feb-19. Central bank continued monetary tightening by further raising benchmark policy rate by 75bps during 3QFY19 to 10.75%.

Country's trade deficit reduced by 14% YoY to USD 23.5bn during 9MFY19 mainly due to reduction in imports (down 8%) as exports posted a marginal growth of 1.1% YoY. Remittances have depicted an impressive trend during 9MFY19 clocking in at USD 16.1bn, up 9% YoY. Due to slowdown in CAD and with the help of multilateral flows, foreign exchange reserves increased to USD 17.4bn during 9MFY19. Average headline CPI inflation was 6.8% in 9MFY19, compared to 3.8% during the same period last year on account of higher average oil prices, currency depreciation and increase in energy prices. Core inflation (non-food & non-energy) continued to remain on the higher side reaching 8.5% during Mar-19, taking 9MFY19 average to 8.2% compared to 5.4% during same period last year. While we expect headline inflation to remain moderate owing to adequate food supply, core inflation may remain sticky in the near term. During the period under review, newly elected Government also presented "mini-budget" and revised fiscal deficit target to 5.1% of GDP.

Going forward, Government would likely finalize agreement with IMF which would be followed by fiscal measures expected to be announced in the upcoming FY20 budget. Moreover, government is also expected to announce amnesty scheme in an effort to increase tax base and tax revenues. We believe that external account adjustments and large part of monetary tightening has been done and Government's focus would shift towards fiscal austerity measures in FY20.

### Money Market Review

SBP continued monetary tightening in 3QFY19 to control the rising current account deficit and anchor increasing inflationary pressures.

As per latest data available, Islamic Banking industry assets posted 17.0% growth and stood at PKR 2,658 billion by Dec-18. Similarly, deposits of Islamic banks also witnessed a sharp growth of 16.9% YoY and reached PKR 2,203 billion by Dec-18. Despite the massive growth in assets and deposits, SBP did not issue any fixed or floating rate GOP Ijarah Sukuk in FY18 and in 9MFY19. During 9MFY19, PKR 314bn of GoP Ijara matured while government conducted "Bai-Muajjal" transaction of PKR 237bn carried out with the banks so that banks could park their excess liquidity. The "Bai-Muajjal" was SLR Eligible which ensured that the Islamic banks continue to meet the SLR requirement.

The government has issued Islamic Sukuk of PKR 200bn to partially retire the circular debt. This will be a long term instrument and will be SLR Eligible resulting in increased investment avenues for the Islamic banks. Moreover, we expect an additional PKR 200bn of Islamic Sukuk would be issued in 4QFY19 to settle circular debt and the issue is also expected to be a long term instrument with SLR eligibility.

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During the 9MFY19, Government largely managed its borrowing requirements through domestic sources, and largely from central bank. Government retired PKR 2,576bn from scheduled banks compared to retirement of PKR 1,391bn during same period last year. Meanwhile, Government borrowing from SBP increased by PKR 3,485bn during the period against borrowing of PKR 2,161bn during same period last year. Government largely managed its borrowing requirements through domestic sources, and largely from central bank.

In the monetary policy held in March-19, SBP increased the policy rate by a further 50bps to 10.75%. Going forward, we expect that large part of monetary tightening has been done and the interest rates would remain around current levels (10.75-11%) during the remaining months of fiscal year 2019.

## **Stock Market Review**

Pakistan Equity Market started 3QFY19 on a positive note as benchmark KMI30 recorded strong performance of 12% in Jan-19 but index could not maintain its performance subsequently due to escalating tension across Pakistan-India border & uncertainty regarding Pakistan entry into IMF program. For 9MFY19, benchmark index has posted 10.9% decline due to weak investors' sentiments owing to lack of economic policy direction by the incumbent government, stringent measures such as increase in interest rate, hike in gas & electricity tariffs, etc. to curb consumption led growth in the economy. On the flows side, foreigners were the net buyers during the 3QFY19 with net inflows of USD 31mn, still lower than cumulative selling of USD 373mn during 9MFY19.

The benchmark KMI30 Index recorded 2,140 points recovery ( $\uparrow 3.2\%$ ) during 3QFY19 to close at 63,314 level. Index heavy weight sectors oil & gas exploration and fertilizer sectors primarily supported the index. Increase in oil prices & anticipation of better results of fertilizer sectors were the main reasons behind respective sector performance. Oil & gas exploration and fertilizer sector outperformed the benchmark index and went up by 15% and 6% respectively. Refineries, Power and OMCs were the key underperformers during the period on the back of government's decision of closing down FO based generation for an indefinite period. Moreover, weak financial results from refineries for 1HFY19 and decline in OMC volumes for 3QFY19 also dragged the respective sector performance. Refineries, power and OMC sectors underperformed the benchmark KSE100 and fell by 19%, 9% and 7% respectively.

Looking ahead, investors are likely to await government's decision of entry into IMF program and expected announcement of amnesty scheme. We highlight that the current macro-economic environment bodes well for index heavy weights (E&Ps and Power) while recent underperformance has opened up valuations of cyclical stocks. We believe Pakistan's equities offers a good entry opportunity for long term investors.

## **FUND'S PERFORMANCE**

### **HBL Islamic Money Market Fund**

The total income and net income of the Fund was Rs. 67.19 million and Rs. 54.83 million respectively during the period ended March 31, 2019. The Net Asset Value (NAV) of the Fund increased from Rs. 104.9735 per unit as on June 30, 2018 to Rs. 106.4075 per unit as on March 31, 2019 (after incorporating dividend of Rs. 4.15 per unit); thereby giving an annualized return of 7.38%. During the same period, the benchmark return (3 Month bank deposit rates) was 3.04%. The size of Fund was Rs. 1.19 billion as on March 31, 2019 as compared to Rs. 0.96 billion at the start of the year.

**JCR-VIS Credit Rating Company Limited has reaffirmed AA (f) Fund Stability Rating to the Fund.**

### **HBL Islamic Income Fund**

The total income and net income of the Fund was Rs. 261.18 million and Rs. 214.05 million respectively during the period ended March 31, 2019. The Net Asset Value (NAV) of the Fund increased from Rs. 106.3013 per unit as on June 30, 2018 to Rs. 106.7906 per unit as on March 31, 2019 (after incorporating dividend of Rs. 5.00 per unit); thereby giving an annualized return of 7.20%. During the same period, the benchmark return (6 Month bank deposit rates) was 3.22%. The size of Fund was Rs. 3.93 billion as on March 31, 2019 as compared to Rs. 4.04 billion at the start of the year.

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JCR-VIS Credit Rating Company Limited has re-affirmed Fund Stability Rating of the Fund to A+ (f).

#### **HBL Islamic Stock Fund**

The total and net loss of the Fund was Rs. 64.42 million and Rs. 128.33 million respectively during the period ended March 31, 2019. The Net Asset Value (NAV) of the Fund decreased from Rs. 111.8276 per unit as on June 30, 2018 to Rs. 105.0942 per unit as on March 31, 2019 giving a negative return of 6.01% during the period against the benchmark return (KMI 30 Index) of negative 10.90%. The size of Fund was Rs. 1.60 billion as on March 31, 2019 as compared to Rs. 2.54 billion at the start of the year.

#### **HBL Islamic Equity Fund**

The total and net loss of the Fund was Rs. 38.54 million and Rs. 60.47 million respectively during the period ended March 31, 2019. The Net Asset Value (NAV) of the Fund decreased from Rs. 92.4834 per unit as on June 30, 2018 to Rs. 87.0129 per unit as on March 31, 2019 giving a negative return of 5.88% during the period against the benchmark return (KMI 30 Index) of negative 10.90%. The size of Fund was Rs. 0.55 billion as on March 31, 2019 as compared to Rs. 1.32 billion at the start of the year.

#### **HBL Islamic Asset Allocation Fund**

The total and net income of the Fund was Rs. 84.61 million and Rs. 38.15 million respectively during the period ended March 31, 2019. The Net Asset Value (NAV) of the Fund increased from Rs. 104.7748 per unit as on June 30, 2018 to Rs. 106.2095 per unit as on March 31, 2019 (after incorporating dividend of Rs. 0.30 per unit); thereby giving a return of 1.61% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) of negative 1.21%. The size of Fund was Rs. 1.69 billion as on March 31, 2019 as compared to Rs. 2.47 billion at the start of the year.

#### **HBL Islamic Financial Planning Fund**

HBL Islamic Financial Planning Fund comprises of four sub funds (plans) namely Active allocation plan, Conservative allocation plan, Strategic allocation plan and Islamic Capital Preservation Plan.

The Fund as a whole earned and incurred total income and net loss of Rs. 13.79 million and Rs. 0.98 million respectively during the period under review. The fund size of the fund stood at Rs. 4.72 billion. Performance review for plan is given below:

##### **Active Allocation Plan**

During the period under review, the Active allocation plan incurred total and net loss of Rs. 3.99 million and Rs. 4.56 million respectively. The net assets of the Active allocation plan stood at Rs. 177 million representing Net Asset Value (NAV) of Rs. 98.0184 per unit as at March 31, 2019. The plan earned a negative return of 2.39% for the period under review. The plan is invested to the extent of 49% in equity funds & 50% in fixed income funds.

##### **Conservative Allocation Plan**

During the period under review, the Conservative allocation plan earned total and net income of Rs. 0.90 million and Rs. 0.77 million respectively. The net assets of the Conservative allocation plan stood at Rs. 21 million representing Net Asset Value (NAV) of Rs. 104.2236 per unit as at March 31, 2019. The plan earned a return of 2.77% for the period under review. The plan is invested to the extent of 20% in equity funds & 80% in fixed income funds.

##### **Strategic Allocation Plan**

During the period under review, the Strategic allocation plan earned and incurred total income and net loss of Rs. 6.13 million and Rs. 4.79 million respectively. The net assets of the Strategic allocation plan stood at Rs. 4.04 billion representing Net Asset Value (NAV) of Rs. 101.3861 per unit as at March 31, 2019. The plan earned a negative return of 0.10% for the period under review. The plan is invested to the extent of 26% in equity funds & 74% in fixed income funds.

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### **Islamic Capital Preservation Plan**

Islamic Capital Preservation Plan commenced its operations from October 02, 2018. During this period from October 02, 2018 to March 31, 2019, the Islamic Capital Preservation plan earned total and net income of Rs. 10.75 million and Rs. 7.45 million respectively. The net assets of the Islamic Capital Preservation plan stood at Rs. 477 million representing Net Asset Value (NAV) of Rs. 101.5735 per unit as at March 31, 2019. The plan earned a return of 1.54% for the period under review. The plan is invested to the extent of 28% in equity funds & 71% in cash.

### **HBL Islamic Dedicated Equity Fund**

The HBL Islamic Dedicated Fund commence its operation from October 01, 2018. The total and net loss of the Fund was Rs. 24.17 million and Rs. 34.27 million respectively during the period from October 01, 2018 to March 31, 2019. The Net Asset Value (NAV) of the Fund was Rs. 96.8138 per unit as on March 31, 2019. The Fund yielded a negative return of 3.18% during the period against the benchmark return (KMI 30 Index) of negative 1.11%. The size of Fund was Rs. 0.43 billion as on March 31, 2019.

### **MANAGEMENT COMPANY RATING**

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has maintained management quality rating of 'AM2+ (Positive outlook)' to the Management Company.

### **Acknowledgement**

The Board takes this opportunity to thank its valued unit-holders for their confidence and patronage. It would like to place on record its appreciation for the help and guidance provided by Securities & Exchange Commission of Pakistan, Central Depository Company of Pakistan and MCB Financial Services Limited as Trustee, the Pakistan Stock Exchange Limited and State Bank of Pakistan.

The Board also wishes to place on record its appreciation for the hard work and dedication shown by the staff.

On behalf of the Board of  
HBL Asset Management Limited

**Chief Executive Officer**

جات 477 ارب روپے پر موجود تھے جو 31 مارچ 2019 کے مطابق 101.5735 روپے فی یونٹ کے خالص اثاثہ جات کی مالیت (این اے وی) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کیلئے %1.54 کا منافع حاصل کیا۔ پلان نے ایکویٹی فنڈز اور اے ایم پی میں %28 کی حد تک اور کیش میں %71 کی حد تک سرمایہ کاری کی۔

#### ایچ بی ایل اسلامک ڈیڈیکٹڈ ایکویٹی فنڈ

ایچ بی ایل اسلامک ڈیڈیکٹڈ فنڈ نے اپنے تجارتی آپریشنز کا آغاز 01 اکتوبر 2018 کو کیا۔ 01 اکتوبر 2018 سے 31 مارچ 2019 کی مدت تک دوران فنڈ نے بالترتیب 24.17 ملین روپے اور 34.27 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا۔ فنڈ کے خالص اثاثہ جات 31 مارچ 2019 کے مطابق 96.8138 روپے فی یونٹ تھے۔ فنڈ نے منفی %1.11 کے نیچے مارک منافع (Index30KMI) کے برخلاف زیر جائزہ مدت کیلئے %3.18 کا منفی منافع حاصل کیا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق صفر اعشاریہ تینتالیس (0.43) ارب روپے تھا۔

#### انتظامی کمپنی کی ریٹنگ

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS-JCR) نے انتظامی کمپنی کے لیے منجمنٹ کوالٹی ریٹنگ AM2+ (اے ایم ٹو پلس) (مثبت آؤٹ لک) برقرار رکھی ہے۔

#### اعتراف

بورڈ اس موقع پر اپنے معزز یونٹ ہولڈرز کا ان کے اعتماد اور مستقل سرپرستی کے لیے شکر گزار ہے۔ اس کے ساتھ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور ایم سی بی فنانشل سروسز بطور ٹرسٹی، پاکستان اسٹاک ایکسچینج لمیٹڈ اور اسٹیٹ بینک آف پاکستان کی معاونت اور رہنمائی پر ان کا بھرپور شکریہ ادا کرتا ہے۔

بورڈ اپنے عملے کی انتھک کوششوں اور خلوص و جدوجہد پر انہیں بھی خراج تحسین پیش کرنا چاہتا ہے۔

منجانب بورڈ آف ایچ بی ایل ایسیٹ منجمنٹ لمیٹڈ  
چیف ایگزیکٹو آفیسر



### ایچ بی ایل اسلامک ایسیٹ ایلوکیشن فنڈ

31 مارچ 2019 کو ختم ہونے والی مدت کے لیے فنڈ کی مجموعی آمدنی اور خالص آمدنی بالترتیب 84.61 ملین روپے اور 38.15 ملین روپے تھی۔ 30 جون 2018 کے مطابق فنڈ کی خالص اثاثہ جات کی مالیت (این اے وی) 104.7748 روپے فی یونٹ سے بڑھ کر 31 مارچ 2019 کو 106.2095 روپے فی یونٹ (0.30 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد) ہو گئی، جس کے ذریعے منفی %1.21 کے منافع مارک منافع (30KM) انڈیکس کے حجم شدہ اوسطاً روزانہ منافع اور اے ریٹڈ یا زائد درجہ بندی کے حامل بینکوں کے اے ایم پی چھ ماہ کے ڈپازٹ ریٹ کے برخلاف %1.61 کا منافع دیا گیا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 1.69 ارب روپے تھا اس کے مقابلے میں سال کے آغاز پر یہ 2.47 ارب روپے تھا۔

### ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ

ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ چارڈ کی فنڈز (پلانز) بنام ایکٹو ایلوکیشن پلان، کنزرویٹو ایلوکیشن پلان، اسٹریٹجک ایلوکیشن پلان اور اسلامک کیپٹل پریزرویشن پلان پر مشتمل ہے۔ فنڈ نے مجموعی طور پر زیر جائزہ مدت کے دوران بالترتیب 13.79 ملین روپے کی مجموعی آمدنی اور 0.98 کا خالص خسارہ حاصل کیا۔ فنڈ کا حجم 4.72 ارب روپے پر موجود ہے۔ پلان کے لیے کارکردگی کا جائزہ درج ذیل ہے۔

### ایکٹو ایلوکیشن پلان

زیر جائزہ مدت کے دوران ایکٹو ایلوکیشن پلان نے بالترتیب 3.99 ملین روپے اور 4.56 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا، ایکٹو ایلوکیشن پلان کے خالص اثاثہ جات 177 ملین روپے پر موجود تھے جو 31 مارچ 2019 کے مطابق 98.0184 روپے فی یونٹ کے خالص اثاثہ جات کی مالیت (این اے وی) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کے لیے %2.39 کا منفی منافع حاصل کیا۔ پلان نے ایکویٹی فنڈز اور اے ایم پی میں %49 کی حد تک اور فکسڈ انکم فنڈز میں پچاس فیصد کی حد تک سرمایہ کاری کی۔

### کنزرویٹو ایلوکیشن پلان

زیر جائزہ مدت کے دوران کنزرویٹو ایلوکیشن پلان کی مجموعی آمدنی اور خالص آمدنی بالترتیب 0.90 ملین روپے اور 0.77 ملین روپے تھی۔ کنزرویٹو ایلوکیشن پلان کے خالص اثاثہ جات 21 ملین روپے پر موجود تھے جو 31 مارچ 2019 کے مطابق 104.2236 روپے فی یونٹ کے خالص اثاثہ جات کی مالیت (این اے وی) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کے لیے %2.77 کا منافع حاصل کیا۔ پلان نے ایکویٹی فنڈز اور اے ایم پی میں %20 کی حد تک اور فکسڈ انکم فنڈز میں %80 کی حد تک سرمایہ کاری کی۔

### اسٹریٹجک ایلوکیشن پلان

زیر جائزہ مدت کے دوران اسٹریٹجک ایلوکیشن پلان کی مجموعی آمدنی اور خالص خسارہ بالترتیب 6.13 ملین روپے اور 4.79 ملین روپے تھا۔ اسٹریٹجک ایلوکیشن پلان کے خالص اثاثہ جات 4.04 ارب روپے پر موجود تھے جو 31 مارچ 2019 کے مطابق 101.3861 روپے فی یونٹ کے خالص اثاثہ جات کی مالیت (این اے وی) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کیلئے %0.10 کا منفی منافع حاصل کیا۔ پلان نے ایکویٹی فنڈز اور اے ایم پی میں %26 کی حد تک اور فکسڈ انکم فنڈز میں %74 کی حد تک سرمایہ کاری کی۔

### اسلامک کیپٹل پریزرویشن پلان

اسلامک کیپٹل پریزرویشن پلان نے اپنے تجارتی آپریشنز کا آغاز 02 اکتوبر 2018 کو کیا۔ 02 اکتوبر 2018 سے 31 مارچ 2019 کی مدت کے اسلامک کیپٹل پریزرویشن پلان نے بالترتیب 10.75 ملین روپے اور 7.45 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ اسلامک کیپٹل پریزرویشن پلان کے خالص اثاثہ

آگے بڑھتے ہوئے انویسٹرز کو مکمل طور پر حکومت کی جانب سے آئی ایم ایف پروگرام میں شمولیت کے فیصلے، ایمنسٹی اسکیم کے متوقع اعلان اور مالی سال 20 کے بجٹ کا انتظار ہے۔ ہم اس امر کو واضح کرتے ہیں کہ موجودہ میکرو اکنامک کے عناصر کے ہبوطی ویس (ای اینڈ پی، بینکس اور پاور) انڈیکس کے لیے مثبت کارکردگی کا مظاہرہ کریں گے جبکہ حالیہ ٹچل کارکردگی زیر گردش ذخائر کی ویلیو ایسٹز بڑھائے گی۔ ہمیں یقین ہے کہ پاکستان ایکویٹیز طویل مدتی سرمایہ کاروں کے لیے بہتر مواقع کی پیشکش کرے گی۔

## فنڈ کی کارکردگی

### ایچ بی ایل اسلامک منی مارکیٹ فنڈ

31 مارچ 2019 کو ختم ہونے والی مدت کے لیے فنڈ کی مجموعی آمدنی اور خالص اکم بالترتیب 67.19 ملین روپے اور 54.83 ملین روپے تھی۔ 30 جون 2018 کے مطابق فنڈ کی خالص اثاثہ جات کی مالیت (این اے وی) 104.9735 روپے فی یونٹ سے بڑھ کر 31 مارچ 2019 کو 106.4075 روپے فی یونٹ (4.15 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد) ہو گئی، جس کے ذریعے 7.38% کا سالانہ منافع دیا گیا۔ اسی مدت کے دوران بیچ مارک منافع (تین ماہ کے بینک ڈپازٹ کی شرحیں) 3.04% تھا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 1.19 ارب روپے تھا اس کے مقابلے میں سال کے آغاز پر یہ 0.96 ارب روپے تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کے لیے AA(f) (ڈبل اے ایف) فنڈ کے استحکام کی ریٹنگ کی دوبارہ توثیق کی ہے۔

### ایچ بی ایل اسلامک انکم فنڈ

31 مارچ 2019 کو ختم ہونے والی مدت کے لیے فنڈ کی مجموعی آمدنی اور خالص اکم بالترتیب 261.18 ملین روپے اور 214.05 ملین روپے تھی۔ 30 جون 2018 کے مطابق فنڈ کی خالص اثاثہ جات کی مالیت (این اے وی) 106.3013 روپے فی یونٹ سے بڑھ کر 31 مارچ 2019 کو 106.7906 روپے فی یونٹ (5.00 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد) ہو گئی، جس کے ذریعے 7.20% کا سالانہ منافع دیا گیا۔ اسی مدت کے دوران بیچ مارک منافع (6 ماہ کے بینک ڈپازٹ کی شرحیں) 3.22% تھا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 3.93 ارب روپے تھا اس کے مقابلے میں سال کے آغاز پر یہ 4.04 ارب روپے تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کے لیے A+(f) (اے پلس ایف) فنڈ کے استحکام کی ریٹنگ کی دوبارہ توثیق کی ہے۔

### ایچ بی ایل اسلامک اسٹاک فنڈ

31 مارچ 2019 کو ختم ہونے والی مدت کے لیے فنڈ کا مجموعی اور خالص خسارہ بالترتیب 64.42 ملین روپے اور 128.33 ملین روپے رہا۔ 30 جون 2018 کے مطابق فنڈ کی خالص اثاثہ جات کی مالیت (این اے وی) 111.8276 روپے فی یونٹ سے کم ہو کر 31 مارچ 2019 کو 105.0942 روپے فی یونٹ ہو گئی، جس کے ذریعے اس مدت کے دوران بیچ مارک منافع (Index 30 KMI) منفی 10.90% کے برخلاف 6.01% کا منفی منافع دیا گیا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 1.60 ارب روپے تھا اس کے مقابلے میں سال کے آغاز پر یہ 2.54 ارب روپے تھا۔

### ایچ بی ایل اسلامک ایکویٹی فنڈ

31 مارچ 2019 کو ختم ہونے والی مدت کے لیے فنڈ کا مجموعی اور خالص خسارہ بالترتیب 38.54 ملین روپے اور 60.47 ملین روپے رہا۔ 30 جون 2018 کے مطابق فنڈ کی خالص اثاثہ جات کی مالیت (این اے وی) 92.4834 روپے فی یونٹ سے کم ہو کر 31 مارچ 2019 کو 87.0129 روپے فی یونٹ ہو گئی، جس کے ذریعے اس مدت کے دوران بیچ مارک منافع (Index 30 KMI) منفی 10.90% کے برخلاف 5.88% کا منفی منافع دیا گیا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 0.55 ارب روپے تھا اس کے مقابلے میں سال کے آغاز پر یہ 1.32 ارب روپے تھا۔

ضبط کا سلسلہ جاری رکھا۔

تازہ ترین دستیاب ڈیٹا کے مطابق اسلامک بینکنگ کی صنعت کے اثاثہ جات نے 17% گروتھ ظاہر کی اور دسمبر 18 تک اس کے اثاثہ 2,658 ارب روپے پر موجود تھے۔ اسی طرح اسلامک بینکس کے ڈپازٹس نے بھی 16.9% YoY کی تیز رفتار شرح نمو ظاہر کی اور دسمبر 18 تک 2,203 ارب روپے تک پہنچ گئے۔ اثاثہ جات اور ڈپازٹس میں بڑے پیمانے پر گروتھ کے باوجود ایس بی پی نے کوئی بھی فکسڈ یا فلوئنگ ریٹ کے سرکاری اجارہ سکوک مالی سال 18- اور مالی سال 2019 کی تیسری سہ ماہی میں جاری نہیں کیے۔ مالی سال 2019 کی تیسری سہ ماہی کے دوران 314 ارب روپے کے حکومت پاکستان کے اجارہ مچھور کیے گئے جبکہ حکومت نے بینکوں کے ساتھ 237 ارب روپے کی ”بائی مچھل“ ٹرانزیکشن انجام دی تاکہ بینک اپنی اضافی لیکویڈٹی پارک نہ کر سکیں۔ ”بائی مچھل“ ایس ایل آر کی اہل تھی جو اس امر کو یقینی بناتی ہے کہ اسلامی بینکس ایس ایل آر کی شرائط پوری کرنے کا سلسلہ جاری رکھیں گے۔

حکومت نے جزوی طور پر سرکریڈیٹ کوریٹائزنگ کے لیے 200 ارب پاک روپے کے اسلامک سکوک جاری کیے۔ یہ طویل مدتی انسٹرومنٹ ہوں گے اور ایس ایل آر کے اہل ہوں گے جس کے نتیجے میں اسلامی بینکوں کے لیے سرمایہ کاری کی راہوں میں اضافہ ہوگا۔ مزید برآں ہم 200 ارب روپے کے اضافی اسلامی سکوک کی توقع کرتے ہیں جو مالی سال 19 کی چوتھی سہ ماہی میں جاری کیے جائیں گے تاکہ سرکریڈیٹ کونٹریلڈ ہو جائے اور یہ جراثیم ایس ایل آر کی اہلیت کے ساتھ امکانی طور پر طویل مدتی انسٹرومنٹ ہوگا۔

مالی سال 19 کی تیسری سہ ماہی کے دوران حکومت نے وسیع طور پر اپنے قرضے کی ضروریات کا بندوبست مقامی وسائل اور بالخصوص مرکزی بینک کے ذریعے کیا۔ حکومت نے شیڈولڈ بینکوں نے 2,576 ارب پاک روپے حاصل کیے جبکہ گزشتہ سال کی اسی مدت کے دوران 1,391 ارب پاک روپے لیے گئے تھے۔ دریں اثنا ایس بی پی سے حکومت کے قرضہ جات اس مدت کے دوران 3,485 ارب پاک روپے تک بڑھے جبکہ گزشتہ برس کی اس مدت کے دوران قرضے کی شرح 2,161 ارب پاک روپے تھی۔

مارچ 2019 میں جاری مانیٹری پالیسی میں پالیسی ریٹ مزید 50bps بڑھا کر 10.75% کیا گیا، آگے بڑھتے ہوئے ہم توقع کرتے ہیں کہ سخت مانیٹری نظم و ضبط کا سلسلہ جاری رہے گا اور شرح سود مالی سال 2019 کے باقی ماندہ ماہ کے دوران بدستور موجود رہے گا (10.75-11%) پر برقرار رہے گا۔

### اسٹاک مارکیٹ کا جائزہ

پاکستان ایکویٹی مارکیٹ نے مالی سال 19 کی تیسری سہ ماہی کا آغاز ایک مثبت نکتے سے کیا کیونکہ شیخ مارک KM130 نے جنوری 19 میں 12% کی مستحکم کارکردگی ظاہر کی تاہم انڈیکس اپنی کارکردگی برقرار نہ رکھ سکا جس کی وجہ پاکستان اور بھارت کی سرحدوں پر بڑھتی ہوئی کشیدگی اور آئی ایم ایف پروگرام میں پاکستان کی شمولیت کے حوالے سے پائی جانے والی بے یقینی تھی۔ مالی سال 19 کی تیسری سہ ماہی کے لیے شیخ مارک انڈیکس نے 10.9% کی کمی ظاہر کی جس کی وجہ نوزائیدی حکومت کی جانب سے معاشی پالیسی کی سمت کے تعین کے فقدان۔ معاشی بے یقینی، مانیٹری نظام میں سخت روی مثلاً شرح سود میں اضافہ، گیس اور بجلی کے ٹیرف میں نمایاں اضافے اور پاک روپے کی قدر میں کمی کے سبب سرمایہ کاروں کے کمزور اور سست رجحانات تھے جس کی وجہ سے معیشت میں بہتری کے امکانات پیدا نہ ہو سکے۔ بہاؤ کی جانب غیر ملکی مالی سال 19 کی تیسری سہ ماہی کے دوران خالص خریدار رہے اور 31 ملین امریکی ڈالر کے شیئر خریدے جو پھر بھی مالی سال 19 کی تیسری سہ ماہی کے دوران 373 ملین امریکی ڈالر کے مجموعی فروخت سے کم تھے۔

مالی سال 19 کی تیسری سہ ماہی کے دوران شیخ مارک KM130 نے 1,583 پوائنٹس کی ریکوری (اوپری ایریہ 3.2%) کی اور 63,314 کی سطح پر بند ہوا۔ ہیوی ویٹ شعبے کمرشل بینکس، آئل اور گیس ایکسپلوریشن اور فریٹلائزر ریکلٹرز نے انڈیکس میں بنیادی معاونت فراہم کی۔ تیل کی قیمتیں بڑھنے اور فریٹلائزر ریکلٹرز متعلقہ سیکٹرز کی کامیابی اس کے پیچھے مرکزی عوامل تھے۔ آئل اور گیس ایکسپلوریشن اور فریٹلائزر ریکلٹرز نے شیخ مارک انڈیکس کے لیے غیر معمولی کارکردگی کا مظاہرہ کیا اور بالترتیب 15% اور 6% کی شرح حاصل کی۔ ریٹائزیز، پاور اور اوایم سیز اس مدت کے دوران کلیدی چلی کارکردگی کا مظاہرہ کرنے والے شعبے رہے جس کی وجہ حکومت کی جانب سے غیر معینہ مدت کے لیے ایف او پر منحصر جزیشن بند کرنے کا فیصلہ تھا۔ مزید برآں مالی سال 19 کی پہلی سہ ماہی کے دوران ریٹائزیز سے کمزور مالیاتی نتائج اور مالی سال 19 کی تیسری سہ ماہی کے دوران اوایم سی کے حجم میں کمی سمیت متعلقہ شعبے کی سست کارکردگی تھی۔ ریٹائزیز، پاور اور اوایم سی سیکٹرز نے شیخ مارک KSE100 میں چلی کارکردگی ظاہر کی اور بالترتیب 19%، 9% اور 7% گر گئی۔



## انتظامی کمپنی کے ڈائریکٹرز کی رپورٹ

انچ بی ایل ایسیٹ مینجمنٹ لمیٹڈ کے بورڈ کے ڈائریکٹرز بمسرت 31 مارچ 2019 کو ختم ہونے والی نو ماہ کی مدت کے لیے اپنی رپورٹ بشمول انچ بی ایل اسلامک منی مارکیٹ فنڈ، انچ بی ایل اسلامک انکم فنڈ، انچ بی ایل اسلامک اسٹاک فنڈ، انچ بی ایل اسلامک ایکویٹی فنڈ، انچ بی ایل اسلامک ایلیٹ ایلویشن فنڈ، انچ بی ایل اسلامک فنانشل پلاننگ فنڈ اور انچ بی ایل اسلامک ڈیڈ ویلٹی فنڈ (دی فنڈز) کے مالیاتی حسابات پیش کر رہے ہیں۔

### اقتصادی جائزہ

مالیاتی سال 19 کا آغاز سیاسی تبدیلی کے ساتھ عبوری اور نوزائیدہ حکومت کے اقدامات سے ہوا جس کو معاشی چیلنجز بالخصوص دہرے خساروں اور افراط زر کے دباؤ کا سامنا تھا۔ پالیسی سازوں نے مالی سال 19 کے نو ماہ کے دوران کامیابی کے ساتھ کرنٹ اکاؤنٹ خسارے میں جی ڈی پی کے 4.5% تک کمی کی جبکہ مارچ-19 میں خسارہ 3.6% تھا، جو مالی سال 18 کے دوران پورے عشرے کی جی ڈی پی کے 5.7% کی بلند ترین سطح پر تھا۔ سی اے ڈی میں کمی کی بڑی وجہ سخت مالیاتی نظم و ضبط، پاک روپے کی قدر میں کمی اور درآمدات پر ڈیوٹیز نافذ کرنے کے باعث تھی۔ مزید برآں حکومت نے بھی کامیابی کے ساتھ دوست ممالک (سعودی عرب، یو اے ای اور چین) سے مالیاتی تعاون حاصل کر لیا جو زیر جائزہ مدت کے دوران زرتربیل میں اضافے کے ساتھ غیر ملکی زرمبادلہ کے ذخائر میں اضافے میں معاون ثابت ہوئی۔

مجموعی طلب اور بیرونی اکاؤنٹ کے دباؤ پر مشتمل پالیسی اقدامات کے اثرات ایل ایس ایم میں سست روی سے ظاہر ہونے کا آغاز ہوا اور مالی سال 19 کی تیسری سہ ماہی کے دوران یہ مزید سکڑ گئے۔ مالی سال 19 کی تیسری سہ ماہی کے دوران پاک روپے کی قدر میں مزید 1.4% کمی کرنی کو مساوی حجم پر لانے کے لیے گئی کیونکہ حقیقی موثر زرمبادلہ کے ریٹ فروی-19 میں 103.3 تک پہنچ گئے تھے۔ مرکزی بینک نے سخت مالیاتی نظم و ضبط کا سلسلہ مالی سال 19 کی تیسری سہ ماہی کے دوران شیخ مارک پالیسی ریٹ کو 75bps مزید بڑھانے کے ذریعے 10.75% تک کر دیا۔

ملک کا تجارتی خسارہ مالی سال 19 کی تیسری سہ ماہی کے دوران YoY 14% تک کم ہو کر 23.5 ارب امریکی ڈالر ہو گیا جس کی بنیادی وجہ درآمدات میں کمی (8% کم) کا ہونا تھا جبکہ برآمدات نے اس دوران YoY 1.1% کی مختصر گروتھ ظاہر کی۔ مالی سال 19 کی تیسری سہ ماہی کے دوران زرتربیل نے متاثر کن رجحان ظاہر کیا اور 9% YoY بڑھ کر 16.1 ارب امریکی ڈالر تک جا پہنچے۔ سی اے ڈی میں سست روی کے باعث اور کثیر جہتی بہاؤ کی معاونت کے ساتھ غیر ملکی زرمبادلہ کے ذخائر مالی سال 19 کی تیسری سہ ماہی کے دوران 17.4 ارب امریکی ڈالر ہو گئے۔ اوسطاً سرکردہ سی آئی افراط زر مالی سال 19 کی تیسری سہ ماہی میں 6.8% تھا جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران 3.8% رہا تھا جس کی وجہ آئل کے نرخوں کا بلند تر اوسط، کرنی کی قدر میں کمی اور بجلی کی قیمتوں میں اضافہ تھا۔ بنیادی افراط زر (نان-فوڈ اور نان-انرجی) نے مستقل طور پر بلند پرواز جاری رکھی اور مارچ-19 کے دوران 8.5% تک جا پہنچا، لی سال 19 کی تیسری سہ ماہی میں یہ اوسط 8.2% رہی جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران 5.4% تھی۔

چونکہ ہمیں توقع ہے کہ سرکردہ افراط زر مناسب فوڈ سپلائی کی بدولت متوازن رہے گا لہذا بنیادی افراط زر قریبی مدت میں بھی اٹکی رہے گا۔ زیر جائزہ مدت کے دوران نئی منتخب حکومت نے بھی ”منی بجٹ“ پیش کیا اور نظر ثانی شدہ مالیاتی خسارے کا ہدف جی ڈی پی کا 5.1% تھا۔

آگے بڑھتے ہوئے حکومت ممکنہ طور پر آئی ایم ایف کے ساتھ معاہدے کو حتمی شکل دے دیگی جس کے بعد مالیاتی اقدامات کا امکانی طور پر مالی سال 20 کے آئندہ بجٹ میں اعلان کیا جائے گا۔ مزید برآں حکومت کی جانب سے ایمنسٹی اسکیم کا اعلان بھی ٹیکس کا دائرہ کار اور ٹیکسوں کی آمدنی بڑھانے کی کوشش کے طور پر متوقع ہے۔ ہمیں یقین ہے کہ بیرونی کھاتوں کی ایڈجسٹمنٹ اور سخت مالیاتی نظم و ضبط کا وسیع تر رجحان برقرار رہے گا اور حکومت کی توجہ مالی سال 20 میں مالیاتی استحکام کے اقدامات کی جانب مبذول ہو جائے گی۔

### منی مارکیٹ کا جائزہ

ایس بی پی نے بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے پر قابو پانے اور افراط زر کے پھیلنے سے بچنے کے لیے مالی سال 19 کی تیسری سہ ماہی میں سخت مالیاتی نظم و

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# **HBL**

## **Islamic Money Market Fund**



## FUND INFORMATION

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Name of Fund	HBL Islamic Money Market Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Bank Al-Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited Askari Bank Limited Allied Bank Limited Faysal Bank Limited Summit Bank Limited
Fund Rating	'AA(f)' (JCR-VIS)

**HBL Islamic Money Market Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	1,068,979	958,590
Accrued mark-up on deposit with banks		12,011	4,863
Investments	5	118,198	-
Deposits and prepayments		142	60
<b>Total assets</b>		<b>1,199,330</b>	<b>963,513</b>
<b>Liabilities</b>			
Payable to the Management Company	6	1,279	678
Payable to the Trustee		160	120
Payable to Securities and Exchange Commission of Pakistan		559	609
Accrued expenses and other liabilities	7	9,267	4,997
<b>Total liabilities</b>		<b>11,265</b>	<b>6,404</b>
<b>Net assets</b>		<b>1,188,065</b>	<b>957,109</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>1,188,065</b>	<b>957,109</b>
<b>Contingencies and Commitments</b>			
	8		
----- (Number of units) -----			
<b>Number of units in issue</b>		<b>11,165,238</b>	<b>9,117,621</b>
----- (Rupees) -----			
<b>Net assets value per unit</b>		<b>106.4075</b>	<b>104.9736</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Money Market Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the Nine Months ended and Quarter Ended March 31, 2019*

		Nine Month ended March 31,		Quarter Ended March 31,	
		2019	2018	2019	2018
Note		(Rupees in '000)			
<b>Income</b>					
		60,386	31,761	27,001	10,790
		456	2,465	-	1,058
		6,348	-	2,828	-
		67,190	34,226	27,001	11,848
<b>Expenses</b>					
		7,419	6,329	3,186	1,800
		1,231	1,023	447	342
		559	452	211	151
		746	603	283	202
		449	264	259	88
		205	81	-	6
		628	357	362	139
		-	124	-	54
		11,237	9,232	4,748	2,781
		55,953	24,995	22,253	9,067
		-	-	-	-
7.2		1,119	(500)	445	(181)
		54,834	24,495	21,808	8,887
8		-	-	-	-
		54,834	24,495	21,808	8,887
<b>Allocation of net income for the period:</b>					
		12,713	3,672		
		-	-		
		42,121	20,823		
		42,121	20,823		
		54,834	24,495		

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Money Market Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the Nine Months ended and Quarter Ended March 31, 2019*

	Nine month ended March 31,		Quarter ended, March 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income for the period after taxation	54,834	24,495	21,808	8,887
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>54,834</b>	<b>24,495</b>	<b>21,808</b>	<b>8,887</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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**HBL Islamic Money Market Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For the Nine month ended March 31, 2019*

	Nine month ended March 31,					
	2019			2018		
	----- (Rupees in '000) -----					
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Net assets at beginning of the period	926,993	30,116	957,109	830,183	5,099	835,282
Issue of 13,115,521 units (2018: 26,107,650 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,322,353	-	1,322,353	565,873	9,513	575,386
- Element of income	37,155	-	37,155		-	-
Total proceeds on issue of units	1,359,508	-	1,359,508	565,873	9,513	575,386
Redemption of 11,067,905 units (2018: 17,806,929 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(1,115,905)	-	(1,115,905)	(581,754)	(8,672)	(590,426)
- Income already paid on redemption of units	-	(12,713)	(12,713)	-	-	-
- Element of loss	(16,931)	-	(16,931)		-	-
Total payments on redemption of units	(1,145,549)	-	(1,145,549)	(581,754)	(8,672)	(590,426)
Total comprehensive Gain for the period	-	54,834	54,834	-	24,495	24,495.00
Refund of Capital	(14,140)	-	(14,140)	-	-	-
Distribution during the Period	-	(23,697)	(23,697)	-	-	-
Net income for the period less distribution	(14,140)	31,137	16,997	-	24,495	24,495
Net assets at end of the period	1,126,812	61,253	1,188,065	814,302	30,435	844,737
Undistributed income brought forward						
- Realised		30,116			5,099	
- Unrealised		-			-	
		30,116			5,099	
Distribution during the Period		(23,697)			-	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		42,121			20,823	
		42,121			20,823	
Undistributed income carried forward		48,540			25,922	
Undistributed income carried forward						
Relating to realised gain		48,540			25,922	
Relating to unrealised gain		-			-	
		48,540			25,922	
	----- (Rupees) -----					
Net assets value per unit at beginning of the period	104.9736			100.6277		
Net assets value per unit at end of the period	106.4075			103.7397		

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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**HBL Islamic Money Market Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the Nine month ended March 31, 2019*

	Nine month ended March 31,	
	2019	2018
Note	(Rupees in '000')	
<b>Cash flows from operating activities</b>		
Net income for the period before taxation	54,834	24,495
<b>Adjustments for non-cash items:</b>		
Mark-up on deposit with banks	(60,386)	(31,761)
Mark-up on commercial paper	(6,348)	-
Mark-up on term deposit receipts	(456)	(2,465)
	(12,356)	(9,731)
<b>Increase in assets</b>		
Deposits and prepayments	(82)	(45)
Investments	(111,850)	-
	(111,932)	(45)
<b>Increase / (Decrease) Increase in liabilities</b>		
Payable to the Management Company	601	(131)
Payable to the Trustee	40	7
Payable to the Securities and Exchange Commission of Pakistan	(50)	(19)
Accrued expenses and other liabilities	4,270	(1,642)
	4,861	(1,785)
	(119,427)	(11,561)
Mark-up received on deposit with banks	53,191	33,466
Mark-up received on term deposit receipts	503	-
	53,694	33,466
<b>Net cash generated from / (used in) operating activities</b>	(65,733)	21,905
<b>Cash flows from financing activities</b>		
Amount received on issue of units	1,359,508	575,386
Payments against redemption of units	(1,145,549)	(590,426)
Cash dividend paid	(37,837)	-
<b>Net cash generated / (used in) from financing activities</b>	176,122	(15,040)
<b>Net increase in cash and cash equivalents</b>	110,389	6,865
Cash and cash equivalents at beginning of the period	958,590	839,601
<b>Cash and cash equivalents at end of the period</b>	1,068,979	846,466

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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# **HBL Islamic Money Market Fund**

## **Notes to the Condensed Interim Financial Information (Unaudited)**

*For the Nine month ended March 31, 2019*

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

- 1.1** HBL Islamic Money Market Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on December 10, 2010.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at 'par' from May 9, 2011 to May 10, 2011.
- 1.4** The principal activity of the Fund is to seek high liquidity and comparative Shariah Compliant return for investors by investing in low risk securities of shorter duration and maturity.
- 1.5** JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+' (Positive Outlook) to the Management Company and the fund stability rating of AA(f) to the Fund.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a trustee of the Fund.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of Compliance**

- 2.1.1** 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 (IFRS Standards) 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
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS-34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

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## **2.2 Basis of measurement**

This condensed interim financial statement has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

## **2.3 Functional and presentation currency**

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## **2.4 Use of judgments and estimates**

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are 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.

Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) classification and valuation of financial assets; and
- (ii) impairment of financial assets

## **3. SIGNIFICANT ACCOUNTING POLICIES, RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN**

**3.1** The accounting policies adopted in the preparation of this condensed interim financial information is consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

**3.2** The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**3.3** The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

**3.4** There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial information.

**3.5** On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

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### 3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the nine months ended March 31, 2019.

#### **IFRS 9 introduced new requirements for:**

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

#### **(a) Classification and measurement of financial assets**

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

#### **Specifically:**

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- the Fund's investment in debt instruments that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at FVTPL because they are held within a business model whose objective is primarily to sell the bonds. The change in the fair value on these redeemable notes will be recorded in the profit or loss account;
- there is no change in the measurement of the Fund's investments in debt instruments that are held for trading; those instruments were and continue to be measured at FVTPL;
- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Para (d) below tabulates the change in classification of the Fund's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

#### **(b) Impairment of financial assets**

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

#### **(c) Classification and measurement of financial liabilities**

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.



**(d) Disclosures in relation to the initial application of IFRS 9**

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

There has been no reclassification in financial assets as a result of transition to IFRS 9

	Note	(Un-Audited) March 31, 2019	(Audited) June 30, 2018
		----- (Rupees in '000) -----	
<b>4. BANK BALANCES</b>			
Balances with banks in:			
Savings account	4.1	1,068,979	873,590
Term deposit receipts		-	85,000
		<u>1,068,979</u>	<u>958,590</u>

**4.1** This represents bank accounts held with different banks. Mark up rates on these accounts range between 3.57% - 10.75% (June 2018: 4.5% - 7.1% ) per annum.

**5. INVESTMENTS**

**Financial asset at amortised cost**

- Clean placement

5.1	118,198	-
	<u>118,198</u>	<u>-</u>

**5.1 Investment in Commercial paper - Financial asset at amortised cost**

Name of Company	As at July 01, 2018	Placement made during the year	Matured during the year	As at March 31, 2019	Percentage of total value of investments	Percentage of Net Assets
K-Electric	-	118,198	-	118,198	100.00	9.95
<b>Total - As at March 31, 2019</b>	<u>-</u>	<u>118,198</u>	<u>-</u>	<u>118,198</u>	<u>100.00</u>	<u>9.95</u>
Total - As at June 30, 2018	-	-	-	-	-	-

**5.1.1** These carries mark-up range at the rate of 11.75% (June 30, 2018: Nil%) per annum and will mature on September 02, 2019.

	(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	----- (Rupees in '000) -----	
<b>6. PAYABLE TO THE MANAGEMENT COMPANY</b>		
Management Fee	1,040	537
Sindh Sales Tax	135	70
Allocation of expenses related to registrar services, accounting, operation and valuation services	104	71
	<u>1,279</u>	<u>678</u>

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
Note		(Rupees in '000)	
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
		<b>361</b>	304
Auditors' remuneration			
Federal Excise Duty	7.1	<b>2,185</b>	2,185
Provision for Sindh Workers' Welfare Fund	7.2	<b>3,322</b>	2,203
Other payable		<b>3,399</b>	305
		<b>9,267</b>	4,997

- 7.1** The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal which was filed by tax authorities against the order by the Honourable Supreme Court of Pakistan dated July 16, 2017, is pending for decision.

In view of the above, the Management Company, being prudent, is carrying provision for FED aggregating to Rs. 2.185 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.1957 per unit (June 30, 2018: 0.2632 per unit).

**7.2 PROVISION FOR SINDH WORKERS' WELFARE FUND**

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare fund is the same as disclosed in note 11.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

The Fund, as a matter of being prudent, recognised provision for SWWF amounting to Rs. 3.322 million as at March 31, 2019 in these condensed interim financial information. Had the provision not been made, net assets value per unit at March 31, 2019 would have been higher by Rs. 0.2976 per unit (June 30, 2018: Rs. 0.1802 per unit).

**8. TAXATION**

The Fund's income is exempt from income tax as per Clause 99 of Part 1 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.

**9. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

**10. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS**

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Details of the transactions with connected persons during the period and balances with them at period end are as follows:

		<b>(Un-Audited)</b>	
		<b>Nine month ended</b>	
		<b>March 31,</b>	
		<b>2019</b>	<b>2018</b>
		<b>----- (Rupees in '000) -----</b>	
<b>10.1</b>	<b>Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>			
Management fee including sales tax thereon		<b>7,419</b>	6,329
Allocation of expenses related to registrar services, accounting, operation and valuation services		<b>746</b>	603
Issue of units 652 units (2018: 27,577 units )		<b>66</b>	2,814
Redemption of units 28,596 ( 2018: Nil units )		<b>294</b>	-
Refund of capital 368 units ( 2018: Nil units )		<b>37</b>	-
<b>Habib Bank Limited - Sponsor</b>			
Profit on bank deposits earned		<b>9,183</b>	630
Issuance of units 118,710 Units ( 2018: NIL units )		<b>11,968</b>	-
Redemption of units 762,765 ( 2018: Nil units )		<b>80,648</b>	-
<b>Executives and key management personnel</b>			
Issue of 456,990 units (2018: 435,786 units)		<b>48,034</b>	44,824
Redemption of 176,607 units (2018: 428,431 units)		<b>18,522</b>	44,099
<b>Al Mizan Foundation - Connected person due to holding 10% or more</b>			
Issue of 1,024 units (2018: NIL units)		<b>103</b>	-
Refund of capital 77,267 units ( 2018: Nil units )		<b>7,790</b>	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Trustee Remuneration		<b>1,231</b>	118
CDC service charges		<b>4</b>	-

	(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	----- (Rupees in '000) -----	
<b>10.2 Amounts outstanding as at period end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	<b>1,040</b>	537
Sindh Sales Tax	<b>135</b>	70
Payable against allocation of expenses related to registrar services, accounting, operation and valuation services	<b>104</b>	71
Investment held in the Fund: Nil units (June 30, 2018: 27,577)	-	2,895
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund: 2,240,000 units (June 30, 2018: 2,884,054 units)	<b>238,353</b>	302,749
Bank balances	<b>1,003,250</b>	1,496
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable including sales tax thereon	<b>160</b>	120
<b>Executives and key management personnel</b>		
Investment held in the Fund: 281,130 units (June 30, 2018: 8,101 units)	<b>29,914</b>	850
<b>AI MIZAN FOUNDATION - Connected person due to holding 10% or more</b>		
Investment held in the Fund: 1,984,745 units (June 30, 2018: 1,906,454 units)	<b>211,192</b>	200,000

## 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and 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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

				March 31, 2019			
Carrying amount				Fair Value			
	At amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
				(Rupees in '000)			
<b>On-balance sheet financial instruments</b>							
<b>Financial assets not measured at fair value</b>							
Bank balance	-	1,068,979	1,068,979				
Accrued mark-up	-	12,011	12,011				
Investments	-	118,198	118,198				
	-	1,199,188	1,199,188				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	1,144	1,144				
Payable to the Trustee	-	142	142				
Accrued expenses and other liabilities	-	609	609				
Payable to Securities and Exchange Commission of Pakistan	-	495	495				
	-	2,390	2,390				
				June 30, 2018			
Carrying amount				Fair Value			
	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
				(Rupees in '000)			
<b>On-balance sheet financial instruments</b>							
<b>Financial assets not measured at fair value</b>							
Bank balances	-	958,590	958,590				
Accrued mark-up	-	4,863	4,863				
	-	963,453	963,453				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	608	608	-	-	-	-
Payable to the Trustee	-	106	106	-	-	-	-
Accrued expenses and other liabilities	-	3,760	3,760	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan	-	539	539	-	-	-	-
	-	5,013	5,013	-	-	-	-

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**11.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**11.2 Transfers during the period**

There were no transfers between various levels of fair value hierarchy during the period.

**12. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended March 31, 2019 is 1.24% (2018: 1.21%) which includes 0.27% (2018: 0.23%) representing government levy, Worker's Welfare Fund and SECP fees.

**13. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statement were authorized for issue by the Board of Directors of the Management Company on April 30, 2019.

**14. GENERAL**

**14.1** Figures have been rounded off to the nearest thousand Rupees.

**14.2** This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended March 31, 2019 have not been reviewed.

**14.3** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# **HBL**

## **Islamic Asset Allocation Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Asset Allocation Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Bank Al-Habib Limited Habib Bank Limited Askari Bank Limited Allied Bank Limited Dubai Islamic Bank Limited Soneri Bank Limited Bank Islamic Pakistan Limited Summit Bank Limited Al Baraka Bank Pakistan Limited MCB Islamic Bank Limited



**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
Note		----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	43,227	1,072,554
Investments	5	1,653,442	1,395,267
Dividend receivable and accrued mark-up		18,627	16,784
Preliminary expenses and floatation costs	6	369	525
Advances, deposits and other receivables	7	5,754	4,205
Receivable against sale of investments		978	2,338
<b>Total assets</b>		<b>1,722,397</b>	<b>2,491,673</b>
<b>Liabilities</b>			
Payable to the Management Company	8	5,046	9,665
Payable to the Trustee		281	344
Payable to the Securities and Exchange Commission of Pakistan		1,636	2,568
Payable against Redemption Units		15,384	-
Accrued expenses and other liabilities	9	8,642	9,537
<b>Total liabilities</b>		<b>30,989</b>	<b>22,114</b>
<b>Net assets</b>		<b>1,691,408</b>	<b>2,469,559</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>1,691,408</b>	<b>2,469,559</b>
<b>Contingencies and Commitments</b>			
	10		
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>15,925,192</b>	<b>23,570,147</b>
<b>(Rupees)</b>			
<b>Net assets value per unit</b>		<b>106.2095</b>	<b>104.7748</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For The Nine Months And Quarter Ended March 31, 2019*

	Nine months ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
Note	(Rupees in '000)			
<b>Income</b>				
Return on investments	62,425	19,871	46,718	9,273
Profit on deposits with banks	51,396	67,458	33,890	22,418
Dividend income	20,634	26,950	12,824	6,671
Capital loss on sale of investments - net	(25,406)	(53,701)	(26,636)	(23,934)
Unrealised (diminution) / appreciation on remeasurement of investments classified as financial asset at fair value through profit or loss - net	(24,439)	41,145	(11,070)	36,060
	84,610	101,723	55,725	50,488
Impairment loss on equity securities classified as available for sale	-	(82,250)	-	-
	84,610	19,473	55,725	50,488
<b>Expenses</b>				
Remuneration of the Management Company	29,180	34,047	18,864	12,095
Remuneration of the Trustee	2,794	3,118	1,821	1,085
Annual fee to Securities and Exchange Commission of Pakistan	1,636	1,909	1,057	678
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,721	2,104	1,112	809
Selling and marketing expenses	6,886	7,939	4,451	2,759
Auditors' remuneration	276	277	183	93
Amortization of preliminary expenses and floatation costs	156	152	103	46
Settlement and bank charges	463	391	314	127
Printing charges	-	118	-	29
Fee and subscription	50	71	(30)	16
Income from shariah non-compliant transaction	866	2,202	564	294
Securities transaction cost	1,506	993	1,189	441
Shariah advisory fee	146	110	146	37
	45,680	53,431	29,775	18,509
<b>Net loss from operating activities</b>	38,930	(33,958)	25,951	31,979
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	-	-	-	-
Provision for Sindh Workers' Welfare Fund	(778)	-	(573)	-
<b>Net loss for the period before taxation</b>	38,152	(33,958)	25,378	31,979
Taxation	-	-	-	-
<b>Net loss for the period after taxation</b>	38,152	(33,958)	25,378	31,979
<b>Allocation of income for the period</b>				
Income already paid on redemption of units	16,322	-		
Accounting income available for distribution:				
- Relating to capital (losses) / gains	-	-		
- Excluding capital (losses) / gains	21,830	-		
	21,830	-		
	38,152	(33,958)		

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For The Nine Months And Quarter Ended March 31, 2019*

	Nine months ended March 31,		Quarter ended, March 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net loss for the period after taxation	38,152	(33,958)	25,378	31,979
Other comprehensive (loss) / income for the period	-	44,039	-	68,568
<b>Total comprehensive income for the period</b>	<b>38,152</b>	<b>10,081</b>	<b>25,378</b>	<b>100,547</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

_____ Chief Financial Officer	_____ Chief Executive Officer	_____ Director
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**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For The Nine Months Ended March 31, 2019*

	<b>Nine Months ended March 31,</b>							
	<b>2019</b>				<b>2018</b>			
	(Rupees in '000)							
	<b>Capital Value</b>	<b>Undistributed income</b>	<b>Unrealised (losses) / gains on investment</b>	<b>Total</b>	<b>Capital Value</b>	<b>Undistributed income</b>	<b>Unrealised (losses) / gains on investment</b>	<b>Total</b>
<b>Net assets at beginning of the period</b>	<b>2,347,630</b>	<b>113,632</b>	<b>8,297</b>	<b>2,469,559</b>	<b>2,490,358</b>	<b>105,876</b>	<b>27,084</b>	<b>2,623,318</b>
Adoption of IFRS 9	-	8,297	(8,297)	-	-	-	-	-
Issue of 6,641,869 units (2018: 10,601,757 units)								
- Capital value (at net asset value per unit at the beginning of the period)	691,481	-	-	691,481	1,119,505	-	-	1,119,505
- Element of income / (Loss)	11,896	-	-	11,896	(29,085)	-	-	(29,085)
Total proceeds on issuance of units	703,377.48	-	-	703,377	1,090,421	-	-	1,090,421
Redemption of 14,286,824 units (2018: 8,035,145 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(1,487,393)	-	-	(1,487,393)	(848,394)	-	-	(848,394)
- Income already paid on redemption of units	-	-	-	-	-	-	-	-
- Element of (loss) / income	(25,219)	-	-	(25,219)	15,190	-	-	15,190
Total payments on redemption of units	(1,512,612)	-	-	(1,512,612)	(833,204)	-	-	(833,204)
Total comprehensive loss for the period	-	38,152	-	38,152	-	(33,958)	44,039	10,081
Distribution during the period	-	(7,068)	-	(7,068)	-	-	-	-
Total comprehensive loss for the period	-	31,084	-	31,084	-	(33,958)	44,039	10,081
<b>Net assets at end of the period</b>	<b>1,538,395</b>	<b>153,013</b>	<b>-</b>	<b>1,691,408</b>	<b>2,747,575</b>	<b>71,918</b>	<b>71,123</b>	<b>2,890,616</b>
Undistributed income brought forward								
- Realised		116,763				105,876		
- Unrealised		(3,131)				-		
		113,632				105,876		
Adoption of IFRS 9		8,297				-		
Net loss for the period after taxation		38,152				(33,958)		
Distribution during the period		(7,068)				-		
<b>Undistributed income carried forward</b>		<b>153,013</b>				<b>71,918</b>		
Undistributed income carried forward								
- Realised		177,452				30,773		
- Unrealised		(24,439)				41,145		
		153,013				71,918		
	(Rupees)							
<b>Net assets value per unit at beginning of the period</b>	<b>104.7748</b>				<b>105.5962</b>			
<b>Net assets value per unit at end of the period</b>	<b>106.2095</b>				<b>105.4603</b>			

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For The Nine Months Ended March 31, 2019*

	Nine months ended March 31,	
	2019	2018
	(Rupees in '000)	
<b>Cash flows from operating activities</b>		
Net loss for the period before taxation	38,152	(33,958)
<b>Adjustments for non-cash items:</b>		
Capital loss on sale of investments - net	25,406	53,701
Return / markup on bank profits	(51,396)	(67,458)
Return / markup on investments	(62,425)	(19,871)
Dividend income	(20,634)	(26,950)
Impairment loss on equity securities classified as available for sale	-	82,250
Amortization of preliminary expenses and floatation costs	156	152
Net unrealised appreciation / (diminution) on remeasurement of investments classified as financial asset at fair value through profit or loss - net	24,439	(41,145)
	(46,301)	(53,279)
<b>(Increase) / decrease in assets</b>		
Investments	(308,023)	(894,649)
Advances, deposits and other receivables	(189)	(14,372)
	(308,212)	(909,021)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(4,619)	1,133
Payable to the Trustee	(63)	62
Payable to the Securities and Exchange Commission of Pakistan	(932)	565
Payable against Redemption Units	15,384	
Accrued expenses and other liabilities	(895)	(75,729)
	8,875	(73,969)
<b>Net cash used in operations</b>	(345,638)	(1,036,269)
Profit received on bank deposits	52,218	54,662
Dividend income received	18,860	22,565
Markup received on investments	61,536	13,484
<b>Net cash used in from operating activities</b>	(213,024)	(945,558)
<b>Cash flows from financing activities</b>		
Amount received on issue of units	703,377	1,090,421
Payment against redemption of units	(1,519,680)	(833,204)
<b>Net cash (used in) / generated from financing activities</b>	(816,303)	257,217
<b>Net decrease in cash and cash equivalents</b>	(1,029,327)	(688,341)
Cash and cash equivalents at beginning of the period	1,072,554	1,962,227
<b>Cash and cash equivalents at end of the period</b>	43,227	1,273,886

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Asset Allocation Fund**  
**Notes to the Condensed Interim Financial Information (Unaudited)**  
***For the half year ended December 31, 2018***

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

- 1.1 HBL Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed, dated September 07, 2015, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on October 28, 2015.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3 The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The initial public offer period was from January 07, 2016 to January 08, 2016 (both days inclusive). The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The primary objective of the Fund is to provide superior returns through investments in Shari'ah Compliant Equity Securities and Shari'ah Compliant Income/ Money Market Instruments.
- 1.5 JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+' (Positive outlook) to the Management Company.
- 1.6 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

- 2.1.1 'This condensed interim financial information 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 are notified under the Companies Act, 2017;
- Provisions of and directives issued under the companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and 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 requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2 The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of IAS 34. These condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

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## 2.2 Basis of measurement

These condensed interim financial information have been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

## 2.3 Functional and presentation currency

These condensed interim financial information are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.2 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial information.

3.5 On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

### 3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the nine months ended March 31, 2019.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.



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(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Fund has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- the Fund's investment in debt instruments that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at FVTPL because they are held within a business model whose objective is primarily to sell the bonds. The change in the fair value on these redeemable notes will be recorded in the profit or loss account;

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- there is no change in the measurement of the Fund's investments in debt instruments that are held for trading; those instruments were and continue to be measured at FVTPL;
  - the Fund's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been reclassified as at FVTPL. The change in fair value on these equity instruments will be recorded in the profit or loss account;
  - there is no change in the measurement of the Fund's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL;
  - financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Para (d) below tabulates the change in classification of the Fund's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

(b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Carrying amount as per IAS 39 on June 30, 2018	Reclassific-ations	Remeasur- ements	Carrying amount on initial adoption of IFRS 9 July 01, 2018	Effects on Retained Earnings on July 01, 2018
	----- Rupees ('000')-----				
<b>Financial assets</b>					
<b>Fair value through profit or loss</b>					
Listed equity securities from available for sale (IAS 39)	161,202	161,202	-	161,202	-
Listed debt securities from available for sale (IAS 39)	124,263	124,263	-	124,263	-
<b>Total</b>	<b>285,465</b>	<b>285,465</b>	<b>-</b>	<b>285,465</b>	<b>-</b>

#### 4. BANK BALANCES

Balances with banks in:  
Savings accounts

	(Un-Audited) March 31, 2019 (Rupees in '000)	(Audited) June 30, 2018
<b>Note</b>		
4.1	<b>43,227</b>	<b>1,072,554</b>

4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts ranges between 4.00% - 10.75% per annum (June 30, 2018: 3.75% - 6.5%) per annum.

#### 5. INVESTMENTS

##### Financial assets at fair value through profit or loss

- Listed equity securities	5.1	<b>481,134</b>	680,467
- Sukuk's	5.2	<b>724,004</b>	714,800
- Advance Against book building	5.5	<b>9,093</b>	-
		<b>1,214,231</b>	1,395,267

##### Financial assets at amortized cost

- Commercial paper	5.3	<b>188,211</b>	-
- Term Deposit Certificate	5.4	<b>251,000</b>	-
		<b>1,653,442</b>	1,395,267

## 5.1 Listed equity securities -At fair value through profit or loss

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise.

Name of the Investee Company	-----Number of shares-----					Market value as at March 31, 2019 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2018	Purchases during the period	Bonus / Right issue	Sales during the period	As at March 31, 2019		Total Investments	Net Assets	
TEXTILE COMPOSITE									
Kohinoor Textile Mills Ltd	-	167,000	-	15,000	152,000	6,820	0.41%	0.40%	0.14%
Nishat Mills Ltd	184,500	112,400	-	156,000	140,900	18,967	1.15%	1.12%	0.04%
	184,500	279,400	-	171,000	292,900	25,787			
CEMENT									
Cherat Cement Company Limited	-	112,800	-	112,800	-	-	0.00%	0.00%	-
D G Khan Cement Company Limited	72,100	80,000	-	152,100	-	-	0.00%	0.00%	-
Kohat Cement Limited	123,000	76,000	18,270	141,700	75,570	6,486	0.39%	0.38%	0.06%
Lucky Cement Limited	63,750	46,000	-	55,500	54,250	23,232	1.41%	1.37%	0.02%
Maple Leaf Cement Factory Limited	-	653,000	-	403,700	249,300	9,336	0.56%	0.55%	0.05%
Pioneer Cement Limited	95,000	-	-	95,000	-	-	0.00%	0.00%	-
	353,850	967,800	18,270	960,800	379,120	39,054			
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	496,500	220,000	-	283,500	433,000	31,752	1.92%	1.88%	0.04%
K- Electric Limited	2,621,000	934,000	-	1,774,500	1,780,500	9,953	0.60%	0.59%	0.01%
Pakgen Power Limited	-	289,000	-	87,500	201,500	3,075	0.19%	0.18%	0.05%
	3,117,500	1,443,000	-	2,145,500	2,415,000	44,780			
ENGINEERING									
Amreli Steel Mills Limited	236,000	35,000	-	271,000	-	-	0.00%	0.00%	-
Amreli Steels Limited	111,300	13,000	-	124,300	-	-	0.00%	0.00%	-
Crescent Steel & Allied Product Limited	-	60,000	-	-	60,000	2,327	0.14%	0.14%	0.08%
International Industries Limited	32,800	68,000	-	59,100	41,700	5,175	0.31%	0.31%	0.03%
International Steels Limited	111,500	125,000	-	159,000	77,500	4,962	0.30%	0.29%	0.02%
Mughal Iron & Steel Industries Limited	120,500	45,000	-	165,500	-	-	0.00%	0.00%	-
	612,100	346,000	-	778,900	179,200	12,465			
AUTOMOBILE ASSEMBLER									
Millat Tractors Limited	20,600	1,000	-	19,400	2,200	1,969	0.12%	0.12%	0.00%
	20,600	1,000	-	19,400	2,200	1,969			
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	223,000	45,000	-	268,000	-	-	0.00%	0.00%	-
	223,000	45,000	-	268,000	-	-			
GLASS & CERAMICS									
Shabbir Tiles & Ceramics Limited	262,000	-	-	262,000	-	-	0.00%	0.00%	-
	262,000	-	-	262,000	-	-			
Pharmaceuticals									
AGP Limited	126,500	131,000	-	141,000	116,500	9,919	0.60%	0.59%	0.00%
The Searle Company Limited	37,972	21,500	3,445	40,700	22,217	5,262	0.32%	0.31%	0.01%
	164,472	152,500	3,445	181,700	138,717	15,180			
PAPER & BOARD									
Packages Limited	15,000	3,000	-	4,500	13,500	5,127	0.31%	0.30%	0.02%
	15,000	3,000	-	4,500	13,500	5,127			
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	25,240	12,000	2,374	4,500	35,114	43,725	2.64%	2.59%	0.03%
Oil & Gas Development Co Limited	310,500	224,700	-	215,700	319,500	47,142	2.85%	2.79%	0.01%
Pakistan Oilfields Limited	79,200	13,000	15,840	39,000	69,040	30,878	1.87%	1.83%	0.03%
Pakistan Petroleum Limited	268,800	173,600	42,360	209,100	275,660	50,994	3.08%	3.01%	0.01%
	683,740	423,300	60,574	468,300	699,314	172,740			
OIL & GAS MARKETING COMPANIES									
Hascol Petroleum Limited	32,800	-	8,200	41,000	-	-	0.00%	0.00%	-
Pakistan State Oil Company Limited	94,180	108,300	17,036	98,200	121,316	26,226	1.59%	1.55%	0.04%
Sui Northern Gas Pipeline Limited	189,800	127,500	-	142,000	175,300	13,167	0.80%	0.78%	0.03%
	316,780	235,800	25,236	281,200	296,616	39,393			
COMMERCIAL BANKS									
Meezan Bank Limited	287,000	286,000	23,700	481,500	115,200	11,411	0.69%	0.67%	0.01%
	287,000	286,000	23,700	481,500	115,200	11,411			

Name of the Investee Company	Number of shares-----					Market value as at March 31, 2019 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2019		Total Investments	Net Assets	
FERTILIZER									
Engro Corporation Limited	163,000	66,500	-	87,000	142,500	46,630	2.82%	2.76%	0.03%
Engro Fertilizers Limited	601,500	115,000	-	468,000	248,500	17,780	1.08%	1.05%	0.02%
Fauji Fertilizers Company Limited	-	152,000	-	46,500	105,500	11,021	0.67%	0.65%	0.01%
	<u>764,500</u>	<u>333,500</u>	<u>-</u>	<u>601,500</u>	<u>496,500</u>	<u>75,431</u>			
Chemicals									
Engro Polymer & Chemicals Limited	545,000	483,931	-	612,500	416,431	15,125	0.91%	0.89%	0.03%
Engro Polymer & Chemicals Limited-LOR	160,931	-	-	160,931	-	-	0.00%	0.00%	-
Lotte Chemical Pakistan Limited	-	430,000	-	80,000	350,000	4,977	0.30%	0.29%	0.02%
	<u>705,931</u>	<u>913,931</u>	<u>-</u>	<u>853,431</u>	<u>766,431</u>	<u>20,102</u>			
AUTOMOBILES PARTS & ACCESSORIES									
Thal Limited	50,200	12,250	-	25,300	37,150	15,677	0.95%	0.93%	0.05%
	<u>50,200</u>	<u>12,250</u>	<u>-</u>	<u>25,300</u>	<u>37,150</u>	<u>15,677</u>			
TECHNOLOGY & COMMUNICATION									
System Limited	74,500	-	-	74,500	-	-	0.00%	0.00%	-
	<u>74,500</u>	<u>-</u>	<u>-</u>	<u>74,500</u>	<u>-</u>	<u>-</u>			
TRANSPORT									
Pakistan National Shipping Corporation Limited	-	33,500	-	-	33,500	2,018	0.12%	0.12%	0.03%
	<u>-</u>	<u>33,500</u>	<u>-</u>	<u>-</u>	<u>33,500</u>	<u>2,018</u>			
Total as at March 31, 2019									
	<u>7,835,673</u>	<u>5,475,981</u>	<u>131,225</u>	<u>7,577,531</u>	<u>5,865,348</u>	<u>481,134</u>			
Carrying value as at March 31, 2019						512,537			

- 5.1.1 The above investments include shares with market value aggregating to Rs. 56.007million (June 2018: Rs. 61.683 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.
- 5.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 285,017 at March 31, 2019 (June 30, 2018: Rs. 0.3436 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in favor of the asset management company and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

## 5.2 Listed Sukuk's certificates- At fair value through profit or loss

### Name of the Investee Company

	As at July 01, 2018	Purchases during the period	Sales during the period	As at March 31, 2019	Market value at March 31, 2019 (Rs in '000)	Market value as percentage of	
						Total Investments	Net Assets
----- (Number of certificates) -----							
AGP Limited	370	334	704	-	-	0.00%	0.00%
International Brands Limited	-	100	-	100	9,872	0.60%	0.58%
Agha Steel Industries Limited	-	33	-	33	33,000	2.00%	1.95%
K-Electric	28,000	35,000	31,150	31,850	104,823	6.34%	6.20%
Dubai Islamic Bank	124	-	-	124	126,319	7.64%	7.47%
Dawood Hercules Corporation Limited*	4,020	60	1,070	3,010	299,990	18.14%	17.74%
Engro Fertilizers Limited	13,350	-	13,350	-	-	0.00%	0.00%
Fatima Fertilizers Limited	2,000	-	2,000	-	-	0.00%	0.00%
Hub Power Company Limited	-	150	-	150	150,000	9.07%	8.87%
	47,864	35,677	48,274	35,267	724,004	43.79%	42.80%

Cost of investment

**724,733**

Significant terms and conditions of Sukuk bonds outstanding as at March 31, 2019 are as follows

Name of Security	Remaining Principal (per Sukuk)	Mark-up rate (per annum)	Date of Issue	Maturity Date
AGP Limited	70,000	3 months KIBOR +1.3%	9-Jun-17	09-Jun-22
International Brands Limited	100,000	12 months KIBOR + 0.50%	15-Nov-17	15-Nov-21
Agha Steel Industries Limited	110,000	3 months KIBOR +0.8%	9-Oct-18	09-Oct-24
K-Electric Limited	3,500	3 month KIBOR + 1.00 %	17-Jun-15	17-Jun-22
Dubai Islamic Bank	1,000,000	6 months KIBOR + 0.50%	14-Jul-17	14-Jul-27
Dawood Hercules Corporation Limited*	100,000	3 month KIBOR + 1.00 %	16-Nov-17	16-Nov-22
Dawood Hercules Corporation Limited*	100,000	3 month KIBOR + 1.00 %	01-Mar-18	01-Mar-23
Hub Power Company Limited	1,000,000	9 month KIBOR + 1.00 %	27-Feb-19	27-Nov-19

\* Related party due to common directorship

## 5.3 Commercial Paper

Name of Company	As at July 01, 2018	Purchased made during the period	Matured during the period	As at March 31, 2019	Maturity Date	Percentage of total value of investments (%)	Percentage of Net Assets (%)
----- (Rupees in '000) -----							
K-Electric Limited	-	308,000	214,000	89,602	02-Sep-19	5.42%	5.30%
Hascol Petroleum Limited	-	102,000	-	98,609	15-Jul-19	5.96%	5.83%
<b>Total - As at March 31, 2019</b>	<b>-</b>	<b>410,000</b>	<b>214,000</b>	<b>188,211</b>		<b>11.38%</b>	<b>11.13%</b>

## 5.4 Term Deposit Receipts

Name of Company	As at July 01, 2018	Purchased made during the period	Matured during the period	As at March 31, 2019	Maturity Date	Percentage of total value of investments (%)	Percentage of Net Assets (%)
----- (Rupees in '000) -----							
Bank Islami Limited	-	530,000	430,000	100,000	11-Apr-19	6.05	5.91
MCB Islamic Bank Limited	-	361,000	210,000	151,000	02-May-19	9.13	8.93
<b>Total - As at March 31, 2019</b>	<b>-</b>	<b>891,000</b>	<b>640,000</b>	<b>251,000</b>		<b>15.18</b>	<b>14.84</b>

5.4.1 Term deposit receipts carries mark-up at rate of 8.60 to 11.4% (June 30, 2018: Nil) per annum.

5.5 This represents advance against book building of Interloop Ltd, subsequently converted into shares.

	Note	(Un-Audited) March 31, 2019 (Rupees in '000)	(Audited) June 30, 2018
<b>6. PRELIMINARY EXPENSES AND FLOATATION COSTS</b>			
Opening balance		525	758
Less: amortized during the period	6.1	(156)	(232)
Closing balance		369	525

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortized over a period of five years commencing from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

	Note	(Un-Audited) March 31, 2019 (Rupees in '000)	(Audited) June 30, 2018
<b>7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>			
Security deposit with National Clearing Company of Pakistan Limited		5,624	4,105
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepaid listing fee & Legal Fee		30	-
		5,754	4,205

<b>8. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Management fee		2,460	3,329
Sindh Sales Tax		320	433
Sales load payable		14	49
Selling and marketing expenses payable		2,088	5,632
Allocation of expenses related to registrar services, accounting, operation and valuation services		164	222
		5,046	9,665

<b>9. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		184	303
Charity payable	9.1	866	2,449
Federal Excise Duty	9.2	1,063	1,063
Withholding tax payable		-	13
Payable to brokers		393	202
Provision for Sindh Workers' Welfare Fund	9.3	5,445	4,667
Dividend payable (including unclaimed dividend)		25	-
Sales load - payable to related parties		22	635
Payable to NCCPL		38	35
Payable to Shariah advisor		16	18
Other payable		590	152
		8,642	9,537



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9.1 This represents amount attributable to income earned from shariah non-compliant avenues, earmarked for onward distribution as charity in accordance with the instructions of the Shariah Advisor.

9.2 The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal which was filed by tax authorities against the order by the Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of the above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2018 aggregating to Rs. 1.063 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.0667 per unit (June 30, 2018: 0.0451 per unit).

9.3 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 13.3 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for the period ended March 31, 2019, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.34 per unit (June 30, 2018: 0.20 per unit).

10. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

11. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part 1 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.

12. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at agreed /contracted rates and terms determined in accordance with market rates.

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

Details of the transactions with connected persons during the period and balances with them at period end are as follows:

12.1 Transactions during the period	(Un-Audited) Nine Months ended March 31, 2019	(Un-Audited) Nine Months ended March 31, 2018
	(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	25,823	30,130
Sindh Sales Tax	3,357	3,917
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,721	2,104
Selling and marketing expense	6,886	7,939
<b>Habib Bank Limited - Sponsor</b>		
Issue of 3,029,696 units ( December 31, 2018 : 4,947,704)	1,807	500,000
Redemption of 2,959,598 Units (March 2018 Nil)	313,322	-
Bank charges	32	30
Mark-up earned during the period	247	824
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	2,794	3,118
CDC Charges	58	60
<b>HBL Islamic Income Fund</b>		
Sale of AGP Limited Sukuk	19,512	-
<b>HBL Growth Fund</b>		
Sale of Oil & Gas Development Limited 20,000 Shares	2,834	-
Sale of Pakistan Petroleum Limited 27,000 Shares	4,824	-
Sale of Engro Polymer Chemical Limited 65,000 Shares	2,343	-
Sale of Maple Leaf Cement Factory Limited 20,000 Shares	1,552	-
Sale of Engro Fertilizers Limited 25,000 Shares	1,793	-
Sale of Pakistan State Oil Company Ltd 8,000 Shares	1,680	-
Sale of Lotte Chemical Pakistan Ltd 50,000 Shares	687	-
Sale of Lucky Cement Ltd 6,000 Shares	2,601	-
Sale of Kohat Cement Ltd 10,000 Shares	879	-
Sale of Hub Power Company Ltd 35,000 Shares	2,728	-
<b>HBL Investment Fund</b>		
Sale of Oil & Gas Development Limited 10,000 Shares	1,417	-
Sale of Engro Polymer Chemical Limited 35,000 Shares	1,261	-
Sale of Maple Leaf Cement Factory Limited 25,000 Shares	970	-
Sale of Engro Fertilizers Limited 15,000 Shares	1,076	-
Sale of Pakistan State Oil Company Ltd 12,000 Shares	2,520	-
Sale of Lotte Chemical Pakistan Ltd 30,000 Shares	412	-
Sale of Lucky Cement Ltd 4,000 Shares	1,734	-
Sale of Kohat Cement Ltd 8,000 Shares	703	-
Sale of Hub Power Company Ltd 15,000 Shares	1,169	-
<b>HBL Energy Fund</b>		
Sale of Pakistan Petroleum Limited 23,000 Shares	4,110	-
<b>HBL Asset Management Ltd Employees Gratuity Fund</b>		
Issue of 13 units	1	-
<b>HBL Asset Management Ltd Employees Provident Fund</b>		
Issue of 38 units	4	-
<b>Director, Executives and Key Management Personal</b>		
Issue of 951 units	100	-
Redemption of 951 units	101	-
<b>Al Meezan Foundation Connected Persons Due To Holding 10% or more Units</b>		
Issue of 6,571 units	684	-
Redemption of 986 units	103	-
<b>SIUT Connected Persons Due To Holding 10% or more Units</b>		
Issue of 8,064 units	840	-

	(Un-Audited) March 31, 2019	(Audited) June 30, 2019
	(Rupees in '000)	
<b>12.2 Amounts outstanding as at period end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management Fee	2,460	3,329
Sindh Sales Tax	320	433
Allocation of expenses related to registrar services, accounting, operation and valuation services	164	222
Sale load payable	14	49
Charging of selling and marketing expenses	2,088	5,632
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund : 6,092,734 units (June 30, 2018: 6,022,636 units)	647,106	631,020
Bank balances	1,719	9,819
Mark-up receivable on deposits with banks	24	24
Sale load payable	22	635
<b>HBL Asset Management Limited - Employees Gratuity Fund - Associate</b>		
Investment held in the Fund : 4,521 units (June 30, 2018: 4,508 units)	480	473
<b>HBL Asset Management Limited - Employees Provident Fund - Associate</b>		
Investment held in the Fund : 13,051 units (June 30, 2018 : 13,014 units)	1,386	1,364
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	249	304
Sindh Sales Tax	32	40
Security deposit	100	100
<b>Al Meezan Foundation - Connected Person due to holding more than 10% units</b>		
Units held : 2,285,987 units (June 30,2018: 2,280,401 units)	242,793	238,929
<b>SIUT Trust - Connected Person due to holding more than 10% units</b>		
Units held : 2,806,410 units (June 30,2018: 2,798,346 units)	298,067	293,196

### 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The fair value of financial assets and liabilities traded in active markets (i.e. listed equity shares) are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

						Fair Value			
Note	Held to maturity	Fair value through profit or loss	Financial asset at amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments								
	- Listed equity securities	- 481,134	-	-	481,134	481,134	-	-	481,134
	- Listed Sukuk bonds	724,004	-	-	724,004	541,004	-	183,000	724,004
	Advance Against book building	9,093	-	-	9,093	-	-	9,093	9,093
		- 1,214,231	-	-	1,214,231	1,022,138	-	192,093	1,214,238
Financial assets not measured at fair value									
13.1	Bank balances	-	-	43,227	43,227	-	-	-	-
	Commercial paper	-	188,211	-	188,211	-	-	-	-
	Term deposit certificate	-	251,000	-	251,000	-	-	-	-
	Dividend receivable and accrued markup	-	-	18,627	18,627	-	-	-	-
	Advances, deposits and other receivables	-	-	5,724	5,724	-	-	-	-
		- 439,211	-	67,578	506,789	-	-	-	-
Financial liabilities not measured at fair value									
13.1	Payable to the Management Company	-	-	4,726	4,726	-	-	-	-
	Payable to the SECP	-	-	1,636	1,636	-	-	-	-
	Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	249	249	-	-	-	-
	Payable against purchase of investments	-	-	15,384	15,384	-	-	-	-
	Accrued expenses and other liabilities	-	-	2,134	2,134	-	-	-	-
		- 24,129	-	24,129	24,129	-	-	-	-

						Fair Value			
Note	Available for sale	Held for trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments								
	- Listed equity securities	161,202	519,265	-	680,467	680,467	-	-	680,467
	- Sukuks - Listed	124,263	590,537	-	714,800	-	714,800	-	714,800
		285,465	1,109,802	-	1,395,267	680,467	714,800	-	1,395,267
Financial assets not measured at fair value									
	Bank balances	-	-	1,072,554	1,072,554	-	-	-	-
	Dividend receivable and accrued mark-up	-	-	16,784	16,784	-	-	-	-
	Advances, deposits and other receivables	-	-	4,205	4,205	-	-	-	-
	Receivable against sale of investments	-	-	2,338	2,338	-	-	-	-
		-	-	1,095,881	1,095,881	-	-	-	-
Financial liabilities not measured at fair value									
13.1	Payable to the Management Company	-	-	9,232	9,232	-	-	-	-
	Payable to the SECP	-	-	2,568	2,568	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	304	304	-	-	-	-
	Accrued expenses and other liabilities	-	-	3,794	3,794	-	-	-	-
		-	-	15,898	15,898	-	-	-	-

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13.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

14. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the Period ended March 31, 2019 is 1.97% which includes 0.26% representing government levy, Sindh Worker's Welfare Fund and SECP fee.

15. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors of the Management Company on April 30, 2019 .

16. GENERAL

16.1 Figures have been rounded off to the nearest thousand rupees.

16.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

16.3 These condensed interim financial information are unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the period ended March 31, 2019 have not been reviewed.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# **HBL**

## **Islamic Stock Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Stock Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Bank Al Baraka Limited



**HBL Islamic Stock Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	Note	----- Rupees in '000 -----	
<b>Assets</b>			
Bank balances	4	118,854	618,133
Investments	5	1,501,052	2,222,627
Dividend and profit receivable		10,273	5,771
Deposits and other receivables		3,545	3,482
<b>Total assets</b>		<b>1,633,724</b>	<b>2,850,013</b>
<b>Liabilities</b>			
Payable to the Managemnt Company	6	5,421	9,226
Payable to the Trustee		254	322
Payable to Securities and Exchange Commission of Pakistan		1,698	1,616
Payable against purchase of equity securities		6,404	276,163
Accrued expenses and other liabilities	7	16,938	20,744
<b>Total liabilities</b>		<b>30,714</b>	<b>308,071</b>
<b>Net assets</b>		<b>1,603,010</b>	<b>2,541,942</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>1,603,010</b>	<b>2,541,942</b>
<b>Contingencies and commitments</b>			
	14		
----- Number of units -----			
<b>Number of units in issue</b>		<b>15,253,079</b>	<b>22,730,895</b>
----- Rupees -----			
<b>Net assets value per unit</b>		<b>105.0942</b>	<b>111.8276</b>

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Stock Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the Nine months ended and quarter ended March 31, 2019*

		Nine months ended		Quarter ended	
		March 31,		March 31,	
		2019	2018	2019	2018
Note		----- Rupees in '000 -----			
<b>Income</b>					
Dividend income		67,329	50,877	10,078	21,763
Profit on bank deposits		21,094	10,632	6,204	5,331
Capital loss on sale of investments - net		(42,138)	(89,232)	(5,335)	(26,406)
		46,285	(27,723)	10,947	688
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial asset at fair value through profit or loss - net		(110,707)	89,536	96,627	98,649
Impairment loss on investments classified as available for sale		-	(67,023)	-	-
		(64,422)	(5,210)	107,574	99,337
<b>Expenses</b>					
Remuneration of the Management Company		40,392	24,928	11,628	11,619
Remuneration of the Trustee		2,868	2,091	860	858
Annual fee to Securities and Exchange Commission of Pakistan		1,698	1,048	489	489
Selling and marketing expenses	6.1	7,149	4,409	2,058	2,057
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.2	1,787	1,103	514	328
Income from Shariah non-compliant transactions		2,946	107	334	53
Securities transaction costs		5,829	3,860	1,989	2,506
Auditors' remuneration		264	263	86	87
Settlement and bank charges		795	503	333	189
Other expenses		178	4,405	53	52
		63,906	42,717	18,344	18,238
<b>Net loss from operating activities</b>		(128,328)	(47,927)	89,230	81,099
Element of income and capital gains included in prices of units issued less those in units redeemed - net		-	-	-	-
Provision for Sindh Workers' Welfare Fund	7.2	-	-	-	-
<b>Net loss for the period before taxation</b>		(128,328)	(47,927)	89,230	81,099
Taxation	8	-	-	-	-
<b>Net loss for the period after taxation</b>		(128,328)	(47,927)	89,230	81,099

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## HBL Islamic Stock Fund

### Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Nine months ended and quarter ended March 31, 2019

	Nine months ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	----- Rupees in '000 -----			
Net loss for the period after taxation	(128,328)	(47,927)	89,230	81,099
Other comprehensive income for the period				
Item that may be reclassified subsequently to Income Statement				
Unrealised gain on re-measurement of investments classified as available-for-sale	-	160,803	-	104,723
Net reclassification adjustments relating to available-for-sale financial assets	-	(157,523)	-	(26,406)
Other comprehensive (loss) / income for the period	-	3,280	-	78,317
<b>Total comprehensive loss</b>	<b>(128,328)</b>	<b>(44,647)</b>	<b>89,230</b>	<b>159,416</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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# HBL Islamic Stock Fund

## Condensed Interim Statement of Movement in Unit Holders' Fund

For the Nine months and quarter ended March 31, 2019

	Nine months ended							
	March 31,							
	2019				2018			
	Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Total	Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Total
Note	(Rupees in '000)							
<b>Net assets at beginning of the period</b>	2,580,952	(40,603)	1,593	2,541,942	904,856	78,478	60,210	1,043,544
Adoption of IFRS 9	-	1,593	(1,593)	-				
Issue of units 4,279,651 (2018: 14,654,992 units)								
- Capital value (at net asset value per unit at the beginning of the period)	478,583	-	-	478,583	1,905,479	-	-	1,905,479
- Element of income / (loss)	(87)	-	-	(87)	(234,937)	-	-	(234,937)
Total proceeds on issue of units	478,496	-	-	478,496	1,670,542	-	-	1,670,542
Redemption of 11,757,466 units (2018: 1,521,349 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(1,314,810)	-	-	(1,314,810)	(197,810)	-	-	(197,810)
- Element of (loss) / income	25,709	-	-	25,709	21,365	-	-	21,365
Total payments on redemption of units	(1,289,100)	-	-	(1,289,100)	(176,445)	-	-	(176,444)
Total comprehensive loss for the period	-	(128,328)	-	(128,328)	-	(44,647)	-	(44,647)
Distribution during the period	-	-	-	-	-	-	-	-
Net income for the period less distribution	-	(128,328)	-	(128,328)	-	(44,647)	-	(44,647)
<b>Net assets at end of the period</b>	1,770,348	(167,338)	-	1,603,010	2,398,953	33,831	60,210	2,492,996
<b>Undistributed income brought forward</b>								
- Realised		6,041				78,478		
- Unrealised		(46,644)				-		
		(40,603)				78,478		
Net loss for the period		(128,328)				(44,647)		
Adoption of IFRS 9		1,593						
Distribution during the period		-				-		
<b>(Accumulated loss) / undistributed income carried forward</b>		(167,338)				33,831		
<b>(Accumulated loss) / undistributed income carried forward</b>								
- Realised		38,063				42,944		
- Unrealised		(205,401)				(9,113)		
		(167,338)				33,831		
					Rupees			Rupees
<b>Net assets value per unit at beginning of the period</b>				111.8276				130.0225
<b>Net assets value per unit at end of the period</b>				101.9945				117.8192

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Stock Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the Nine months ended and quarter ended March 31, 2019*

	Nine months ended March 31,	
	2019	2018
	----- Rupees in '000 -----	
<b>Cash flows from operating activities</b>		
Net loss for the period before taxation	(128,328)	(47,927)
<b>Adjustments</b>		
Dividend Income	(67,329)	(50,877)
Profit received on bank deposits	(21,094)	(10,632)
Capital loss during the period	42,138	89,232
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net	110,707	(89,536)
Impairment loss on investments classified as available for sale	-	67,023
	(63,906)	(42,717)
<b>Decrease / (Increase) in assets</b>		
Investments - net	568,730	(1,216,121)
Deposits and other receivables	(63)	21,838
	568,667	(1,194,283)
<b>Increase / (Decrease) Increase in liabilities</b>		
Payable to the Management Company	(3,805)	3,345
Payable to the Trustee	(68)	130
Payable to the Securities and Exchange Commission of Pakistan	82	134
Payable against purchase of equity securities	(269,759)	-
Payable against redemption of units	-	(70,418)
Accrued expenses and other liabilities	(3,806)	(5,621)
	(277,357)	(72,430)
<b>Net cash used in operations</b>	227,405	(1,309,430)
Dividend received	62,191	37,303
Profit received on bank deposits	21,730	13,034
	83,921	50,337
<b>Cash flows from financing activities</b>		
Amount received on issue of units	478,496	1,670,542
Payment against redemption of units	(1,289,100)	(176,444)
<b>Net cash (used in) / generated from financing activities</b>	(810,604)	1,494,098
<b>Net increase in cash and cash equivalents</b>	(499,279)	235,005
<b>Cash and cash equivalents at beginning of the period</b>	618,133	67,149
<b>Cash and cash equivalents at end of the period</b>	118,854	302,154

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Islamic Stock Fund

## Notes to the Condensed Interim Financial Information (Unaudited)

*For the Nine months and quarter ended March 31, 2019*

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### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 HBL Islamic Stock Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on December 10, 2010.
- 1.2 The Management Company of the Fund has been registered as Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emereld Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from May 09, 2011 to May 10, 2011.
- 1.4 The principal activity of the Fund is to provide long-term capital growth by investing mainly in Shariah Compliant equity securities and short-term government securities.
- 1.5 JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+<sup>+</sup> (AM Two Plus) to the Management Company.
- 1.6 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

- 2.1.1 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 (IFRS Standards) 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
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS-34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

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## 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

## 2.3 Functional and presentation currency

This condensed interim financial information are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 2.4 Use of judgments and estimates

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are 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.

Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) classification and valuation of financial assets ; and
- (ii) impairment of financial assets

## 3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in this condensed interim financial information.

3.5 On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

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### 3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the half year ended December 31, 2018.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

#### (a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



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When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- the Fund's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been reclassified as at FVTPL. The change in fair value on these equity instruments will be recorded in the profit or loss account;
- there is no change in the measurement of the Fund's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

Para (d) below tabulates the change in classification of the Fund's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

#### (b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

#### (c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Carrying amount as per IAS 39 as on June 30, 2018	Reclassifications	Remeasurements	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
	----- Rupees ('000')-----				
<b>Financial assets</b>					
<b>Fair value through profit or loss</b>					
From available for sale (IAS 39)	20,598	20,598	-	20,598	-
<b>Total</b>	<b>20,598</b>	<b>20,598</b>	<b>-</b>	<b>20,598</b>	<b>-</b>

		Note	(Un-Audited) March 31, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2018
<b>4. BANK BALANCES</b>				
Balances with banks in:				
Savings accounts		4.1	<b>118,854</b>	618,133

4.1 This represents bank accounts held with different banks. The balance in savings accounts carry expected profit which ranges from 5% to 10.5% (June 30, 2018: 3.65% to 6%) per annum.

		Note	(Un-Audited) March 31, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2018
<b>5. INVESTMENTS</b>				
<b>Financial assets at fair value through profit or loss account</b>				
- Listed equity securities		5.1	1,477,299	2,222,627
- Advance against book building		5.2	23,753	-
			<u>1,501,052</u>	<u>2,222,627</u>

## 5.1 Listed equity securities - At fair through Profit or Loss

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	As at July 01, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2019	Market value as at March 31, 2019 Rupees in '000'	Market value as a percentage of :		Par value as a percentage of issued capital of the investee company
							Total Investments	Net Assets	
-----Number of shares-----						-----%		-----%	
TEXTILE COMPOSITE									
Nishat Mills Limited	629,100	300,600	-	509,100	420,600	56,620	3.83%	3.53%	0.21%
Kohinoor Textile Mills Limited	-	695,500	-	240,000	455,500	20,440	1.38%	1.28%	0.15%
	629,100	996,100	-	749,100	876,100	77,060	5.22%	4.81%	
CEMENT									
Cherat Cement Company Limited.	-	290,600	-	290,600	-	-	-	-	-
D.G. Khan Cement Company Limited	230,000	270,000	-	500,000	-	-	-	-	-
Lucky Cement Limited	207,750	163,500	-	188,300	182,950	78,350	5.30%	4.89%	0.08%
Pioneer Cement Limited	324,500	-	-	324,500	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	2,088,000	-	1,476,500	611,500	22,900	1.55%	1.43%	0.12%
Kohat Cement	332,000	361,500	61,290	499,600	255,190	21,900	1.48%	1.37%	0.14%
	1,094,250	3,173,600	61,290	3,279,500	1,049,640	123,150	8.34%	8.68%	
TRANSPORT									
Pakistan National Shipping Corporation	-	127,500	-	-	127,500	7,680	0.52%	0.48%	0.00%
COMMERCIAL BANK									
Meezan Bank Limited	1,264,500	1,218,000	114,400	2,100,500	496,400	49,170	3.33%	3.07%	0.11%
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	1,379,000	1,056,000	-	884,500	1,550,500	113,700	7.70%	7.09%	0.18%
K-Electric Limited - (Par value 3.5/share)	9,442,000	3,628,000	-	7,551,000	5,519,000	30,850	2.09%	1.92%	0.72%
Pakgen Power Limited	-	700,000	-	200,000	500,000	7,630	0.52%	0.48%	0.06%
	10,821,000	5,384,000	-	8,635,500	7,569,500	152,180	10.30%	9.49%	
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	84,930	45,800	9,291	41,340	98,681	122,880	8.32%	7.67%	0.10%
Oil and Gas Development Company Limited	1,048,900	1,021,600	-	1,027,300	1,043,200	153,920	10.42%	9.60%	0.62%
Pakistan Oilfields Limited	213,100	139,000	37,220	231,050	158,270	70,790	4.79%	4.42%	0.01%
Pakistan Petroleum Limited	829,700	522,500	130,155	704,900	777,455	143,820	9.74%	8.97%	0.03%
	2,176,630	1,728,900	176,666	2,004,590	2,077,606	491,410	33.26%	30.66%	
FERTILIZERS									
Dawood Hercules Corporation Limited	-	211,200	-	78,500	132,700	17,030	1.15%	1.06%	0.02%
Engro Corporation Limited	517,600	382,100	-	481,500	418,200	136,850	9.26%	8.54%	0.13%
Engro Fertilizer Limited	1,887,500	407,000	-	1,512,000	782,500	55,990	3.79%	3.49%	0.18%
Fauji Fertilizer Co Limited	509,500	262,000	-	466,500	305,000	31,860	2.16%	1.99%	0.04%
	2,914,600	1,262,300	-	2,538,500	1,638,400	241,730	16.36%	15.08%	
CHEMICALS									
Engro Polymer and Chemicals Limited	1,646,000	1,578,566	-	1,930,000	1,294,566	47,020	3.18%	2.93%	0.28%
Engro Polymer & Chemicals Limited - LOR	536,066	-	-	536,066	-	-	-	-	-
Lotte Chemical Pakistan Ltd	-	650,000	-	65,000	585,000	8,320	0.56%	0.52%	0.28%
Sitara Chemical Indutries Limited	-	27,100	-	2,400	24,700	7,410	-	-	-
	2,182,066	2,255,666	-	2,533,466	1,904,266	62,750	3.75%	3.45%	

Name of the Investee Company	As at July 01, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2019	Market value as at March 31, 2019 Rupees in '000'	Market value as a percentage of :		Par value as a percentage of issued capital of the investee company
							Total Investments	Net Assets	
----- Number of shares -----						----- % -----		----- % -----	
<b>PAPER AND BOARD</b>									
Packages Limited	52,000	16,000	-	22,300	45,700	17,360	1.18%	1.08%	0.06%
<b>GLASS &amp; CERAMICS</b>									
Shabbir Tiles & Ceramics Limited	801,500	150,000	-	951,500	-	-	-	-	-
<b>Cable and Electrical Goods</b>									
Pak Elektron Limited	898,500	223,000	-	1,121,500	-	-	-	-	-
<b>PHARMA AND BIO TECH</b>									
AGP Limited	427,750	283,000	-	410,000	300,750	25,610	1.73%	1.60%	0.33%
The Searle Company Limited	76,291	87,500	10,633	106,300	68,124	16,130	1.09%	1.01%	0.01%
	504,041	370,500	10,633	516,300	368,874	41,740	2.83%	2.60%	
<b>AUTOMOBILE ASSEMBLER</b>									
Millat Tractors Limited	65,980	16,900	-	80,480	2,400	2,150	0.15%	0.13%	0.29%
<b>AUTOMOBILE PARTS AND ACCESSORIES</b>									
Thal Limited (par value of Rs. 5 each)	143,350	51,900	-	79,900	115,350	48,680	3.30%	3.04%	0.39%
<b>OIL AND GAS MARKETING COMPANIES</b>									
Hascol Petroleum Limited	91,300	50,000	30,825	172,125	-	-	-	-	-
Pakistan State Oil Company Limited	320,400	363,700	65,680	379,200	370,580	80,110	5.42%	5.00%	0.15%
Sui Northern Gas Pipeline Limited	612,300	319,500	-	373,500	558,300	41,930	2.84%	2.62%	0.07%
	1,024,000	733,200	96,505	924,825	928,880	122,040	8.26%	7.61%	
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Systems Limited	242,500	-	-	242,500	-	-	-	-	-
<b>ENGINEERING</b>									
Aisha Steel Mills Limited	793,500	-	-	793,500	-	-	-	-	-
Amreli Steels Limited	357,200	200,000	-	557,200	-	-	-	-	-
Crescent Steel & Allied Products Ltd	-	222,000	-	-	222,000	8,610	0.58%	0.54%	0.12%
International Industries Limited	117,200	179,300	-	167,800	128,700	15,970	1.08%	1.00%	0.10%
International Steels Limited	388,500	470,000	-	614,500	244,000	15,620	1.06%	0.97%	0.08%
Mughal Iron & Steel Inds Limited	535,500	133,000	-	668,500	-	-	-	-	-
	2,191,900	1,204,300	-	2,801,500	594,700	40,200	2.72%	2.51%	
<b>Grand total</b>	<b>27,005,917</b>	<b>18,911,866</b>	<b>459,494</b>	<b>28,581,961</b>	<b>17,795,316</b>	<b>1,477,299</b>	<b>99%</b>	<b>92.70%</b>	
<b>Cost of investments at March 31, 2019</b>						<b>1,452,440</b>			

- 5.1.1 Investments include shares having market value aggregating to Rs. 62.047 million (June 30, 2018, 66.97 million ) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.
- 5.1.2 These includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP) , has filed a petition

in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.59 million at March 31, 2019 (June 30, 2018: Rs. 0.73 million) and not yet deposited in CDC account of department of Income tax. Management is of the view that the decision will be in favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

- 5.2 This represents the participation amount in the book building of Interloop Limited, subsequently converted into shares.

		(Un-Audited) March 31, 2019 (Rupees in '000)	(Audited) June 30, 2018
	Note		
<b>6. PAYABLE TO MANAGEMENT COMPANY</b>			
Management fee		2,803	4,048
Sindh Sales Tax on Management Company's remuneration		364	526
Sales load payable		55	1
Selling and marketing payable		2,058	4,449
Allocation of expenses related to registrar services, accounting, operation and valuation services		140	202
		<b>5,421</b>	<b>9,226</b>
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Federal Excise Duty	7.1	6,793	6,793
Provision for Sindh Workers' Welfare Fund	7.2	6,312	6,312
Charity payable	7.3	2,946	5,290
Withholding tax payable		19	21
Auditors' remuneration		176	304
Payable to brokers		486	1,812
Payable to Shariah Advisor		16	18
Capital Gain Tax payable		13	3
Payable to NCCPL		50	50
Zakat payable		40	40
Payable to Printer		87	101
		<b>16,938</b>	<b>20,744</b>

- 7.1 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order passed by Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 6.79 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.4454 per unit (June 30, 2018: 0.3 per unit).

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7.2 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 12.3 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

There is a loss for the nine months ended March 31, 2019, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.4138 per unit (June 30, 2018: 0.28 per unit).

7.3 This represents amount attributable to income earned from shariah non-compliant avenues, earmarked for onward distribution as charity in accordance with the instructions of the Shariah Advisor.

8. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

9. TAXATION

The Fund's income is exempt from income tax as per Clause 99 of Part 1 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.

10. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons / related parties include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at agreed / contracted rates and terms determined in accordance with market rates. and the Trust Deed respectively.

Remuneration payable to Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations

Details of significant transactions with connected persons during the period / year and balances with them at period / year end are as follows:

		Nine months ended	
		March 31,	
		2019	2018
		(Rupees in '000)	
<b>10.1</b>	<b>Transactions during the period</b>		
	<b>HBL Asset Management Limited - Management Company</b>		
	Management fee including sales tax thereon	<b>40,392</b>	24,928
	Allocation of expenses related to registrar services, accounting, operation and valuation services	<b>1,787</b>	1,103
	Selling and marketing expenses	<b>7,149</b>	4,409
	Redemption of 50,979 units (2018: Nil units)	<b>5,500</b>	-
	<b>Habib Bank Limited - Sponsor</b>		
	Bank charges paid	<b>35</b>	151
	Bank profit	<b>466</b>	1,728
	<b>Executives and their relatives</b>		
	Issuance of 3,264 units (2018: 2,040 units)	<b>4,902</b>	250,001
	Redemption of 15,834 units (2018: 901 units)	<b>2,981</b>	100
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Remuneration	<b>2,868</b>	2,091
	Central Depository services charges	<b>250</b>	71
	<b>HBL Islamic Financial Planning Fund Active Allocation Plan - Associate</b>		
	Issuance of 3,600 units (2018: 653,736 units)	<b>400</b>	73,400
	Redemption of 384,690 units (2018: Nil units)	<b>42,235</b>	-
	<b>HBL Islamic Financial Planning Fund Strategic Allocation Plan - Associate</b>		
	Issuance of 865,348 units (2018: 10,004,788 units)	<b>100,000</b>	1,124,500
	Redemption of 6,388,486 units (2018: Nil units)	<b>690,317</b>	-
	<b>HBL Islamic Financial Planning Fund Conservative Allocation Plan - Associate</b>		
	Issuance of 1,772 units (2018: 12,691 units)	<b>185</b>	1,500
	Redemption of 5,398 units (2018: 2,821 units)	<b>590</b>	320

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
<b>10.2 Balances outstanding as at period / year end</b>			
<b>HBL Asset Management Limited - Management Company</b>		<b>(Rupees in '000)</b>	
Management fee		<b>2,803</b>	4,048
Sindh Sales Tax on Management Company's remuneration		<b>364</b>	526
Sales load payable		<b>55</b>	1
Selling and marketing payable		<b>2,058</b>	4,449
Allocation of expenses related to registrar services, accounting, operation and valuation services		<b>140</b>	202
Investment held in the Fund 164,082 units (June 30, 2018 : 215,061 units)		<b>17,244</b>	24,050
<b>Habib Bank Limited - Sponsor</b>			
Bank balances		<b>8,406</b>	50,608
Profit receivable		<b>36</b>	85
Investment held in the Fund 6,198,853 units (June 30, 2018: 6,198,853 units)		<b>651,463</b>	693,203
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Remuneration payable including sales tax thereon		<b>254</b>	322
Security deposit		<b>100</b>	100
<b>Executives and their relatives</b>			
Investment held in the Fund : 34,968 units (June 30, 2018: 14,572 units)		<b>3,675</b>	1,630
<b>HBL Islamic Financial Planning Fund Active Allocation Plan - Associate</b>			
Investment held in the Fund : 581,923 units (June 30, 2018: 963,012 units)		<b>61,157</b>	107,691
<b>HBL Islamic Financial Planning Fund Strategic Allocation Plan - Associate</b>			
Investment held in the Fund : 4,791,860 units (June 30, 2018: 10,314,998 units)		<b>503,597</b>	1,153,502
<b>HBL Islamic Financial Planning Fund Conservative Allocation Plan - Associate</b>			
Investment held in the Fund : 1,336 units (June 30, 2018: 5,913 units)		<b>140</b>	661

## 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The fair value of financial assets and liabilities traded in active markets (i.e. listed equity shares) are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.



IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	March 31, 2019 (Un-audited)								
	Carrying amount					Fair Value			
	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
<b>Financial assets measured at fair value</b>									
Investments									
- Listed equity securities	1,477,299	-	-	-	1,477,299	1,477,299	-	-	1,477,299
- Advance against book building - Interloop Ltd	23,753	-	-	-	23,753	-	-	23,753	23,753
<b>Financial assets not measured at fair value</b>									
Bank balances	-	-	-	118,854	118,854				
Dividend and profit receivable	-	-	-	10,273	10,273				
Other receivables	-	-	-	2,607	2,607				
	-	-	-	131,734	131,734				
<b>Financial liabilities not measured at fair value</b>									
Payable to the Managemnt Company	-	-	-	5,056	5,056				
Payable to Securities and Exchange Commission of Pakistan	-	-	-	1,503	1,503				
Payable to the Trustee	-	-	-	225	225				
Payable against purchase of equity securities	-	-	-	6,404	6,404				
Accrued expenses and other liabilities	-	-	-	3,608	3,608				
	-	-	-	16,796	16,796				
	June 30, 2018 (Audited)								
	Carrying amount					Fair Value			
	Held for trading	Available for sale	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
<b>Financial assets measured at fair value</b>									
Investments									
- Listed equity securities	2,202,029	20,598	-	-	2,222,627	2,222,627	-	-	2,222,627
	2,202,029	20,598	-	-	2,222,627	2,222,627	-	-	2,222,627
<b>Financial assets not measured at fair value</b>									
Bank balances	-	-	-	618,133	618,133				
Dividend and profit receivable	-	-	-	5,771	5,771				
Other receivables	-	-	-	2,600	2,600				
	-	-	-	626,504	626,504				
<b>Financial liabilities not measured at fair value</b>									
Payable to the Managemnt Company		-	-	8,700	8,700				
Payable to Securities and Exchange Commission of Pakistan		-	-	1,430	1,430				
Payable to the Trustee		-	-	285	285				
Payable against purchase of equity securities		-	-	276,163	276,163				
Accrued expenses and other liabilities		-	-	7,406	7,406				
		-	-	293,984	293,984				

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**11.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**11.2** There were no transfers between various levels of fair value hierarchy during the period.

**12. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended March 31, 2019 is 2.54% (March 31, 2018: 1.7%), which includes 0.28% (March 31, 2018: 0.19%) representing government levy, Worker's Welfare Fund and SECP fee.

**13. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 30, 2019 .

**15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

**15.3** This condensed interim financial information are unaudited and have been reviewed by the auditors. Further, the figures presented in condensed interim income statement and statement of comprehensive income for the quarter ended March 31, 2019 have not been reviewed.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# **HBL**

## **Islamic Income Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Income Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Dubai Islamic Bank Limited Bank Islami Pakistan Limited Al Baraka Bank Pakistan Limited United Bank Limited Burj Bank Limited Faysal Bank Limited Allied Bank Limited Askari Bank Limited Soneri Bank Limited Summit Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited
Rating	'A+(f)'

**HBL Islamic Income Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	1,649,291	2,716,661
Investments	5	2,247,799	1,389,253
Profit receivable		51,030	38,957
Receivable against sale of investments		-	10,156
Preliminary expenses and floatation costs		127	740
Deposits and prepayments		4,279	4,450
<b>Total assets</b>		<b>3,952,526</b>	<b>4,160,217</b>
<b>Liabilities</b>			
Payable to the Management Company	6	6,557	3,308
Payable to the Trustee		418	421
Payable to Securities and Exchange Commission of Pakistan		2,238	3,331
Dividend payable		43	20
Payable against redemption of units		-	101,997
Accrued expenses and other liabilities	7	14,026	9,614
<b>Total liabilities</b>		<b>23,283</b>	<b>118,691</b>
<b>Net assets</b>		<b>3,929,243</b>	<b>4,041,526</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>3,929,243</b>	<b>4,041,526</b>
<b>----- (Number of units) -----</b>			
<b>Number of units in issue</b>		<b>36,793,894</b>	<b>38,019,523</b>
<b>----- (Rupees) -----</b>			
<b>Net assets value per unit</b>		<b>106.7906</b>	<b>106.3013</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Income Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the Nine Months and Quarter Ended March 31, 2019*

		Nine months ended March 31,		Quarter ended March 31,	
		2019	2018	2019	2018
Note		(Rupees in '000)			
<b>Income</b>					
		659	13,819	772	503
	Capital gain on sale of investments - net	107,875	48,765	40,544	19,490
	Income from sukuks	59,011	-	23,496	-
	Income from TDR	102,775	150,181	39,878	52,835
	Profit on bank deposits	270,320	212,765	104,690	72,828
	Unrealised (loss) / gain on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	(9,144)	(11,142)	(7,992)	3,434
		261,176	201,623	96,698	76,262
<b>Expenses</b>					
	Remuneration of the Management Company	31,097	23,181	11,288	8,431
	Remuneration to the Trustee	3,587	3,887	1,168	1,332
	Annual fee to the Securities and Exchange Commission of Pakistan	2,238	2,472	727	855
	Allocation of expenses related to registrar services, accounting, operation and valuation services	2,984	3,298	970	1,142
	Amortisation of preliminary expenses and floatation costs	613	613	201	201
	Security transaction, settlement and bank charges	699	484	131	111
	Auditors' remuneration	177	177	58	58
	Fees and subscription	442	340	205	120
	Printing charges	-	225	-	74
	Selling and marketing expense	5,292	-	1,940	-
		47,130	34,677	16,688	12,324
	<b>Net income from operating activities</b>	214,046	166,946	80,010	63,938
	Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-
	Provision for Sindh Workers' Welfare Fund	(4,281)	(3,339)	(1,600)	(1,277)
	<b>Net income for the period before taxation</b>	209,765	163,607	78,410	62,661
	Taxation	-	-	-	-
	<b>Net income for the period after taxation</b>	209,765	163,607	78,410	62,661
	<b>Allocation of net income for the period</b>				
	Net income for the period after taxation	209,765	163,607		
	Income already paid on units redeemed	(66,001)	(42,396)		
		143,764	121,211		
<b>Accounting income available for distribution</b>					
	- Relating to capital gains	-	2,013		
	- Excluding capital gains	143,764	119,198		
		143,764	121,211		

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## HBL Islamic Income Fund

### Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Nine Months and Quarter Ended March 31, 2019

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2019	2018	2019	2018
	(Rupees in '000)			
Net income for the period after taxation	209,765	163,607	78,410	62,661
Other comprehensive income for the period				
Items that may be reclassified subsequently to income statement	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	209,765	163,607	78,410	62,661

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Income Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the Nine Months and Quarter Ended March 31, 2019*

	Nine months ended March 31,	
	2019	2018
	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>		
Net income for the period before taxation	209,765	163,607
<b>Adjustments for:</b>		
Capital gain on sale of investments - net	(659)	(13,819)
Unrealised (loss) / gain on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	9,144	11,142
Amortisation of preliminary expenses and floatation costs	613	613
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-
Mark up / return on;		
- Bank profits	(102,775)	(150,181)
- Investments	(166,886)	(48,765)
Provision for Sindh Workers' Welfare Fund	4,281	3,339
	(46,517)	(34,064)
<b>(Increase) / decrease in assets</b>		
Investments - net	(856,875)	918
Advance against initial public offering	-	-
Deposits and prepayments	171	(4,363)
	(856,704)	(3,445)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	3,249	2,240
Payable to the Trustee	(3)	184
Payable to Securities and Exchange Commission of Pakistan	(1,093)	2,119
Dividend payable	23	-
Payable against redemption of units	(101,997)	(533,432)
Accrued expenses and other liabilities	131	(3,747)
	(99,690)	(532,636)
Income received from sukuk	107,387	49,681
Income received from TDR	53,892	
Profit received on bank deposits	96,309	125,744
	257,588	175,425
<b>Net cash used in operations</b>	(745,323)	(394,720)
<b>Cash flow from financing activities</b>		
Amount received on issue of units	3,250,414	2,653,392
Dividend paid	(44,653)	(1,777)
Payment against redemption of units	(3,527,810)	(2,801,876)
<b>Net cash (used in) / generated from financing activities</b>	(322,049)	(150,261)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(1,067,372)	(544,981)
Cash and cash equivalents at beginning of the year	2,716,661	3,192,747
<b>Cash and cash equivalents at end of the year</b>	1,649,291	2,647,766

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The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



**HBL Islamic Income Fund**  
**Condensed Interim Statement of Movement in Unitholders' Fund**  
*For the Nine Months and Quarter Ended March 31, 2019*

		For the nine months ended March 31,					
		2019			2018		
	Note	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
(Rupees in '000)							
Net assets at beginning of the period		3,947,620	93,906	4,041,526	4,414,052	47,193	4,461,245
Issuance of 32,831,461,541 units (2018: 25,779,393 units)							
Capital value (at net asset value per unit at the beginning of the period)		3,325,871	-	3,325,871		-	
Element of income / (loss)		69,988	-	69,988		-	
Total proceeds on issuance of Units		3,395,859	-	3,395,859	2,605,501	47,891	2,653,392
Redemption of 34,057,090 units (2018: 27,253,994 units)							
Capital value (at net asset value per unit at the beginning of the period)		(3,450,029)	-	(3,450,029)		-	-
Element of income		(77,781)	-	(77,781)		-	-
Total payments on redemption of units		(3,527,810)	-	(3,527,810)	(2,754,537)	(47,338)	(2,801,876)
Total comprehensive loss for the period		-	209,765	209,765	-	163,607	163,607
Refund of Capital		(145,445)		(145,445)			
Distribution for the period			(44,653)	(44,653)			
<b>Net assets at end of the period</b>		<b>3,670,224</b>	<b>259,018</b>	<b>3,929,243</b>	<b>4,265,015</b>	<b>211,353</b>	<b>4,476,368</b>
<b>Undistributed income brought forward</b>							
- Realised			106,089			34,077	
- Unrealised			(12,183)			13,116	
			<b>93,906</b>			<b>47,193</b>	
Accounting income available for distribution			143,764			121,211	
Net income for the period - for prior period	3.6						
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6		-			-	
<b>Undistributed income carried forward</b>			<b>93,906</b>			<b>49,206</b>	
<b>Undistributed income carried forward</b>							
- Realised			103,050			60,348	
- Unrealised			(9,144)			(11,142)	
			<b>93,906</b>			<b>49,206</b>	
			<b>Rupees</b>			<b>Rupees</b>	
<b>Net assets value per unit at beginning of the period</b>			<b>106.3013</b>			<b>101.0691</b>	
<b>Net assets value per unit at end of the period</b>			<b>106.7906</b>			<b>104.9167</b>	

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Islamic Income Fund**

## **Notes to the Condensed Interim Financial Information (Unaudited)**

### ***For the Nine Months and Quarter Ended March 31, 2019***

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

The HBL Islamic Income Fund ('the Fund') was established under a trust deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PIIF/949/2014 dated April 4, 2014 as a notified entity and the trust deed was executed on February 20, 2014.

Through an order dated August 31, 2016 SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on Feb 17, 2017. Effective from September 1, 2016 HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Agha Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund has been categorised as a Shariah Compliant Income Scheme as per the criteria laid down by the SECP for categorization of open-end Collective Investment Schemes (CIS) and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking into account liquidity considerations.

Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company.

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

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**2.1.3** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended March 31, 2018.

**2.1.4** This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended March 31, 2018 have not been reviewed.

**2.1.5** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2018.

**2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

**2.3 Functional and presentation currency**

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

**3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN**

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2018 except as explained in note 3.6.

**3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

**3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2018.

**3.4** There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.

**3.5** The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2018.

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**3.6** Except as described below, the accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after July 1, 2018. A number of other new standards are effective from July 1, 2018 but they do not have a material effect on the Fund's condensed interim financial information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

**i. Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

	<b>Note</b>	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying amount under IAS 39</b>	<b>New carrying amount under IFRS 9</b>
Financial assets					
Bank balances - Saving Accounts	(b)	Loans and receivables	Amortised cost	1,991,661	1,991,661
Bank balances - Term Deposit Receipts (TDRs)	(b)	'Loans and receivables	Amortised cost	725,000	725,000
Investments - Privately Placed Sukuk Certificates	(a)	Held for trading	FVTPL	1,389,253	1,389,253
Profit Receivable	(b)	Loans and receivables	Amortised cost	38,957	38,957
Receivable against sale of investments	(b)	Loans and receivables	Amortised cost	10,156	10,156
Deposits and Prepayments	(b)	Loans and receivables	Amortised cost	4,450	4,450

- (a) Debt securities classified as financial assets at fair value through profit or loss - held for trading have been measured at fair value through profit or loss with value changes continue to be recognised in income statement.
- (b) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

## ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

iii. Transition

The Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

	Note	March 31, 2019 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2018 (Audited)
<b>4. BANK BALANCES</b>			
In savings accounts	4.1	<b>1,649,291</b>	1,991,661
Term deposit receipt	4.2	-	725,000
		<b>1,649,291</b>	<b>2,716,661</b>

**4.1** Mark-up rates on these accounts range between 6.50% - 10.75% per annum (June 30, 2018: 5.45% - 6.50% per annum).

**4.2** These term deposit receipts carry mark up at the rate of 11.00% - 12.26% (June 30, 2018: 6.15% - 7.46% per annum). These will mature at various dates maximum by March 31, 2019.

	Note	March 31, 2019 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2018 (Audited)
<b>5 INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss' - held-for-trading</b>			
- Privately placed sukuk certificates	5.1	<b>1,394,121</b>	1,389,253
<b>Loans and receivable</b>			
- Advance against initial public offering		-	-
- Commercial paper	5.2	<b>125,677</b>	-
- Term Deposit Receipt	5.3	<b>728,000</b>	-
		<b>2,247,799</b>	<b>1,389,253</b>

## 5.1 Privately placed sukuk certificates

Name of the Investee Company	Number of units				Market value as at Mar 31, 2019 (Rupees in '000)	Market value as a percentage of	
	As at July 1, 2018	Purchases during the period	Sales during the period	As at Mar 31, 2019		Total Investments	Net Assets

### Corporate Sukuks

K Electric Limited	-	76,700	44,917	31,783	104,603	4.65	2.66
International Brands Limited	1,040	60	-	1,100	108,594	4.83	2.76
Dawood Hercules	5,220	-	150	5,070	502,386	22.35	12.79
Dawood Hercules	1,000	-	-	1,000	100,000	4.45	2.55
AGP Limited	2,660	1,314	550	3,424	183,560	8.17	4.67
Dubai Islamic Bank Limited	190	-	-	190	193,554	8.61	4.93
Ghani Gasses Limited	1,530	-	-	1,530	101,424	4.51	2.58
Agha Steel	-	100	-	100	100,000	4.45	2.55
	42,040	104,074	94,967	51,047	1,394,121	62	35

Cost of investments at March 31, 2019 1,194,292

- 5.1.1 These Sukuk carry semi annual mark-up at the rate ranging from 11.03% - 12.03% per annum. (June 30, 2018: semi annual mark-up at the rate of 6.04% & 7.96% per annum) respectively.

## 5.2 Commercial paper

Name of Company	As at July 1, 2018	Placement made during the period	Income Accrued	Matured during the period	As at Mar 31, 2019	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----							

Hascal Petroleum Limited (5.3.1) - 122,549 3,128 - 125,677 11.592 3.199

- 5.2.1 The commercial Paper carries mark-up at the rate of 12.26% per annum and will be matured on July 07, 2019.

- 5.3 In accordance with section 55 (5) of NBFC Regulations, exposure of collective investment schemes to any single entity shall not exceed an amount equal to fifteen percent of total net assets of the collective investment scheme and, in case of an exposure to any debt issue of a company, it shall not exceed ten percent of that issue. However, the percentage of such investment in K-Electric Limited and Dawood Hercules Corporation Limited, as at March 31, 2019, were 15.34%, respectively, of the net assets of the Fund.

	March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
Note	----- (Rupees in '000) -----	

## 6 PAYABLE TO THE MANAGEMENT COMPANY

Management fee	6.1	3,693	2,475
Sindh sales tax	6.2	480	322
Sales load payable		94	154
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	350	357
Selling and marketing payable	6.4	1,940	-
		<u>6,557</u>	<u>3,308</u>

- 6.1** As per the offering document of the Fund, the Management Company shall charge a fee at the rate of 10% of gross earnings of the Scheme, calculated on daily basis not exceeding 1.50% of the average daily net assets of the Scheme and subject to a minimum fee of 0.50% of the average daily net assets of the Scheme subject to the guidelines as may be issued by the Commission from time to time. The fee is payable monthly in arrears.
- 6.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3** As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.
- 6.4** SECP vide its circular No. SCD/Circular/394/2018 dated June 04, 2018 prescribed some amendments in circular No. SCD/PRDD/Circular/361/2016 dated December 30, 2016 and prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to all categories of open-end mutual funds (except fund of funds and money market funds). Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower. The Fund has started accruing expense on this account at 0.4% per annum of net assets of the Fund effective from March 21, 2017 being the lower.

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
<b>7 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Withholding tax payable		2,016	2,045
Federal excise duty	7.1	1,344	1,344
Provision for Sindh Workers' Welfare Fund	7.2	10,022	5,741
Auditors' remuneration		110	169
Payable to brokers		121	43
Printing charges		238	254
Other payables		175	18
		<b>14,026</b>	<b>9,614</b>

#### 7.1 Provision for Federal Excise Duty

The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.344 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.04 per unit (June 30, 2018: Rs. 0.04 per unit).

#### 7.2 Provision for Sindh Workers' Welfare Fund

The legal status of applicability of Sindh workers' welfare fund (SWWF) is same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.



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The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 3.34 million for the nine months year ended March 31, 2019 in this Condensed Interim Financial Information. Had the provision not been made, net assets value per unit at March 31, 2019 would have been higher by Rs. 0.27 per unit (June 30, 2018: Rs. 0.02 per unit).

**8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at March 31, 2019, and June 30, 2018.

**9. TAXATION**

The Fund's income is exempt from income tax as per 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2018 to its unit holders.

**10. EARNINGS PER UNIT**

Earnings per unit (EPU) has not been disclosed in this condensed interim financial information as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

**11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Transaction and balances with related parties who were connected persons due to holding 10% or more units in the comparatives period and not in the current period are not disclosed in the comparative.

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the condensed interim financial information are as follows:

11.1	Transactions during the period	March 31,	
		2019	2018
		----- (Rupees in '000) -----	
	<b>HBL Asset Management Limited - Management Company</b>		
	Remuneration of Management Company	27,519	20,514
	Sindh Sales Tax on remuneration of Management Company	3,578	2,667
	Allocation of expenses related to registrar services, accounting, operation and valuation services	2,984	3,298
	Issue of 245,246 units (2018: Nil units)	25,000	-
	Redemption 245,246 units (2018: Nil) units	25,096	-
	<b>Habib Bank Limited - Sponsor</b>		
	Bank charges paid	89	45
	Profit on bank deposits earned	355	166
	Redemption 2,541,753 units (2018: Nil) units	269,961	-
	Refund of capital	4,960	-
	Dividend Paid	12,111	-
	<b>HBL Asset Management Ltd Employess Gratuity Fund</b>		
	Issuance of units 2019: 96 (2018: 4,124 units)	8	428
	Refund of capital	11	-
	Dividend Paid	21	-
	<b>HBL Asset Management Ltd Employess Provident Fund</b>		
	Issuance of units 2019: 414 (2018: 22,169 units)	42	2,313
	Refund of capital	69	-
	Dividend Paid	111	-
	<b>Executives of the Management Company</b>		
	Issuance of units 2019: 292,153 (2018: 147,655 units)	30,640	15,132
	Redemption of units 2019: 490,337 (2018: 76,607 units)	51,528	7,813
	Refund of capital	408	-
	Dividend Paid	1,182	-
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Trustee remuneration	3,587	3,887
	Central Depository Service charges	100	35
	<b>MCBFSL Trustee HBL Islamic Financial Planning Fund Active Allocation Plan*</b>		
	Issuance of units 2019: 374,002 (2018: 1,521,984 units)	39,164	155,600
	Redemption of units 2019: 499,961 (2018: 1,545,537 units)	51,877	158,400
	Refund of capital	4,574	-
	Dividend Paid	4,590	-
	<b>MCBFSL Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan*</b>		
	Issuance of units 2019: 6,523 (2018: 585,459 units)	681	59,850
	Redemption of units 2019: 139,268 (2018: 661,122 units)	14,356	67,650
	Refund of capital	1,364	-
	Dividend Paid	1,369	-

		Nine months ended March 31,	
		2019	2018
		----- (Rupees in '000) -----	
<b>MCBFSL Trustee HBL Islamic Financial Planning Fund Strategic Allocation Plan*</b>			
Issuance of units 2019: 14,557,943 (2018: 3,019,582 units)		<b>1,518,052</b>	313,350
Redemption of units 2019: 7,762,482 (2018: 19,346,057 units)		<b>806,679</b>	1,987,410
Refund of capital		<b>101,610</b>	-
Dividend Paid		<b>101,956</b>	
<b>CDC Trustee HBL Islamic Asset Allocation Fund</b>			
Purchase of AGP Limited Sukuk		<b>19,435</b>	-
Dawood Hercules Corporation Limited Associated Company due to Common Directorship Purchase of 5,070 Certificate		<b>7,163</b>	-
		<b>March 31,</b>	June 30,
		<b>2019</b>	<b>2018</b>
		<b>(Un-Audited)</b>	<b>(Audited)</b>
		----- (Rupees in '000) -----	
<b>11.2</b>	<b>Balances outstanding as at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>			
Remuneration of the Management Company		<b>3,693</b>	2,475
Sindh Sales Tax on remuneration of the Management Company		<b>480</b>	322
Sales load payable		<b>94</b>	154
Allocation of expenses related to registrar services, accounting, operation and valuation services		<b>350</b>	357
<b>Habib Bank Limited - Sponsor</b>			
Bank balances		<b>1,202</b>	8,636
Units held: Nil (June 30, 2018: 2,422,199) units			257,483
<b>HBL Asset Management Ltd Employess Gratuity Fund</b>			
Units held: 4,327 (June 30, 2018: 4,124) units		<b>462</b>	438
<b>HBL Asset Management Ltd Employess Provident Fund</b>			
Units held: 23,263 (June 30, 2018: 22,169) units		<b>2,484</b>	2,357
<b>Executives of the Management Company</b>			
Units held in the Fund : 47,864 units (June 30,2018: 260,862 units)		<b>5,111</b>	27,730
<b>MCBFSL Trustee HBL Islamic Financial Planning Fund Strategic Allocation Plan-Associated company</b>			
Units held: 28,192,708 (June 30, 2018: 20,391,293) units		<b>3,010,716</b>	2,167,622

	March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	----- (Rupees in '000) -----	
<b>MCBFSL Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan</b>		
Units held: 153,750 (June 30, 2018: 273,740) units	<b>16,419</b>	29,099
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	<b>418</b>	421
Security deposit	<b>100</b>	100

\* Comparative transactions / balances of these parties have not been disclosed as these parties were not related parties in last period

## 12. FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund classifies fair value measurements 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:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using 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) (level 2); and
- Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

March 31, 2019

Carrying amount			Fair Value			
At fair value through profit or loss - 'held for-trading	At Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Note ----- (Rupees in '000) -----						

**On-balance sheet financial instruments**

**Financial assets measured at fair value**

**Investments**

- Corporate sukuk certificates	1,394,121	-	1,394,121	-	1,394,121	-	1,394,121
- GOP Ijarah Sukuks	-	-	-	-	-	-	-
	1,394,121	-	1,394,121	-	1,394,121	-	1,394,121

**Financial assets not measured at fair value**

Bank balances	-	1,649,291	1,649,291
Investments	-	125,677	125,677
Profit receivable	-	51,030	51,030
	-	1,825,998	1,825,998

**Financial liabilities not measured at fair value**

Payable to the Management Company	-	6,557	6,557
Payable to the Trustee	-	418	418
Accrued expenses and other liabilities	-	480	480
Payable against redemption of units	-	-	-
Unit holders' fund		3,929,243	3,929,243
	-	3,936,698	3,936,698

June 30, 2018

		Carrying amount			Fair Value			
		Fair value through profit or loss - held-for-trading	At Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Corporate sukuk certificates		1,389,253	-	1,389,253		1,389,253		1,389,253
		1,389,253	-	1,389,253	-	1,389,253	-	1,389,253
Financial assets not measured at fair value		10.1						
Bank balances		-	2,716,661	2,716,661	-	-	-	-
Profit receivable		-	38,957	38,957	-	-	-	-
Receivable against sale of investment			10,156	10,156				
		-	2,765,774	2,765,774	-	-	-	-
Financial liabilities not measured at fair value		10.1						
Payable to the Management Company		-	3,308	3,308	-	-	-	-
Payable to the Trustee		-	421	421	-	-	-	-
Payable against redemption of units		-	101,997	101,997	-	-	-	-
Accrued expenses and other liabilities		-	9,614	9,614	-	-	-	-
Dividend payable			20	20				
		-	115,361	115,361	-	-	-	-

12.1 For level 2 investments at fair value through profit or loss - investment in Privately Placed Sukuks, are valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP vide its circular no. 1 of 2009 dated January 6, 2009 and circular no. 33 of 2012 dated October 24, 2012 at reporting date.

For level 3 investments at fair value through profit or loss - investment in respect of Sukuk, the Fund has received Agha Steel Industries sukuk which are in the process of listing. Accordingly, these are stated at cost.

12.2 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

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12.3 Transfers during the period

There were no transfers between various levels of fair value hierarchy during the period

13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the nine months ended March 31, 2019 is 1.28% (2018: 1.18%) which includes 0.26% (2018: 0.27%) representing government levy, Sindh Worker's Welfare Fund and SECP fee.

14. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 30, 2019.

15. GENERAL

15.1 Figures have been rounded off to the nearest thousand rupees.

15.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# **HBL**

## **Islamic Equity Fund**



## FUND INFORMATION

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Name of Fund	HBL Islamic Equity Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Bank Islami Pakistan Limited Al Baraka Bank Pakistan Limited United Bank Limited Burj Bank Limited MCB Bank Limited Faysal Bank Limited Habib Bank Limited

**HBL Islamic Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	37,508	159,107
Investments	5	509,099	1,168,226
Dividends and profit receivable		3,990	3,035
Deposits, prepayments and other receivables		3,053	3,001
Receivable against sale of investments		6,233	2,152
Preliminary and floatation costs		32	183
<b>Total assets</b>		<b>559,914</b>	<b>1,335,704</b>
<b>Liabilities</b>			
Payable to the Management Company	6	1,692	5,309
Payable to the Trustee		107	442
Payable to Securities and Exchange Commission of Pakistan		572	1,194
Payable against redemption of units		-	5
Accrued expenses and other liabilities	7	8,216	10,855
<b>Total liabilities</b>		<b>10,586</b>	<b>17,805</b>
<b>Net assets</b>		<b>549,328</b>	<b>1,317,899</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>549,328</b>	<b>1,317,899</b>
<b>----- (Number of units) -----</b>			
<b>Number of units in issue</b>		<b>6,313,183</b>	<b>14,250,123</b>
<b>----- (Rupees) -----</b>			
<b>Net assets value per unit</b>		<b>87.0129</b>	<b>92.4834</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Equity Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the nine months and quarter ended March 31, 2019*

		Nine months ended March 31,		Quarter ended March 31,	
		2019	2018	2019	2018
Note		(Rupees in '000)			
<b>Income</b>					
Capital (loss) / gain on sale of investments - net		(27,903)	(86,768)	2,757	(21,721)
Dividend income		19,754	42,198	3,366	10,634
Profit on bank deposits		6,541	9,135	1,569	3,111
		(1,608)	(35,435)	7,692	(7,976)
Unrealised (diminution) / appreciation on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net		(36,932)	15,395	16,329	144,700
		(38,540)	(20,040)	24,021	136,724
<b>Expenses</b>					
Remuneration of the Management Company	6.1 & 6.2	13,600	20,702	3,242	7,597
Remuneration of the Trustee		1,297	1,859	324	658
Annual fee to Securities and Exchange Commission of Pakistan		572	870	137	319
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	602	916	144	336
Selling and marketing expense	6.4	2,407	3,664	574	1,345
Securities transaction costs		2,532	2,905	386	1,107
Amortization of preliminary and floatation costs		152	152	50	50
Auditors' remuneration		177	177	58	58
Settlement and bank charges		392	349	91	100
Fees and subscription		195	190	58	68
Printing charges		-	225	-	76
		21,925	32,009	5,064	11,714
<b>Net (loss) / income from operating activities</b>		(60,465)	(52,049)	18,957	125,010
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-
Provision for Sindh Workers' Welfare Fund	7.2	-	-	-	-
<b>Net (loss) / income for the period before taxation</b>		(60,465)	(52,049)	18,957	125,010
Taxation	8	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		(60,465)	(52,049)	18,957	125,010
<b>Earnings per unit</b>	10				

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## HBL Islamic Equity Fund

### Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the nine months and quarter ended March 31, 2019

	Nine months ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(60,465)	(52,049)	18,957	125,010
<b>Other comprehensive income for the period</b>				
Item that may be reclassified subsequently to Income Statement	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>(60,465)</b>	<b>(52,049)</b>	<b>18,957</b>	<b>125,010</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

_____ Chief Financial Officer	_____ Chief Executive Officer	_____ Director
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**HBL Islamic Equity Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the nine months ended March 31, 2019*

	Nine Months ended March 31,	
	2019 ----- (Rupees in '000) -----	2018 -----
<b>Cash flows from operating activities</b>		
Net loss for the period before taxation	(60,465)	(52,049)
<b>Adjustments</b>		
Dividend income	(19,754)	(42,198)
Profit from bank deposits	(6,541)	(9,135)
Capital gain on sale of investments - net	27,903	86,768
Amortisation of preliminary and flotation costs	152	152
Unrealised appreciation on remeasurement of investments at fair value through profit or loss - held-for-trading - net	36,932	(15,395)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	-
Provision for Sindh Workers' Welfare Fund	-	-
	(21,773)	(31,857)
<b>(Increase) / decrease in assets</b>		
Investments - net	594,292	(123,859)
Deposits, prepayments and other receivables	(52)	240
Receivable against sale of investments	(4,081)	(24,278)
	590,159	(147,897)
<b>Increase / (Decrease) in liabilities</b>		
Payable to the Management Company	(3,617)	(1,208)
Payable to the Trustee	(335)	(214)
Payable to Securities and Exchange Commission of Pakistan	(622)	(324)
Payable against redemption of units	(5)	13
Accrued expenses and other liabilities	(2,639)	(656)
	(7,218)	(2,389)
	561,168	(182,143)
Dividend received	18,702	35,063
Profit received on bank deposit	6,638	8,557
	586,508	(138,523)
<b>Net cash used in operating activities</b>		
<b>Cash flows from financing activities</b>		
Amount received on issue of units	65,016	910,778
Payment against redemption of units	(773,122)	(250,954)
Dividend paid	-	-
<b>Net cash generated from / (used in) financing activities</b>	(708,106)	659,824
<b>Net decrease in cash and cash equivalents</b>	(121,598)	521,301
Cash and cash equivalents at beginning of the period	159,107	159,107
<b>Cash and cash equivalents at end of the period</b>	<b>37,508</b>	<b>680,408</b>

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The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Equity Fund**  
**Condensed Interim Statement of Movement in Unitholders' Fund**  
*For the nine months ended March 31, 2019*

		Nine months ended March 31,					
		2019			2018		
Note	----- (Rupees in '000) -----						
	Capital value	Undistributed income / (Accumulated loss)	Total	Capital value	Undistributed income / (Accumulated loss)	Total	
Net assets at beginning of the period	1,402,368	(84,469)	1,317,899	748,901	41,006	789,907	
Issuance of 695,541 units (2018: 9,566,774 units)							
Capital value (at net asset value per unit at the beginning of the period)	64,326	-	64,326		-		
Element of income / (loss)	690	-	690		-		
Total proceeds on issuance of units	65,016	-	65,016	1,009,061	(98,283)	910,778	
Redemption of 8,632,481 units (2018: 2,737,981 units)							
Capital value (at net asset value per unit at the beginning of the period)	(798,362)	-	(798,362)		-	-	
Element of income	25,240	-	25,240		-	-	
Total payments on redemption of units	(773,122)	-	(773,122)	(288,790)	37,836	(250,954)	
Total comprehensive loss for the period	-	(60,465)	(60,465)	-	(52,049)	(52,049)	
Net assets at end of the period	694,262	(144,934)	549,328	1,469,172	(147,162)	1,397,682	
Accumulated (loss) / Undistributed income brought forward							
- Realised		(40,048)			29,237		
- Unrealised		(44,421)			11,769		
		(84,469)			41,006		
Accounting income available for distribution		(60,465)			(52,049)		
Net Income for the period - for prior period							
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6	-			-		
(Accumulated loss) / undistributed income carried forward		(144,934)			(11,043)		
(Accumulated loss) / undistributed income carried forward							
- Realised		(108,002)			(26,438)		
- Unrealised		(36,932)			15,395		
		(144,934)			(11,043)		
		(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period		92.4834			105.4755		
Net assets value per unit at end of the period		87.0129			97.6184		

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Islamic Equity Fund**

## **Notes to the Condensed Interim Financial Information (Unaudited)**

*For the nine months ended March 31, 2019*

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

HBL Islamic Equity Fund ('the Fund') was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PISF/965/2014 dated April 23, 2014 as a notified entity and the Trust Deed was executed on February 20, 2014.

The Fund has been categorised as a Shariah Compliant equity scheme as per the criteria laid down by the SECP for categorisation of Open-End Collective Investment Schemes (CIS) and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

Through an order dated August 31, 2016, SECP approved the merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on February 17, 2017. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund For Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The objective of HBL Islamic Equity Fund is to provide the maximum total return to the unit holders from investment in 'Shariah Compliant' equity investments for the given level of risk. Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

JCR-VIS Credit Rating Company has assigned an asset management quality rating of 'AM2+' (AM Two Plus) to the Management Company.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

'Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

**2.1.2** The disclosures made in this condensed interim financial information have; however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

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**2.1.3** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended March 31, 2019.

**2.1.4** This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended March 31, 2019 have not been reviewed.

**2.1.5** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

## **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## **3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING JUDGEMENT AND CHANGES THEREIN**

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018 except as explained in note 3.6.

**3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

**3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2018.

**3.4** There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.

**3.5** The Fund's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements of the Fund for the year ended June 30, 2018.



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**3.6** Except as described below, the accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after July 1, 2018. A number of other new standards are effective from July 1, 2018 but they do not have a material effect on the Fund's condensed interim financial information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

**i. Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.
<b>Debt investments a FVOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
<b>Financial assets</b>					
Listed equity securities	(a)	Held for trading	FVTPL	1,168,226	1,168,226
Bank balances	(b)	Loans and receivables	Amortised cost	159,107	159,107
Dividend and Profit receivable	(b)	Loans and receivables	Amortised cost	3,035	3,035
Receivable against of investments	(b)	Loans and receivables	Amortised cost	2,152	2,152
Deposits, prepayments & other receivable	(b)	Loans and receivables	Amortised cost	3,001	3,001

(a) The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

(b) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

## ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

### iii. Transition

The Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of The business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

		<b>March 31, 2019 (Un-Audited)</b>	June 30, 2018 (Audited)
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>4. BANK BALANCES</b>			
Current accounts		<b>1,435</b>	1,435
Savings accounts	4.1	<b>36,073</b>	157,672
		<b>37,508</b>	159,107

**4.1** Mark-up rates on these accounts range between 6.50% to 10.00% p.a (June 30, 2018: 5.45% - 6.50% p.a).

		<b>March 31, 2019 (Un-Audited)</b>	June 30, 2018 (Audited)
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>5. INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss' held for trading</b>			
- Listed equity securities	5.1	<b>501,043</b>	1,168,226
- Advanced against BOOK Building	5.2	<b>8,056</b>	-
		<b>509,099</b>	1,168,226

## 5.1 Financial assets 'at fair value through profit or loss' - held for trading - listed equity securities

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of shares					Market value			Par value as a percentage of issued capital of the investee company
	As at July 1, 2018	Purchases during the period	Bonus issue	Sales during the period	As at March 31, 2019	As at March 31, 2019 (Rupees in '000)	As a percentage of total Investments	As a percentage of net Assets	
Automobile Assembler									
Millat Tractors Limited	32,460	7,000	-	38,560	900	806	0.16	0.15	0.00
	32,460	7,000	-	38,560	900	806	0.16	0.15	
Automobiles Parts & Accessories									
Thal Limited (Par value Rs 5 per share)	75,450	20,000	-	56,000	39,450	16,648	3.32	3.03	0.05
	75,450	20,000	-	56,000	39,450	16,648	3.32	3.03	
Cable & Electrical Goods									
Pak Elektron Limited	409,500	21,000	-	430,500	-	-	-	-	-
	409,500	21,000	-	430,500	-	-	-	-	
Cement									
Cherat Cement Company Limited	-	94,000	-	94,000	-	-	-	-	-
D.G Khan Cement Company Limited	115,200	97,500	-	212,700	-	-	-	-	-
Kohat Cement Limited	177,200	89,500	14,010	185,000	95,710	8,215	1.64	1.49	0.07
Lucky Cement Limited	106,150	43,200	-	87,050	62,300	26,679	5.32	4.86	0.02
Maple Leaf Cement Factory Ltd	-	637,500	-	426,000	211,500	7,921	1.58	1.44	0.04
Pioneer Cement Limited	149,500	-	-	149,500	-	-	-	-	-
	548,050	961,700	14,010	1,154,250	369,510	42,815	8.55	7.79	
Chemicals									
Engro Polymer & Chemicals Limited	854,500	589,952	-	992,000	452,452	16,433	3.28	2.99	0.04
Engro Polymer & Chemicals Limited-LOR	273,952	-	-	273,952	-	-	-	-	-
Lotte Chemical Pakistan Ltd	-	225,000	-	-	225,000	3,200	0.64	0.58	0.01
Sitara Chemical Industries Ltd	-	8,800	-	-	8,800	2,640	0.53	0.48	0.04
	1,128,452	823,752	-	1,265,952	686,252	22,273	4.45	4.05	
Commercial Bank									
Meezan Bank Limited	642,500	370,000	43,250	887,500	168,250	16,665	3.33	3.03	0.02
	642,500	370,000	43,250	887,500	168,250	16,665	3.33	3.03	
Engineering									
Aisha Steel Mills Ltd	440,000	-	-	440,000	-	-	-	-	-
Amreli Steels Limited	184,100	70,000	-	254,100	-	-	-	-	-
Crescent Steel & Allied Products Limited	-	56,500	-	-	56,500	2,192	-	-	-
International Industries Limited	55,800	56,000	-	68,500	43,300	5,373	0.44	0.40	0.07
International Steels Limited	194,000	105,000	-	217,000	82,000	5,250	1.07	0.98	0.04
Mughal Iron & Steel Inds Ltd	288,500	5,000	-	293,500	-	-	1.05	0.96	0.02
	1,162,400	292,500	-	1,273,100	181,800	12,815	2.56	2.34	
Fertilizer									
Dawood Herculers Corporation Ltd	-	55,000	-	10,000	45,000	5,777	1.15	1.05	0.01
Engro Corporation Limited	275,800	89,000	-	225,000	139,800	45,747	9.13	8.32	0.03
Engro Fertilizers Limited	987,000	133,500	-	852,000	268,500	19,211	3.83	3.50	0.02
Fauji Fertilizer Co. Ltd	267,000	71,000	-	233,000	105,000	10,968	2.19	2.00	0.01
	1,529,800	348,500	-	1,320,000	558,300	81,703	16.31	14.87	
Oil and Gas Exploration Companies									
Mari Petroleum Company Limited (5.1.1)	43,230	15,540	2,025	27,980	32,815	40,863	8.16	7.44	0.03
Oil & Gas Development Company Limited	499,400	475,000	-	621,000	353,400	52,144	10.41	9.49	0.01
Pakistan Oilfields Limited	109,300	45,650	14,120	115,850	53,220	23,803	4.75	4.33	0.02
Pakistan Petroleum Limited	429,700	186,900	29,580	390,100	256,080	47,372	9.45	8.62	0.01
	1,081,630	723,090	45,725	1,154,930	695,515	164,182	32.77	29.88	
Oil and Gas Marketing Companies									
Hascol Petroleum Limited	50,900	3,000	5,650	59,550	-	-	-	-	-
Pakistan State Oil Company Limited (5.1.2)	167,200	124,000	23,740	189,000	125,940	27,226	5.43	4.95	0.04
Sui Northern Gas Pipeline Limited	327,300	128,000	-	267,500	187,800	14,106	2.82	2.57	0.03
	545,400	255,000	29,390	516,050	313,740	41,332	8.25	7.52	

Name of the Investee Company	Number of shares					Market value			Par value as a percentage of issued capital of the investee company
	As at July 1, 2018	Purchases during the period	Bonus issue	Sales during the period	As at March 31, 2019	As at March 31, 2019 (Rupees in '000)	As a percentage of total Investments	As a percentage of net Assets	
<b>Power Generation &amp; Distribution</b>									
Hub Power Company Limited	954,300	273,500	-	714,000	513,800	37,677	7.52	6.86	0.04
K-Electric Limited	4,867,000	1,475,000	-	4,496,000	1,846,000	10,319	2.06	1.88	0.01
Pakgen Power Limited	-	187,500	-	-	187,500	2,861	0.57	0.52	0.05
	<b>5,821,300</b>	<b>1,936,000</b>	<b>-</b>	<b>5,210,000</b>	<b>2,547,300</b>	<b>50,857</b>	<b>10.15</b>	<b>9.26</b>	
<b>Pharmaceuticals</b>									
AGP Limited	223,500	64,500	-	186,000	102,000	8,684	1.73	1.58	-
The Searle Company Limited (5.1.2)	39,820	25,800	2,823	44,500	23,943	5,670	1.13	1.03	0.01
	<b>263,320</b>	<b>90,300</b>	<b>2,823</b>	<b>230,500</b>	<b>125,943</b>	<b>14,354</b>	<b>2.86</b>	<b>2.61</b>	
<b>Paper &amp; Board</b>									
Packages Limited	27,000	2,000	-	14,500	14,500	5,507	1.10	1.00	0.02
	<b>27,000</b>	<b>2,000</b>	<b>-</b>	<b>14,500</b>	<b>14,500</b>	<b>5,507</b>	<b>1.10</b>	<b>1.00</b>	
<b>Transport</b>									
Pakistan National Shipping Corp Ltd	-	41,500	-	-	41,500	2,500	0.50	0.46	0.03
	<b>-</b>	<b>41,500</b>	<b>-</b>	<b>-</b>	<b>41,500</b>	<b>2,500</b>	<b>0.50</b>	<b>0.46</b>	
<b>Textile Composite</b>									
Kohinoor Textile Mills Ltd	-	305,000	-	157,000	148,000	6,641	1.33	1.21	0.14
Nishat Mills Limited	345,500	74,000	-	279,100	140,400	18,899	3.77	3.44	0.04
	<b>345,500</b>	<b>379,000</b>	<b>-</b>	<b>436,100</b>	<b>288,400</b>	<b>25,540</b>	<b>5.10</b>	<b>4.65</b>	
<b>Technology &amp; Communication</b>									
Pakistan Telecommunication Co. Ltd	-	300,000	-	-	300,000	2,727	0.54	2.50	0.01
Systems Limited	140,000	-	-	137,000	3,000	320	0.06	0.06	-
	<b>140,000</b>	<b>300,000</b>	<b>-</b>	<b>137,000</b>	<b>303,000</b>	<b>3,047</b>	<b>0.61</b>	<b>2.56</b>	
<b>Glass &amp; Ceramics</b>									
Shabbir Tiles & Ceramics Ltd	408,500	-	-	408,500	-	-	-	-	-
	<b>408,500</b>	<b>-</b>	<b>-</b>	<b>408,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>March 31, 2019 Total:</b>	<b>14,161,262</b>	<b>6,571,342</b>	<b>135,198</b>	<b>14,533,442</b>	<b>6,334,360</b>	<b>501,043</b>	<b>94.22</b>	<b>85.94</b>	
<b>Carrying value as at March 31, 2018</b>						<b>537,975</b>			

**5.1.1** These investments include shares with market value aggregating to Rs. 79.14 million (June 30, 2018: Rs. 92.766 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP. Details are as follows:

Engro Polymer & Chemicals Limited (180,000 shares)

Hub Power Company Limited (300,000 shares)

Oil & Gas Development Company Limited (300,000 shares)

**5.1.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus

announcement of the Fund having aggregate fair market value of Rs. 0.89 million at March 31, 2019 (June 30, 2018: Rs. 0.472 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

**5.2** This represents participation amount against book building of Interloop Limited, subsequently converted into shares.

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
		----- (Rupees in '000) -----	
<b>6.</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>	<b>Note</b>	
	Remuneration to the Management Company	6.1	948
	Sindh Sales Tax on Management Company's remuneration	6.2	123
	Sales load payable to Management Company		-
	Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	47
	Selling and marketing payable	6.4	574
			1,692
			5,309

**6.1** As per the offering document of the Fund, the Management Company is entitled to a remuneration at the rate of 2% of the average annual net assets on daily basis of the scheme subject to the guidelines as may be issued by the SECP from time to time. Therefore, the management fee is charged at 2%. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

**6.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 % (June 30 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

**6.3** As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

**6.4** SECP vide its circular No.SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower.

		March 31, 2019 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2018 (Audited)
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>		
Provision for Federal Excise Duty on Management fee	7.1	<b>3,268</b>	3,268
Provision for Sindh Workers' Welfare Fund	7.2	<b>3,194</b>	3,194
Donation payable	7.3	<b>1,008</b>	3,704
Payable to brokers		<b>188</b>	269
Withholding tax payable		<b>195</b>	8
Auditors' remuneration		<b>110</b>	169
Printing charges		<b>213</b>	228
Zakat payable		<b>10</b>	-
Others		<b>30</b>	15
		<b>8,216</b>	10,855

**7.1** The legal status of applicability of Federal Excise Duty on the Fund is the same as disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal which was filed by tax authorities against the order by the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 3.268 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.52 per unit (June 30, 2018: Rs. 0.23 per unit).

**7.2** The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is the same as disclosed in note 13.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for the nine months ended March 31, 2019, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.51 per unit (June 30, 2018: Rs. 0.22 per unit).

**7.3** This represents amount attributable to income earned from shariah non-compliant avenues, earmarked for onward distribution as charity in accordance with the instructions of the Shariah Advisor.

## **8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

## **9. TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part 1 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ended June 30, 2018 to its unit holders.

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## 10 EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Transactions and balances with parties who were connected persons due to holding 10% or more units in the comparative period and not in the current period are not disclosed in the comparative period.

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the condensed interim financial information are as follows:

		Nine months ended March 31,	
		2019	2018
		----- (Rupees in '000) -----	
11.1	Transactions during the period		
	<b>HBL Asset Management Limited - Management Company</b>		
	Remuneration of the Management Company	12,035	18,320
	Sindh Sales Tax on remuneration of the Management Company	1,565	2,382
	Sales load paid	-	-
	Allocation of expenses related to registrar services, accounting, operation and valuation services	602	916
	Selling and marketing expense	2,407	3,664
	Redemption of 431,313 units (2018: 787,166 units)	39,500	70,000
	<b>Executives of the Management Company</b>		
	Issue of 17,908 units (2018: Nil units)	1,595	-
	Redemption 26,365 units (2018: Nil) units	2,418	-
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Trustee remuneration	1,297	1,859
	Central Depository Service charges	92	108



		Nine months ended March 31,	
		2019	2018
		----- (Rupees in '000) -----	
<b>Connected person due to holding of more than 10%</b>			
<b>MCBFSL Trustee HBL Islamic Financial Planning Fund *</b>			
<b>Strategic Allocation Plan</b>			
Redemption of 7,728,823 units (2018: Nil units)		690,030	775,000
<b>MCBFSL Trustee HBL Islamic Financial Planning Fund *</b>			
<b>Conservative Allocation Plan</b>			
Issuance of units 8,735 units (2018: 108,943 units)		776	9,937
Redemption of 36,176 units (2018: 140,405 units)		3,382	13,290
<b>MCBFSL Trustee HBL Islamic Financial Planning Fund *</b>			
<b>Active Allocation Plan</b>			
Redemption of 134,359 units (2018: 55,258 units)		12,493	5,000
		March 31, 2019	June 30, 2018
		----- (Rupees in '000) -----	
11.2	<b>Balances outstanding as at period / year end</b>	<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>HBL Asset Management Company Limited</b>			
Units held: 483,649 (June 30, 2018: 914,962) units		42,084	84,619
Management fee payable		1,071	2,206
Sales load payable		-	287
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Trustee Fee payable		107	442
<b>Executives of the Management Company</b>			
Units held: 9,669 (June 30, 2018: 25,777) units		841	2,384
<b>Connected Person due to holding more than 10% units:</b>			
<b>MCBFSL - Trustee HBL Islamic Financial Planning Fund</b>			
<b>Strategic Allocation Plan</b>			
Units held: 2,696,154 (June 30, 2018: 10,424,976) units		234,600	964,137

	March 31, 2019 ------(Rupees in '000)----- (Un-Audited)	June 30, 2018 (Audited)
<b>MCBFSL - Trustee HBL Islamic Financial Planning Fund Active Allocation Plan</b>		
Units held: 303,617 (June 30, 2018: 437,975) units	<b>26,419</b>	40,505
<b>MCBFSL - Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan</b>		
Units held: 44,195 (June 30, 2018: 71,636) units	<b>3,846</b>	6,625
<b>MCB Bank Limited</b>		
Units held: 916,259 (June 30, 2018: Nil) units	<b>79,726</b>	-

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and 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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		March 31, 2019						
		Carrying amount			Fair Value			
		Fair value through profit or loss - held-for- trading	At Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
12.1	Investments							
	- Listed equity securities	501,043	-	501,043	-	-	-	501,043
	- Advance against book building - Interloop Ltd	8,056	-	8,056	-	-	8,056	8,056
		<u>509,099</u>	<u>-</u>	<u>509,099</u>	<u>509,099</u>	<u>-</u>	<u>8,056</u>	<u>509,099</u>
<b>Financial assets not measured at fair value</b>								
12.1	Bank balances	-	37,508	37,508				
	Dividends and profit receivable	-	3,990	3,990				
	Receivable against sale of investments	-	6,233	6,233				
		<u>-</u>	<u>47,731</u>	<u>47,731</u>				
<b>Financial liabilities not measured at fair value</b>								
12.1	Payable to the Management Company	-	1,692	1,692				
	Payable to the Trustee	-	107	107				
	Payable against redemption in units	-	-	-				
	Accrued expenses and other liabilities	-	426	426				
	Unit holders' fund	-	549,328	549,328				
		<u>-</u>	<u>551,553</u>	<u>551,553</u>				
		June 30, 2018						
		Carrying amount			Fair Value			
		Fair value through profit or loss - held-for- trading	At Amortized Cost	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
12.1	Investments							
	- Listed equity securities	1,168,226	-	1,168,226	1,168,226	-	-	1,168,226
		<u>1,168,226</u>	<u>-</u>	<u>1,168,226</u>	<u>1,168,226</u>	<u>-</u>	<u>-</u>	<u>1,168,226</u>
<b>Financial assets not measured at fair value</b>								
12.1	Bank balances	-	159,107	159,107				
	Dividends and profit receivable	-	3,035	3,035				
	Dividend		2,600	2,600				
	Receivable against sale of investments		2,152	2,152				
		<u>-</u>	<u>166,894</u>	<u>166,894</u>				
<b>Financial liabilities not measured at fair value</b>								
12.1	Payable to the Management Company	-	5,022	5,022				
	Payable to the Trustee	-	442	442				
	Payable against redemption in units	-	5	5				
	Accrued expenses and other liabilities	-	666	666				
		<u>-</u>	<u>6,135</u>	<u>6,135</u>				

**12.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

## **12.2 Transfers during the period**

No transfers were made between various levels of fair value hierarchy during the period.

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**13. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the fund for the nine months ended March 31, 2019 is 2.72% (June 2018: 3.47%) which includes 0.32% (June 2018: 0.39%) representing government levy and SECP fee.

**14. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 30, 2019.

**15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# **HBL**

## **Islamic Financial Planning Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Financial Planning Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	MCB Financial Services Limited (MCBFSL)
Bankers	Bank Islami Pakistan Limited Habib Bank Limited Dubai Islamic Bank Limited

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement Of Assets And Liabilities (Un-audited)**  
**AS AT MARCH 31, 2019**

		March 31, 2019 (Un-Audited)					June 30, 2018 (Audited)				
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
Note		(Rupees in '000)									
<b>ASSETS</b>											
	4	812	81	707	340,127	341,727	1,721	199	1,046	2,966	
	5	176,869	20,496	4,044,360	134,645	4,376,370	245,764	36,381	4,285,015	4,567,160	
		6	4	16	3,771	3,796	12	11	10	33	
		55	15	516	1,389	1,975	68	18	2,248	2,334	
		28	18	885	4	934	22	12	660	694	
<b>TOTAL ASSETS</b>		<b>177,770</b>	<b>20,614</b>	<b>4,046,483</b>	<b>479,935</b>	<b>4,724,803</b>	<b>247,587</b>	<b>36,621</b>	<b>4,288,979</b>	<b>4,573,187</b>	
<b>LIABILITIES</b>											
	6	16	3	366	2,233	2,618	311	4	356	671	
		15	2	277	4	297	21	3	278	302	
		153	19	3,033	225	3,430	242	45	4,055	4,342	
	7	135	50	1,840	157	2,182	102	23	1,932	2,057	
<b>TOTAL LIABILITIES</b>		<b>319</b>	<b>73</b>	<b>5,516</b>	<b>2,619</b>	<b>8,526</b>	<b>676</b>	<b>75</b>	<b>6,621</b>	<b>7,372</b>	
<b>NET ASSETS</b>		<b>177,451</b>	<b>20,541</b>	<b>4,040,968</b>	<b>477,317</b>	<b>4,716,276</b>	<b>246,911</b>	<b>36,546</b>	<b>4,282,358</b>	<b>4,565,815</b>	
<b>UNIT HOLDER'S FUND (AS PER STATEMENT ATTACHED)</b>											
		<b>177,451</b>	<b>20,541</b>	<b>4,040,968</b>	<b>477,317</b>	<b>4,716,277</b>	<b>246,911</b>	<b>36,546</b>	<b>4,282,358</b>	<b>4,565,815</b>	
<b>CONTINGENCIES AND COMMITMENTS</b>											
	8	(Units)					(Units)				
<b>Number of units in issue</b>		<b>1,810,383</b>	<b>197,081</b>	<b>39,857,219</b>	<b>4,699,230</b>		<b>2,458,924</b>	<b>360,360</b>	<b>42,193,314</b>		
		(Rupees)					(Rupees)				
<b>Net assets value per unit</b>		<b>98.0184</b>	<b>104.2236</b>	<b>101.3861</b>	<b>101.5735</b>		<b>100.4143</b>	<b>101.4151</b>	<b>101.4938</b>		

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Islamic Financial Planning Fund

## Condensed Interim Income Statement (Un-audited)

### For The Nine Months Ended March 31, 2019

		For the period from October 02, 2018 to March 31, 2019								
		Nine months ended March 31, 2019					Nine months ended March 31, 2018			
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note		(Rupees in '000)								
<b>INCOME</b>										
	Mark-up on deposits with bank	52	10	79	16,075	16,216	583	150	5,821	6,554
	Capital (loss) / gain on sale of investment - net	(1,900)	277	(40,680)	466	(41,837)	1,085	(73)	30,734	31,746
	Unrealised (diminution) / appreciation on re-measurement of investments classified at 'fair value through profit or loss' - net	(2,155)	603	45,204	(5,821)	37,831	8,238	849	136,822	145,909
	Dividend income	16	5	347	-	368	-	-	-	-
	Back end load	-	-	1,183	33	1,216	-	-	7	7
		(3,987)	895	6,133	10,753	13,794	9,906	926	173,384	184,215
<b>EXPENSES</b>										
	Remuneration to the Management Company	9	2	13	1,702	1,726	104	24	1,171	1,299
	Sindh Sales Tax on remuneration of the Management Company	1	-	2	221	224	13	3	152	168
	Remuneration of the Trustee	164	20	2,557	241	2,982	195	38	2,557	2,790
	Annual fee to the Securities and Exchange Commission of Pakistan	153	19	3,033	225	3,430	182	35	3,025	3,242
	Allocation of expenses related to registrar services, accounting, operation and valuation services	161	20	3,193	237	3,611	191	37	3,185	3,413
	Amortisation of preliminary expenses and flotation costs	43	33	1,762	471	2,309	13	3	1,830	1,846
	Auditors' remuneration	11	1	197	11	220	13	4	280	297
	Printing charges	-	-	-	-	-	5	1	106	112
	Bank charges	15	12	10	38	75	24	24	21	69
	Fees and subscription	1	-	25	1	27	16	5	403	424
	Shariah advisory fee	7	1	132	9	149	6	1	103	110
		565	108	10,924	3,156	14,753	762	178	12,833	13,772
	<b>Net (loss) / income for the period from operating activities</b>	(4,552)	787	(4,792)	7,597	(959)	9,144	747	160,550	170,443
	Reversal of selling and marketing expense	-	-	-	-	-	24	7	555	586
	Provision for Sindh Workers' Welfare Fund	-	(16)	-	(152)	(16)	(183)	(15)	(3,222)	(3,421)
	<b>Net (loss) / income for the period before taxation</b>	(4,552)	771	(4,792)	7,445	(975)	8,986	739	157,883	167,608
	Taxation	-	-	-	-	-	-	-	-	-
	<b>Net (loss) / income for the period after taxation</b>	(4,552)	771	(4,792)	7,445	(975)	8,986	739	157,883	167,608
<b>Allocation of income for the period</b>										
	Income already paid on redemption of units		236		52		86	67	6	159
	Accounting income available for distribution									
	Relating to capital gains		298		-		8,900	672	157,877	167,449
	Excluding capital gains		-		-		-	-	-	-
			535		7,393		8,900	672	157,877	167,449
			771		7,445		8,986	739	157,883	167,608

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



# HBL Islamic Financial Planning Fund

## Condensed Interim Income Statement (Un-audited)

### For The Nine Months and Quater Ended March 31, 2019 (Continued)

		Quarter ended March 31, 2019					Quarter ended March 31, 2018				
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
Note		(Rupees in '000)									
INCOME											
	Mark-up on deposits with bank	14	5	40	8,826	8,885	60	13	381	453	
	Capital (loss) / gain on sale of investment - net	28	139	(19,309)	1,126	(18,016)	993	129	15,984	17,106	
	Unrealised (diminution) / appreciation on re-measurement of investments classified at 'fair value through profit or loss' - net	6,286	419	149,666	2,640	159,011	10,988	1,081	163,793	175,862	
	Back end load	(16)	(5)	836	33	848	-	-	3	3	
		6,312	558	131,233	12,625	150,728	12,042	1,222	180,161	193,423	
EXPENSES											
6.1	Remuneration to the Management Company	3	1	13	845	862	9	3	55	67	
6.2	Sindh Sales Tax on remuneration of the Management Company	-	0	2	110	112	1	-	7	8	
	Remuneration of Trustee	48	6	833	120	1,007	70	10	851	931	
	Annual fee to the Securities and Exchange Commission of Pakistan	45	6	987	112	1,150	65	9	1,010	1,084	
6.3	Allocation of expenses related to registrar services, accounting, operation and valuation services	47	6	1,040	118	1,211	69	10	1,064	1,143	
	Amortisation of preliminary expenses and flotation costs	35	31	603	234	903	5	1	617	623	
	Auditors' remuneration	3	-	64	6	73	4	1	93	98	
	Printing charges	-	-	-	-	-	2	-	36	38	
	Bank charges	6	4	4	4	18	1	6	4	11	
	Fees and subscription	-	-	14	1	15	10	4	285	299	
	Shariah advisory fee	2	-	40	4	46	2	-	33	35	
		189	54	3,600	1,553	5,397	238	44	4,055	4,337	
	Net (loss) / income for the period from operating activities	6,123	502	127,633	11,072	145,331	11,804	1,178	176,106	189,086	
	Reversal of selling and marketing expense	-	-	-	-	-	-	-	-	-	
7.1	Provision for Sindh Workers' Welfare Fund	-	(10)	-	(152)	(162)	-	-	-	-	
	Net (loss) / income for the period before taxation	6,123	492	127,633	10,920	145,169	11,804	1,178	176,106	189,086	
9	Taxation	-	-	-	-	-	-	-	-	-	
	Net (loss) / income for the period after taxation	6,123	492	127,633	10,920	145,169	11,804	1,178	176,106	189,086	
Allocation of income for the period											
	Income already paid on redemption of units	-	126	-	52	178	86	67	6	159	
	Accounting income available for distribution	-	-	-	-	-	-	-	-	-	
	Relating to capital gains	-	136	-	-	136	8,900	672	157,877	167,449	
	Excluding capital gains	-	-	-	-	-	-	-	-	-	
		6,123	366	127,633	10,868	144,991	11,718	1,111	176,100	188,927	
		6,123	492	127,633	10,920	145,169	11,804	1,178	176,106	189,086	
Earnings per unit	10										

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Income Statement (Un-audited)**  
*For The Nine months and Quarter Ended March 31, 2019*

	For the period from October 02, 2018 to March 31, 2019					Nine months ended March 31, 2018			
	Nine months ended March 31, 2019			March 31, 2019		Nine months ended March 31, 2018			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	(Rupees in '000)								
Net (loss) / income for the period after taxation	(4,552)	771	(4,792)	7,445	(1,127)	8,986	739	157,883	167,608
Other comprehensive income for the period									
Item that may be reclassified subsequently to income statement	-	-	-	-	-	-	-	-	-
Item that will not be reclassified subsequently to income statement	-	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(4,552)	771	(4,792)	7,445	(1,127)	8,986	739	157,883	167,608

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement Of Comprehensive Income (Un-audited)**  
*For The Nine months and Quarter Ended March 31, 2019 (Continued)*

	For the period from October 02, 2018 to March 31, 2019					Quarter ended March 31, 2018			
						Quarter ended March 31, 2018		Quarter ended March 31, 2018	
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	(Rupees in '000)								
Net (loss) / income for the period after taxation	6,123	492	127,633	10,920	145,168	11,804	1,178	176,106	189,088
Other comprehensive income for the period									
Item that may be reclassified subsequently to income statement	-	-	-	-	-	-	-	-	-
Item that will not be reclassified subsequently to income statement	-	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	6,123	492	127,633	10,920	145,168	11,804	1,178	176,106	189,088

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Islamic Financial Planning Fund

## Condensed Interim Statement Of Comprehensive Income (Un-audited)

### For The Nine Months Ended March 31, 2019

	Nine months ended March 31, 2019			Nine months ended March 31, 2018		
	Active Allocation Plan			Active Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)					
Net assets at beginning of the period	245,177	1,734	246,911	194,178	26	194,204
Issuance of 31,057 units (2018: 2,106,284 units)						
Capital value (at net asset value per unit at the beginning of the period)	3,119	-	3,119	210,656	-	210,656
Element of income / (loss)	20	-	20	(2,343)	-	(2,343)
Total proceeds on issuance of units	3,139	-	3,139	208,313	-	208,313
Redemption of 679,598 units (2018: 1,117,456 units)						
Capital value (at net asset value per unit at the beginning of the period)	(68,241)	-	(68,241)	(111,760)	-	(111,760)
Element of income	194	-	194	1,226	-	1,226
Total payments on redemption of units	(68,047)	-	(68,047)	(110,535)	-	(110,534)
Total comprehensive loss for the period	-	(4,552)	(4,552)	-	8,986	8,986
Net assets at end of the period	180,269	(2,818)	177,451	291,956	9,012	300,969
Undistributed income brought forward						
Realised		5,405			204	
Unrealised		(3,671)			(178)	
		1,734			26	
Net loss for the period		(4,552)			8,986	
Accumulated loss carried forward		(2,818)			9,012	
Accumulated loss carried forward						
Realised		(663)			773	
Unrealised		(2,155)			8,238	
		(2,818)			9,012	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		100.4143			100.0133	
Net assets value per unit at end of the period		98.0184			102.6981	

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)**  
**For The Nine Months Ended March 31, 2019 (Continued)**

	Nine months ended March 31, 2019 Conservative Allocation Plan			Nine months ended March 31, 2018 Conservative Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)					
Net assets at beginning of the period	35,957	589	36,546	58,328	10	58,338
Issuance of 31,326 units (2018: 650,445 units)						
Capital value (at net asset value per unit at the beginning of the period)	3,177	-	3,177	65,056	-	65,056
Element of income / (loss)	93	-	93	(780)	-	(780)
Total proceeds on issuance of units	3,270	-	3,270	64,276	-	64,276
Redemption of 194,604 units (2018: 831,396 units)						
Capital value (at net asset value per unit at the beginning of the period)	(19,736)	-	(19,736)	(83,154)	-	(83,154)
Income already paid on redemption of units	-	(236)	(236)	-	-	-
Element of income	(74)	-	(74)	635	-	635
Total payments on redemption of units	(19,810)	(236)	(20,046)	(82,519)	-	(82,519)
Total comprehensive income / (loss) for the period	-	771	771	-	739	739
Net assets at end of the period	19,417	1,124	20,541	40,085	749	40,834
Undistributed income brought forward						
Realised		909			(39)	
Unrealised		(320)			49	
		589			10	
Accounting income available for distribution						
Relating to capital gain	298			-		
Excluding capital gain	-			-		
	298			-		
Net loss for the period	771			739		
Undistributed income / (accumulated loss) carried forward	887			749		
Undistributed income / (accumulated loss) carried forward						
Realised	284			(100)		
Unrealised	603			849		
	887			749		
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		101.4151			100.0178	
Net assets value per unit at end of the period		104.2236			101.4943	

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Islamic Financial Planning Fund

## Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)

### For The Nine Months Ended March 31, 2019 (Continued)

	Nine months ended March 31, 2019			Nine months ended March 31, 2018		
	Strategic Allocation Plan			Strategic Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)					
Net assets at beginning of the period	4,219,284	63,074	4,282,358	4,224,907	650	4,225,557
Issuance of Nil units (2018: 10,838 units)						
Capital value (at net asset value per unit at the beginning of the period)	-	-	-	1,084	-	1,084
Element of loss	-	-	-	(4)	-	(4)
Total proceeds on issuance of units	-	-	-	1,081	-	1,080
Redemption of 2,336,095 units (2018: 7,209 units)						
Capital value (at net asset value per unit at the beginning of the period)	(237,099)	-	(237,099)	(721)	-	(721)
Element of income / (loss)	501	-	501	(5)	-	(5)
Total payments on redemption of units	(236,598)	-	(236,598)	(726)	-	(726)
Total comprehensive loss for the period	-	(4,792)	(4,792)	-	157,883	157,883
Net assets at end of the period	3,982,686	58,282	4,040,968	4,225,262	158,533	4,383,794
Undistributed income brought forward						
Realised		114,191			(834)	
Unrealised		(51,117)			1,484	
		63,074			650	
Net loss for the period		(4,792)			157,883	
Accumulated loss carried forward		58,282			158,533	
Accumulated loss carried forward						
Realised		13,078			21,711	
Unrealised		45,204			136,822	
		58,282			158,533	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		101.4938			100.0143	
Net assets value per unit at end of the period		101.3861			103.7507	

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)**  
*For The Period Ended December 31, 2018 (Continued)*

For the period from October 02, 2018 to March 31, 2019

	Islamic Capital Preservation Plan		
	Capital value	Undistributed income / (accumulated loss) (Rupees in '000)	Total
<b>Net assets at beginning of the period</b>	-	-	-
<b>Issuance of 4,731,620 units</b>			
Capital value (at net asset value per unit at the beginning of the period)	473,162	-	473,162
Element of income	-	-	-
<b>Total proceeds on issuance of units</b>	473,162	-	473,162
<b>Redemption of 32,388 units</b>			
Capital value (at net asset value per unit at the beginning of the period)	(3,239)	-	(3,239)
Element of loss	(51)	-	(51)
<b>Total payments on redemption of units</b>	(3,290)	-	(3,290)
Total comprehensive loss for the period	-	7,445	7,445
<b>Net assets at end of the period</b>	469,872	7,445	477,317
<b>Undistributed income brought forward</b>			
Realised		-	
Unrealised		-	
		-	
Net loss for the period		7,445	
<b>Accumulated loss carried forward</b>		7,445	
<b>Accumulated loss carried forward</b>			
Realised		13,266	
Unrealised		(5,821)	
		7,445	
		(Rupees)	
<b>Net assets value per unit at beginning of the period</b>		100.0000	
<b>Net assets value per unit at end of the period</b>		101.5735	

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Islamic Financial Planning Fund

## Condensed Interim Statement Of Cash Flow (Un-audited)

### For The Nine Months Ended March 31, 2019

Note	For the period from October 02, 2018 to March 31, 2019					Nine months ended March 31, 2018			
	Nine months ended March 31, 2019					Nine months ended March 31, 2018			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
(Rupees in '000)									
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Net (loss) / income for the period before taxation	(4,552)	771	(4,792)	7,445	(975)	8,986	739	157,883	167,608
Adjustments for:									
Mark-up on deposits with bank	(52)	(10)	(79)	(16,075)	(16,216)	(583)	(150)	(5,821)	(6,554)
Capital loss/ (gain) on sale of investment - net	1,900	(277)	40,680	(466)	41,837	(1,085)	73	(30,734)	(31,746)
Unrealised (appreciation) / diminution on re-measurement of investments at 'fair value through profit or loss' - net	2,155	(603)	(45,204)	5,821	(37,831)	(8,238)	(849)	(136,822)	(145,909)
Amortisation of preliminary expenses and flotation costs	43	33	1,762	471	2,309	13	3	1,830	1,846
Cash used in operations before working capital changes	(506)	(86)	(7,633)	(2,804)	(10,876)	(908)	(183)	(13,663)	(14,754)
<b>Decrease / (Increase) in assets</b>									
Investments	64,840	16,765	245,179	(140,000)	186,784	(119,600)	9,972	(146,015)	(255,643)
Preliminary expenses and flotation costs	(30)	(30)	(30)	(1,860)	(1,950)	-	-	-	-
Advances	(6)	(6)	(225)	(4)	(241)	32,184	11,224	157,887	201,295
	64,804	16,729	244,924	(141,864)	184,593	(87,416)	21,197	11,872	(54,348)
<b>(Decrease) / increase in liabilities</b>									
Payable to the Management Company	(295)	(1)	10	2,233	1,947	37	(40)	(12,265)	(12,267)
Payable to the Trustee	(6)	(1)	(1)	4	(4)	19	2	189	210
Payable to Securities and Exchange Commission of Pakistan	(89)	(26)	(1,022)	225	(912)	176	33	2,893	3,102
Accrued expenses and other liabilities	33	27	(92)	157	125	(34,525)	(8,078)	300	(42,303)
	(357)	(1)	(1,105)	2,619	1,156	(34,293)	(8,083)	(8,883)	(51,258)
Cash (used in) / generated from operations	63,941	16,642	236,186	(142,049)	174,873	(122,618)	12,931	(10,674)	(120,360)
Profit received on bank deposits	58	17	73	12,304	12,452	709	186	9,440	10,335
Net cash generated from / (used in) operating activities	63,999	16,659	236,259	(129,745)	187,326	(121,909)	13,117	(1,234)	(110,025)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Amount received on issue of units	3,139	3,270	-	473,162	479,571	208,313	64,276	1,081	273,671
Amount paid on redemption of units	(68,047)	(20,046)	(236,598)	(3,290)	(327,981)	(110,535)	(82,519)	(726)	(193,780)
Net cash (used in) / generated from financing activities	(64,908)	(16,776)	(236,598)	469,872	151,590	97,778	(18,243)	355	79,891
Net (decrease) / increase in cash and cash equivalents	(909)	(117)	(339)	340,127	338,916	(24,131)	(5,126)	(878)	(30,134)
Cash and cash equivalents at the beginning of the period	1,721	199	1,046	-	2,966	25,286	5,166	2,018	32,470
Cash and cash equivalents at the end of the period	4 812	82	707	340,127	341,882	1,155	40	1,140	2,336

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



# **HBL Islamic Financial Planning Fund**

## **Notes to the Condensed Interim Financial Information (Unaudited)**

### ***For The Nine Months And Period Ended March 31, 2019***

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

HBL Islamic Financial Planning Fund (the "Fund"), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was executed on March 22, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 4, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton. The Fund commenced its operations from June 17, 2017.

The Fund is an open ended shariah compliant fund of fund scheme and is listed on Pakistan Stock Exchange Limited. The Fund has four different plans namely Conservative Allocation Plan, Active Allocation Plan, Strategic Allocation Plan and Islamic Capital Preservation Plan (collectively referred as 'Plans'). The units of Conservative Allocation and Active Allocation Plan were initially offered to public (IPO) on June 16, 2016 whereas units of Strategic Allocation Plan were offered from June 15, 2016 to June 16, 2016 and units of Islamic Capital Preservation Plan were offered from July 01, 2018 to October 01, 2018. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of the Fund is perpetual however the allocation plans may have a set time frame. Each Allocation Plan announce separate NAVs which rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

The objective of the Fund is to generate returns on Investment as per the respective Allocation Plan by investing in Shariah Compliant Mutual Funds in line with the risk tolerance of the investor. The investment policy for each of the Plan including the newly launched Plan "Islamic Capital Preservation Plan" (launched on October 02, 2018) are as follows;

- The "Conservative Allocation Plan" is an Allocation Plan under the Fund and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of shariah compliant investments in equity, income and money market funds. This Allocation Plan is suitable for investors who have moderate risk tolerance and have a short to medium term investment horizon. The plan will exist till perpetuity.
- The "Active Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active asset allocation between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market scheme(s) based on the Fund Manager's outlook on the asset classes. The plan will exist till perpetuity.
- The "Strategic Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active allocation of funds between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market scheme(s) based on fundamental analysis of economic indicators, underlying asset values and a strategy of risk aversion to market volatility. Fund Manager take a medium term strategic view of the portfolio assets to deliver competitive returns to investors. The duration of this plan is 24 months (Two Years). HBL Islamic Financial Planning Fund - Strategic Allocation Plan is due to mature on June 16, 2019, unless the Management Company decides otherwise.
- The "Islamic Capital Preservation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through dynamic asset allocation between Shariah Compliant Equities and Shariah Compliant Money Market based Collective Investment Schemes, Shariah compliant saving accounts and term deposits while aiming providing capital preservation on the initial amount excluding front end load upon maturity of the allocation plan. The duration of this plan is 24 months (Two Years).

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

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1.1 No comparative figures / information in condensed interim statement of asset and liabilities condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unitholders' fund and condensed interim statement of cash flows have been disclosed in this condensed interim financial information for Islamic Capital Preservation Plan as the Plan commenced its operations on October 02, 2018 and this is the first condensed interim financial information of the Plan since inception.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

2.1.3 The comparative statement of assets and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cashflows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2017.

2.1.4 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

### 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

### 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees, except otherwise stated.

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3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except as explained in note 3.6.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at June 30, 2018.
- 3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Fund for the year ended June 30, 2018.
- 3.6 Except as described below, the accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after July 1, 2018. A number of other new standards are effective from July 1, 2018 but they do not have a material effect on the Fund's condensed interim financial information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at Fair Value through Profit or Loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.
Debt investments at Fair value through Other Comprehensive Income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at Fair value through Other Comprehensive Income	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

		Held by Active Allocation Plan			
	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees in '000) -----					
Financial assets					
Bank balances	(b)	Loans and receivables	Amortised cost	1,721	1,721
Investment in units of Mutual Funds	(a)	trading	FVTPL	245,764	245,764
Accrued markup	(b)	Loans and receivables	Amortised cost	12	12
Advances and prepayments	(b)	Loans and receivables	Amortised cost	22	22
				247,519	247,519

			Held by Conservative Allocation Plan			
			Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			----- (Rupees in '000) -----			
<b>Financial assets</b>						
Bank balances	(b)	Loans and receivables	Amortised cost		199	199
Investment in units of Mutual Funds	(a)	trading	FVTPL		36,381	36,381
Accrued markup	(b)	Loans and receivables	Amortised cost		11	11
Advances and prepayments	(b)	Loans and receivables	Amortised cost		12	12
					<u>36,603</u>	<u>36,603</u>

			Held by Strategic Allocation Plan			
			Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees in '000) -----						
Financial assets						
Bank balances	(b)	Loans and receivables		Amortised cost	1,046	1,046
Investment in units of Mutual Funds	(a)	trading		FVTPL	4,285,015	4,285,015
Accrued markup	(b)	Loans and receivables		Amortised cost	10	10
Advances and prepayments	(b)	Loans and receivables		Amortised cost	660	660
					4,286,731	4,286,731

(a) Listed equity securities classified as financial assets at fair value through profit or loss - held for trading have been measured at fair value through profit or loss with value changes continue to recognised in income statement.

(b) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

iii. Transition

The Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 01, 2018. Accordingly, comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.

- The revocation of previous designations of certain financial assets as measured at FVTPL.

		March 31, 2019 (Un-Audited)					June 30, 2018 (Audited)			
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	Note	(Rupees in '000)								
<b>4. BANK BALANCES</b>										
Savings accounts	4.1	812	81	707	340,127	341,728	1,721	199	1,046	2,966
4.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 4% to 10% (2018:3.6% to 5.6%) per annum.										
<b>5. INVESTMENTS</b>										
<b>At fair value through profit or loss</b>										
Units of mutual funds	5.1	176,869	20,496	4,044,360	134,645	4,376,370	245,764	36,381	4,285,015	4,567,160

## 5.1 Units of mutual funds

Name of Investee Funds	As at July 1, 2018	Purchases during the period	Redemptions during the period	As at March 31, 2019	Total carrying value as at March 31, 2019	Total market value as at March 31, 2019	Appreciation/ (diminution) as at March 31, 2019	Market value as a percentage of net assets of Plan	Market value as a percentage of total value of Investments of Plan
	Number of units			(Rupees in '000)			%		
<b>Active Allocation Plan</b>									
HBL Islamic Income Fund	917,910	419,344	499,961	837,293	85,967	89,370	3,403	50.36	50.53
HBL Islamic Equity Fund	437,975	-	135,451	302,524	27,980	26,333	(1,648)	14.84	14.89
HBL Islamic Stock Fund	963,012	3,600	384,690	581,922	65,077	61,166	(3,910)	34.47	34.58
HBL Islamic Dedicated Equity Fund	-	203,779	203,779	-	-	-	-	-	-
As at December 31, 2018 (Un-Audited)	2,318,897	626,723	1,223,881	1,721,739	179,024	176,869	(2,155)	99.67	100.00
As at June 30, 2018 (Audited)	1,689,091	4,008,868	3,379,062	2,318,897	249,435	245,764	(3,671)	100.00	100.00
<b>Conservative Allocation Plan</b>									
HBL Islamic Income Fund	273,740	20,029	140,017	153,752	15,591	16,411	820	79.89	80.07
HBL Islamic Equity Fund	71,636	8,735	36,211	44,160	4,058	3,844	(214)	18.71	18.75
HBL Islamic Stock Fund	5,913	1,772	5,398	2,287	242	240	(2)	1.17	1.17
As at December 31, 2018 (Un-Audited)	351,289	30,536	181,627	200,199	19,892	20,496	604	99.78	100.00
As at June 30, 2018 (Audited)	490,763	989,492	1,128,966	351,289	36,701	36,381	(320)	100.00	100.00
<b>Strategic Allocation Plan</b>									
HBL Islamic Income Fund	20,391,293	15,563,898	7,762,482	28,192,708	2,895,288	3,009,191	113,903	74.47	74.40
HBL Islamic Equity Fund	10,424,976	-	7,728,823	2,696,153	249,365	234,682	(14,683)	5.81	5.80
HBL Islamic Stock Fund	10,314,998	865,348	6,388,486	4,791,860	537,276	503,676	(33,600)	12.46	12.45
HBL Islamic Dedicated Equity Fund	-	4,996,012	1,930,499	3,065,513	317,227	296,811	(20,416)	7.35	7.34
As at December 31, 2018 (Un-Audited)	41,131,267	21,425,258	23,810,290	38,746,235	3,999,155	4,044,360	45,204	100	100
As at June 30, 2018 (Audited)	40,212,482	48,703,119	47,784,334	41,131,267	4,336,132	4,285,015	(51,117)	100	100
<b>Islamic Capital Preservation Plan</b>									
HBL Islamic Dedicated Equity Fund	-	2,334,334	943,696	1,390,638	140,466	134,645	(5,821)	28.21	100.00
As at December 31, 2018 (Un-Audited)	-	2,334,334	943,696	1,390,638	140,466	134,645	(5,821)	28.21	100.00
<b>Total as at March 31, 2019</b>	43,801,453	24,416,852	26,159,494	42,058,812	4,338,538	4,376,370	37,832		
<b>Total as at June 30, 2018</b>	42,392,336	53,701,479	52,292,362	43,801,453	4,622,268	4,567,160	(55,108)		

## 6. PAYABLE TO THE MANAGEMENT COMPANY

	March 31, 2019 (Un-Audited)					June 30, 2018 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note	(Rupees in '000)								
Formation cost	-	-	-	1,860	1,860	-	-	-	-
Remuneration to the Management Company	6.1	1	-	12	288	-	-	-	-
Sindh Sales Tax on Management Company's remuneration	6.2	-	-	2	37	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	15	3	352	41	21	4	356	381
Sales load payable	-	-	-	7	7	290	-	-	290
	16	3	366	2,233	2,617	311	4	356	671

- 6.1 As per the offering document of the Fund, the Management Company shall charge a fee at the rate of 1% of the average annual net assets on daily basis of the plans. However, no management fee is charged on that part of the net assets which have been invested in mutual funds managed by the Management Company. The fee is payable monthly in arrears.
- 6.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on the services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011.
- 6.3 As per Regulation 60(3)(s) of NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.

## 7. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	March 31, 2019 (Un-Audited)					June 30, 2018 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	(Rupees in '000)								
Withholding tax	2	-	-	-	2	2	2	3	7
Provision for Sindh Workers' Welfare Fund	81	34	1,607	152	1,874	81	18	1,607	1,706
Shariah advisory fee	1	0	13	1	16	1	-	17	18
Auditors' remuneration	8	1	136	4	149	12	2	210	224
Other payables	44	15	83	-	142	6	1	95	100
	135	50	1,840	157	2,182	102	23	1,932	2,055

- 7.1 The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

The Fund, as a matter of abundant caution, has recognised provision for SWWF amounting to Rs. 0.0809 million, Rs. 0.0340 million, Rs. 1.6071 million and Rs. 0.1520 (June 30, 2018 Rs. 0.0810 million, Rs. 0.0180 million, Rs. 1.6090 million and Rs. 0) for Active Allocation Plan, Conservative Allocation Plan, Strategic Allocation Plan and Islamic Capital Preservation Plan respectively in this condensed interim financial information. Had the provision not been made, net asset value per unit at March 31, 2019 would have been higher by Rs. 0.0447, Rs. 0.1727, Rs. 0.0403 and Rs. 0.0323 (June 30, 2018 Rs. 0.033, Rs. 0.050, Rs. 0.038 and Rs. 0) per unit for Active Allocation Plan, Conservative Allocation Plan, Strategic Allocation Plan respectively and Islamic Capital Preservation Plan.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

## 9. TAXATION

The Fund's income is exempt from income tax as per 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2019 to its unit holders.

## 10. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed in this condensed interim financial information as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

## 11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, MCB Financial Services Limited (MCBFSL), being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Transactions and balances with parties who were connected persons due to holding 10% or more units in the comparative period and not in the current period are not disclosed in the comparative period.



Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the condensed interim financial information are as follows:

	For the period from October 02, 2018 to March 31, 2019					Nine months ended March 31, 2018			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
------(Rupees in '000)-----									
<b>11.1 Transactions during the period</b>									
<b>HBL Asset Management Limited - Management Company</b>									
Remuneration to the Management Company	9	2	13	1,702	1,726	104	24	1,171	1,299
Sindh Sales Tax on remuneration of the Management Company	1	-	2	221	224	13	3	152	168
Allocation of expenses related to registrar services, accounting, operation and valuation services	161	20	3,193	237	3,611	191	37	3,185	3,413
<b>Habib Bank Limited - Sponsor</b>									
Mark-up on deposits with bank	29	5	14	580	628	153	64	52	269
Bank Charges	9	8	6	1	24	-	-	-	-
Issuance of 684,657 (2018: nil) units	-	-	-	70,013	70,013	-	-	-	-
<b>MCB Financial Services Limited - Trustee</b>									
Remuneration of the Trustee	164	20	2,557	241	2,982	195	38	2,557	2,790
<b>HBL Islamic Income Fund - CIS managed by Management Company</b>									
Purchase of 419,344 (2018: 1,521,984 units)	43,764	-	-	-	43,764	155,600	-	-	155,600
Purchase of 20,029 (2018: 585,496 units)	-	2,049	-	-	2,049	-	59,850	-	59,850
Purchase of 15,563,898 (2018: 3,019,582 units)	-	-	1,619,956	-	1,619,956	-	-	313,350	313,350
Redemption of 499,961 (2018: 1,545,537 units)	51,877	-	-	-	51,877	158,400	-	-	158,400
Redemption of 140,017 (2018: 661,122 units)	-	14,436	-	-	14,436	-	67,650	-	67,650
Redemption of 7,762,482 (2018: 19,346,058 units)	-	-	806,679	-	806,679	-	-	1,987,410	1,987,410
<b>HBL Islamic Equity Fund - CIS managed by Management Company</b>									
Purchase of Nil (2018: 566,975 units)	-	-	-	-	-	54,000	-	-	54,000
Purchase of 8,735 (2018: 108,943 units)	-	776	-	-	776	-	9,937	-	9,937
Purchase of Nil (2018: 8,183,464 units)	-	-	-	-	-	-	-	775,000	775,000
Redemption of 135,451 (2018: 55,258 units)	12,493	-	-	-	12,493	5,000	-	-	5,000
Redemption of 36,211 (2018: 120,243 units)	-	3,382	-	-	3,382	-	13,290	-	13,290
Redemption of 7,728,823 (2017: nil units)	-	-	690,030	-	690,030	-	-	-	-
<b>HBL Islamic Money Market Fund - CIS managed by Management Company</b>									
Purchase of Nil (2018: 974,853 units)	-	-	-	-	-	-	-	100,000	100,000
Redemption of Nil (2018: 1,759,925 units)	-	-	-	-	-	-	-	179,425	179,425
<b>HBL Islamic Stock Fund - CIS managed by Management Company</b>									
Purchase of 3,600 (2018: 653,736 units)	400	-	-	-	400	73,400	-	-	73,400
Purchase of 1,772 (2018: 12,691 units)	-	185	-	-	185	-	1,500	-	1,500
Purchase of 865,348 (2018: 10,004,788 units)	-	-	100,000	-	100,000	-	-	1,124,500	1,124,500
Redemption of 384,690 (2018: nil units)	42,235	-	-	-	42,235	-	-	-	-
Redemption of 5,398 (2018: 2,821 units)	-	694	-	-	694	-	320	-	320
Redemption of 6,388,486 (2017: nil units)	-	-	690,317	-	690,317	-	-	-	-
<b>Darayus Happy Minwalla - Connected Person due to 10% holding</b>									
Issue of Nil (2018: 2,383 units)	-	-	-	-	-	-	-	237	237
<b>Imperial Developers &amp; Builders (Private) Limited - Connected Person due to 10% holding</b>									
Issue of Nil (2018: 1,574 units)	-	-	-	-	-	-	-	157	157

	For the period from October 02, 2018 to March 31, 2019					Nine months ended March 31, 2018			
	Nine months ended March 31, 2019					Nine months ended March 31, 2018			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	(Rupees in '000)								
<b>HBL Islamic Dedicated Equity Fund - CIS managed by Management Company</b>									
Purchase of 203,782 (2018: nil units)	22,000	-	-	-	22,000	-	-	-	-
Purchase of 4,996,012 (2018: nil units)	-	-	517,000	-	517,000	-	-	-	-
Purchase of 2,334,334 (2018: nil units)	-	-	-	235,000	235,000	-	-	-	-
Redemption of 203,780 (2018: nil units)	19,811	-	-	-	19,811	-	-	-	-
Redemption of 1,930,499 (2018: nil units)	-	-	193,500	-	193,500	-	-	-	-
Redemption of 943,696 (2018: nil units)	-	-	-	95,000	95,000	-	-	-	-
<b>Pakistan Society for Welfare of Mentally Retarded Child Connected person due to 10% holding*</b>									
Issue of 811,054 (2018: nil units)	-	-	-	81,105	81,105	-	-	-	-
<b>Nashid Anam Shahid - Connected person due to 10% holding*</b>									
Redemption of 11,867 units (2018: 19,944 units)	-	1,225	-	-	1,225	-	1,980	-	1,980
<b>New Jubilee Insurance Co. Limited Staff Provident Fund - Associated</b>									
Issue of 50,009 (2018: nil units)	-	-	-	5,001	5,001	-	-	-	-
<b>Barrett Hodgson Pakistan (Private) Limited - Connected person due to 10% holding*</b>									
Issue of 1,002,789 (2018: nil units)	-	-	-	100,279	100,279	-	-	-	-
	March 31, 2019 (Un-Audited)					June 30, 2018 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	(Rupees in '000)								
<b>11.2 Balances outstanding as at period / year end</b>									
<b>HBL Asset Management Limited - Management Company</b>									
Remuneration payable to the management Company	1	-	12	288	301	-	-	-	-
Sindh Sales Tax on Management Company's remuneration	-	-	2	37	39	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	15	3	352	41	411	21	4	356	381
Sales load payable	-	-	-	7	7	290	-	-	290
Formation cost	-	-	-	1,860	1,860	-	-	-	-
<b>HBL Asset Management Limited - Employees Provident Fund</b>									
Units held 11,575 (June 30, 2018: 11,575 units)	1,135	-	-	-	1,135	1,162	-	-	1,162
<b>Habib Bank Limited - Sponsor</b>									
Mark-up receivable on deposits with bank	3	-	1	1	5	11	15	2	28
Balance in savings account	636	84	84	1,764	2,568	1,517	29	339	1,885
Units held 684,657 (June 30, 2018: nil units)	-	-	-	69,543	69,543	-	-	-	-
<b>MCB Financial Services Limited - Trustee</b>									
Remuneration payable to the Trustee	15	2	277	4	297	21	3	278	302
<b>Darayus Happy Minwalla - Connected Person due to 10% holding</b>									
Units held 15,187,894 (June 30, 2018: 15,190,277 units)	-	-	1,539,841	-	1,539,841	-	-	1,541,719	1,541,719
<b>Imperial Developers &amp; Builders (Private) Limited - Connected Person due to 10% holding</b>									
Units held 20,055,600 (June 30, 2018: 20,057,174 units)	-	-	2,033,359	-	2,033,359	-	-	2,035,679	2,035,679
<b>Mohsin Safdar - Connected Person due to 10% holding</b>									
Units held 59,748 (June 30, 2018: 59,748 units)	-	6,227	-	-	6,227	-	6,059	-	6,059
<b>Mrs. Nashid Anam Shahid- Connected Person due to 10% holding</b>									
Units held 22,588 (June 30, 2018: 59,030 units)	-	2,354	-	-	2,354	-	5,987	-	5,987
<b>Directors and Executives</b>									
Units held Nil (June 30, 2018: 500,000 units)	-	-	-	-	-	-	51,880	-	51,880
<b>Falak Naz - Connected Person due to 10% holding</b>									
Units held 34,036 (June 30, 2018: 34,036 units)	-	3,547	-	-	3,547	-	3,452	-	3,452
<b>Pakistan Society for Welfare of Mentally Retarded Child - due to 10% holding</b>									
Units held 811,054 (June 30, 2018: nil units)	-	-	-	82,382	82,382	-	-	-	-
<b>Barrett Hodgson Pakistan (Pvt.) Ltd. - due to 10% holding</b>									
Units held 1,002,789 (June 30, 2018: nil units)	-	-	-	101,857	101,857	-	-	-	-

	March 31, 2019 (Un-Audited)					June 30, 2018 (Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
(Rupees in '000)										
<b>New Jubilee Insurance Co. Limited Staff Provident Fund - Associate</b>										
Units held 50,009 (June 30, 2018: nil units)	-	-	-	5,080	5,080	-	-	-	-	-
<b>Archroma Pakistan Limited - Employees Gratuity Fund - Associate</b>										
Units held 634,327 (June 30, 2018: nil units)	-	-	64,312	-	64,312	-	-	-	-	-
<b>HBL Islamic Income - CIS managed by Management Company</b>										
Investment held 837,293 (June 30, 2018: 917,910 units)	26,333	-	-	-	26,333	97,559	-	-	97,559	
Investment held 153,752 (June 30, 2018: 273,740 units)	-	16,411	-	-	16,411	-	29,094	-	29,094	
Investment held 28,192,708 (June 30, 2018: 20,391,293 units)	-	-	3,009,191	-	3,009,191	-	-	2,167,258	2,167,258	

	December 31, 2018 (Un-Audited)					June 30, 2018 (Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
(Rupees in '000)										
<b>HBL Islamic Equity Fund - CIS managed by Management Company</b>										
Investment held 302,524 (June 30, 2018: 437,975) units	26,333	-	-	-	26,333	40,508	-	-	40,508	
Investment held 44,160 (June 30, 2018: 71,636) units	-	3,844	-	-	3,844	-	6,626	-	6,626	
Investment held 2,696,153 (June 30, 2018: 10,424,976) units	-	-	234,682	-	234,682	-	-	964,196	964,196	
<b>HBL Islamic Dedicated Equity Fund - CIS managed by Management Company</b>										
Investment held 3,065,513 (June 30, 2018: nil) units	-	-	296,811	-	296,811	-	-	-	-	
Investment held 1,390,638 (June 30, 2018: nil) units	-	-	-	134,645	134,645	-	-	-	-	
<b>HBL Islamic Stock Fund - CIS managed by Management Company</b>										
Investment held 581,922 (June 30, 2018: 963,012) units	61,166	-	-	-	61,166	107,697	-	-	107,697	
Investment held 2,287 (June 30, 2018: 5,913) units	-	240	-	-	240	-	661	-	661	
Investment held 4,791,860 (June 30, 2018: 10,314,998) units	-	-	503,676	-	503,676	-	-	1,153,561	1,153,561	

Units as at March 31, 2019 are calculated on the basis of latest announced NAV i.e March 29, 2019.

\*Comparative transactions / balances of these parties have not been disclosed as these parties were not related parties in last period

## 12. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio for the nine months ended March 31, 2019 is 0.26%, 0.47%, 0.25% and 0.68% which includes 0.08%, 0.14%, 0.07% and 0.12% representing government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan, Strategic Allocation Plan and Islamic Capital Preservation Plan, respectively.

## 13. FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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.

The fair value of financial assets and liabilities traded in active markets i.e. units of mutual funds are based on the quoted NAVs at the close of the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		March 31, 2019 (Un-Audited)						
		Active Allocation Plan						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Investments	176,869	-	176,869	176,869	-	-	176,869
		176,869	-	176,869	176,869	-	-	176,869
Financial assets not measured at fair value								
13.1	Bank balances	-	812	812				
	Accrued mark-up	-	6	6				
		-	818	818				
Financial liabilities not measured at fair value								
13.1	Payable to the Management Company	-	16	16				
	Payable to the Trustee	-	15	15				
	Accrued expenses and other liabilities	-	52	52				
		-	83	83				

		June 30, 2018 (Audited)						
		Active Allocation Plan						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Investments	245,764	-	245,764	245,764	-	-	245,764
		245,764	-	245,764	245,764	-	-	245,764
Financial assets not measured at fair value								
13.1	Bank balances	-	1,721	1,721				
	Accrued mark-up	-	12	12				
		-	1,733	1,733				
Financial liabilities not measured at fair value								
13.1	Payable to the Management Company	-	311	311				
	Payable to the Trustee	-	21	21				
	Accrued expenses and other liabilities	-	19	19				
		-	351	351				

March 31, 2019 (Un-Audited)							
Conservative Allocation Plan							
Carrying amount			Fair Value				
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note	(Rupees in '000)						
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investments	20,496	-	20,496	20,496	-	-	20,496
	20,496	-	20,496	20,496	-	-	20,496
<b>Financial assets not measured at fair value</b>							
13.1							
Bank balances	-	81	81				
Accrued mark-up	-	4	4				
	-	85	85				
<b>Financial liabilities not measured at fair value</b>							
13.1							
Payable to the Management Company	-	3	3				
Payable to the Trustee	-	2	2				
Accrued expenses and other liabilities	-	16	16				
	-	20	20				

June 30, 2018 (Audited)							
Conservative Allocation Plan							
Carrying amount			Fair Value				
Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
Note	(Rupees in '000)						
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments	36,381	-	36,381	36,381	-	-	36,381
	36,381	-	36,381	36,381	-	-	36,381
Financial assets not measured at fair value							
13.1							
Bank balances	-	199	199				
Accrued mark-up	-	11	11				
	-	210	210				
Financial liabilities not measured at fair value							
13.1							
Payable to the Management Company	-	4	4				
Payable to the Trustee	-	3	3				
Accrued expenses and other liabilities	-	3	3				
	-	10	10				

		March 31, 2019 (Un-Audited)						
		Strategic Allocation Plan						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Investments	4,044,360	-	4,044,360	4,044,360	-	-	4,044,360
		4,044,360	-	4,044,360	4,044,360	-	-	4,044,360
Financial assets not measured at fair value								
13.1	Bank balances	-	707	707				
	Accrued mark-up	-	16	16				
		-	723	723				
Financial liabilities not measured at fair value								
13.1	Payable to the Management Company	-	366	366				
	Payable to the Trustee	-	277	277				
	Accrued expenses and other liabilities	-	232	232				
		-	875	875				

		June 30, 2018 (Audited)						
		Strategic Allocation Plan						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Investments	4,285,015	-	4,285,015	4,285,015	-	-	4,285,015
		4,285,015	-	4,285,015	4,285,015	-	-	4,285,015
Financial assets not measured at fair value								
13.1	Bank balances	-	1,046	1,046				
	Accrued mark-up	-	10	10				
		-	1,056	1,056				
Financial liabilities not measured at fair value								
13.1	Payable to the Management Company	-	356	356				
	Payable to the Trustee	-	278	278				
	Accrued expenses and other liabilities	-	322	322				
		-	956	956				

**March 31, 2019 (Un-Audited)**  
**Islamic Capital Preservation Plan**

Islamic Capital Preservation Plan							
	Carrying amount			Fair Value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note	(Rupees in '000)						
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investments	134,645	-	134,645	134,645	-	-	134,645
	134,645	-	134,645	134,645	-	-	134,645
<b>Financial assets not measured at fair value</b>							
13.1							
Bank balances	-	340,127	340,127				
Accrued mark-up	-	3,771	3,771				
	-	343,898	343,898				
<b>Financial liabilities not measured at fair value</b>							
13.1							
Payable to the Management Company	-	2,233	2,233				
Payable to the Trustee	-	4	4				
Accrued expenses and other liabilities	-	5	5				
	-	2,242	2,242				

13.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

13.2 Transfers during the period

No transfers were made between various levels of fair value hierarchy during the period.

**14. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on April 30, 2019 by the Board of Directors of the Management Company.

**15. GENERAL**

15.1 Figures have been rounded off to the nearest thousand rupees.

15.2 Corresponding figures have been arranged and reclassified, wherever necessary, for the purpose of comparison and more appropriate presentation, the effect of which is not material.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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# **HBL**

## **HBL Islamic Dedicated Equity Fund**



## FUND INFORMATION

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Name of Fund	HBL Islamic Dedicated Equity Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	MCB Financial Services Limited (MCBFSL)
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Dubai Islamic Bank Limited Bank Islamic Pakistan Limited

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

	Note	(Un-Audited) March 31, 2019 (Rupees in '000)
<b>Assets</b>		
Bank balances	5	10,079
Investments	6	410,414
Dividend receivable and accrued mark-up		5,878
Receivable against sale of equity securities		4,557
Others		331
Deposits and prepayments	7	3,590
<b>Total assets</b>		<b>434,849</b>
<b>Liabilities</b>		
Payable to the Management Company	8	1,529
Payable to the Trustee		40
Payable to Securities and Exchange Commission of Pakistan		226
Accrued expenses and other liabilities	9	1,637
<b>Total liabilities</b>		<b>3,432</b>
<b>Net assets</b>		<b>431,417</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>431,417</b>
<b>Contingencies and commitments</b>	10	-- (Number of units)
<b>Number of units in issue</b>		<b>4,456,152</b>
<b>Net assets value per unit</b>		<b>96.8138</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the Period October 1, 2018 and Quarter ended March 31, 2019*

		For the Period October 1, 2018 to March 31, 2019	Quarter ended March 31, 2019
	Note	(Rupees in '000)	
<b>Income</b>			
Dividend income		7,492	2,931
Mark-up on deposits with banks		1,642	614
Other income		8	
Capital loss on sale of investments - net		(8,276)	4,752
		866	8,297
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net		(25,037)	17,396
		(24,171)	25,693
<b>Expenses</b>			
Remuneration of the Management Company		5,386	2,698
Remuneration of the Trustee		242	121
Annual fee to Securities and Exchange Commission of Pakistan		226	113
Selling and marketing expenses		953	477
Allocation of expenses related to registrar services, accounting, operation and valuation services		238	119
Auditors' remuneration		164	85
Settlement and bank charges		283	114
Shariah advisory fee		107	60
Income from Shariah non-compliant transactions		270	93
Other expense		2,231	666
		10,100	4,485
<b>Net loss from operating activities</b>		(34,271)	21,155
Element of income and capital gains included in prices of units issued less those in units redeemed - net		-	
Provision for Sindh Workers' Welfare Fund	11	-	
<b>Net loss for the period before taxation</b>		(34,271)	21,155
Taxation	12	-	-
<b>Net loss for the period after taxation</b>		(34,271)	21,155

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the Period October 1, 2018 to March 31, 2019*

	For the Period October 1, 2018 to March 31, 2019	Quarter ended, March 31, 2019
	(Rupees in '000)	
Net loss for the period after taxation	(34,271)	21,155
Other comprehensive income for the period	-	
<b>Total comprehensive loss for the period</b>	<b>(34,271)</b>	<b>21,155</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For the Period October 1, 2018 to March 31, 2019*

For the Period October 1, 2018 to March 31, 2019			
Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Total
----- (Rupees in '000) -----			
<b>Net assets at beginning of the period</b>	-	-	-
Issue of 7,534,126 units			
- Capital value (at net asset value per unit at the beginning of the period)	753,413	-	753,413
- Element of income	20,587	-	20,587
Total proceeds on issue of units	774,000	-	774,000
Redemption of 3,077,974 units			
- Capital value (at net asset value per unit at the beginning of the period)	(307,797)	-	(307,797)
- Element of income	(515)	-	(515)
Total payments on redemption of units	(308,312)	-	(308,312)
Total comprehensive income for the period	-	(34,271)	(34,271)
Distribution during the period	-	-	-
	-	(34,271)	(34,271)
<b>Net assets at end of the period</b>	465,688	(34,271)	431,417
<b>Undistributed income brought forward</b>			
- Realised	-	-	-
- Unrealised	-	-	-
Net loss for the period	(34,271)		
Distribution during the period	-		
<b>Accumulated loss carried forward</b>	(34,271)		
<b>Accumulated loss carried forward</b>			
- Realised	(9,234)		
- Unrealised	(25,037)		
	(34,271)		
			Rupees
<b>Net assets value per unit at end of the period</b>			<b>96.8138</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the Period October 1, 2018 to March 31, 2019*

	For the Period October 1, 2018 to March 31, 2019 (Rupees in '000)
<b>Cash flows from operating activities</b>	
Net loss for the period before taxation	(34,271)
<b>Adjustments</b>	
Capital loss during the period	8,276
Dividend income	(7,492)
Mark-up on deposits with banks	(1,642)
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net	25,037
	(10,092)
<b>Decrease / (Increase) in assets</b>	
Investments - net	(443,727)
Dividend receivable and accrued mark-up	3,256
Receivable against Sale of equity securities	(4,557)
Others	(330)
Deposits and prepayments	(3,590)
	(448,948)
<b>Increase in liabilities</b>	
Payable to the Management Company	1,529
Payable to the Trustee	40
Payable to the Securities and Exchange Commission of Pakistan	226
Accrued expenses and other liabilities	1,637
	3,432
<b>Net cash used in operating activities</b>	(455,608)
<b>Cash flows from financing activities</b>	
Amount received on issue of units	774,000
Payment against redemption of units	(308,312)
<b>Net cash generated from financing activities</b>	465,688
<b>Net increase in cash and cash equivalents</b>	10,079
Cash and cash equivalents at beginning of the period	-
<b>Cash and cash equivalents at end of the period</b>	10,079

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

_____ Chief Financial Officer	_____ Chief Executive Officer	_____ Director
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**HBL Islamic Dedicated Equity Fund**  
**Notes to the Condensed Interim Financial Information (Unaudited)**  
***For the Period October 1, 2018 to March 31, 2019***

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1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 HBL Islamic Dedicated Equity Fund (the Fund) was established under a Trust Deed, dated June 22, 2017, executed between HBL Asset Management Limited as the Management Company and MCB Financial Services limited (MCBFSL) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on July 04, 2018.
- 1.2 The Management Company of the Fund has been registered as Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund. The units are transferable and can also be redeemed by surrendering to the Fund.
- 1.4 The principal activity of the Fund is to provide capital appreciation to investors schemes by investing in Shariah Compliant equity securities.
- 1.5 JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+ (Positive Outlook) to the Management Company.
- 1.6 Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

- 2.1.1 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 (IFRS Standards) 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
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS-34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

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## 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

## 2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 2.4 Use of judgments and estimates

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are 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.

Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) classification and valuation of financial assets; and
- (ii) impairment of financial assets

## 3. NEW ACCOUNTING STANDARDS AND AMENDMENTS

- 3.1 The following standards and amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Funds's financial statements other than certain additional disclosures:

	<b>Effective from accounting period beginning on or after</b>
- IFRS 16 'Leases'	January 01, 2019
- Amendments to IFRS 9 'Financial Instruments' Prepayment features with negative compensation	January 01, 2019
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective date is deferred indefinitely earlier adoption is permitted
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' Long-term interests in Associates and Joint Ventures	January 01, 2019
- Amendments to IAS 19 'Employee Benefits'. Plan amendment, curtailment or settlement	January 01, 2019
- IFRIC 23 'Uncertainty over Income Tax Treatments'. Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
- Annual Improvements to IFRS Standards 2015-2017 Cycle amendments to:	January 01, 2019
- IFRS 3 Business Combinations;	
- IFRS 11 Joint Arrangements;	
- IAS 12 Income Taxes; and	
- IAS 23 Borrowing Costs.	



		Effective from accounting period beginning on or after
<ul style="list-style-type: none"> <li>- Amendments to References to the Conceptual Framework in IFRS Standards</li> </ul>		January 01, 2020
<ul style="list-style-type: none"> <li>- Amendments to IFRS 3 'Business Combinations' Amendment in the definition of business'</li> </ul>		January 01, 2020
<ul style="list-style-type: none"> <li>- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Clarify the definition of 'Material' and align the definition used in the Conceptual Framework and the Standards</li> </ul>		January 01, 2020
3.2	Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
	<ul style="list-style-type: none"> <li>- IFRS 1 – First Time Adoption of International Financial Reporting Standards</li> <li>- IFRS 14 – Regulatory Deferral Accounts</li> <li>- IFRS 17 – Insurance Contracts</li> </ul>	
4.	SIGNIFICANT ACCOUNTING POLICIES	
4.1	Cash and cash equivalents	
	Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.	
4.2	Financial instruments	
4.2.1	Financial assets	
4.2.1.1	Classification	
	A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):	
	<ul style="list-style-type: none"> <li>- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and</li> <li>- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</li> </ul>	
	A debt investment is measured at fair value through other comprehensive income (FVOCI) if it meets both of the following conditions and is not designated as at FVTPL:	
	<ul style="list-style-type: none"> <li>- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and</li> <li>- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</li> </ul>	
	On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.	

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All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

#### 4.2.1.2 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

#### 4.2.1.3 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.

#### 4.2.1.4 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

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#### 4.2.1.5 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.

#### 4.3 Preliminary and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

#### 4.4 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 amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### 4.5 Collaterals

Cash collaterals provided by the Fund are identified in the statement of assets and liabilities as margin and are not included as a component of cash and cash equivalents. For collaterals other than cash, if the party to whom the collaterals are provided has a right by contract or custom to sell or re-pledge the collaterals, the Fund classifies those collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals. Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial statements.

#### 4.6 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### 4.7 Proposed distributions

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statement in the period in which such distributions are declared.

#### 4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### 4.9 Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The element of income and capital gains included in the prices of units issued less those in units redeemed to the extent that it is represented by distributable income earned during the year is recognised in the income statement and statement of comprehensive income and the element of income and capital gains represented by distributable income carried forward from prior periods is included in the "Statement of Movement in Unitholders' Fund".

#### 4.10 Net assets 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 asset of the Fund by the number of units in issue at the year end.

#### 4.11 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive dividend is established.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognised on a time apportionment basis using the effective interest method.

#### 4.12 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP, and selling and marketing expense) are recognised in the income statement on a time apportionment basis using the effective interest method.

		(Un-Audited) March 31, 2019 (Rupees in '000)
	Note	
<b>5. BANK BALANCES</b>		
Balances with banks in:		
Savings accounts	5.1	<u><u>10,079</u></u>

- 5.1 This represents bank accounts held with different banks. The balance in savings accounts carry expected profit which ranges from 8.00% to 10.00% per annum.

		(Un-Audited) March 31, 2019 (Rupees in '000)
<b>6. INVESTMENTS</b>	<b>Note</b>	
<b>Financial assets at fair value through profit or loss account</b>		
- Listed equity securities	6.1	404,130
- Advance against Book Building	6.2	6,284
		<b>410,414</b>

- 6.1 Listed equity securities - At fair value through profit or loss

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	As at July 01, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2019	Market value as at March 31, 2019 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee
----- Number of shares -----									
<b>TEXTILE COMPOSITE</b>									
Kohinoor Textile Mills Limited	-	201,000	-	94,000	107,000	4,801	1.17%	1.11%	0.11%
Nishat Mills Limited	-	270,300	-	159,100	111,200	14,969	3.65%	3.47%	0.04%
	-	471,300	-	253,100	218,200	19,770	4.82%	4.58%	
<b>CEMENT</b>									
Cherat Cement Company Limited.	-	83,000	-	83,000	-	-	-	-	0.00%
D G Khan Cement Company Limited.	-	122,500	-	122,500	-	-	-	-	0.00%
Kohat Cement Limited	-	130,500	1,650	56,500	75,650	6,493	1.58%	1.51%	0.04%
Lucky Cement Limited	-	90,000	-	42,500	47,500	20,341	4.96%	4.72%	0.02%
Maple Leaf Cement Factory Limited	-	540,000	-	377,000	163,000	6,104	1.49%	1.41%	0.01%
	-	966,000	1,650	681,500	286,150	32,939	8.03%	8.64%	
<b>POWER GENERATION &amp; DISTRIBU</b>									
Hub Power Company Limited	-	811,000	-	398,000	413,000	30,285	7.38%	7.02%	0.04%
K-Electric Limited	-	3,650,000	-	2,185,500	1,464,500	8,187	1.99%	1.90%	0.01%
Pakgen Power Limited	-	210,000	-	50,000	160,000	2,442	0.59%	0.57%	0.06%
	-	4,671,000	-	2,633,500	2,037,500	40,913	9.97%	9.48%	
<b>ENGINEERING</b>									
Amreli Steels Limited	-	133,500	-	133,500	-	-	-	-	0.00%
Crescent Steel & Allied Products Ltd	-	43,000	-	-	43,000	1,668	0.41%	0.39%	0.00%
International Industries Limited	-	52,300	-	21,000	31,300	3,884	0.95%	0.90%	0.03%
International Steels Limited	-	169,500	-	102,000	67,500	4,322	1.05%	1.00%	0.02%
	-	398,300	-	256,500	141,800	9,874	2.41%	3.29%	
<b>AUTOMOBILE ASSEMBLER</b>									
Millat Tractors Ltd	-	6,000	-	4,550	1,450	1,298	0.32%	0.30%	0.02%
	-	6,000	-	4,550	1,450	1,298	0.32%	0.30%	

Name of the Investee Company	As at July 01, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2019	Market value as at March 31, 2019 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
----- Number of shares -----									
<b>TRANSPORT</b>									
Pakistan National Shipping Corp Ltd	-	34,500	-	-	34,500	2,079	0.51%	0.48%	0.02%
	-	34,500	-	-	34,500	2,079	0.51%	0.48%	
<b>PHARMACEUTICALS</b>									
	-	214,000	-	109,000	105,000	8,940	2.18%	2.07%	0.01%
The Searle Company Limited	-	32,000	3,450	17,000	18,450	4,370	1.06%	1.01%	0.01%
	-	246,000	3,450	126,000	123,450	13,309	3.24%	3.08%	
<b>PAPER &amp; BOARD</b>									
Packages Limited	-	18,600	-	7,000	11,600	4,405	1.07%	1.02%	0.01%
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	-	36,500	170	9,020	27,650	34,431	8.39%	7.98%	0.02%
Oil & Gas Developet Company Limited	-	532,100	-	255,100	277,000	40,871	9.96%	9.47%	0.01%
Pakistan Oilfields Limited	-	93,450	-	50,600	42,850	19,165	4.67%	4.44%	0.02%
Pakistan Petroleum Limited	-	400,300	3,300	193,000	210,600	38,959	9.49%	9.03%	0.01%
	-	1,062,350	3,470	507,720	558,100	133,426	32.51%	30.93%	
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Hascol Petroleum Limited	-	22,700	5,675	28,375	-	-	-	-	-
Pakistan State Oil Company Limited	-	165,700	-	69,600	96,100	20,775	5.06%	4.82%	0.03%
Sui Northern Gas Pipeline Limited	-	281,500	-	135,000	146,500	11,004	2.68%	2.55%	0.02%
	-	469,900	5,675	232,975	242,600	31,779	7.74%	7.37%	
<b>COMMERCIAL BANKS</b>									
Meezan Bank Limited	-	508,000	-	369,500	138,500	13,718	3.34%	3.18%	0.02%
<b>FERTILIZER</b>									
Dawood Hercules Corporation Limited *	-	57,400	-	23,300	34,100	4,377	1.07%	1.01%	0.01%
Engro Corporation Limited	-	221,200	-	109,500	111,700	36,552	8.91%	8.47%	0.03%
Engro Fertilizers Limited	-	446,500	-	232,500	214,000	15,312	3.73%	3.55%	0.02%
Fauji Fertilizer Company Limited	-	117,500	-	34,500	83,000	8,670	2.11%	2.01%	0.01%
	-	842,600	-	399,800	442,800	64,911	15.82%	15.05%	
<b>CHEMICAL</b>									
Engro Polymer & Chemicals Limited	-	753,000	-	378,000	375,000	13,620	3.32%	3.16%	0.04%
Lotte Chemical Pakistan Ltd	-	220,000	-	16,000	204,000	2,901	0.71%	0.67%	0.01%
SITARA CHEMICAL INDUSTRIES	-	6,500	-	-	6,500	1,950	0.48%	0.45%	0.03%
	-	979,500	-	394,000	585,500	18,471	4.50%	4.28%	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Thal Limited	-	61,050	-	20,200	40,850	17,239	4.20%	4.00%	0.06%
<b>Grand total</b>					<b>4,863,000</b>	<b>404,130</b>	<b>98%</b>	<b>96%</b>	
<b>Cost of investments at March 31, 2019</b>						<b>429,168</b>			

\* Related party due to common directorship

6.1.1 Investments include shares having market value aggregating to Rs. 57.238 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

6.2 This represents book building against Interloop Ltd, subsequently converted into shares.

		(Un-Audited) March 31, 2019 (Rupees in '000)
	Note	
<b>7 DEPOSITS AND PREPAYMENTS</b>		
Security deposit with National Clearing Company of Pakistan Limited		2,500
Security deposit with Central Depository Company of Pakistan Limited		100
Preliminary cost		990
		3,590
<b>8. PAYABLE TO THE MANAGEMENT COMPANY</b>		
Management fee		896
Sindh Sales Tax on Management Company's remuneration		116
Selling and marketing payable		477
Allocation of expenses related to registrar services, accounting, operation and valuation services		40
		1,529
<b>9. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Charity payable	9.1	270
Auditors' remuneration		105
Payable to brokers		111
Other payables		1,151
		1,637
9.1 This represents amount attributable to income earned from shariah non-compliant avenues, earmarked for onward distribution as charity in accordance with the instructions of the Shariah Advisor.		
<b>10. CONTINGENCIES AND COMMITMENTS</b>		
There were no contingencies and commitments outstanding as at March 31, 2019.		
<b>11. PROVISION FOR SINDH WORKERS' WELFARE FUND</b>		
As there is loss for the period ended March 31, 2019, therefore, no provision for SWWF has been recognised in these condensed interim financial information.		

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12. TAXATION

The Fund's income is exempt from income tax as per Clause 99 of Part 1 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.

13. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons / related parties include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at agreed / contracted rates and terms determined in accordance with market rates. and the Trust Deed respectively.

Remuneration payable to Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations

Details of significant transactions with connected persons during the period and balances with them at period end are as follows:

**For the Period  
October 1, 2018 to  
March 31, 2019  
(Rupees in '000)**

**13.1 Transactions during the period**

**HBL Asset Management Limited - Management Company**

Remuneration of the Management Company	5,386
Allocation of expenses related to registrar services, accounting, operation and valuation services	238
Selling and marketing cost	953

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration	242
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**MCBFSL Trustee HBL IFPF Islamic Capital Preservation Plan**

Issue of units 2,334,334 units	235,000
Redemption of units 943,696 units	95,000

**MCBFSL Trustee HBL IFPF Active Allocation Plan**

Issue of units 203,779 units	22,000
Redemption of units 203,779 units	19,811



**For the Period  
October 1, 2018 to  
March 31, 2019  
(Rupees in '000)**

**MCBFSL Trustee HBL IFPF Strategic Allocation Plan**

Issue of units 4,996,012 units	<b>517,000</b>
Redemption of units 1,930,499 units	<b>193,500</b>

**13.2 Amounts outstanding as at period / year end**

**HBL Asset Management Limited - Management Company**

Management fee payable	<b>896</b>
Sales tax payable	<b>116</b>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<b>40</b>
Selling and marketing cost	<b>477</b>

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable	<b>35</b>
Sindh Sales Tax	<b>5</b>

**MCBFSL Trustee HBL IFPF Islamic Capital Preservation Plan**

Investment held in the Fund: 1,390,638 units	<b>134,633</b>
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**MCBFSL Trustee HBL IFPF Strategic Allocation Plan**

Investment held in the Fund: 3,065,513 units	<b>296,784</b>
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**14. FAIR VALUE OF FINANCIAL INSTRUMENTS**

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.

The fair value of financial assets and liabilities traded in active markets (i.e. listed equity shares) are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		March 31, 2019 (Un-Audited)								
		Carrying amount					Fair Value			
		Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
<b>Financial assets measured at fair value</b>										
Investments										
- Listed equity securities	6	404,130	-	-	-	404,130	404,130	-	-	404,130
- Advance against book building - Interloop Ltd		-	-	-	-	-	-	-	6,284	6,284
		404,130	-	-	-	404,130	404,130	-	6,284	410,414
<b>Financial assets not measured at fair value</b>										
	14.1									
Bank balances		-	-	-	10,079	10,079	-	-	-	-
Dividend receivable and accrued mark-up		-	-	-	5,878	5,878	-	-	-	-
Other receivables		-	-	-	2,600	2,600	-	-	-	-
		-	-	-	18,557	18,557	-	-	-	-
<b>Financial liabilities not measured at fair value</b>										
	14.1									
Payable to the Management Company		-	-	-	1,413	1,413	-	-	-	-
Payable to the Trustee		-	-	-	35	35	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	-	-	200	200	-	-	-	-
Accrued expenses and other liabilities		-	-	-	1,637	1,637	-	-	-	-
		-	-	-	3,285	3,285	-	-	-	-

14.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

14.2 Transfers during the period

There were no transfers between various levels of fair value hierarchy during the period.

15. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the Period ended March 31, 2019 is 2.01%, which includes 0.17% representing government levy, Workers' Welfare Fund and SECP fee.

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16      DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 30, 2019.

17.      GENERAL

17.1      Figures have been rounded off to the nearest thousand rupees.

17.2      This condensed interim financial information is unaudited and has been reviewed by the auditors.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# HBL

## ASSET MANAGEMENT LTD.

## ایس ایٹ مینجمنٹ لمیٹڈ

**Head Office Karachi:**

7th Floor, Emerald Tower, Clifton,  
Karachi.

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HBL building, Jinnah Avenue,  
Islamabad

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Fax: 051-2822206



# HBL

ASSET MANAGEMENT LTD.  
ایسٹیت منیجمنٹ لمیٹڈ

AMC Rating : AM2+ by JCR-VIS



## QUARTERLY REPORT 2019

For the nine months ended March 31, 2019

MOVING TOWARDS  
**EXCELLENCE**



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## CORPORATE INFORMATION

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### Management Company

HBL Asset Management Limited

### Board of Directors

Chairman	Mr. Agha Sher Shah	(Independent Director)
Directors	Mr. Farid Ahmed Khan	(Chief Executive Officer)
	Mr. Shabbir Hussain Hashmi	(Independent Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Shahid Ghaffar	(Independent Director)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Aamir Hasan Irshad	(Non-Executive Director)

### Audit Committee

Chairman	Mr. Shabbir Hussain Hashmi	(Independent Director)
Members	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Shahid Ghaffar	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)

### Human Resource Committee

Chairman	Mr. Agha Sher Shah	(Independent Director)
Members	Mr. Shabbir Hussain Hashmi	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)

### Risk Management Committee

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Members	Mr. Farid Ahmed Khan	(Chief Executive Officer)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Aamir Hasan Irshad	(Non-Executive Director)

### Company Secretary &

### Chief Financial Officer

Mr. Noman Qurban

### AMC Rating

AM2+ (Positive Outlook)

### Legal Advisors

Mandviwalla & Zafar, Advocates and Legal Consultants,  
Mandviwalla Chambers, C-15, Block-2, Clifton, Karachi.

### Website

[www.hblasset.com](http://www.hblasset.com)

### Head Office & Registered Office

7th Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi.

# REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS ENDED MARCH 31, 2019

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## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Income Fund, HBL Government Securities Fund, HBL Money Market Fund, HBL Cash Fund, HBL Stock Fund, HBL Equity Fund, HBL Energy Fund, HBL Multi Asset Fund and HBL Financial Planning Fund, HBL Growth Fund (Formerly: PICIC Growth Fund) & HBL Investment Fund (Formerly: PICIC Investment Fund) (the Funds) for the nine months ended March 31, 2019.

### Economic Review

FY19 started with a political transition with interim and incumbent government setup facing economic challenges particularly twin deficits and inflationary pressures. Policy makers have successfully reduced current account deficit during 9MFY19 to 4.5% of GDP, with Mar-19 deficit at 3.6% of GDP, from a decade high level of 5.7% of GDP during FY18. CAD reduction was largely driven by significant monetary tightening, PKR depreciation and imposition of duties on imports. Moreover, Government also successfully managed to get financial support from friendly countries (Saudi Arabia, UAE and China) which along with increase in remittances provided support to foreign exchange reserves during the period under review.

Policy steps to contain aggregate demand and external account pressures started to reflect in LSM slowdown and shrinking CAD during 3QFY19. PKR depreciated by further 1.4% during 3QFY19, to bring currency to equilibrium levels as Real Effective Exchange Rate reached 103.3 in Feb-19. Central bank continued monetary tightening by further raising benchmark policy rate by 75bps during 3QFY19 to 10.75%.

Country's trade deficit reduced by 14% YoY to USD 23.5bn during 9MFY19 mainly due to reduction in imports (down 8%) as exports posted a marginal growth of 1.1% YoY. Remittances have depicted an impressive trend during 9MFY19 clocking in at USD 16.1bn, up 9% YoY. Due to slowdown in CAD and with the help of multilateral flows, foreign exchange reserves increased to USD 17.4bn during 9MFY19. Average headline CPI inflation was 6.8% in 9MFY19, compared to 3.8% during the same period last year on account of higher average oil prices, currency depreciation and increase in energy prices. Core inflation (non-food & non-energy) continued to remain on the higher side reaching 8.5% during Mar-19, taking 9MFY19 average to 8.2% compared to 5.4% during same period last year. While we expect headline inflation to remain moderate owing to adequate food supply, core inflation may remain sticky in the near term. During the period under review, newly elected Government also presented "mini-budget" and revised fiscal deficit target to 5.1% of GDP.

Going forward, Government would likely finalize agreement with IMF which would be followed by fiscal measures expected to be announced in the upcoming FY20 budget. Moreover, government is also expected to announce amnesty scheme in an effort to increase tax base and tax revenues. We believe that external account adjustments and large part of monetary tightening has been done and Government's focus would shift towards fiscal austerity measures in FY20.

### Money Market Review

SBP continued monetary tightening in 3QFY19 to control the rising current account deficit and anchor increasing inflationary pressures.

Yields across all the tenors increased by 320-412bps during 9MFY19 due to cumulative increase of 425 bps in SBP policy rate g FY19. Secondary market yields of 3, 5 and 10-year PIBs increased by 392, 385 and 409 bps respectively while yields of 3, 6 and 12 month T-Bills increased in tandem by 412, 410 and 395 bps respectively during 9MFY19. Government further raised PKR 319bn through the PIBs auction during 3QFY19 against a target of PKR 200bn due to increased interest of market participants post increase in PIB yields. During 9MFY19, Government raised PKR 373bn through the PIBs against a target of PKR 650bn. Latest cut-off yields stood at 12.23%, 12.64% and 13.15% for the 3-year, 5-year and 10-year PIBs, respectively.

During the 9MFY19, Government largely managed its borrowing requirements through domestic sources, and mainly from central bank. Government retired PKR 2,576bn from scheduled banks compared to retirement of PKR 1,391bn during the SPLY. Meanwhile, government borrowing from SBP increased by PKR 3,485bn during the period against borrowing of PKR 2,161bn during the SPLY.

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In the monetary policy held in March-19, SBP increased the policy rate by a further 50bps to 10.75%. Going forward, we expect that large part of monetary tightening has been done and the interest rates would remain around current levels (10.75-11%) during the remaining months of fiscal year 2019.

## **Stock Market Review**

Pakistan Equity Market started 3QFY19 on a positive note as benchmark KSE-100 recorded strong performance of 10% in Jan-19 but index could not maintain its performance subsequently due to escalating tension across Pakistan-India border and uncertainty regarding Pakistan's entry into IMF program. For 9MFY19, benchmark index has posted 7.8% decline due to weak investors' sentiments owing to economic uncertainty pertaining to quantum and pace of monetary tightening, hike in gas & electricity tariffs and PKR depreciation. On the flows side, foreigners were the net buyers during the 3QFY19 and bought shares of worth USD 31mn, still lower than cumulative selling of USD 373mn during 9MFY19.

The benchmark KSE-100 index recorded 1,583 points recovery ( $\uparrow$ 4.3%) during 3QFY19 to close at 38,649 level. Index heavy weight sectors commercial banks, oil & gas exploration and fertilizer sectors primarily supported the index. Further uptick in interest rates, increase in oil prices and anticipation of better results of fertilizer sectors were the main reasons behind respective sector performance. Commercial banking sector recorded 4% performance while oil & gas exploration and fertilizer sector outperformed the benchmark index and went up by 15% and 6% respectively. Refineries, Power and OMCs were the key underperformers during the period on the back of government's decision of closing down FO based generation for an indefinite period. Moreover, weak financial results from refineries for 1HFY19 and decline in OMC volumes for 3QFY19 also dragged the respective sector performance. Refineries, power and OMC sectors underperformed the benchmark KSE100 and fell by 19%, 9% and 7% respectively.

Looking ahead, investors are likely to await government's decision of entry into IMF program, expected announcement of amnesty scheme and FY20 budget. We highlight that the current macroeconomic environment bodes well for index heavy weights (E&Ps, Banks and Power) while recent underperformance has opened up valuations of cyclical stocks. We believe Pakistan equities offer a good entry opportunity for long term investors.

## **FUND'S PERFORMANCE AND PAYOUTS**

### **HBL Income Fund**

The total income and net income of the Fund was Rs. 155.89 million and Rs. 121.71 million respectively during the period ended March 31, 2019. The Net Asset Value (NAV) per unit of the Fund was Rs. 111.2890 per unit as on June 30, 2018 which increased to Rs. 112.1722 per unit as on March 31, 2019 (after incorporating dividend of Rs. 5.50 per unit); thereby giving an annualized return of 8.02%. During the same period, the benchmark (6 Month KIBOR) return was 9.58%. The size of Fund was Rs. 1.51 billion as on March 31, 2019 as compared to Rs. 2.46 billion at the start of the year.

**JCR-VIS Credit Rating Company Limited has reaffirmed A(f) Fund Stability Rating to the Fund.**

### **HBL Government Securities Fund**

The total income and net income of the Fund was Rs. 40.83 million and Rs. 32.35 million respectively during the period ended March 31, 2019. The Net Asset Value (NAV) per unit of the Fund was Rs. 110.4244 per unit as on June 30, 2018 which increased to Rs. 112.7651 per unit as on March 31, 2019 (after incorporating dividend of Rs. 4.75 per unit); thereby giving an annualized return of 8.93%. During the same period the benchmark (6 Month PKRV Rates) return was 9.36%. The size of Fund was Rs. 1.66 billion as on March 31, 2019 as compared to Rs. 314 million at the start of the year.

**JCR-VIS Credit Rating Company Limited has reaffirmed A+(f) Fund Stability Rating to the Fund.**

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### **HBL Money Market Fund**

The total income and net income of the Fund was Rs. 514.72 million and Rs. 431.80 million respectively during the period ended March 31, 2019. The Net Asset Value (NAV) per unit of the Fund was Rs. 107.1869 per unit as on June 30, 2018 which increased to Rs. 108.0208 per unit as on March 31, 2019 (after incorporating dividend of Rs. 5.15 per unit) ; thereby giving an annualized return of 7.81%. During the same period the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 8.01%.The size of Fund was Rs. 6.54 billion as on March 31, 2019 as compared to Rs. 7.25 billion at the start of the year.

JCR-VIS Credit Rating Company Limited has reaffirmed AA(f) Fund Stability Rating to the Fund.

### **HBL Cash Fund**

The total income and net income of the Fund was Rs. 835.61 million and Rs. 723.60 million respectively during the period ended March 31, 2019. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs 106.0021 per unit as on June 30, 2018. The NAV of the Fund was Rs 100.8317 per unit as on March 31, 2019 (after incorporating final dividend of Rs. 5.25 per unit and interim dividends of Rs. 5.9655 per unit); thereby giving an annualized return of 8.13%. During the same period, the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 8.01%.The size of Fund was Rs 9.67 billion as on March 31, 2019 as compared to Rs.12.04 billion at the start of the year.

JCR-VIS Credit Rating Company Limited has reaffirmed AA(f) Fund Stability Rating to the Fund.

### **HBL Stock Fund**

The Fund incurred a total and net loss of Rs. 226.12 million and Rs. 357.19 million respectively during the period ended March 31, 2019. The Net Asset Value (NAV) per unit of the Fund was Rs 107.0620 per unit as on June 30, 2018. The NAV of the Fund was Rs. 101.2673 per unit as on March 31, 2019; thereby giving a negative return of 5.40%. During the same period, the benchmark KSE 30 index yielded a negative return of 7.29%.The size of Fund was Rs 3.15 billion as on March 31, 2019 as compared to Rs. 5.96 billion at the start of the year.

### **HBL Equity Fund**

The Fund incurred a total and net loss of Rs. 6.57 million and Rs. 15.34 million respectively during the period ended March 31, 2019. The Net Asset Value (NAV) per unit of the Fund was Rs. 110.4602 per unit as on June 30, 2018. The NAV of the Fund was Rs. 105.3467 per unit as on March 31, 2019; thereby giving a negative return of 4.62%. During the same period, the benchmark KSE 100 index yielded a negative return of 7.78%.The size of Fund was Rs. 0.28 billion as on March 31, 2019 as compared to Rs. 0.29 billion at the start of the year.

### **HBL Energy Fund**

The Fund incurred a total and net loss of Rs. 110.62 million and Rs. 134.53 million respectively during the period ended March 31, 2019. The Net Asset Value (NAV) per unit of the Fund was Rs. 14.6857 per unit as on June 30, 2018. The NAV of the Fund was Rs. 12.6963 per unit as on March 31, 2019; thereby giving a negative return of 13.54%. During the same period, the benchmark KSE 30 index yielded a negative return of 7.29%.The size of Fund was Rs. 0.88 billion as on March 31, 2019 as compared to Rs. 1.06 billion at the start of the year.

### **HBL Multi Asset Fund**

The Fund earned and incurred a total income and net loss of Rs. 1.19 million and Rs. 6.12 million respectively during the period ended March 31, 2019. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs 105.0519 per unit as on June 30, 2018. The NAV of the Fund was Rs 102.9447 per unit as on March 31, 2019; thereby giving a negative return of 2.07%. During the same period, the benchmark index (Weighted average daily return KSE 100 and 6 Month PKRV rates) yielded a negative return of 1.67%. The size of Fund was Rs 0.25 billion as on March 31, 2019 as compared to Rs. 0.32 billion at the start of the year.

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## **HBL Financial Planning Fund**

The Fund comprises of three sub funds (plans) namely Active allocation plan, Conservative allocation plan and Strategic allocation plan.

The Fund as a whole incurred total and net loss of Rs. 3.04 million and Rs. 5.48 million respectively during the period under review. The fund size of the fund stood at Rs. 0.40 billion as on March 31, 2019.

Performance review for plans is given below:

### **Active Allocation Plan**

During the period under review, the Active allocation plan incurred total and net loss of Rs. 5.51 million and Rs 6.28 million respectively. The net assets of the Active allocation plan stood at Rs. 0.16 billion representing Net Asset Value (NAV) of Rs. 100.9000 per unit as at March 31, 2019. The plan posted a negative return of 1.70% for the period under review. The plan is invested to the extent of 44% in equity funds & 52% in fixed income funds.

### **Conservative Allocation Plan**

During the period under review, the Conservative allocation plan earned total and net income of Rs. 3.49 million and Rs 2.92 million respectively. The net assets of the Conservative allocation plan stood at Rs. 0.07 billion representing Net Asset Value (NAV) of Rs. 107.0455 per unit as at March 31, 2019. The plan earned a return of 3.17% for the period under review. The plan is invested to the extent of 20% in equity funds & 79% in fixed income funds.

### **Strategic Allocation Plan**

During the period under review, the Strategic allocation plan incurred total and net loss of Rs. 1.02 million and Rs 2.11 million respectively. The net assets of the Strategic allocation plan stood at Rs. 0.17 billion representing Net Asset Value (NAV) of Rs. 101.5285 per unit as at March 31, 2019. The plan yielded a negative return of 0.97% for the period under review. The plan is invested to the extent of 45% in equity funds & 54% in fixed income funds.

## **HBL Growth Fund (Formerly PICIC Growth Fund)**

During the year under review the fund converted into an open-ended collective investment scheme from a closed-ended Fund effective from July 2, 2018. The matter related to conversion of the fund is disclosed in detail in note 1.4 of the condensed interim Financial Information of the Fund. Post conversion the Fund comprises of two separate segments i.e. Class-A Segment & Class-B Segment. The Fund as a whole incurred total and net loss of Rs. 57.15 million and Rs. 337.29 million respectively during the period under review. The fund size of the fund stood at Rs. 10.86 billion as on March 31, 2019.

Performance of each segment is given below:

### **Class-A Segment**

During the period under review, Class-A earned total income of Rs. 105.90 million and incurred a net loss of Rs 45.84 million. The net assets of the class stood at Rs. 5.82 billion representing Net Asset Value (NAV) of Rs. 20.5239 per unit as at March 31, 2019. The class posted a negative return of 19.52% for the period under review.

### **Class-B Segment**

During the period under review, Class-B incurred a total and net loss of Rs. 163.04 million and Rs 291.45 million respectively. The net assets of the class stood at Rs. 5.04 billion representing Net Asset Value (NAV) of Rs. 18.1565 per unit as at March 31, 2019. The class posted a negative return of 5.43% for the period under review.

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**HBL Investment Fund (Formerly PICIC Investment Fund)**

During the year under review the fund converted into an open-ended collective investment scheme from a closed-ended Fund effective from July 2, 2018. The matter related to conversion of the fund is disclosed in detail in note 1.4 of the condensed interim Financial Information of the Fund. Post conversion the Fund comprises of two separate segments i.e. Class-A Segment & Class-B Segment. The Fund as a whole incurred total and net loss of Rs. 46.56 million and Rs. 170.02 million respectively during the period under review. The fund size of the fund stood at Rs. 4.73 billion as on March 31, 2019.

**Performance of each category is given below:****Class-A Segment**

During the period under review, Class-A earned a total income of Rs. 39.52 million and incurred a net loss of Rs 16.04 million. The net assets of the class stood at Rs. 2.09 billion representing Net Asset Value (NAV) of Rs. 7.3403 per unit as at March 31, 2019. The class posted a negative return of 19.24% for the period under review.

**Class-B Segment**

During the period under review, Class-B incurred a total and net loss of Rs. 86.07 million and Rs 153.97 million respectively. The net assets of the class stood at Rs. 2.65 billion representing Net Asset Value (NAV) of Rs. 9.4903 per unit as at March 31, 2019. The class posted a negative return of 5.47% for the period under review.

**MANAGEMENT COMPANY RATING**

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has maintained the management quality rating to 'AM2+' (AM Two Plus) to the Management Company and the outlook on the assigned rating has been assessed as 'Positive'.

**Acknowledgement**

The Board takes this opportunity to thank its valued unit-holders for their confidence and patronage. It would like to place on record its appreciation for the help and guidance provided by Securities & Exchange Commission of Pakistan, Central Depository Company of Pakistan & MCB Financial Services Limited as Trustee, the Pakistan Stock Exchange Limited and State Bank of Pakistan.

The Board also wishes to place on record its appreciation for the hard work and dedication shown by the staff.

On behalf of the Board of  
HBL Asset Management Limited

Chief Executive Officer



### ایچ بی ایل انویسٹمنٹ فنڈ (سابق پک اک انویسٹمنٹ فنڈ)

زیر جائزہ مدت کے دوران فنڈ کو 2 جولائی 2018 سے موثر العمل کلوزڈ۔ اینڈ فنڈ سے ایک اوپن۔ اینڈ مشترکہ سرمایہ کار اسکیم میں منتقل کر دیا گیا۔ فنڈ کی منتقلی سے متعلق معاملہ فنڈ کے کنڈینسڈ عبوری مالیاتی حسابات کے نوٹ 1.4 میں تفصیل سے واضح کر دیا گیا ہے۔ فنڈ کی منتقلی کے بعد فنڈ دو الگ الگ شعبوں یعنی کلاس۔ اے سیگمنٹ اور کلاس۔ بی سیگمنٹ پر مشتمل ہے۔ فنڈ نے مجموعی طور پر زیر جائزہ مدت کے دوران بالترتیب 46.56 ملین روپے اور 170.02 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 4.73 ارب روپے پر موجود تھا۔

ہر ایک کیٹگری کی کارکردگی درج ذیل ہے:

#### کلاس۔ اے سیگمنٹ:

زیر جائزہ مدت کے دوران، کلاس۔ اے نے 39.52 ملین روپے کی مجموعی آمدنی اور 16.04 ملین روپے کا خالص خسارہ حاصل کیا۔ کلاس کے خالص اثاثہ جات 2.09 ارب روپے پر موجود تھے جو مارچ 2019 کے مطابق 7.3403 روپے فی یونٹ کے خالص اثاثہ جات ویلیو (NAV) کی نمائندگی کرتے ہیں۔ کلاس نے زیر جائزہ مدت کے دوران 19.24% کا منفی منافع ظاہر کیا۔

#### کلاس۔ بی سیگمنٹ:

زیر جائزہ مدت کے دوران، کلاس۔ بی نے بالترتیب 86.07 ملین روپے اور 153.97 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا۔ کلاس کے خالص اثاثہ جات 2.65 ارب روپے پر موجود تھے جو مارچ 2019 کے مطابق 9.4903 روپے فی یونٹ کے خالص اثاثہ جات ویلیو (NAV) کی نمائندگی کرتے ہیں۔ کلاس نے زیر جائزہ مدت کے دوران 5.47% کا منفی منافع ظاہر کیا۔

### انتظامی کمپنی کی ریٹنگ

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے انتظامی کمپنی کے لیے مینجمنٹ کوآپریٹنگ ریٹنگ 'AM2+' (اے ایم ٹو پلس) پر برقرار رکھی ہے اور آؤٹ لک "مثبت" کے طور پر تفویض کی ہے۔

### اعتراف

بورڈ اس موقع پر اپنے معزز یونٹ ہولڈرز کا ان کے اعتماد اور سرپرستی پر شکر گزار ہے۔ اس کے ساتھ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور ایم سی بی فنانشل سروسز کو بطور رٹسٹی، پاکستان اسٹاک ایکسچینج لمیٹڈ اور اسٹیٹ بینک آف پاکستان کی معاونت اور رہنمائی پر خراج تحسین پیش کرنا چاہتا ہے۔ بورڈ اسٹاف کی انتھک کاوشوں اور جدوجہد پر ان کو بھی خراج تحسین پیش کرتا ہے۔

منجانب بورڈ

ایچ بی ایل ایسیٹ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر

خالص اثاثہ جات 0.16 ارب روپے پر موجود تھے جو 31 مارچ 2019 کے مطابق 100.9000 روپے فی یونٹ کے خالص اثاثہ جات کی مالیت (NAV) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کے لیے 1.70% کا منفی منافع ظاہر کیا۔ پلان نے ایکویٹی فنڈز میں 44% کی حد تک اور فکسڈ انکم فنڈز میں 52% کی سرمایہ کاری کی ہے۔

### کنزرویٹو ایلوکیشن پلان

زیر جائزہ مدت کے دوران کنزرویٹو ایلوکیشن پلان نے بالترتیب 3.49 ملین روپے اور 2.92 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ کنزرویٹو ایلوکیشن پلان کے خالص اثاثہ جات 0.07 ارب روپے پر موجود تھے جو 31 مارچ 2019 کے مطابق 107.0455 روپے فی یونٹ کے خالص اثاثہ جات کی مالیت (NAV) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کے لیے 3.17% کا منفی منافع ظاہر کیا۔ پلان نے ایکویٹی فنڈز میں 20% کی حد تک اور فکسڈ انکم فنڈز میں 79% کی سرمایہ کاری کی ہے۔

### اسٹریٹجک ایلوکیشن پلان

زیر جائزہ مدت کے دوران اسٹریٹجک ایلوکیشن پلان نے بالترتیب 1.02 ملین روپے اور 2.11 ملین روپے کی مجموعی اور خالص خسارہ حاصل کیا۔ اسٹریٹجک ایلوکیشن پلان کے خالص اثاثہ جات 0.17 ارب روپے پر موجود تھے جو 31 مارچ 2019 کے مطابق 101.5285 روپے فی یونٹ کے خالص اثاثہ جات کی مالیت (NAV) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کے لیے 0.97% منفی منافع ظاہر کیا۔ پلان نے ایکویٹی فنڈز میں 45% کی حد تک اور فکسڈ انکم فنڈز میں 54% کی سرمایہ کاری کی ہے۔

### ایچ بی ایل گروٹھ فنڈ (سابق پک اک گروٹھ فنڈ)

زیر جائزہ مدت کے دوران فنڈ کو 2 جولائی 2018 سے موثر العمل کلوزڈ۔ اینڈ ڈفنڈ سے ایک اوپن۔ اینڈڈ مشترکہ سرمایہ کار اسکیم میں منتقل کر دیا گیا۔ فنڈ کی منتقلی سے متعلق معاملہ فنڈ کے کنڈینسڈ عبوری مالیاتی حسابات کے نوٹ 1.4 میں تفصیل سے واضح کر دیا گیا ہے۔ فنڈ کی منتقلی کے بعد فنڈ دو الگ الگ شعبوں یعنی کلاس۔ اے سیگمنٹ اور کلاس۔ بی سیگمنٹ پر مشتمل ہے۔ فنڈ مجموعی طور پر زیر جائزہ مدت کے دوران بالترتیب 57.15 ملین روپے اور 337.29 ملین روپے کی مجموعی اور خالص خسارہ حاصل کیا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 10.86 ارب روپے پر موجود تھا۔

ہر ایک سیگمنٹ کی کارکردگی درج ذیل ہے:

### کلاس۔ اے سیگمنٹ:

زیر جائزہ مدت کے دوران، کلاس۔ اے نے 105.90 ملین روپے کی مجموعی آمدنی اور 45.84 ملین روپے کا خالص خسارہ حاصل کیا۔ کلاس کے خالص اثاثہ جات 5.82 ارب روپے پر موجود تھے جو مارچ 2019 کے مطابق 20.5239 روپے فی یونٹ کے خالص اثاثہ جات ویلیو (NAV) کی نمائندگی کرتے ہیں۔ کلاس نے زیر جائزہ مدت کے دوران 19.52% کا منفی منافع ظاہر کیا۔

### کلاس۔ بی سیگمنٹ:

زیر جائزہ مدت کے دوران، کلاس۔ بی نے بالترتیب 163.04 ملین روپے اور 291.45 ملین روپے کی مجموعی اور خالص خسارہ حاصل کیا۔ کلاس کے خالص اثاثہ جات 5.04 ارب روپے پر موجود تھے جو مارچ 2019 کے مطابق 18.1565 روپے فی یونٹ کے خالص اثاثہ جات ویلیو (NAV) کی نمائندگی کرتے ہیں۔ کلاس نے زیر جائزہ مدت کے دوران 5.43% کا منفی منافع ظاہر کیا۔



### ایچ بی ایل اسٹاک فنڈ

31 مارچ 2019 کو ختم ہونی والی مدت کے دوران فنڈ نے بالترتیب 226.12 ملین روپے اور 357.19 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا۔ فنڈ کی خالص ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2018 کے مطابق 107.0620 روپے فی یونٹ تھی۔ 31 مارچ 2019 کے مطابق فنڈ کا این اے وی 101.2673 روپے فی یونٹ ہو گیا جس کے ذریعے 5.40% کا منفی منافع دیا گیا، اسی مدت کے دوران بیچ مارک کے ایس ای 30 انڈیکس نے 7.29% کا منفی منافع حاصل کیا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 3.15 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز پر 5.96 ارب روپے پر تھا۔

### ایچ بی ایل ایکویٹی فنڈ

31 مارچ 2019 کو ختم ہونی والی مدت کے دوران فنڈ نے بالترتیب 6.57 ملین روپے اور 15.34 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا۔ فنڈ کی خالص ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2018 کے مطابق 110.4602 روپے فی یونٹ تھی۔ 31 مارچ 2019 کے مطابق فنڈ کا این اے وی 105.3467 روپے فی یونٹ ہو گیا جس کے ذریعے 4.62% کا منفی منافع دیا گیا، اسی مدت کے دوران بیچ مارک کے ایس ای 100 انڈیکس نے 7.78% کا منفی منافع حاصل کیا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 0.28 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز پر 0.29 ارب روپے پر تھا۔

### ایچ بی ایل انرجی فنڈ

31 مارچ 2019 کو ختم ہونی والی مدت کے دوران فنڈ نے بالترتیب 110.62 ملین روپے اور 134.53 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا۔ فنڈ کی خالص ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2018 کے مطابق 14.6857 روپے فی یونٹ تھی۔ 31 مارچ 2019 کے مطابق فنڈ کا این اے وی 12.6963 روپے فی یونٹ ہو گیا جس کے ذریعے 13.54% کا منفی منافع دیا گیا، اسی مدت کے دوران بیچ مارک کے ایس ای 30 انڈیکس نے 7.29% کا منفی منافع حاصل کیا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 0.88 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز پر 1.06 ارب روپے پر تھا۔

### ایچ بی ایل ملٹی ایسیٹ فنڈ

31 مارچ 2019 کو ختم ہونی والی مدت کے دوران فنڈ نے بالترتیب 1.19 ملین روپے اور 6.12 ملین روپے کی مجموعی آمدنی اور خالص خسارہ حاصل کیا۔ فنڈ کی ایکس ڈیویڈنڈ خالص ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2018 کے مطابق 105.0519 روپے فی یونٹ تھی۔ 31 مارچ 2019 کے مطابق فنڈ کا این اے وی 102.9447 روپے فی یونٹ ہو گیا جس کے ذریعے 2.07% کا منفی منافع دیا گیا، اسی مدت کے دوران بیچ مارک انڈیکس (تجم شدہ اوسط روزانہ منافع کے ایس ای 100 اور چھ ماہ پی کے آروی شرحیں) نے 1.67% کا منفی منافع حاصل کیا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 0.25 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز پر 0.32 ارب روپے پر تھا۔

### ایچ بی ایل فنانشل پلاننگ فنڈ

فنڈ تین ذیلی فنڈز (پلانز) بنام ایکٹو ایلوکیشن پلان، کنزرویٹو ایلوکیشن پلان اور اسٹریٹجک ایلوکیشن پلان پر مشتمل ہے۔

فنڈ نے مجموعی طور پر جائزہ مدت کے دوران بالترتیب 3.04 ملین روپے اور 5.48 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 0.40 ارب روپے پر تھا۔

پلانز کے لیے کارکردگی کا جائزہ درج ذیل ہے:

### ایکٹو ایلوکیشن پلان

زیر جائزہ مدت کے دوران ایکٹو ایلوکیشن پلان نے بالترتیب 5.51 ملین روپے اور 6.28 ملین روپے کی مجموعی آمدنی اور خالص خسارہ حاصل کیا۔ ایکٹو ایلوکیشن پلان کے

حالیہ نجی کارکردگی زیر گردش ذخائر کی ویلیو ایٹنز بڑھائے گی۔ ہمیں یقین ہے کہ پاکستان ایکویٹیٹیز طویل مدتی سرمایہ کاروں کے لیے بہتر مواقع کی پیشکش کرے گی۔

## فنڈ کی کارکردگی پورے آؤٹس ایچ بی ایل انکم فنڈ

31 مارچ 2019 کو ختم ہونے والی مدت کے دوران فنڈ کی مجموعی آمدنی اور خالص آمدنی بالترتیب 155.89 ملین روپے اور 121.71 ملین روپے رہی۔ فنڈ کی خالص ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2018 کے مطابق 111.2890 روپے فی یونٹ تھی جو 31 مارچ 2019 کے مطابق بڑھ کر 112.1722 روپے فی یونٹ (5.50 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد) ہو گیا جس کے ذریعے 9.36% کا سالانہ منافع دیا گیا، اسی مدت کے دوران ہینج مارک (چھ ماہ کا کائی بور) 9.58%، تھا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 1.51 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز پر 2.46 ارب روپے پر تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے فنڈ کے لیے A(f) فنڈ اسٹیلٹی ریٹنگ کی دوبارہ توثیق کی ہے۔

## ایچ بی ایل گورنمنٹ سیکورٹیز فنڈ

31 مارچ 2019 کو ختم ہونے والی مدت کے دوران فنڈ کی مجموعی آمدنی اور خالص آمدنی بالترتیب 40.83 اور 32.35 ملین روپے تھی۔ فنڈ کی خالص ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2018 کے مطابق 110.4244 روپے فی یونٹ تھی جو 31 مارچ 2019 کے مطابق بڑھ کر 112.7651 روپے فی یونٹ (4.75 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد) ہو گیا جس کے ذریعے 8.93% کا سالانہ منافع دیا گیا، اسی مدت کے دوران ہینج مارک (چھ ماہ کے پی کے آر وی شرحیں) منافع 9.36%، تھا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 1.66 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز پر 314 ارب روپے پر تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے فنڈ کے لیے A+(f) فنڈ اسٹیلٹی ریٹنگ کی دوبارہ توثیق کی ہے۔

## ایچ بی ایل منی مارکیٹ فنڈ

31 مارچ 2019 کو ختم ہونے والی مدت کے دوران فنڈ کی مجموعی آمدنی اور خالص آمدنی بالترتیب 514.72 اور 431.80 ملین روپے تھی۔ فنڈ کی خالص ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2018 کے مطابق 107.1869 روپے فی یونٹ تھی جو 31 مارچ 2019 کے مطابق بڑھ کر 108.0208 روپے فی یونٹ (5.15 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد) ہو گیا جس کے ذریعے 7.81% کا سالانہ منافع دیا گیا، اسی مدت کے دوران ہینج مارک (70% تین ماہ کے پی کے آر وی اور 30% تین ماہ کے ڈپازٹس ریٹس) منافع 8.01%، تھا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 6.54 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز پر 7.25 ارب روپے پر تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے فنڈ کے لیے AA(f) فنڈ اسٹیلٹی ریٹنگ کی دوبارہ توثیق کی ہے۔

## ایچ بی ایل کیش فنڈ

31 مارچ 2019 کو ختم ہونے والی مدت کے دوران فنڈ کی مجموعی آمدنی اور خالص آمدنی بالترتیب 835.61 اور 723.60 ملین روپے تھی۔ فنڈ کی ایکس۔ ڈیویڈنڈ خالص ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2018 کے مطابق 106.0021 روپے فی یونٹ تھی۔ 31 مارچ 2019 کے مطابق فنڈ کا این اے وی 100.8317 روپے فی یونٹ (5.25 روپے فی یونٹ کا حتمی منافع منقسمہ اور 5.9655 روپے فی یونٹ کا عبوری منافع منقسمہ تشکیل دینے کے بعد) ہو گیا جس کے ذریعے 8.13% کا سالانہ منافع دیا گیا، اسی مدت کے دوران ہینج مارک (70% تین ماہ کے پی کے آر وی اور 30% تین ماہ کے ڈپازٹس ریٹس) منافع 8.01%، تھا۔ فنڈ کا حجم 31 مارچ 2019 کے مطابق 9.67 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز پر 12.04 ارب روپے پر تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے فنڈ کے لیے AA(f) فنڈ اسٹیلٹی ریٹنگ کی دوبارہ توثیق کی ہے۔



ضبط کا سلسلہ جاری رکھا۔

مالی سال 19 کی تیسری سہ ماہی کے دوران 320-412bps کے اضافے کے ذریعے تمام مدتوں کے دوران منافع حاصل کیا گیا جس کی وجہ مالی سال 19 کی تیسری سہ ماہی میں ایس بی پی کی جانب سے پالیسی ریٹ میں مجموعی طور پر 425 bps کا اضافہ تھا۔ تین، پانچ اور دس سالہ پی آئی بی کے ثانوی مارکیٹ کی پیداوار بالترتیب 385، 392، 409 bps تک بڑھ گئی جبکہ تین، چھ اور بارہ ماہ کے ٹی بلز پر منافع مالی سال 19 کی تیسری سہ ماہی کے دوران بالترتیب 412، 410 اور 395 bps تک بڑھا۔ حکومت نے مالی سال 19 کی تیسری سہ ماہی کے دوران پی آئی بی کے نیلام کے ذریعے 200 ارب پاک روپے کے ہدف کے برخلاف مزید 319 ارب پاک روپے کا اضافہ کیا جس کی وجہ مارکیٹ میں موجود خریداروں کا پی آئی بی منافع میں اضافے کے بعد دلچسپی کا بڑھنا تھا۔ مالی سال 19 کی تیسری سہ ماہی میں حکومت نے 650 ارب پاک روپے کے ہدف کے برخلاف پی آئی بی کے ذریعے 373 ارب پاک روپے کا اضافہ کیا۔ تازہ ترین کٹوتی کے بعد منافع تین سال، پانچ سال اور دس سالہ پی آئی بی کے بالترتیب 12.23%، 12.64% اور 13.15% پر موجود تھا۔

مالی سال 19 کی تیسری سہ ماہی کے دوران حکومت نے وسیع طور پر اپنے قرضے کی ضروریات کا بندوبست مقامی وسائل اور بالخصوص مرکزی بینک کے ذریعے کیا۔ حکومت نے شیڈولڈ بینکوں نے 2,576 ارب پاک روپے حاصل کیے جبکہ گزشتہ سال کی اسی مدت کے دوران 1,391 ارب پاک روپے لیے گئے تھے۔ دریں اثنا ایس بی پی سے حکومت کے قرضہ جات اس مدت کے دوران 3,485 ارب پاک روپے تک بڑھے جبکہ گزشتہ برس کی اس مدت کے دوران قرضے کی شرح 2,161 ارب پاک روپے تھی۔

مارچ 2019 میں جاری مانیٹری پالیسی میں پالیسی ریٹ مزید 50bps 10.75% کیا گیا، آگے بڑھتے ہوئے ہم توقع کرتے ہیں کہ سخت مانیٹری نظم و ضبط کا سلسلہ جاری رہے گا اور شرح سود مالی سال 2019 کے باقی ماندہ ماہ کے دوران بدستور موجود سطح (11%-10.75%) پر برقرار رہے گا۔

### اسٹاک مارکیٹ کا جائزہ

پاکستان ایکویٹی مارکیٹ نے مالی سال 19 کی تیسری سہ ماہی کا آغاز ایک مثبت نکتے سے کیا کیونکہ KSE-100 اینڈیکس نے جنوری 19 میں 10% کی مستحکم کارکردگی ظاہر کی تاہم انڈیکس اپنی کارکردگی برقرار نہ رکھ سکا جس کی وجہ پاکستان اور بھارت کی سرحدوں پر بڑھتی ہوئی کشیدگی اور آئی ایم ایف پروگرام میں پاکستان کی شمولیت کے حوالے سے پائی جانے والی بے یقینی تھی۔ مالی سال 19 کی تیسری سہ ماہی کے لیے اینڈیکس نے معاشی بے یقینی کی صورتحال، مانیٹری نظام میں سخت روی، گیس اور بجلی کے ٹیرف میں نمایاں اضافے اور پاک روپے کی قدر میں کمی کے سبب سرمایہ کاروں کے کمزور اور دست رجحانات کے باعث 7.8% کی ظاہر کی۔ بہاؤ کی جانب غیر ملکی مالی سال 19 کی تیسری سہ ماہی کے دوران خالص خریدار رہے اور 31 ملین امریکی ڈالر کے شیئرز خریدے جو پھر بھی مالی سال 19 کی تیسری سہ ماہی کے دوران 373 ملین امریکی ڈالر کے مجموعی فروخت سے کم تھے۔

مالی سال 19 کی تیسری سہ ماہی کے دوران اینڈیکس نے 1,583 پوائنٹس (4.3%) کی ریکوری کی اور 38,649 کی سطح پر بند ہوا۔ انڈیکس کے ہیوی ویٹ شعبے کمرشل بینکس، آئل اور گیس ایکسپلوریشن اور فریٹلائزرز ریکلٹرز نے انڈیکس میں بنیادی معاونت فراہم کی۔ شرح سود میں مزید اضافے، تیل کی قیمتیں بڑھنے اور فریٹلائزر ریکلٹرز متعلقہ سیکٹرز کی کامیابی اس کے پیچھے مرکزی عوامل تھے۔ تجارتی بینکنگ کے شعبے نے 4% کارکردگی ریکارڈ کی جبکہ آئل اور گیس ایکسپلوریشن اور فریٹلائزر ریکلٹرز نے اینڈیکس کے لیے غیر معمولی کارکردگی کا مظاہرہ کیا اور بالترتیب 15% اور 6% کی شرح حاصل کی۔

ریفائنریز، پاور اور اوایم سیز اس مدت کے دوران کلیدی چٹائی کارکردگی کا مظاہرہ کرنے والے شعبے رہے جس کی وجہ حکومت کی جانب سے غیر معینہ مدت کے لیے ایف او پرنکس جزییشن بند کرنے کا فیصلہ تھا۔ مزید برآں مالی سال 19 کی پہلی سہ ماہی کے دوران ریفائنریز سے کمزور مالیاتی نتائج اور مالی سال 19 کی تیسری سہ ماہی کے دوران اوایم سی کے حجم میں کمی سمیت متعلقہ شعبے کی سست کارکردگی تھی۔ ریفائنریز، پاور اور اوایم سی سیکٹرز نے اینڈیکس KSE 100 میں چٹائی کارکردگی ظاہر کی اور بالترتیب 19%، 9% اور 7% گر گئی۔

آگے بڑھتے ہوئے انویسٹرز کو ممکنہ طور پر حکومت کی جانب سے آئی ایم ایف پروگرام میں شمولیت کے فیصلے، ایسٹنی اسکیم کے متوقع اعلان اور مالی سال 20 کے بجٹ کا انتظار ہے۔ ہم اس امر کو واضح کرتے ہیں کہ موجودہ میکرو اکنامک کے عناصر کے ہیوی ویٹس (ای اینڈ پیز، بینکس اور پاور) انڈیکس کے لیے مثبت کارکردگی کا مظاہرہ کریں گے جبکہ

## انتظامی کمپنی کے ڈائریکٹرز کی رپورٹ

ایچ بی ایل ایسیٹ مینجمنٹ لمیٹڈ کے بورڈ کے ڈائریکٹرز بمسرت 31 مارچ 2019 کو ختم ہونے والی نو ماہ کی مدت کے لیے اپنی رپورٹ مع ایچ بی ایل ایل اٹم فنڈ، ایچ بی ایل گورنمنٹ سیکورٹیز فنڈ، ایچ بی ایل منی مارکیٹ فنڈ، ایچ بی ایل کیش فنڈ، ایچ بی ایل اسٹاک فنڈ، ایچ بی ایل ایکویٹی فنڈ، ایچ بی ایل انرجی فنڈ، ایچ بی ایل ملٹی ایسیٹ فنڈ اور ایچ بی ایل فنانسل پلاننگ فنڈ، ایچ بی ایل گروتھ فنڈ (سابقہ پک اک گروتھ فنڈ) اور ایچ بی ایل انویسٹمنٹ فنڈ (سابقہ پک اک انویسٹمنٹ فنڈ) (دی فنڈز) کے مالیاتی حسابات پیش کر رہے ہیں۔

### اقتصادی جائزہ

مالیاتی سال 19 کا آغاز سیاسی تبدیلی کے ساتھ عبوری اور نوزائیدہ حکومت کے اقدامات سے ہوا جس کو معاشی چیلنجز بالخصوص دہرے خساروں اور افراط زر کے دباؤ کا سامنا تھا۔ پالیسی سازوں نے مالی سال 19 کے نو ماہ کے دوران کامیابی کے ساتھ کرنٹ اکاؤنٹ خسارے میں جی ڈی پی کے 4.5% تک کمی کی جبکہ مارچ-19 میں خسارہ 3.6% تھا، جو مالی سال 18 کے دوران پورے عشرے کی جی ڈی پی کے 5.7% کی بلند ترین سطح پر تھا۔ سی اے ڈی میں کمی کی بڑی وجہ سخت مالیاتی نظم و ضبط، پاک روپے کی قدر میں کمی اور درآمدات پر ڈیوٹیز نافذ کرنے کے باعث تھی۔ مزید برآں حکومت نے بھی کامیابی کے ساتھ دوست ممالک (سعودی عرب، یو اے ای اور چین) سے مالیاتی تعاون حاصل کر لیا جو زیر جائزہ مدت کے دوران زرتریل میں اضافے کے ساتھ غیر ملکی زرمبادلہ کے ذخائر میں اضافے میں معاون ثابت ہوئی۔

مجموعی طلب اور بیرونی اکاؤنٹ کے دباؤ پر مشتمل پالیسی اقدامات کے اثرات ایل ایس ایم میں سست روی سے ظاہر ہونے کا آغاز ہوا اور مالی سال 19 کی تیسری سہ ماہی کے دوران یہ مزید سکڑ گئے۔ مالی سال 19 کی تیسری سہ ماہی کے دوران پاک روپے کی قدر میں مزید 1.4% کمی کرنسی کو مساوی حجم پر لانے کے لیے گئی کیونکہ حقیقی موثر زرمبادلہ کے ریٹ فروری-19 میں 103.3 تک پہنچ گئے تھے۔ مرکزی بینک نے سخت مالیاتی نظم و ضبط کا سلسلہ مالی سال 19 کی تیسری سہ ماہی کے دوران بینچ مارک پالیسی ریٹ کو 75bps مزید بڑھانے کے ذریعے 10.75% تک کر دیا۔

ملک کا تجارتی خسارہ مالی سال 19 کی تیسری سہ ماہی کے دوران YoY 14% تک کم ہو کر 23.5 ارب امریکی ڈالر ہو گیا جس کی بنیادی وجہ درآمدات میں کمی (8% کم) کا ہونا تھا جبکہ برآمدات نے اس دوران YoY 1.1% کی مختصر گروتھ ظاہر کی۔ مالی سال 19 کی تیسری سہ ماہی کے دوران زرتریل نے متاثر کن رجحان ظاہر کیا اور 9% YoY بڑھ کر 16.1 ارب امریکی ڈالر تک جا پہنچے۔ سی اے ڈی میں سست روی کے باعث اور کثیر جہتی بہاؤ کی معاونت کے ساتھ غیر ملکی زرمبادلہ کے ذخائر مالی سال 19 کی تیسری سہ ماہی کے دوران 17.4 ارب امریکی ڈالر ہو گئے۔ اوسطاً سرکردہ سی پی آئی افراط زر مالی سال 19 کی تیسری سہ ماہی میں 6.8% تھا جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران 3.8% رہا تھا جس کی وجہ آئل کے نرخوں کا بلند تر اوسط، کرنسی کی قدر میں کمی اور بجلی کی قیمتوں میں اضافہ تھا۔ بنیادی افراط زر (نان-فوڈ اور نان-انرجی) نے مستقل طور پر بلند پرواز جاری رکھی اور مارچ-19 کے دوران 8.5% تک جا پہنچا، لی سال 19 کی تیسری سہ ماہی میں یہ اوسط 8.2% رہی جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران 5.4% تھی۔

چونکہ ہمیں توقع ہے کہ سرکردہ افراط زر مناسب فوڈ سپلائی کی بدولت متوازن رہے گا لہذا بنیادی افراط زر قریبی مدت میں بھی اٹکی رہے گا۔ زیر جائزہ مدت کے دوران نئی منتخب حکومت نے بھی ”منی بجٹ“ پیش کیا اور نظر ثانی شدہ مالیاتی خسارے کا ہدف جی ڈی پی کا 5.1% تھا۔

آگے بڑھتے ہوئے حکومت ممکنہ طور پر آئی ایم ایف کے ساتھ معاہدے کو حتمی شکل دے دیگی جس کے بعد مالیاتی اقدامات کا امکانی طور پر مالی سال 20 کے آئندہ بجٹ میں اعلان کیا جائے گا۔ مزید برآں حکومت کی جانب سے ایمنسٹی اسکیم کا اعلان بھی ٹیکس کا دائرہ کار اور ٹیکسوں کی آمدنی بڑھانے کی کوشش کے طور پر متوقع ہے۔ ہمیں یقین ہے کہ بیرونی کھاتوں کی ایڈجسٹمنٹ اور سخت مالیاتی نظم و ضبط کا وسیع تر رجحان برقرار رہے گا اور حکومت کی توجہ مالی سال 20 میں مالیاتی استحکام کے اقدامات کی جانب مبذول ہو جائے گی۔

### منی مارکیٹ کا جائزہ

ایس بی پی نے بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے پر قابو پانے اور افراط زر کے پھیلنے سے بچنے کے لیے مالی سال 19 کی تیسری سہ ماہی میں سخت مالیاتی نظم و

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# **HBL**

## **Income Fund**

## FUND INFORMATION

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Name of Fund	HBL Income Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Faysal Bank Limited Allied Bank Limited JS Bank Limited Samba Bank Limited MCB Bank Limited Askari Bank Limited Zarai Taraqati Bank Limited Soneri Bank Limited Sindh Bank Limited Telenor Microfinance Bank Limited Meezan Bank Limited NRSP Microfinance Bank Limited Industrial & Commercial Bank of China Limited First Microfinance Bank Limited U Microfinance Bank Limited
Rating	A(f) (JCR-VIS)

**HBL Income Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	314,526	1,242,036
Investments	5	1,188,074	1,221,606
Accrued mark-up		27,617	21,696
Advances, deposits, prepayments and other receivables	6	34,261	47,841
Receivable against sale of investments		7,938	24,984
<b>Total assets</b>		<b>1,572,416</b>	<b>2,558,163</b>
<b>Liabilities</b>			
Payable to the Management Company	7	2,974	4,399
Payable to the Trustee		236	349
Payable to the Securities and Exchange Commission of Pakistan		1,200	2,742
Accrued expenses and other liabilities	8	53,531	50,424
Payable against purchase of investments		-	43,789
<b>Total liabilities</b>		<b>57,941</b>	<b>101,703</b>
<b>Net assets</b>		<b>1,514,475</b>	<b>2,456,460</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>1,514,475</b>	<b>2,456,460</b>
<b>Contingencies and commitments</b>	9		
----- (Number of units) -----			
<b>Number of units in issue</b>		<b>13,501,342</b>	<b>22,072,806</b>
----- (Rupees) -----			
<b>Net assets value per unit</b>		<b>112.1722</b>	<b>111.2890</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Income Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For The Nine Months and Quarter Ended March 31, 2019*

		Nine months ended		Quarter ended	
		March 31,		March 31,	
		2019	2018	2019	2018
Note		(Rupees in '000)			
<b>Income</b>					
Mark-up on deposits with banks		75,330	60,317	27,285	9,801
Mark-up / return on investments		76,449	130,732	27,802	46,270
Dividend income		13,137	16,287	330	4,726
Unrealised (diminution) / appreciation on revaluation of investments classified as financial asset at fair value through profit or loss - net		(6,783)	(15)	(328)	(528)
Capital (loss)/ gain on sale of investments - net		(9,859)	2,748	(1,871)	3,587
Other Income		40		36	
		148,314	210,069	53,254	63,856
Reversal of provision against non-performing Term Finance Certificates	5.1.2	7,576	-	1,390	-
<b>Expenses</b>					
Remuneration of the Management Company		24,322	47,486	7,704	11,978
Remuneration of the Trustee		2,257	3,504	702	1,008
Annual fee to Securities and Exchange Commission of Pakistan		1,200	2,173	364	602
Allocation of expenses related to registrar services, accounting, operation and valuation services		1,600	2,897	486	802
Settlement and bank charges		1,814	4,095	386	1,463
Auditors' remuneration		282	300	92	95
Legal and professional charges		-	71	-	59
Printing and stationery		-	62	-	29
Listing fee		19	20	6	6
Rating fee		207	219	68	69
		31,701	60,827	9,808	16,111
<b>Net income from operating activities</b>		124,189	149,242	44,836	47,745
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		-	-	-	-
Provision for Sindh Workers' Welfare Fund	8.2	(2,484)	(2,985)	(897)	(955)
<b>Net income for the period before taxation</b>		121,705	146,257	43,939	46,790
Taxation	10	-	-	-	-
<b>Net income for the period after taxation</b>		121,705	146,257	43,939	46,790
<b>Allocation of net income for the period</b>					
Income already paid on redemption of units		46,562	36,635		
Accounting income available for distribution:					
- Relating to capital losses		-	1,079		
- Excluding capital gains		75,143	108,543		
		75,143	109,622		
		121,705	146,257		

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



**HBL Income Fund****Condensed Interim Statement of Comprehensive Income (Un-Audited)***For The Nine Months and Quarter Ended March 31, 2019*

	Nine months ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	----- (Rupees in '000') -----			
Net income for the period after taxation	121,705	146,257	43,939	-
Other comprehensive (loss) / income for the period	-	(9,059)	-	2,693
<b>Total comprehensive income for the period</b>	<b>121,705</b>	<b>137,198</b>	<b>43,939</b>	<b>2,693</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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# HBL Income Fund

## Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)

### For The Nine Months Ended March 31, 2019

	2019				2018			
	Capital Value	Undistributed Income	Unrealised (loss) / income of investment	Total	Capital Value	Undistributed Income	Unrealised (loss) / income of investment	Total
Rupees in '000'								
<b>Net assets at beginning of the year</b>	<b>2,230,273</b>	<b>226,959</b>	<b>(772)</b>	<b>2,456,460</b>	<b>4,362,025</b>	<b>117,658</b>	<b>10,613</b>	<b>4,490,296</b>
Adoption of IFRS 9	-	(772)	772	-	-	-	-	-
Issue of 10,207,566 units (2018: 5,975,963 units)								
- Capital value (at net asset value per unit at the beginning of the period)	1,079,846	-	-	1,135,990	633,539	-	-	633,539
- Element of income	10,426	-	-	(45,716)	7,748	-	-	7,748
Total proceeds on issuance of units	1,090,274	-	-	1,090,274	519,115	-	-	519,115
Redemption of 18,779,029 units (2018: 20,085,624 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(1,973,151)	-	-	(2,076,436)	(2,129,369)	-	-	(2,129,369)
- Element of loss	(12,850)	-	-	90,435	(34,873)	-	-	(34,873)
- Income already paid on redemption of units	-	(46,562)	-	(46,562)	-	(36,635)	-	(36,635)
	(1,986,001)	(46,562)	-	(2,032,563)	(2,164,242)	(36,635)	-	(2,200,877)
Total comprehensive income for the period	-	121,705	-	121,705	-	146,257	-	146,257
Refund of Capital	(13,463)	-	-	(13,463)	-	-	-	-
Distribution during the period	-	(107,938)	-	(107,938)	-	-	(9,059)	(9,059)
Total comprehensive income for the period	(13,463)	13,767	-	304	-	146,257	(9,059)	137,198
<b>Net assets at end of the period</b>	<b>1,321,083</b>	<b>193,392</b>	<b>-</b>	<b>1,514,475</b>	<b>2,716,898</b>	<b>227,280</b>	<b>1,554</b>	<b>2,945,732</b>
<b>Undistributed income brought forward</b>								
- Realised		224,607				117,670		
- Unrealised		2,352				(12)		
		226,959				117,658		
Adoption of IFRS 9		(772)				-		
Accounting income available for distribution								
- Relating to capital losses		-				1,079		
- Excluding capital losses		75,143				108,543		
		75,143				109,622		
Distribution during the period		(107,938)				-		
<b>Undistributed income carried forward</b>		<b>193,392</b>				<b>227,280</b>		
<b>Undistributed income carried forward</b>								
- Realised		200,175				227,295		
- Unrealised		(6,783)				(15)		
		193,392				227,280		
				(Rupees)				
<b>Net assets value per unit at beginning of the period</b>				<b>111.2890</b>				<b>106.0146</b>
<b>Net assets value per unit at end of the period</b>				<b>112.1722</b>				<b>109.9116</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Income Fund**  
**Condensed Interim Statement of Cash Flow (Un- Audited)**  
*For The Nine Months Ended March 31, 2019*

	Note	Nine months ended March 31,	
		2019	2018
		----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>			
Net income for the period before taxation		121,705	146,257
<b>Adjustments for non-cash items:</b>			
Mark-up on deposits with banks		(75,330)	(60,317)
Mark-up / return on investments		(76,449)	(130,732)
Dividend income		(13,137)	(16,287)
Provision for Sindh Workers' Welfare Fund		2,484	2,985
Unrealised diminution/ (appreciation) on revaluation of investments classified as financial asset at fair value through profit or loss - net		6,783	15
Capital loss on sale of investments - net		9,859	(2,748)
		(24,085)	(60,827)
<b>Decrease in assets</b>			
Investments		16,890	107,017
Advances, deposits, prepayments and other receivables		13,580	858,934
Receivable against sale of investments		17,046	-
		47,516	965,951
<b>(decrease) / Increase in liabilities</b>			
Payable to the Management Company		(1,425)	(3,816)
Payable to the Trustee		(113)	(160)
Payable to the Securities and Exchange Commission of Pakistan		(1,542)	(2,118)
Accrued expenses and other liabilities		623	(15,015)
Payable against purchase of investments		(43,789)	-
		(46,246)	(21,109)
<b>Net cash generated from operating activities</b>		(22,815)	884,015
Dividend received		13,137	16,287
Profit received		145,858	192,505
		158,995	208,792
<b>Net cash generated from operating activities</b>		136,180	1,092,807
<b>Cash flows from financing activities</b>			
Amount received on issue of units		1,090,274	641,287
Payment against redemption of units		(2,032,563)	(2,164,242)
Distribution paid		(121,401)	-
<b>Net cash used in financing activities</b>		(1,063,690)	(1,522,955)
<b>Net decrease in cash and cash equivalents</b>		(927,510)	(430,148)
Cash and cash equivalents at beginning of the period		1,242,036	881,829
<b>Cash and cash equivalents at end of the period</b>		314,526	451,681

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Income Fund**

## **Notes to the Condensed Interim Financial Information (Un-Audited)**

### ***For The Nine Months Ended March 31, 2019***

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

HBL Income Fund (the Fund) was established under a Trust Deed, dated September 06, 2006, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on July 25, 2006.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from March 15, 2007 to March 17, 2007.

The principal activity of the Fund is to make investments in fixed income securities. Other avenues of investments include ready future arbitrage in listed securities and transactions under Continuous Funding System.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+' to the Management Company and the fund stability rating of A(f) to the Fund.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

**2.1.1** 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 (IFRS Standards) 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
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

**2.1.2** The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of IAS 34. These condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

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## **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except that certain investments are measured at fair value.

## **2.3 Functional and presentation currency**

These condensed interim financial information are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## **3. SIGNIFICANT ACCOUNTING POLICIES, RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN**

**3.1** The accounting policies adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for spread transaction as disclosed in note 3.1.1 and for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

### **3.1.1 Spread transactions (ready-future transactions)**

The Fund enters into transactions involving purchase of an equity security in the ready market and simultaneous sale of the same security in the futures market. The security purchased in ready market is classified as 'financial assets at fair value through profit or loss' and carried on the Statement of Assets and Liabilities at fair value till their eventual disposal, with the resulting gain / loss taken to the Income Statement. The forward sale of the security in the futures market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to the Income Statement

**3.2** The preparation of these condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**3.3** The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

**3.4** There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial information

**3.5** On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

### **3.6 Impact of initial application of IFRS 9 Financial Instruments**

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the nine months ended March 31, 2019.

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**IFRS 9 introduced new requirements for:**

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

**(a) Classification and measurement of financial assets**

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- . debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- . debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- . all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;

the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- the Fund's investment in debt instruments that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at FVTPL because they are held within a business model whose objective is primarily to sell the bonds. The change in the fair value on these redeemable notes will be recorded in the profit or loss account;
- there is no change in the measurement of the Fund's investments in debt instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

Para (d) below tabulates the change in classification of the Fund's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

#### **(b) Impairment of financial assets**

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

#### **(c) Classification and measurement of financial liabilities**

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

#### **(d) Disclosures in relation to the initial application of IFRS 9**

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Carrying amount as per IAS 39 as on June 30, 2018	Reclassi- fications	Remeasur- ements	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on retained earnings on July 1, 2018
<b>Financial assets</b>	----- Rupees ('000')-----				
<b>Fair value through profit or loss</b>					
Listed equity securities from available for sale (IAS 39)	336,779	336,779	-	336,779	-
<b>Total</b>	<b>336,779</b>	<b>336,779</b>	<b>-</b>	<b>336,779</b>	<b>-</b>

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)				
	Note	----- (Rupees in '000) -----					
<b>4. BANK BALANCES</b>							
Balances with banks in:							
- Savings accounts	4.1	314,526	1,032,036				
- Term deposit receipt (TDR)		-	210,000				
		<u>314,526</u>	<u>1,242,036</u>				
<b>4.1</b>	This represents bank accounts held with different banks. Mark-up rate son these accounts ranges between 8.03%-12% (June 30, 2018: 4.10% - 7.50%) per annum.						
		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)				
	Note	----- (Rupees in '000) -----					
<b>5. INVESTMENTS</b>							
<b>Financial assets at fair value through profit or loss</b>							
- Term finance certificates - Listed	5.1	192,235	391,551				
- Term finance certificates and sukuk bonds - Unlisted	5.2	772,342	758,349				
- Investment in ready / future - spread transaction	5.3	-	71,706				
- Investment in Government securities	5.4	78,484	-				
		<u>1,043,061</u>	<u>1,221,606</u>				
<b>Financial assets at amortized cost</b>							
- Investment in Commercial paper	5.5	145,013	-				
		<u>1,188,074</u>	<u>1,221,606</u>				
<b>5.1 Term finance certificates - Listed</b>							
Name of the Investee Company	As at July 1, 2018	Number of certificates Purchases during the period	Sales / Matured during the period	As at March 31, 2019	Market value as at March 31, 2019	Market value as a percentage of Total Investments	Net Assets
(Rupees in '000')							
<b>Financial Services</b>							
Saudi Pak Leasing Company Limited - (Note 5.1.1)**	2,000	-	-	2,000	-	-	-
<b>Commercial Banks</b>							
Soneri Bank Limited	27,100	-	27,100	-	-	-	-
<b>Chemicals</b>							
Dawood Hercules Chemical Limited*	2,550	-	610	1,940	192,235	16.18	12.69
<b>Fixed Line Telecommunication</b>							
World Call Telecom Limited - (Note 5.1.2)**	23,750	-	-	23,750	-	-	-
	<u>25,750</u>	<u>-</u>	<u>-</u>	<u>25,750</u>	<u>192,235</u>	<u>16.18</u>	<u>12.69</u>
<b>Cost of investments at March 31, 2019</b>					<u>194,388</u>		
* Related party due to common directorship							
** In case of debt securities against which a provision has been made, these are carried at amortised cost less provision. For non-performing securities market value / valuation by MUFAP is not available.							



- 5.1.1** Saudi Pak Leasing Company Limited defaulted towards payment falling due in September 2010. Accordingly, the exposure was classified as non-performing and provision was recognised in accordance with the SECP's provisioning guidelines.

Subsequently, on the request of the Issuer, TFC holders approved the restructuring of the facility by extending repayment period from 5 years to 9 years and by reducing mark-up rate to 6% for 24 months from restructuring date and 8% for next 24 months and thereafter fixing the mark-up rate at 1 month KIBOR. Further, half of the accrued mark-up is to be paid in cash and the balance is being deferred.

The Issuer defaulted again in the payment of principal and mark-up due on September 13, 2011. In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by the Securities Exchange Commission of Pakistan (SECP), the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non performing exposure. A provision of Rs. 5.550 million equivalent to 100% of the amount outstanding has been made.

- 5.1.2** World call Telecom Limited TFC's were classified by MUFAP as non-performing on November 8, 2012 after default of instalment due on October 7, 2012 (earlier default on April 7, 2012) for the second time. A restructuring agreement was signed on December 26, 2012. The restructuring included the extension of repayment period by 2 years, deferral of principal instalments till October 7, 2014 and payment of regular mark-up during the restructuring period. In accordance with Circular No. 33 of 2012 dated October 24, 2012, a provision of Rs. 47.767 million has been made out of which during the period ended March 31, 2019 Rs. 7.576 million is received leaving outstanding balance as at March 31, 2019 of Rs. 40.191 million.

- 5.1.3** This include Rs 2.741 million recoverable from Dawood Hercules Chemical Limited.

## 5.2 Term finance certificates and sukuk bonds - Unlisted

Name of the Investee Company	Number of certificates				Market value as at March 31, 2019	Market value as a	
	As at July 1, 2018	Purchases during the period	Sales / Matured during the period	As at March 31, 2019		Total Investments	Net Assets
(Rupees in '000)							
Commercial Banks							
Bank of Punjab *	650	-	-	650	64,182	5.40	4.24
JS Bank Limited	3,150	-	-	3,150	15,806	1.33	1.04
JS Bank Limited *	2,000	-	100	1,900	188,120	15.83	12.42
JS Bank Limited	8,450	-	4,150	4,300	21,576	1.82	1.42
Bank of Punjab *	1,400	-	-	1,400	138,237	11.64	9.13
	15,650	-	4,250	11,400	427,921	36.02	28.26
Chemicals							
Agritech Limited (Note: 5.2.1)	2,430	-	-	2,430	-	-	-
Ghani Gases Limited	200	-	-	200	13,258	1.12	0.88
	2,630	-	-	2,630	13,258	1.12	0.88
Multiutilities							
Water and Power Development Authority	55,160	-	55,160	-	-	-	-
Power Generation & Distribution							
Neelum Jhelum Hydropower Company (Private) Limited	-	2,500	2,500	-	-	-	-
Hub Power Company Limited	-	36,600	-	36,600	183,000	15.40	12.08
	-	39,100	2,500	36,600	183,000	15.40	12.08
Investment Companies							
Jahangir Siddiqui & Company Limited	18,000	-	8,000	10,000	49,119	4.13	3.24
Jahangir Siddiqui & Company Limited	-	8,000	-	15,100	65,865	5.54	4.35
Jahangir Siddiqui & Company Limited	-	10,000	10,000	-	-	-	-
	18,000	18,000	18,000	25,100	114,984	9.68	7.59

Name of the Investee Company	Number of certificates				Market value as at March 31, 2019	Market value as a	
	As at July 1, 2018	Purchases during the period	Sales / Matured during the period	As at March 31, 2019		Total Investments	Net Assets
(Rupees in '000)							
Technology and communication							
TPL Corporation Limited *	500	-	-	500	33,179	2.793	2.19
Others							
New Allied Electronic Industries (Private) Limited (Note: 5.2.2)**	9,000	-	-	9,000	-	-	-
New Allied Electronic Industries (Private) Limited (Note: 5.2.2)**	9,000	-	-	9,000	-	-	-
	18,000	-	-	18,000	-	-	-
Total	91,940	57,100	79,910	76,230	772,342	65.01	51.00
Cost of investments at March 31, 2019					778,030		

\* These TFCs have face value of Rs. 100,000 per TFC.

\*\* In case of debt securities against which a provision has been made, these are carried at amortised cost less provision. For non-performing securities market value / valuation by MUFAP is not available.

**5.2.1** Installments amounting to Rs. 1.998 million became due for payment of the following TFCs / sukus.

	<b>March 31, 2019 (Un-Audited)</b>	<b>June 30, 2018 (Audited)</b>
	<b>----- (Rupees in '000') -----</b>	
Agritech Limited	<b>1,998</b>	<b>1,998</b>

**5.2.2** These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided.

**5.2.3** Details of non-compliant investments with the investment limit specified by Regulation 55 sub regulation 5 of the NBFC Regulations

Name of Non-Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	% of Net Assets	% of Gross Assets
<b>----- (Rupees in '000') -----</b>						
Dawood Hercules Corporation Limited (note 5.2.4)	Sukuk	192,235	-	192,235	12.69	12.23
JS Bank Limited	TFC	235,402	-	235,402	11.54	11.22

**5.2.4** The exposure limit in a single entity as a percentage of net assets exceeded by 0.4% and 0.5% against the prescribed limit of 10% of the total net assets as required under the NBFC Regulations. The disclosure for breach of exposure limit is made as required by the circular no. 16 of 2010 dated July 07, 2010 by SECP. Exposure limit exceeded the prescribed limit of 10% due to reduction of fund size, subsequent to the purchase of investment.

**5.2.5** Significant terms and conditions of Term Finance Certificates Sukuk bonds outstanding as at March 31, 2019 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
<b>Term Finance Certificates and Sukuk bonds - Listed</b>				
Dawood Hercules Corporation Limited -Sukuk	100,000	3 months KIBOR + 1.4%	November 16, 2017	November 16, 2022
<b>Term Finance Certificates and Sukuk bonds - Unlisted</b>				
JS Bank Limited - TFC	4,996	6 months KIBOR + 1.4%	December 14, 2016	December 16, 2023
JS Bank Limited - TFC	99,960	6 months KIBOR + 1.4%	December 29, 2017	December 29, 2024
TPL Corp Ltd. - TFC	66,667	3 months KIBOR + 1.5%	December 19, 2017	December 18, 2019
Bank Of Punjab - TFC	99,920	6 months KIBOR + 1.4%	December 23, 2016	December 23, 2026
Jahangir Siddiqui & Company Ltd - TFC	5,000	6 months KIBOR + 1.4%	July 18, 2017	July 18, 2022
Jahangir Siddiqui & Company Ltd - TFC	5,000	6 months KIBOR + 1.4%	March 6, 2018	March 6, 2023
Jahangir Siddiqui & Company Ltd - TFC	3,125	6 months KIBOR + 1.65%	June 24, 2016	June 24, 2021
Bank Of Punjab - TFC	99,920	6 months KIBOR + 1.4%	December 23, 2016	December 23, 2028
Ghani Gasses Limited -Sukuk	79,143	3 months KIBOR + 1%	February 2, 2017	February 2, 2023

**5.3** The investment in equity securities represents spread transactions entered into the by the Fund. The Fund purchases equity securities in ready settlement market and sells the securities in future settlement market on the same day, resulting in spread income due to differences in ready and future stock prices. There are no outstanding equity investments as at March 31, 2019.

#### **5.4 Investment in Government securities**

Face value						Market value as at March 31, 2019	Market Value as a percentage of	
Issue Date	Tenure	As at July 1, 2018	Purchases during the period	Sales / Matured during the period	As at March 31, 2019		Total Investments	Net Assets
						(Rupees in '000)		
Treasury bill								
August 2, 2018	3 months	-	8,500	8,500	-	-	-	-
December 6, 2018	3 months	-	10,000	10,000	-	-	-	-
		-	18,500	18,500	-	-	-	-
PIB								
July 12, 2018	10 years	-	375	375	-	-	-	-
February 21, 2019	10 years	-	2,000	2,000	-	-	-	-
May 31, 2018	10 years	-	802	-	802	78,484	-	-
July 12, 2018	3 years	-	4,625	4,625	-	-	-	-
July 12, 2018	5 years	-	1,000	1,000	-	-	-	-
August 9, 2018	10 years	-	5,559	5,559	-	-	-	-
		-	14,361	13,559	802	78,484	-	-
Cost of investments at March 31, 2019						78,198		

**5.5** This represent commercial paper which will mature on July 15,2019 and carries profit rate of 12.26% ( June 30, 2018: Nil ) per annum.

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
<b>6. ADVANCES, DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES</b>			
Security deposit with National Clearing Company of Pakistan Limited		9,079	46,831
Security deposit with Central Depository Company of Pakistan Limited		100	100
Receivable against investments of term finance certificates and sukuk bonds		1,998	1,998
Advance tax		24,970	645
Dividend receivable		-	-
Prepaid expenses		112	265
		<u>36,259</u>	<u>49,839</u>
Less: Provision against overdue installments of term finance certificates and sukuk bonds		1,998	1,998
		<u>34,261</u>	<u>47,841</u>
<b>7. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Management fee		2,136	3,125
Sindh Sales Tax		278	408
Sales load payable		408	617
Allocation of expenses related to registrar services, accounting, operation and valuation services		152	249
		<u>2,974</u>	<u>4,399</u>
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		174	328
Brokerage payable		890	573
Federal Excise Duty payable	8.1	27,578	27,578
Other payables		539	297
Capital gain tax payable		525	352
Withholding tax payable		86	41
Provision for Sindh Workers' Welfare Fund	8.2	23,739	21,255
		<u>53,531</u>	<u>50,424</u>
<b>8.1</b>	The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in the note 13.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order by Supreme Court of Pakistan dated July 16, 2016, is pending for decision.		
	In view of above, the Management Company, being prudent, is carrying a provision for FED for the period from January 13, 2013 to June 30, 2018 aggregating to Rs. 27.578 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 2.043 per unit (June 30, 2018: 1.249 per unit)		
<b>8.2</b>	The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.		
	In view of the above, the Management Company, being prudent, recognized provision for SWWF amounting to Rs. 23.739 million (June 30, 2018: Rs. 21.255 million). Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 1.758 per unit (June 30, 2018: Rs. 0.963 per unit)		

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## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

There are no contingencies outstanding as at March 31, 2019 and June 30, 2018

### 9.2 COMMITMENTS

March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
----- (Rupees in '000) -----	

Future sell transactions of equity securities entered  
into by the fund not settled as at Period/year end

<u>7,938</u>	<u>72,135</u>
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## 10. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part 1 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.

## 11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the nine months ended March 31, 2019 is 1.59% (March 31, 2018: 1.65%), which includes 0.31% (March 31, 2018: 0.29%) representing government levy, Worker's Welfare Fund and SECP fee.

## 12. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons / related parties comprise HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and the directors of the connected persons.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Details of the transactions with connected persons during the period and balances with them at period end are as follows:

		Nine months ended	
		March 31,	
		2019	2018
		(Un-Audited)	(Un-Audited)
		----- (Rupees in '000) -----	
<b>12.1</b>	<b>Transactions during the period</b>		
	<b>HBL Asset Management Limited - Management Company</b>		
	Management fee inclusive of sales tax	24,322	47,486
	Allocation of expenses related to registrar services, accounting, operation and valuation services	1,600	2,897
	Issue of 27,655 units (2018: 1,156,101 units)	2,926	125,000
	Redemption of 1,211,327 units (2018: nil units)	129,374	-
	Dividend paid	6,359	-
	Refund of capital 27,571 units	2,917	-
	<b>Habib Bank Limited - Sponsor</b>		
	Bank charges paid	30	20
	Issue of 493,384 units (2017: Nil units)	52,195	-
	Redemption of 7,983,303 units (2018: 4,621,852 units)	875,082	500,000
	Dividend paid	52,195	-
	Mark-up earned during the period	1,006	1,956
	Purchase of TFCs: Nil units (2018: 1,250 units)	-	123,676
	Sale of TFCs: Nil units (2018: 3,960 units)	-	392,019
	Sale of Sukuk certificates: Nil units (2018: 1,000 units)	-	100,000
	<b>HBL Asset Management Ltd Employees Provident Fund</b>		
	Issue of Nil units (2018: 10,946 units)	-	1,203
	<b>Attock Cement Pak Ltd Employees Provident Fund</b>		
	Issue of 64,988 units (2018: Nil units)	7,000	-
	<b>Attock Cement Pak Ltd Employees Pension Fund</b>		
	Issue of 46,420 units (2018: Nil units)	5,000	-
	Redemption of 46,420 units (2018: Nil units)	5,153	-
	<b>MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan - CIS Managed by the Management Company</b>		
	Issue of 77,754 units (2018: 1,734,330 units)	8,700	186,000
	Redemption of Nil units (2018: 978,333 units)	-	106,195
	Refund of capital 30,098 units	3,184	-
	Dividend paid	3,184	-
	<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - CIS Managed by the Management Company</b>		
	Issue of 71,498 units (2018: Nil units)	8,000	-
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Remuneration	2,257	3,504
	CDC charges	138	549

	Nine months ended	
	March 31,	
	2019	2018
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	
<b>Executives and their relatives</b>		
Issue of 9,763 units (2018: Nil units)	1,064	-
Redemption of Nil units (2018: 1,887 units)	-	201
Dividend paid	389	-
<b>Pakistan Society For The Welfare Of Mentally Retarded Children</b>		
<b>- Related party due to holding more than 10%</b>		
Issue of 1,652,342 units (2018: Nil units)	180,546	-
Redemption of 142,021 units (2018: Nil units)	15,525	-
<b>12.2 Balances outstanding as at period / year end</b>		
	March 31,	June 30,
	2019	2018
	(Un-Audited)	(Audited)
	----- (Rupees in '000) -----	
<b>HBL Asset Management Limited - Management Company</b>		
Investment held in the Fund: Nil units (30 June, 2018: 1,156,101 units)	-	128,661
Management fee	2,136	3,125
Sindh Sales Tax	278	408
Sales load payable	408	617
Allocation of expenses related to registrar services, accounting, operation and valuation services	152	249
<b>Habib Bank Limited - Sponsor</b>		
Investment held by HBL in the Fund: 2,000,000 units (June 30, 2018: 9,489,918 units)	224,344	1,056,124
Bank balances with HBL	1,351	14,381
<b>The First Microfinance Bank - Associate</b>		
Bank balances	10	-
<b>Attock Cement Pak Ltd Employees Provident Fund</b>		
Investment held in the Fund: 64,988 units (June 30, 2018: Nil units)	7,290	-
<b>MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan - CIS Managed by the Management Company</b>		
Investment held in the Fund: 686,777 units (June 30, 2018: 578,925 units)	77,037	64,428

	March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	----- (Rupees in '000) -----	
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - CIS Managed by the Management Company</b>		
Investment held in the Fund: 71,498 units (June 30, 2018: Nil units)	<b>8,020</b>	-
<b>Directors and Executives of the Management Company and their relatives</b>		
<b>Executives and their relatives</b>		
Investment held in the Fund: 80,536 units (June 30, 2018: 11,472 units)	<b>9,034</b>	1,278
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	<b>209</b>	282
Sindh Sales tax	<b>27</b>	37
Security deposit	<b>100</b>	100
CDC Charges	<b>9</b>	30
<b>Pakistan Society For The Welfare Of Mentally Retarded Children- Related party due to holding more than 10%</b>		
Investment held in the Fund: 1,510,321 units (June 30, 2018: 11,472 units)	<b>169,416</b>	1,278

### 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and 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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements 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:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using 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) (level 2); and
- Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).



The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		March 31, 2019 (Un-Audited)						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Financial asset at amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000')						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Term finance certificates and sukuk bonds		964,577	-	964,577	-	964,577	-	964,577
		964,577	-	964,577	-	964,577	-	964,577
<b>Financial assets not measured at fair value</b>								
13.1								
Bank balances		-	314,526	314,526				
Accrued mark-up		-	27,617	27,617				
Receivable against investment in shares		-	7,938	7,938				
Deposits and other receivables		-	9,179	9,179				
			359,260	359,260				
<b>Financial liabilities not measured at fair value</b>								
13.1								
Payable to the Management Company		-	2,696	2,696				
Payable to SECP		-	1,200	1,200				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	209	209				
Accrued expenses and other liabilities		-	713	713				
		-	4,818	4,818				

		June 30, 2018 (Audited)							
		Carrying amount				Fair Value			
		Available for sale	Held-for-trading	Loans and receivable	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3
Note		(Rupees in '000')							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments									
- Term finance certificates and sukuk bonds		336,779	813,121	-	-	1,149,900	-	1,149,900	-
- Investment in ready / future - spread transaction		-	71,706	-	-	71,706	71,706	-	-
		336,779	884,827	-	-	1,221,606	71,706	1,149,900	-
<b>Financial assets not measured at fair value</b>									
13.1									
Bank balances			-	1,242,036	-	1,242,036			
Accrued mark-up			-	21,696	-	21,696			
Receivable against investment in shares			-	24,984	-	24,984			
Deposits and other receivables			-	46,931	-	46,931			
			-	1,335,647	-	1,335,647			
<b>Financial liabilities not measured at fair value</b>									
13.1									
Payable to Management Company		-	-	-	3,991	3,991			
Payable to SECP		-	-	-	2,742	2,742			
Payable to Trustee		-	-	-	309	309			
Accrued expenses and other liabilities		-	-	-	1,198	1,198			
Payable against purchase of investment		-	-	-	43,789	43,789			
		-	-	-	52,029	52,029			

- 13.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice frequently. Therefore, their carrying amounts are reasonable approximation of fair value.

**14. DISCLOURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME**

The Securities and Exchange Commission of Pakistan vide Circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Income Fund (the Fund) as Income Scheme' in accordance with the said circular. As at December 31, 2018, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

<b>Name of Non-Compliant Investment</b>	<b>Type of Investment</b>	<b>Value of Investment before provision</b>	<b>Provision held</b>	<b>Value of Investment after provision</b>	<b>% of Gross Assets</b>
<b>(Rupees in '000)</b>					
New Allied Electronics Industries (Private) Limited	TFC	19,025	19,025	-	-
New Allied Electronics Industries (Private) Limited	Sukuk	44,149	44,149	-	-
AgriTech Limited	TFC	9,992	9,992	-	-
Saudi Pak Leasing Company Limited	TFC	5,550	5,550	-	-
World Call Telecom Limited	TFC	40,191	40,191	-	-

The above securities have ratings lower than investment grade.

**15. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on April 30, 2019.

**16. GENERAL**

**16.1** Figures have been rounded off to the nearest thousand rupees.

**16.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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# **HBL**

## **Government Securities Fund**

## FUND INFORMATION

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Name of Fund	HBL Government Securities Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Allied Bank Limited JS Bank Limited Samba Bank Limited MCB Bank Limited Zarai Taraqati Bank Limited United Bank Limited Soneri Bank Limited Sindh Bank Limited NRSP Microfinance Bank Limited

**HBL Government Securities Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	Note	-----Rupees in '000-----	
<b>Assets</b>			
Bank balances	4	1,560,039	332,785
Investments	5	116,906	-
Receivable against margin trading system		-	77
Accrued markup on bank balances and investments		10,770	2,054
Deposits, prepayments and other receivables		2,472	2,310
<b>Total assets</b>		<b>1,690,187</b>	<b>337,226</b>
<b>Liabilities</b>			
Payable to the Management Company	6	4,680	344
Payable to the Trustee		157	24
Payable to Securities and Exchange Commission of Pakistan		290	514
Payable against redemption of units		6,459	523
Accrued expenses and other liabilities	7	23,233	22,184
<b>Total liabilities</b>		<b>34,819</b>	<b>23,589</b>
<b>Net assets</b>		<b>1,655,368</b>	<b>313,637</b>
<b>Units holders' fund (as per statement attached)</b>		<b>1,655,368</b>	<b>313,637</b>
<b>Contingencies and commitments</b>	8		
<b>----- Number of units -----</b>			
<b>Number of units in issue</b>		<b>14,679,787</b>	<b>2,840,288</b>
<b>----- Rupees -----</b>			
<b>Net assets value per unit</b>		<b>112.7651</b>	<b>110.4244</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Government Securities Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the Nine months and Quarter ended March 31, 2019*

		Nine months ended March 31,		Quarter ended March 31,	
		2019	2018	2019	2018
	Note	----- Rupees in '000 -----			
<b>Income</b>					
Capital gain on sale of investments - net		1,568	234	882	215
Income from government securities		4,478	13,884	3,478	890
Income from Money Market Placements		2,245	6,868	720	1,067
Income from Term Finance Certificates		505	-	505	-
Income from margin trading system		153	1,812	(12)	178
Profit on bank deposits		31,678	16,905	13,193	4,009
		40,627	39,703	18,766	6,359
Unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit or loss - held -for-trading' - net		201	(1)	201	16
		40,828	39,702	18,967	6,375
<b>Expenses</b>					
Remuneration of the Management Company	6.1 & 6.2	5,095	8,358	2,195	1,088
Remuneration of the Trustee		633	1,023	254	102
Annual fee to Securities and Exchange Commission of Pakistan		290	455	122	69
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	387	606	163	91
Auditors' remuneration		332	331	109	109
Fees and subscription		290	292	141	105
Securities transaction cost		679	1,008	268	185
Bank charges		114	54	80	11
Printing charges		-	283	-	90
		7,820	12,410	3,332	1,851
<b>Net income from operating activities</b>		33,008	27,292	15,635	4,524
Provision for Sindh Workers' Welfare Fund / Reversal of Workers' Welfare Fund	7.1	(660)	(546)	(313)	(91)
<b>Net income for the period before taxation</b>		32,348	26,746	15,322	4,433
Taxation	9	-	-	-	-
<b>Net income for the period after taxation</b>		32,348	26,746	15,322	4,433
<b>Allocation of net income for the period</b>	3.6				
Income already paid on redemption of units		12,605	15,769		
<b>Accounting income available for distribution:</b>					
- Relating to capital gains / (losses)		324	190		
- Excluding capital gains / (losses)		19,419	10,787		
		19,743	10,977		

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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**HBL Government Securities Fund**  
**Condensed Statement of Comprehensive Income (Un-Audited)**  
*For the Nine months and Quarter ended March 31, 2019*

	Nine months ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	----- Rupees in '000 -----			
Net income for the period after taxation	<b>32,348</b>	26,746	<b>15,322</b>	4,433
<b>Other comprehensive income for the period</b>				
Items that may be reclassified to income statement	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>32,348</b>	26,746	<b>15,322</b>	4,433

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

_____ Chief Financial Officer	_____ Chief Executive Officer	_____ Director
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**HBL Government Securities Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)**  
*For the Nine months ended March 31, 2019*

	Nine months ended March 31,					
	2019			2018		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	----- Rupees in '000 -----					
<b>Net assets at beginning of the period</b>	229,135	84,502	313,637	1,299,434	70,516	1,369,950
<b>Issuance of 20,199,568 units (2018: 257,867 units)</b>						
Capital value (at net asset value per unit at the beginning of the period)	2,134,577	-	2,134,577	27,186	218	27,404
Element of income	100,936	-	100,936	-	-	-
<b>Total proceeds on issuance of units</b>	2,235,513	-	2,235,513	27,186	218	27,404
<b>Redemption of 8,360,069 units (2018: 7,158,445 units)</b>						
Capital value (at net asset value per unit at the beginning of the period)	(883,445)	-	(883,445)	(1,072,714)	(9)	(1,072,723)
Income already paid on redemption of units	-	(12,605)	(12,605)	-	(15,769)	(15,769)
Element of loss	(16,589)	-	(16,589)	-	-	-
<b>Total payments on redemption of units</b>	(900,034)	(12,605)	(912,639)	(1,072,714)	(15,778)	(1,088,492)
<b>Total comprehensive income for the period</b>	-	32,348	32,348	-	26,746	26,746
Refund of capital	(196)	-	(196)	-	-	-
Distribution during the period	-	(13,295)	(13,295)	-	-	-
	(196)	19,053	18,857	-	26,746	26,746
<b>Net assets at end of the period</b>	<u>1,564,418</u>	<u>90,950</u>	<u>1,655,368</u>	<u>253,906</u>	<u>81,701</u>	<u>335,608</u>
<b>Undistributed income brought forward</b>						
Realised		84,502			69,776	
Unrealised		-			740	
		84,502			70,516	
<b>Accounting income available for distribution</b>						
Relating to capital gains		324			190	
Excluding capital gains		19,419			10,787	
		19,743			10,977	
Distribution during the period		(13,295)			-	
Undistributed income carried forward		<u>90,950</u>			<u>81,493</u>	
<b>Undistributed income carried forward</b>						
Realised		90,749			81,494	
Unrealised		201			(1)	
		<u>90,950</u>			<u>81,493</u>	
		(Rupees)			(Rupees)	
<b>Net assets value per unit at beginning of the period</b>		<u>110.4244</u>			<u>105.4266</u>	
<b>Net assets value per unit at end of the period</b>		<u>112.7651</u>			<u>109.0617</u>	

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



**HBL Government Securities Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the Nine months and Quarter ended March 31, 2019*

	Note	Nine months ended March 31,	
		2019	2018
		----- Rupees in '000 -----	
<b>Cash flows from operating activities</b>			
Net income for the period after taxation		32,348	10,977
<b>Adjustments for:</b>			
Income from government securities		(4,478)	(13,884)
Income from Money Market Placements		(2,245)	(6,868)
Income from Term Finance Certificates		(505)	
Income from margin trading system		(153)	(1,812)
Profit on bank deposits		(31,678)	(16,905)
Unrealised (appreciation) / diminution on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net		(201)	1
Capital (gain) on sale of investments - net		(1,568)	(234)
		(8,480)	(28,725)
<b>(Increase) / Decrease in assets</b>			
Investments - net		(117,165)	1,063,141
Receivable against margin trading system		77	31,104
Deposits, prepayments and other receivables		(162)	(1,196)
		(117,250)	1,093,050
<b>Increase / (Decrease) in liabilities</b>			
Payable to the Management Company		4,336	(1,502)
Payable to the Trustee		133	(406)
Payable to the Securities and Exchange Commission of Pakistan		(224)	(997)
Accrued expenses and other liabilities		1,049	(6,657)
		5,294	(9,562)
		(120,436)	1,054,763
Income received from government securities		2,920	23,576
Income received from money market placements		2,245	7,970
Income received from term finance certificates		505	-
Income received from margin trading system		155	2,193
Bank profits received		26,546	15,758
<b>Net cash generated from operating activities</b>		(88,065)	1,104,261
<b>Cash flows from financing activities</b>			
Amount received on issue of units		2,235,513	27,404
Payment against redemption of units		(906,703)	(1,451,312)
Dividend paid		(13,491)	-
<b>Net cash used in financing activities</b>		1,315,319	(1,423,908)
<b>Net (decrease) / increase in cash and cash equivalents</b>		1,227,254	(319,648)
Cash and cash equivalents at beginning of the period		332,785	546,623
<b>Cash and cash equivalents at end of the period</b>	4	1,560,039	226,975

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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# **HBL Government Securities Fund**

## **Notes to the Condensed Interim Financial Information (Unaudited)**

*For the Nine months and Quarter ended March 31, 2019*

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

- 1.1** HBL Government Securities Fund ("the Fund") was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. NBFC-II/DD/PICICIF/199 dated March 10, 2010 and the Trust Deed was executed on March 17, 2010.
- 1.2** Through an order dated August 31, 2016, SECP approved the merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on February 17, 2017. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund For Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.
- 1.3** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.4** The Fund is an open-ended sovereign income scheme and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from December 11, 2010 to December 13, 2010. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 1.5** The Fund has been categorised as a sovereign income scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).
- 1.6** The core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.
- 1.7** JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company and assigned stability rating of A+(f) to the Fund as at December 28, 2018 and December 26, 2018, respectively.
- 1.8** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

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**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

**2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

**2.3 Functional and presentation currency**

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

**3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN**

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018 except as explained in note 3.6.

**3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

**3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2018.

**3.4** There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.

**3.5** The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2018.

**3.6** Except as described below, the accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after July 1, 2018. A number of other new standards are effective from July 1, 2018 but they do not have a material effect on the Fund's condensed interim financial information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

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The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

**i. Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

	<b>Note</b>	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying amount under IAS 39</b>	<b>New carrying amount under IFRS 9</b>
<b>Financial assets</b>					
<b>-----Rupees in '000-----</b>					
Bank balances	(a)	Loans and receivables	Amortised cost	332,785	332,785
Receivable against Margin Trading System (MTS)	(a)	Loans and receivables	Amortised cost	77	77
Profit receivable	(a)	Loans and receivables	Amortised cost	2,054	2,054
Deposits, prepayments and other receivables	(a)	Loans and receivables	Amortised cost	2,310	2,310
				<u>337,226</u>	<u>337,226</u>

(a) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

**ii. Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

**iii. Transition**

The Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

## 5.2 Financial assets at fair value through profit or loss - held-for-trading: - Pakistan Investment Bonds

Issue date	Tenure	Face value				Balance as at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)		
Rupees in '000										
July 12, 2018	10 Years	-	37,500	37,500	-	-	-	-	-	-
February 21, 2019	10 Years F	-	150,000	150,000	-	-	-	-	-	-
May 31, 2018	10 Years F	-	50,000	-	50,000	48,752	48,930	178	0.03	0.42
July 12, 2018	3 Years	-	737,500	737,500	-	-	-	-	-	-
April 21, 2016	3 Years	-	2,000,000	2,000,000	-	-	-	-	-	-
December 29, 2016	3 Years	-	39,500	39,500	-	-	-	-	-	-
July 12, 2018	5 Years	-	200,000	200,000	-	-	-	-	-	-
August 9, 2018	10 Years F	-	806,606	806,606	-	-	-	-	-	-
Total - As at March 31, 2019		-	4,021,106	3,971,106	50,000	48,752	48,930	178	0.03	0.42
Total - As at June 30, 2018		850,000	1,900,000	2,750,000	-	-	-	-	-	-

5.2.1 The effective yield on Pakistan investment bonds is 10.48% (June 30, 2018: Nil) per annum.

## 5.3 GOP ijara sukuk certificates

Issue details	Tenure	Face value				Balance as at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)		
Rupees in '000										
GOP Ijarah 17	3 Years	-	510,000	510,000	-	-	-	-	-	-
GOP Ijarah 18	3 Years	-	125,000	125,000	-	-	-	-	-	-
GOP Ijarah 19	3 Years	-	100,000	100,000	-	-	-	-	-	-
Total - As at March 31, 2019		-	735,000	735,000	-	-	-	-	-	-
Total - As at June 30, 2018		-	665,200	665,200	-	-	-	-	-	-

## 5.4 At fair value through profit or loss - held-for-trading Corporate sukuk certificates - Listed

Name of Investee Company	Number of Certificates				Balance as at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)		
-----Rupees in '000-----									
Dawood Hercules Corporation Limited *	-	150	-	150	14,858	15,000	143	0.01	0.13
Dawood Hercules Corporation Limited *	-	100	-	100	10,000	9,909	(91)	0.01	0.08
Total - As at March 31, 2019	-	250	-	250	24,858	24,909	52	0.02	0.21
Total - As at June 30, 2018	-	-	-	-	-	-	-	-	-

\* Related party due to common directorship

5.4.1 This include Rs 0.294 million receivable from Dawood Hercules Chemical Limited.

## 5.2 Financial assets at fair value through profit or loss - held-for-trading: - Pakistan Investment Bonds

Issue date	Tenure	Face value				Balance as at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)		
Rupees in '000										
July 12, 2018	10 Years	-	37,500	37,500	-	-	-	-	-	-
February 21, 2019	10 Years F	-	150,000	150,000	-	-	-	-	-	-
May 31, 2018	10 Years F	-	50,000	-	50,000	48,752	48,930	178	0.03	0.42
July 12, 2018	3 Years	-	737,500	737,500	-	-	-	-	-	-
April 21, 2016	3 Years	-	2,000,000	2,000,000	-	-	-	-	-	-
December 29, 2016	3 Years	-	39,500	39,500	-	-	-	-	-	-
July 12, 2018	5 Years	-	200,000	200,000	-	-	-	-	-	-
August 9, 2018	10 Years F	-	806,606	806,606	-	-	-	-	-	-
Total - As at March 31, 2019		-	4,021,106	3,971,106	50,000	48,752	48,930	178	0.03	0.42
Total - As at June 30, 2018		850,000	1,900,000	2,750,000	-	-	-	-	-	-

5.2.1 The effective yield on Pakistan investment bonds is 10.48% (June 30, 2018: Nil) per annum.

## 5.3 GOP ijara sukuk certificates

Issue details	Tenure	Face value				Balance as at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)		
Rupees in '000										
GOP Ijarah 17	3 Years	-	510,000	510,000	-	-	-	-	-	-
GOP Ijarah 18	3 Years	-	125,000	125,000	-	-	-	-	-	-
GOP Ijarah 19	3 Years	-	100,000	100,000	-	-	-	-	-	-
Total - As at March 31, 2019		-	735,000	735,000	-	-	-	-	-	-
Total - As at June 30, 2018		-	665,200	665,200	-	-	-	-	-	-

## 5.4 At fair value through profit or loss - held-for-trading Corporate sukuk certificates - Listed

Name of Investee Company	Number of Certificates				Balance as at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)		
Rupees in '000									
Dawood Hercules Corporation Limited *	-	150	-	150	14,858	15,000	143	0.01	0.13
Dawood Hercules Corporation Limited *	-	100	-	100	10,000	9,909	(91)	0.01	0.08
Total - As at March 31, 2019	-	250	-	250	24,858	24,909	52	0.02	0.21
Total - As at June 30, 2018	-	-	-	-	-	-	-	-	-

\* Related party due to common directorship

5.4.1 This include Rs 0.294 million recoverable from Dawood Hercules Chemical Limited.

### Term finance certificates - Unlisted

Name of Investee Company	Number of Certificates				Balance as at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)		
-----Rupees in '000-----									
Askari Bank Limited	-	7,000	-	7,000	34,158	34,156	(1)	0.02	0.29
WAPDA	-	5,040	-	5,040	8,937	8,910	(27)	0.01	0.08
Total - As at March 31, 2019	-	12,040	-	12,040	43,095	43,067	(28)	0.03	0.37
Total - As at June 30, 2018	-	-	-	-	-	-	-	-	-
Total	-	12,290	-	12,290	67,952	67,976	24	0.04	1

**March 31, 2019**  
**(Un-Audited)**

**June 30, 2018**  
**(Audited)**

**Note**      ----- Rupees in '000 -----

### 6. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	<b>1,245</b>	262
Sindh Sales Tax on Management Company's remuneration	6.2	<b>162</b>	34
Sales load payable		<b>3,167</b>	22
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	<b>106</b>	26
		<b>4,680</b>	344

- 6.1** The Management Company has charged its remuneration at the rate of 1.25% per annum for the current year till January 14, 2018. Effective from January 15, 2018 the rate of fee is revised through amendment in the Offering Documents of the Scheme as 12.5% of the gross earnings of the scheme, calculated on a daily basis subject to a cap of 1.25% and a floor of 1% of the average daily net assets. The fee is payable monthly in arrears.
- 6.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3** As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

		<b>March 31, 2019</b> <b>(Un-Audited)</b>	<b>June 30, 2018</b> <b>(Audited)</b>
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>----- Rupees in '000 -----</b>	
Provision for Sindh Workers' Welfare Fund	7.1	<b>6,624</b>	5,964
Provision for Federal Excise Duty and additional sales tax on management fee	7.2	<b>15,531</b>	15,531
Withholding tax payable		<b>299</b>	10
Auditors' remuneration		<b>172</b>	312
Printing charges		<b>202</b>	216
Zakat		<b>232</b>	142
Other		<b>173</b>	9
		<b>23,233</b>	22,184



- 
- 7.1** The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 6.624 million for the nine months ended March 31, 2019 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2019 would have been higher by Rs. 0.45 per unit (June 30, 2018: Rs. 2.10 per unit).

- 7.2** The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal which was filed by tax authorities against the order passed by the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 15.531 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 1.0580 per unit (June 30, 2018: Rs. 5.4681 per unit).

## **8 CONTINGENCIES AND COMMITMENTS**

### **8.1 Contingencies**

There are no contingencies outstanding as at March 31, 2019.

## **9. TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part 1 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2018 to its unit holders.

## **10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of the connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the condensed interim financial information are as follows:

		Nine months ended March 31,	
		2019	2018
		----- Rupees in '000 -----	
<b>10.1</b>	<b>Transactions during the period</b>		
	<b>HBL Asset Management Limited - Management Company</b>		
	Remuneration of the Management Company	<u>4,509</u>	<u>7,396</u>
	Sindh Sales Tax on remuneration of the Management Company	<u>586</u>	<u>961</u>
	Sales load paid	<u>1,060</u>	<u>-</u>
	Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>387</u>	<u>606</u>
	Issue of 1,798,049 units (2018: Nil)	<u>193,493</u>	<u>-</u>
	Redemption of 1,886,788 units (2018: 847,699)	<u>204,048</u>	<u>90,000</u>
	Dividend paid	<u>4,355</u>	<u>-</u>
	<b>Habib Bank Limited - Sponsor</b>		
	Bank charges paid	<u>69</u>	<u>4</u>
	Profit on bank deposits earned	<u>598</u>	<u>1,488</u>
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Remuneration	<u>633</u>	<u>1,023</u>
	Central Depository system charges	<u>8</u>	<u>32</u>
	<b>HBL Asset Management Limited - Employees Gratuity Fund</b>		
	Redemption of Nil units (2018: 3,966 units)	<u>-</u>	<u>428</u>
	<b>HBL Asset Management Limited - Employees Provident Fund</b>		
	Redemption of Nil units (2018: 3,823 units)	<u>-</u>	<u>413</u>
	<b>Jubilee Life Insurance Company Limited</b>		
	Associated Company due to common Directorship		
	Sale of GOP Ijara Sukuk	<u>-</u>	<u>101,881</u>
	<b>Executives of the Management</b>		
	<b>Attique ur Rehman Shaikh</b>		
	Investment of 24,181 units (2018: Nil units)	<u>2,644</u>	<u>-</u>
	Redemption of 21,157 units (2018: Nil units)	<u>2,315</u>	<u>-</u>
	<b>Farid Ahmed Khan</b>		
	Investment of 109,883 units (2018: Nil units)	<u>12,326</u>	<u>-</u>
	<b>Muhammad Moiz Ahmed Juddi</b>		
	Investment of 3,796 units (2018: Nil units)	<u>425</u>	<u>-</u>
	<b>Salman Ahmed</b>		
	Investment of 5,705 units (2018: Nil units)	<u>637</u>	<u>-</u>
	<b>Sateesh Balani</b>		
	Investment of 1,941 units (2018: Nil units)	<u>216</u>	<u>-</u>

	March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	----- Rupees in '000 -----	
<b>10.2 Balances outstanding as at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	<u>1,245</u>	<u>296</u>
Sindh Sales Tax on remuneration of the Management Company	<u>162</u>	<u>38</u>
Sales Load payable	<u>3,167</u>	<u>22</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>106</u>	<u>26</u>
Investment held in the Fund: 828,134 units (June 30, 2018: 1,764,572 units)	<u>93,336</u>	<u>101,245</u>
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	<u>19,951</u>	<u>1,905</u>
Profit receivable	<u>261</u>	<u>17</u>
<b>Executive of the Management</b>		
<b>Attique ur Rehman Shaikh</b>		
Investment held in the Fund: 3,024 units (June 30, 2018: Nil units)	<u>341</u>	<u>-</u>
<b>Farid Ahmed Khan</b>		
Investment held in the Fund: 109,883 units (June 30, 2018: Nil units)	<u>12,385</u>	<u>-</u>
<b>Muhammad Moiz Ahmed Juddi</b>		
Investment held in the Fund: 3,796 units (June 30, 2018: Nil units)	<u>428</u>	<u>-</u>
<b>Salman Ahmed</b>		
Investment held in the Fund: 5,705 units (June 30, 2018: Nil units)	<u>643</u>	<u>-</u>
<b>Sateesh Balani</b>		
Investment held in the Fund: 1,941 units (June 30, 2018: Nil units)	<u>219</u>	<u>-</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	<u>157</u>	<u>17</u>
CDC charges payable	<u>-</u>	<u>7</u>
Security deposit	<u>100</u>	<u>100</u>

Units outstanding as at March 31, 2019 are calculated on the basis of latest announced NAV i.e March 29, 2019.

## 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund classifies fair value measurements 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:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using 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) (level 2); and
- Fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		March 31, 2019						
		Carrying Amount			Fair Value			
		Fair value through profit or loss- held-for-trading	Amortized cost	Total	Level 1	Level 2	Level 3	Total
		-----Rupees in '000-----						
<b>On-balance sheet financial instruments</b>	<b>Note</b>							
<b>Financial assets measured at fair value</b>	11.1							
Market treasury bills		-	-	-	-	-	-	-
Pakistan Investment bonds		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>	11.1							
Bank balances		-	1,560,039	1,560,039				
Term deposit receipts		-	-	-				
Accrued markup on bank balances and investments		-	10,770	10,770				
Receivable against margin trading system		-	-	-				
		-	1,570,809	1,570,809				
<b>Financial liabilities not measured at fair value</b>	11.1							
Payable to Management Company		-	4,680	4,680				
Payable to the Trustee		-	157	157				
Payable against redemption of units		-	6,459	6,459				
Payable against purchase of investment		-	-	-				
Accrued expenses and other liabilities		-	637	637				
Unit holders' fund		-	1,668,663	1,668,663				
		-	1,680,596	1,680,596				

		June 30, 2018						
		Carrying Amount			Fair Value			
	Note	Fair value through profit or loss- held-for-trading	Amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b> 11.1								
Market treasury bills		-	-	-	-	-	-	-
Pakistan Investment bonds		-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b> 11.1								
Bank balances		-	332,785	332,785				
Term deposit receipts		-	-	-				
Accrued markup on bank balances and investments		-	2,054	2,054				
Receivable against margin trading system		-	77	77				
		-	334,916	334,916				
<b>Financial liabilities not measured at fair value</b> 11.1								
Payable to the Management Company		-	344	344				
Payable to the Trustee		-	24	24				
Payable against redemption of units		-	523	523				
Payable against purchase of investment		-	-	-				
Accrued expenses and other liabilities		-	679	679				
Unit holders fund		-	313,637	313,637				
		-	315,207	315,207				

**11.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

#### **11.2 Transfers during the period**

No transfers were made between various levels of fair value hierarchy during the period.

#### **12. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the nine months ended March 31, 2019 is 1.64% (March 31, 2018: 1.60%) which includes 0.32% (March 31, 2018: 0.26%) representing government levy and SECP fee.

#### **13. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 30, 2019.

#### **14. GENERAL**

**14.1** Figures have been rounded off to the nearest thousand rupees.

**14.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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# **HBL**

## **Money Market Fund**

## FUND INFORMATION

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Name of Fund	HBL Money Market Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited Allied Bank Limited Meezan Bank Limited Askari Bank Limited Samba Bank Limited Zarai Taraqati Bank Limited Sindh Bank Limited United Bank Limited
Fund Rating	AA(f) (JCR-VIS)

**HBL Money Market Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As At March 31, 2019*

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	4,049,185	7,298,928
Investments	5	2,520,161	-
Accrued mark up		65,858	18,703
Advances, deposits and prepayment		215	104
<b>Total assets</b>		<b>6,635,419</b>	<b>7,317,735</b>
<b>Liabilities</b>			
Payable to the Management Company	6	7,493	5,327
Payable to the Trustee		593	532
Payable to Securities and Exchange Commission of Pakistan		4,282	4,064
Accrued expenses and other liabilities	7	83,396	58,310
<b>Total liabilities</b>		<b>95,764</b>	<b>68,233</b>
<b>Net assets</b>		<b>6,539,655</b>	<b>7,249,502</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>6,539,655</b>	<b>7,249,502</b>
<b>Contingencies and commitments</b>	8		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>60,540,721</b>	<b>67,634,199</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>108.0208</b>	<b>107.1869</b>

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



**HBL Money Market Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the Nine Months and Quarter Ended March 31, 2019.*

		Nine month ended March 31,		Quarter ended March 31,	
		2,019	2018	2019	2018
	Note	(Rupees in '000)			
<b>Income</b>					
Mark-up on deposits with banks		195,631	149,444	56,203	39,285
Mark-up / return on investments		326,487	107,115	128,186	49,074
Capital (loss) / gain on sale of investments - net		(7,394)	(624)	(373)	(999)
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net		-	-	17	-
		514,724	255,935	184,033	87,360
<b>Expenses</b>					
Remuneration of the Management Company		57,413	40,789	19,526	11,539
Remuneration of the Trustee		5,475	3,928	1,704	1,307
Payable to the Trustee		4,282	2,908	1,323	972
Allocation of expenses related to registrar services, accounting, operation and valuation services		5,709	3,884	1,764	1,296
Settlement and bank charges		553	163	236	38
Auditors' remuneration		452	458	153	154
Fee and subscription		226	249	77	90
Securities transaction cost		5	128	2	33
Printing charges		-	123	-	33
		74,115	52,630	24,785	15,462
<b>Net income from operating activities</b>		<b>440,609</b>	<b>203,305</b>	<b>159,248</b>	<b>71,898</b>
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		-	-	-	-
Provision for Sindh Workers' Welfare Fund	7.2	(8,812)	(4,066)	(3,185)	(1,438)
<b>Net income for the period before taxation</b>		<b>431,797</b>	<b>199,239</b>	<b>156,063</b>	<b>70,460</b>
Taxation	9	-	-	-	-
<b>Net income for the period after taxation</b>		<b>431,797</b>	<b>199,239</b>	<b>156,063</b>	<b>70,460</b>
<b>Allocation of income for the period</b>					
Income already paid on redemption of units		177,693	64,070		
Accounting income available for distribution:					
- Relating to capital gains		-	-		
- Excluding capital gains		254,104	135,169		
		254,104	135,169		
		431,797	199,239		

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## HBL Money Market Fund

### Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Nine Months and Quarter Ended March 31, 2019.

	Nine month ended March 31,		Quarter ended, March 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income for the period after taxation	431,797	199,239	156,063	70,460
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	431,797	199,239	156,063	70,460

For HBL Asset Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

# HBL Money Market Fund

## Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)

For the Nine Months and Quarter Ended March 31, 2019.

	Nine month ended March 31,					
	Capital Value	2019 Undistributed income / (accumulated loss)	Total	Capital Value	2018 Undistributed income / (accumulated loss)	Total
	(Rupees in '000)					
<b>Net assets at beginning of the period</b>	<b>7,033,537</b>	<b>215,965</b>	<b>7,249,502</b>	<b>3,901,721</b>	<b>40,289</b>	<b>3,942,010</b>
Issue of 94,814,304 units (2018: 87,250,783 units)						
- Capital value (at net asset value per unit at the beginning of the period)	9,674,558	-	9,674,558	8,860,039	189,470	9,049,509
- Element of income	260,955	-	260,955	-	-	-
Total proceeds on issuance of units	9,935,513	-	9,935,513	8,860,039	189,470	9,049,509
Redemption of 101,907,781 units (2018: 73,496,884 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(10,398,354)	-	(10,398,354)	(7,463,373)	(175,883)	(7,639,256)
- Income already paid on redemption of units	-	(177,693)	(177,693)	-	-	-
- Element of loss	(152,793)	-	(152,793)	-	-	-
Payable to the Trustee	(10,551,147)	(177,693)	(10,728,840)	(7,463,373)	(175,883)	(7,639,256)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	-	-
Net income for the period after taxation	-	431,797	431,797	-	-	199,239
Refund of Capital	(181,739)	-	(181,739)	-	-	-
Distribution during the period	-	(166,578)	(166,578)	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-
Net income for the period less distribution	-	265,219	83,480	-	-	199,239
<b>Net assets at end of the period</b>	<b>6,417,903</b>	<b>303,491</b>	<b>6,539,655</b>	<b>5,298,387</b>	<b>5,298,387</b>	<b>5,551,502</b>
<b>Undistributed income brought forward</b>						
- Realised		215,965			40,289	
- Unrealised		-			-	
		215,965			40,289	
Distribution during the period		(166,578)			-	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		254,104			135,169	
		254,104			135,169	
<b>Undistributed income carried forward</b>		<b>303,491</b>			<b>175,458</b>	
<b>Undistributed income carried forward</b>						
- Realised		303,491			175,458	
- Unrealised		-			-	
		303,491			175,458	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			<b>107.1869</b>			<b>101.7683</b>
<b>Net assets value per unit at end of the period</b>			<b>108.0208</b>			<b>105.7650</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Money Market Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
*For the Nine Months Ended March 31, 2019.*

	Nine month ended March 31,	
	2019	2018
	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>		
Net income for the period before taxation	431,797	199,239
<b>Adjustments for non-cash items:</b>		
Capital (gain) / loss on sale of investments - net	7,394	625
Mark-up / return on investments	(326,487)	(107,115)
Profit on bank deposits	(195,631)	(149,444)
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net	-	-
Provision for Sindh Worker's Welfare Fund	8,812	4,066
Payable to the Trustee	(74,115)	(52,629)
<b>Decrease / (increase) in assets</b>		
Investments	(2,527,555)	(948,315)
Advances, deposits and prepayments	(111)	(75)
	(2,527,666)	(948,390)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	2,166	(324)
Payable to the Trustee	61	68
Payable to the Securities and Exchange Commission of Pakistan	218	(217)
Accrued expenses and other liabilities	16,274	(38,864)
	18,719	(39,337)
<b>Net cash used in operations</b>	(2,583,062)	(1,040,356)
Profit received on bank deposits	151,931	242,498
Markup received on investments	323,032	-
	474,963	242,498
<b>Net cash used in operating activities</b>	(2,108,099)	(797,858)
<b>Cash flows from financing activities</b>		
Amount received on issue of units	9,935,513	9,049,509
Payment against redemption of units	(10,728,840)	(7,639,256)
Cash dividend paid	(348,317)	-
<b>Net cash generated / (used in) from financing activities</b>	(1,141,644)	1,410,253
<b>Net (decrease) / increase in cash and cash equivalents</b>	(3,249,743)	612,395
Cash and cash equivalents at beginning of the period	7,298,928	3,542,143
<b>Cash and cash equivalents at end of the period</b>	<b>4,049,185</b>	<b>4,154,538</b>

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Money Market Fund**

## **Notes to the Condensed Interim Financial Information (Unaudited)**

### ***For the Nine Months And Quarter Ended March 31, 2019.***

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

HBL Money Market Fund ('the Fund') was established under a Trust Deed, dated March 18, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund has been authorized by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on April 9, 2010.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from July 12, 2010 to July 14, 2010.

The principal activity of the Fund is to seek high liquidity and comparative return for investors by investing in low risk securities of shorter duration and maturity.

Payable to the Trustee

JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+' (Positive outlook) to the Management Company.

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

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

2.1.1 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 (IFRS Standards) 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
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of IAS-34. These condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

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2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

2.2 Basis of measurement

These condensed interim financial information have been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

3.1 The accounting policies adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.2 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial information.

3.5 On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the nine months ended March 31, 2019.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

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(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;

the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- the Fund's investment in debt instruments that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at FVTPL because they are held within a business model whose objective is primarily to sell the bonds. The change in the fair value on these redeemable notes will be recorded in the profit or loss account;
- there is no change in the measurement of the Fund's investments in debt instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

(b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

There have been no reclassification in financial assets as a result of transition to IFRS 9

		<b>(Un-Audited)</b>	
		<b>March 31,</b>	<b>(Audited)</b>
		<b>2019</b>	<b>June 30,</b>
			<b>2018</b>
		<b>----- (Rupees in '000) -----</b>	
<b>4</b>	<b>BANK BALANCES</b>	<b>Note</b>	
Balances with banks in:			
	- Savings accounts	4.1	
		<b>4,049,185</b>	<b>7,298,928</b>



- 4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts ranges between 4.00% - 11.15% per annum (June 30, 2018: 4.00% - 7.45% per annum).

			(Un-Audited) March 31, 2019	(Audited) June 30, 2018
5.	INVESTMENTS	Note	----- (Rupees in '000) -----	
	<b>Financial asset at fair value through profit or loss</b>			
	- Government Securities	5.1	-	-
	<b>Financial assets at amortised cost</b>			
	- Term deposit receipts	5.2	653,000	
	- Clean placement	5.3	1,300,000	-
	- Commercial paper	5.4	567,161	-
			<b>2,520,161</b>	<b>-</b>

#### 5.1 Investment in Government Securities - Held-for-trading

Issue Date	Tenure	Face value			Market Value as	Market value as a percentage of		
		As at July 01, 2018	Purchases during the year	Sales / Matured during the year	As at March 31, 2019	at March 31, 2019	Total Investments	Net Assets
----- (Rupees in '000) -----								
Treasury bills								
February 14, 2019	3 month	-	12,447,000	12,447,000	-	-	-	-
January 17, 2019	3 month	-	2,750,000	2,750,000	-	-	-	-
January 3, 2019	3 month	-	2,645,000	2,645,000	-	-	-	-
December 6, 2018	3 month	-	14,130,000	14,130,000	-	-	-	-
October 25, 2018	3 month	-	1,000,000	1,000,000	-	-	-	-
October 11, 2018	3 month	-	17,050,000	17,050,000	-	-	-	-
August 2, 2018	3 month	-	8,550,000	8,550,000	-	-	-	-
July 19, 2018	3 month	-	22,418,000	22,418,000	-	-	-	-
April 26, 2018	3 month	-	1,309,500	1,309,500	-	-	-	-
June 21, 2008	3 month	-	300,000	300,000	-	-	-	-
Total - As at March 31, 2019		-	82,599,500	82,599,500	-	-	-	-
Total - As at June 30, 2018		-	-	-	-	-	-	-

Name of Company	As at July 01, 2018	Purchased made during the period	Matured during the period	As at March 31, 2019	Percentage of total value of investments (%)	Percentage of Net Assets (%)
----- (Rupees in '000) -----						
Faysal bank LTD	-	653,000	-	653,000	25.91	9.99
Bank Alfalah Limited	-	1,285,000	1,285,000	-	-	-
Askari Bank Ltd	-	600,000	600,000	-	-	-
Allied Bank Limited	-	500,000	500,000	-	-	-
Zarai Taraqiati Bank Limited	-	1,700,000	1,700,000	-	-	-
<b>Total - As at March 31, 2019</b>	<b>-</b>	<b>4,738,000</b>	<b>4,085,000</b>	<b>653,000</b>	<b>25.91</b>	<b>9.99</b>
<b>Total - As at June 30, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

5.2 Term deposit receipts carry mark-up at rate of 10.70% (June 30, 2018: Nil) per annum. These will mature by April 01, 2019.

5.3 Clean Placement

Name of Company	As at July 01, 2018	Purchased made during the period	Matured during the period	As at March 31, 2019	Percentage of total value of investments (%)	Percentage of Net Assets (%)
----- (Rupees in '000) -----						
Pak Brunei Investment Co. Ltd.	-	1,250,000	650,000	600,000	23.81	9.17
Pak Oman Investment Company (Pvt) Ltd.	-	1,350,000	650,000	700,000	27.78	10.70
<b>Total - As at March 31, 2019</b>	<b>-</b>	<b>2,600,000</b>	<b>1,300,000</b>	<b>1,300,000</b>	<b>52</b>	<b>20</b>
<b>Total - As at June 30, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

5.3.1 Clean placement carries mark-up range between the range of 10.88% to 11.25% (June 30, 2018: Nil) per annum and will mature on April 15, 2019 and April 26, 2019.

5.4 Commercial paper

Name of Company	As at July 01, 2018	Purchased made during the period	Matured during the period	As at March 31, 2019	Percentage of total value of investments (%)	Percentage of Net Assets (%)
----- (Rupees in '000) -----						
K-Electric	-	567,161	-	567,161	22.50	8.67
<b>Total - As at March 31, 2019</b>	<b>-</b>	<b>567,161</b>	<b>-</b>	<b>567,161</b>	<b>22.50</b>	<b>8.67</b>
<b>Total - As at June 30, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>6. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Management fee		6,087	4,231
Sindh sales tax on Management Company's remuneration		791	550
Allocation of expenses related to registrar services, accounting, operation and valuation services		615	546
		<u>7,493</u>	<u>5,327</u>
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		300	542
Capital gain tax payable		15,940	1,388
Federal Excise Duty	7.1	41,211	41,211
Provision for Sindh Workers' Welfare Fund	7.2	21,185	12,371
Advance received against unit		2,500	2,500
Others		2,260	298
		<u>83,396</u>	<u>58,310</u>
<b>7.1</b>	The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in the note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order by Supreme Court of Pakistan dated July 16, 2016, is pending for decision.		
	In view of above, the Management Company, being prudent, is carrying a provision for FED to Rs. 41.211 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.681 per unit (June 30, 2018: 0.61 per unit)		
<b>7.2</b>	<b>PROVISION FOR SINDH WORKERS' WELFARE FUND</b>		
	The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.		
	In view of the above, the Management Company, being prudent, recognized provision for SWWF amounting to Rs. 21.185 million (June 30, 2018: Rs. 12.37 million). Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.350 per unit (June 30, 2018: Rs. 0.183 per unit)		
<b>8. CONTINGENCIES AND COMMITMENTS</b>			
	There are no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.		
<b>9. TAXATION</b>			
	The Fund's income is exempt from income tax as per Clause 99 of Part 1 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.		

## 10. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and directors of connected persons.

Transactions with connected persons are carried out in the normal course of business, at agreed /contracted rates and terms determined in accordance with market rates.

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

Details of the transactions with connected persons during the period and balances with them at period end are as follows:

(Un-Audited) Nine month ended March 31,	
2019	2018
----- (Rupees in '000) -----	

### 10.1 Transactions during the period

#### **HBL Asset Management Limited - Management Company**

Management fee inclusive of Sales tax	57,413	40,789
Allocation of expenses related to registrar services, accounting, operation and valuation services	5,709	3,884
Issue of 64,872 units (2018: 1,106,290 units)	6,678	114,079
Redemption of 1,069,156 units (2018: 115,577 units)	111,112	12,000
Refund of capital 13,571 units (2018: Nil units)	1,385	-

#### **Habib Bank Limited - Sponsor**

Mark-up earned during the period	24,108	32,050
Issue of 238,989 units (2018: Nil units)	25,201	-
Redemption of 143,777 units (2018: NIL units)	15,486	-
Refund of capital 324,598 units (2018: Nil units)	33,121	-

#### **ATTOCK CEMENT PAK LTD EMP PROVIDENT FUND**

Issue of 323 units (2018: NIL units)	35	-
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#### **Central Depository Company of Pakistan Limited - Trustee**

Remuneration of the Trustee	5,475	3,928
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#### **Directors, Executives and Key Management personnel**

Issue of 1,890 units (2018: Nil units)	195	-
Redemption of 1,627 units (2018: 137,374 units)	169	14,100
Refund of capital 15 units (2018: Nil units)	1,517	-

(Un-Audited)	(Audited)
March 31,	June 30,
2019	2018
----- (Rupees in '000) -----	

## 10.2 Amounts outstanding as at period / year end

### HBL Asset Management Limited - Management Company

Management Fee	6,087	4,231
Sindh Sales Tax	791	550
Allocation of expenses related to registrar services, accounting, operation and valuation services	615	546
Investment held in the Fund : Nil units (June 30, 2018 : 990,713 units)	-	106,191

### Associate

#### Habib Bank Limited - Sponsor

Investment held in the Fund : 8,737,508 units (June 30, 2018: 8,317,697 units)	943,833	891,548
Bank balances	45,735	479,807

### ATTOCK CEMENT PAK LTD EMP PROVIDENT FUND

Investment held in the Fund : 323 units (June 30, 2018: 310 units)	35	33
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### Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	525	471
Sindh Sales tax	68	61

### Directors, Executives and Key Management personnel

Investment held in the Fund : 12,287 units (June 30, 2018: 12,005 units)	1,327	1,287
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## 11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended March 31, 2019 is 1.08% (March 31, 2018: 1.09%) which includes 0.26% (March 31, 2018: 0.23%) representing government levies and SECP fee.

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and 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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

March 31, 2019							
Fair value through profit or loss	Carrying amount			Fair Value			
	Financial asset at amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
- Government Securities	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
- Government securities	-	-	-				
<b>Financial assets not measured at fair value</b>							
Bank balance	-	4,049,185	4,049,185				
Investments							
- Term deposit receipts	-	653,000	653,000				
- Clean placements	-	1,300,000	1,300,000				
- Commercial Paper	-	567,161	567,161				
Accrued mark-up	-	65,858	65,858				
Deposits and prepayments	-	215	215				
	-	2,520,161	4,115,258				6,635,419
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	6,702	6,702				
Payable to SECP	-	4,282	4,282				
Accrued expenses and other liabilities	-	5,060	5,060				
	-	16,044	16,044				
June 30, 2018							
	Carrying amount			Fair Value			
	Other financial assets	Other financial liabilities	0	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
<b>On-balance sheet financial instruments</b>							
<b>Financial assets not measured at fair value</b>							
Bank balance	7,298,928	-	7,298,928				
Investments							
- Term deposit receipts	-	-	-				
- Clean placements	-	-	-				
Accrued mark-up	18,703	-	18,703				
Deposits and prepayments	104	-	104				
	7,317,735	=	7,317,735				
<b>Financial liabilities not measured at fair value</b>							
	-	-	-				

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12.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

12.2 Transfers during the period

There were no transfers between various levels of fair value hierarchy during the period.

13. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors of the Management Company on April 30, 2019.

14. GENERAL

14.1 Figures have been rounded off to the nearest thousand rupees.

14.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, the effect of which is not material.

These condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended March 31, 2019 have not been reviewed.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# **HBL**

## **Cash Fund**



## FUND INFORMATION

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Name of Fund	HBL Cash Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited MCB Bank Limited Allied Bank Limited JS Bank Limited Samba Bank Limited Zarai Taraqati Bank Limited United Bank Limited Sindh Bank Limited Faysal Bank Limited
Fund Rating	'AA(f)' (JCR-VIS)

**HBL Cash Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As At March 31, 2019*

		<b>March 31, 2019 (Un-Audited)</b>	<b>June 30, 2018 (Audited)</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>ASSETS</b>			
Bank balances	4	6,611,673	10,899,252
Investments	5	3,034,147	1,150,000
Profit receivable		96,091	43,554
Deposits and prepayments		3,497	199
<b>TOTAL ASSETS</b>		<b>9,745,408</b>	<b>12,093,005</b>
<b>LIABILITIES</b>			
Payable to the Management Company	6	9,422	7,830
Payable to the Trustee		842	981
Payable to Securities and Exchange Commission of Pakistan		6,922	7,921
Accrued expenses and other liabilities	7	61,848	36,539
Dividend payable		236	-
<b>TOTAL LIABILITIES</b>		<b>79,270</b>	<b>53,271</b>
<b>NET ASSETS</b>		<b>9,666,138</b>	<b>12,039,734</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>9,666,138</b>	<b>12,039,734</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	<b>----- (Number of Units) -----</b>	
<b>Number of units in issue</b>		<b>95,864,088</b>	<b>113,580,129</b>
		<b>----- (Rupees) -----</b>	
<b>Net assets value per unit</b>		<b>100.8317</b>	<b>106.0021</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Cash Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For The Nine Months Ended And Quarter Ended March 31, 2019*

		Nine months ended March 31,		Quarter ended March 31,		
		2019	2018	2019	2018	
Note		------(Rupees in '000)-----				
<b>Income</b>						
		(8,509)	(690)	(159)	(1,223)	
	Capital (loss) on sale of investments - net	326,186	118,115	88,824	49,854	
	Income from government securities	192,543	94,572	98,246	43,160	
	Income from money market transactions and placements	325,393	250,867	110,230	71,627	
	Profit on bank deposits	835,613	462,864	297,141	163,418	
<b>Unrealized appreciation on re-measurement of investment classified as financial assets at 'fair value through profit or loss' - net</b>						
		-	-	30	-	
		835,613	462,864	297,171	163,418	
<b>Expenses</b>						
	Remuneration of the Management Company	6.1 & 6.2	71,479	41,783	25,203	14,867
	Remuneration of the Trustee		8,166	6,816	2,528	2,395
	Annual fee to Securities and Exchange Commission of Pakistan		6,922	5,535	2,103	1,957
	Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	9,229	7,380	2,803	2,610
	Auditors' remuneration		330	332	109	111
	Securities transaction costs		610	285	170	69
	Settlement and bank charges		345	258	151	97
	Fee and subscription		229	265	76	94
	Printing charges		(62)	281	(62)	93
			97,248	62,935	33,081	22,293
	<b>Net income for the period from operating activities</b>		738,365	399,929	264,090	141,125
	Provision for Sindh Workers' Welfare Fund	7.2	(14,767)	(7,999)	(5,282)	(5,857)
	<b>Net income for the period before taxation</b>		723,595	391,930	258,808	135,268
	Taxation	9	-	-	-	-
	<b>Net income for the period after taxation</b>		723,595	391,930	258,808	135,268
	<b>Allocation of net income for the period</b>					
	Income already paid on redemption		209,497	150,942		
	<b>Accounting income available for distribution:</b>					
	Relating to capital gains		-	-		
	Excluding capital gains		514,098	240,988		
			514,098	240,988		
			723,595	391,930		
	<b>Earnings per unit</b>					

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## HBL Cash Fund

### Condensed Statement of Comprehensive Income (Un-Audited)

For The Nine Months Ended And Quarter Ended March 31, 2019

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income for the period after taxation	723,595	391,930	258,808	135,268
Other comprehensive income				
Items that may be reclassified subsequently to income statement	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-
Total comprehensive income for the period	<u>723,595</u>	<u>391,930</u>	<u>258,808</u>	<u>135,268</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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**HBL Cash Fund**  
**Condensed Interim Statement of Cash Flow (Un-Audited)**  
*For The Nine Months Ended March 31, 2019*

	Nine months ended March 31,	
	2019	2018
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	723,595	391,930
Adjustments for:		
Capital loss / (gain) on sale of investment-net	8,509	690
Income from government securities	(326,186)	(118,115)
Income from money market placements	(192,543)	(94,572)
Profit from bank deposits	(325,393)	(250,867)
	(112,018)	(70,934)
<b>Increase in assets</b>		
Investments - net	(1,892,656)	136,619
Deposits and prepayments	(3,298)	(77)
	(1,895,954)	136,542
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	1,592	2,764
Payable to the Trustee	(139)	(134)
Payable to Securities and Exchange Commission of Pakistan	(999)	2,265
Dividend payable	236	-
Redemption payable	-	(1,183,625)
Accrued expenses and other liabilities	25,309	(26,652)
	25,999	(1,205,382)
<b>Cash used in operations</b>	(1,981,973)	(1,139,774)
Income received from government securities	326,186	118,115
Income received from money market placement	168,299	65,224
Profit received from bank deposits	297,100	225,145
	791,585	408,484
<b>Net cash used in operating activities</b>	(1,190,388)	(731,290)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	21,320,129	18,254,764
Payments on redemption of units	(23,159,240)	(13,404,419)
Dividend paid	(1,258,080)	-
Net cash (used in) / generated from financing activities	(3,097,191)	4,850,345
Net (decrease) / increase in cash and cash equivalents during the period	(4,287,579)	4,119,055
Cash and cash equivalents at the beginning of the period	10,899,252	6,537,316
Cash and cash equivalents at the end of the period	4 6,611,673	10,656,371

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Cash Fund

## Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)

For The Ninve Months Ended March 31, 2019

	Nine months ended March 31,					
	2019			2018		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	11,727,212	312,522	12,039,734	5,925,167	28,963	5,954,130
Issuance of 208,801,782 units (2018: 178,274,670 units)						
Capital value (at net asset value per unit at the beginning of the period)	21,037,221	-	21,037,221	17,914,603	-	17,914,603
Element of income	282,907	-	282,907	340,163	-	340,163
Total proceeds on issuance of units	21,320,129	-	21,320,129	18,254,766	-	18,254,766
Redemption of 173,173,598 units (2018:130,443,891 units)						
Capital value (at net asset value per unit at the beginning of the period)	(22,822,150)	-	(22,822,150)	(13,108,147)	-	(13,108,147)
Income already paid on redemption of units	-	(209,497)	(209,497)	-	150,942	150,942
Element of loss	(127,593)	-	(127,593)	(447,214)	-	(447,214)
Total payments on redemption of units	(22,949,743)	(209,497)	(23,159,240)	(13,555,361)	150,942	(13,404,419)
Total comprehensive income for the period	-	723,595	723,595	-	391,930	391,930
Refund of capital	(470,743)	-	(470,743)	-	-	-
Distribution during the period	-	(787,337)	(787,337)	-	-	-
	(470,743)	(63,742)	(534,485)	-	391,930	391,930
Net assets at end of the period	9,626,854	39,283	9,666,138	10,624,572	571,835	11,196,407
Undistributed income brought forward						
Realised		312,522			28,963	
Unrealised		-			-	
		312,522			28,963	
Accounting income available for distribution						
Relating to capital gains		-			-	
Excluding capital gains		514,098			240,988	
		514,098			240,988	
Distribution during the period		(787,337)			-	
Undistributed income carried forward		39,283			269,951	
Undistributed income carried forward						
Realised		39,283			269,951	
Unrealised		-			-	
		39,283			269,951	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			106.0021			100.4888
Net assets value per unit at end of the period			100.8317			103.2030

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Cash Fund

## Notes to the Condensed Interim Financial Information (Un-Audited)

*For The Nine Months Ended March 31, 2019*

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### 1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Cash Fund ('the Fund') was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/NBFC-II/DD/PCF/844/2010 dated November 11, 2010 and the Trust Deed was executed on October 22, 2010.

Through an order dated August 31, 2016, SECP approved the merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on February 17, 2017. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A., is the parent company of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open-ended money market scheme and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from December 11, 2010 to December 13, 2010. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The Fund has been categorised as a money market scheme as per the criteria laid down by the SECP for categorization of open-end Collective Investment Schemes (CISs).

The core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) positive outlook to the Management Company and assigned stability rating of AA(f) to the Fund as at December 28, 2018 and December 26, 2018, respectively.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

**2.1.1** This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

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**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

**2.1.3** The comparative statement of assets and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the nine months ended March 31, 2018.

**2.1.4** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

## **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## **3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN**

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2018 except as explained in note 3.6.

**3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

**3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2018.

**3.4** There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.



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**3.5** The Fund's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Fund for the year ended June 30, 2018.

**3.6** Except as described below, the accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after July 1, 2018. A number of other new standards are effective from July 1, 2018 but they do not have a material effect on the Fund's condensed interim financial information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

**i. Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be

measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

	<b>Note</b>	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying amount under IAS 39</b>	<b>New carrying amount under IFRS 9</b>
<b>Financial assets</b>					
Bank balances - Saving Accounts	(a)	Loans and receivables	Amortised cost	9,799,252	9,799,252
Bank balances - Term Deposit Receipts (TDRs)	(a)	Loans and receivables	Amortised cost	1,100,000	1,100,000
Investments - Letter of Placements	(a)	Loans and receivables	Amortised cost	1,150,000	1,150,000
Profit Receivable	(a)	Loans and receivables	Amortised cost	43,554	43,554
Deposits & Prepayments	(a)	Loans and receivables	Amortised cost	199	199
				<u>12,093,005</u>	<u>12,093,005</u>

(a) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

iii. Transition

The Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

	Note	March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
		----- (Rupees in '000) -----	
<b>4 BANK BALANCES</b>			
In savings accounts	4.1	5,796,673	9,799,252
Term deposit receipt	4.2	815,000	1,100,000
		<u>6,611,673</u>	<u>10,899,252</u>
<b>4.1</b>	These accounts carry mark-up at rates ranging between 5% to 11.15% (June 30, 2018: 3.75% to 7.5%) per annum.		
<b>4.2</b>	This term deposit receipt carries mark-up at the rate of 10.70% (June 30, 2018: 7.4%). This will mature by April 05, 2019.		
<b>5 INVESTMENTS</b>			
At fair value through profit or loss	5.1	-	-
At amortized cost	5.2	3,034,147	1,150,000
		<u>3,034,147</u>	<u>1,150,000</u>
<b>5.1 Financial assets at fair value through profit or loss</b>			
Market treasury bills	5.1.1	-	-

### 5.1.1 Financial assets at fair value through profit or loss:

#### Market treasury bills

Issue date	Tenure	As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at March 31, 2019	Balance as at March 31, 2019			Market value as at percentage of net assets	Market value as at percentage of total investments
						Carrying value	Market value	Appreciation / (diminution)		
------(Rupees in '000)-----										
April 26, 2018	3 months	-	7,290,000	7,290,000	-	-	-	-	-	-
May 10, 2018	3 months	-	850,000	850,000	-	-	-	-	-	-
June 21, 2018	3 months	-	700,000	700,000	-	-	-	-	-	-
July 19, 2018	3 months	-	31,523,000	31,523,000	-	-	-	-	-	-
August 2, 2018	3 months	-	6,850,000	6,850,000	-	-	-	-	-	-
October 11, 2018	3 months	-	18,105,000	18,105,000	-	-	-	-	-	-
December 6, 2018	3 months	-	200,410,000	200,410,000	-	-	-	-	-	-
January 17, 2019	3 months	-	27,500,000	27,500,000	-	-	-	-	-	-
February 14, 2019	3 months	-	242,000,000	242,000,000	-	-	-	-	-	-
Total - As at March 31, 2019		-	265,728,000	265,728,000	-	-	-	-	-	-
Total - June 30, 2018		-	-	-	-	-	-	-	-	-

			March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
		Note	(Rupees in '000)	
<b>5.2 Financial assets at amortized cost</b>				
Letter of placements	5.2.1		2,100,000	1,150,000
Commercial paper	5.2.2		934,147	-
			3,034,147	1,150,000

**5.2.1** These carry mark-up at the rate of 10.88% to 11.25% per annum (June 30, 2018: 6.7%). These will mature on April 15, 2019 & April 26, 2019.

**5.2.2** This carries mark-up at the rate of 11.75% (June 30, 2018: Nil) per annum. This will mature on September 02, 2019.

### 5.3 Detail of non-compliant investments with the investment criteria as specified by SECP

In accordance with section 55(5) of NBFC Regulations, exposure of collective investment schemes to any single entity shall not exceed an amount equal to ten percent of total net assets of the collective investment scheme and, in case of an exposure to any debt issue of a company, it shall not exceed ten percent of that issue. However, the percentage of such investment in Pak Oman Investment Company Limited and Pak Brunei Investment Company Limited, as at March 31, 2019, were 10.35% and 11.38%, respectively, of the net assets of the Fund.

## 6 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration to the Management Company	6.1	7,520	5,922
Sindh sales tax on Management Company's remuneration	6.2	978	770
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	924	1,138
		9,422	7,830

- 6.1** As per the offering document of the Fund, the Management Company shall charge a fee at the rate of 0.50% of the average annual net assets on daily basis of the Scheme subject to the guidelines as may be issued by the SECP from time to time. Effective from June 29, 2017 the rate of fee is revised through amendment in the Offering Documents of the Scheme as 7.5% of the gross earnings of the scheme, calculated on a daily basis subject to a cap of 1.00% and a floor of 0.50% of the average daily net assets. The fee is payable monthly in arrears.
- 6.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2018: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.
- 6.3** As per Regulation 60(3)(s) of the NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

		<b>March 31, 2019 (Un-Audited)</b>	<b>June 30, 2018 (Audited)</b>
	<b>Note</b>	<b>(Rupees in '000)</b>	
<b>7</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Provision for Federal Excise Duty and sales tax on management fee	7.1	7,528	7,528
Provision for Sindh Workers' Welfare Fund	7.2	27,936	13,167
Withholding tax payable		25,872	14,978
Sales Load-payable to the related parties		114	313
Auditors' remuneration		200	313
Printing charges		30	110
Brokerage payable		117	115
Zakat Payable		51	15
		<u>61,848</u>	<u>36,539</u>

- 7.1** The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 7.528 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.08 per unit (June 30, 2018: Rs. 0.13 per unit).

- 7.2** The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 27.936 million as at March 31, 2019 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2019 would have been higher by Rs.0.29 per unit (June 30, 2018: Rs.0.12 per unit).

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**8 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

**9 TAXATION**

The Fund's income is exempt from income tax as per 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2019 to its unit holders.

**10 EARNINGS PER UNIT**

Earnings per unit (EPU) has not been disclosed in this condensed interim financial information as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

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

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Transactions and balances with parties who were connected persons due to holding 10% or more units in the comparative period and not in the current period are not disclosed in the comparative period.

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the condensed interim financial information are as follows:

		Nine Months ended March 31,	
		2019	2018
		(Un-Audited)	
		(Rupees in '000)	
<b>11.1</b>	<b>Transaction during the period</b>		
	<b>HBL Asset Management Limited</b>		
	Remuneration of Management Company	63,256	36,976
	Sindh Sales Tax on remuneration of Management Company	8,223	4,807
	Allocation of expenses related to registrar services, accounting, operation and valuation services	9,229	7,380
	Issue of 1,333,914 (2018: 1,073,478) units	131,049	110,000
	Redemption of 2,153,599 (2018: 636,554) units	219,175	65,000
	Dividend paid	1,234	-
	Refund of capital	4,320	-
	<b>Central Depository Company Of Pakistan Limited - Trustee</b>		
	Remuneration	8,166	6,816
	CDS connection charges	5	6
	<b>Habib Bank Limited - Sponsor</b>		
	Return on Deposit Accounts	31,371	59,696
	Bank charges	220	129
	<b>Jubilee Life Insurance Company Limited</b>		
	Sales of Market Treasury Bills	5,000,000	2,000,000
	<b>Directors and Executives of the Management Company</b>		
	Issue of 349,436 (2018: 903,923) units	33,706	92,980
	Redemption of 655,516 (2018: 469,800) units	66,428	48,643
	Dividend paid	3,899	-
	Refund of capital	1,813	-
	<b>HBL Financial Planning Fund - Active Allocation Plan - Associate</b>		
	Issue of 540,327 (2018: 2,964,330) units	48,033	303,305
	Redemption of 1,012,803 (2018: 1,931,604) units	102,623	199,645
	Dividend paid	3,533	-
	Refund of capital	6,973	-
	<b>HBL Financial Planning Fund - Conservative Allocation Plan - Associate</b>		
	Issue of 82,991 (2018: 1,423,823) units	3,148	145,300
	Redemption of 544,080 (2018: 92,267) units	56,350	9,525
	Dividend paid	3,148	-
	Refund of capital	5,217	-
	<b>HBL Financial Planning Fund - Strategic Allocation Plan - Associate</b>		
	Issue of 235,732 (2018: 97,963) units	21,780	10,000
	Redemption of 442,621 (2018: 97,963) units	45,071	10,111
	Dividend paid	1,180	-
	Refund of capital	2,505	-
	<b>Pakistan Mobile Communication Limited-</b>		
	<b>Connected Person due to holding of more than 10% units</b>		
	Issue of 10,893,209 (2018: nil) units	1,047,655	-
	Redemption of 8,828,977 (2018: nil) units	904,500	-
	Dividend paid	86,653	-
	Refund of capital	60,530	-

	March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	----- (Rupees in '000) -----	
<b>11.2 Balances outstanding at the period / year end</b>		
<b>HBL Asset Management Limited</b>		
Units held: 19,363 (June 30, 2018: 839,048)	1,952	88,941
Payable to Management Company	7,520	5,922
Sindh sales tax on Management Company's remuneration	978	770
Payable against allocation of expenses related to registrar services, accounting, operation and valuation services	924	1,138
Sales load payable	114	313
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	842	981
Security deposit held	100	100
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	5,602	13,521
Profit receivable	154	455
<b>Directors and Executives of the Management Company</b>		
Units held: 2,149,303 (June 30, 2018: 502,978)	19,854	53,317
<b>HBL Financial Planning Fund - Active Allocation Plan - Associate</b>		
Units held: 758,427 (June 30, 2018: 1,230,903)	76,473	130,478
<b>HBL Financial Planning Fund - Conservative Allocation Plan - Associate</b>		
Units held: 538,901 (June 30, 2018: 999,990)	54,338	106,001
<b>HBL Financial Planning Fund - Strategic Allocation Plan - Associate</b>		
Units held: 173,155 (June 30, 2018: 380,044)	17,459	40,285
<b>Pakistan Mobile Communication Limited -Connected Person due to holding of more than 10% units*</b>		
Units held: 12,769,792 (June 30, 2018: nil)	1,287,600	-

## 12 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended March 31, 2019 is 0.90% (2018: 0.72%) which includes 0.25% (2018: 0.20%) representing government levy and SECP fee.

## 13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and 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.



The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		March 31, 2019 (Un-Audited)						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments	13.1	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>								
Bank balances	13.2	-	6,611,673	6,611,673				
Profit receivable		-	96,091	96,091				
Investments		-	2,375,000	2,375,000				
		-	9,082,764	9,082,764				
<b>Financial liabilities not measured at fair value</b>								
Payable to the Management Company	13.2	-	9,422	9,422				
Payable to the Trustee		-	842	842				
Accrued expenses and other liabilities		-	461	461				
Dividend payable		-	236	236				
		-	10,961	10,961				
		June 30, 2018 (Audited)						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets not measured at fair value</b>								
Bank balances	13.2	-	10,899,252	10,899,252				
Profit receivable		-	43,554	43,554				
Investments		-	1,150,000	1,150,000				
		-	12,092,806	12,092,806				
<b>Financial liabilities not measured at fair value</b>								
Payable to the Management Company	13.2	-	7,060	7,060				
Payable to the Trustee		-	868	868				
Accrued expenses and other liabilities		-	851	851				
		-	8,779	8,779				

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**13.1 Valuation techniques**

For level 2 investments at fair value through profit or loss - investment in respect of Treasury Bills, Fund uses rates which are derived from PKRV rates at reporting date per certificate multiplied by the number of certificates held as at period end.

**13.2** The fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**13.3 Transfers during the period**

No transfers were made between various levels of fair value hierarchy during the period.

**14 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue by the Board of Directors of the Management Company on April 30, 2019 .

**15 GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, the effect of which is not material.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# **HBL**

## **Stock Fund**

## FUND INFORMATION

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Name of Fund	HBL Stock Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Allied Bank Limited JS Bank Limited MCB Bank Limited Soneri Bank Limited

**HBL Stock Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
Note		(Rupees in '000)	
<b>Assets</b>			
	4	337,987	577,518
Bank balances			
	5	2,863,779	5,442,731
Investments			
		37,686	15,470
Dividend receivable and accrued mark-up			
	6	3,034	29,082
Advances, deposits, prepayments and other receivables			
<b>Total assets</b>		<b>3,242,485</b>	<b>6,064,801</b>
<b>Liabilities</b>			
	7	10,170	23,982
Payable to the Management Company			
		411	658
Payable to the Trustee			
		3,564	5,547
Payable to the Securities and Exchange Commission of Pakistan			
	8	80,122	76,244
Accrued expenses and other liabilities			
<b>Total liabilities</b>		<b>94,267</b>	<b>106,431</b>
<b>Net assets</b>		<b>3,148,219</b>	<b>5,958,370</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>3,148,219</b>	<b>5,958,370</b>
<b>Contingencies and commitments</b>	9		
		(Number of units)	
<b>Number of units in issue</b>		<b>31,088,193</b>	<b>55,653,438</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>101.2673</b>	<b>107.0620</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Stock Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the Nine Months and Quarter Ended March 31, 2019*

		Nine Months ended March 31,		Quarter ended March 31,	
		2019	2018	2019	2018
	Note	----- (Rupees in '000) -----			
<b>Income</b>					
Dividend income		161,898	207,172	34,525	56,082
Mark-up on deposits with banks		40,869	35,406	10,708	12,647
Income from Government Securities		-	760	-	760
Capital loss on sale of investments - net		(237,866)	(332,287)	(22,039)	(102,687)
		(35,099)	(88,949)	23,194	(33,198)
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial asset at fair value through profit or loss - net		(191,024)	273,480	247,196	294,891
Impairment loss on equity securities classified as 'available-for-sale'		-	(294,670)	-	-
		(226,123)	(110,139)	270,390	261,693
<b>Expenses</b>					
Remuneration of the Management Company		84,783	96,942	19,478	33,354
Remuneration of the Trustee		5,087	5,833	1,252	2,084
Annual fee to the Securities and Exchange Commission of Pakistan		3,564	4,077	819	1,407
Allocation of expenses related to registrar services, accounting, operation and valuation services		3,751	4,289	861	1,479
Selling and marketing expense		15,006	17,158	3,448	5,908
Securities transaction costs		16,810	8,168	4,009	5,039
Auditors' remuneration		661	454	214	150
Settlement and bank charges		1,377	769	487	271
Other expenses		23	199	5	79
		131,064	137,889	30,574	49,771
<b>Net loss from operating activities</b>		(357,187)	(248,028)	239,816	211,922
Element of income and capital gains included in prices of units issued less those in units redeemed - net		-	-	-	-
Provision for Sindh Workers' Welfare Fund	8.2	-	-	-	-
<b>Net loss for the period before taxation</b>		(357,187)	(248,028)	239,816	211,922
Taxation	10	-	-	-	-
<b>Net loss for the period after taxation</b>		(357,187)	(248,028)	239,816	211,922

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## HBL Stock Fund

### Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Nine Months and Quarter Ended March 31, 2019

	Nine Months ended March 31,		Quarter ended, March 31,	
	2019	2018	2019	2018
	(Rupees in '000)			
<b>Net loss for the period after taxation</b>	<b>(357,187)</b>	<b>(248,028)</b>	<b>239,816</b>	<b>211,922</b>
<b>Other comprehensive income for the period</b>				
<b>Item that may be reclassified subsequently to Income Statement</b>				
Unrealised gain on re-measurement of investments classified as available-for-sale	-	514,267	-	556,363
Net reclassification adjustments relating to available-for-sale financial assets	-	(657,361)	-	(139,531)
Other comprehensive loss for the period	-	(143,094)	-	416,832
<b>Total comprehensive loss for the period</b>	<b>(357,187)</b>	<b>(391,122)</b>	<b>239,816</b>	<b>628,754</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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# HBL Stock Fund

## Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)

For the Nine Months Ended March 31, 2019

	Nine Months ended March 31,							
	2019				2018			
	Capital Value	Undistributed income / (accumulated loss)	Unrealised income / (loss) on investment	Total	Capital Value	Undistributed income / (accumulated loss)	Unrealised income / (loss) on investment	Total
	-----Rupees in '000-----							
<b>Net assets as at the beginning of the period</b>	<b>6,270,547</b>	<b>(378,651)</b>	<b>66,474</b>	<b>5,958,370</b>	<b>5,899,589</b>	<b>(96,624)</b>	<b>551,707</b>	<b>6,354,672</b>
Adoption of IFRS 9	-	66,474	(66,474)	-	-	-	-	-
Issue of 5,396,462 units (2017: 8,746,171 units)								
- Capital value (at net asset value per unit at the beginning of the period)	714,364	-	-	714,364	1,544,569	-	-	1,544,569
- Element of loss	(11,698)	-	-	(11,698)	(149,892)	-	-	(149,892)
Total proceeds on issue of units	702,666	-	-	702,666	1,394,677	-	-	1,394,677
Redemption of 25,642,518 units (2017: 8,540,416 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(3,344,369)	-	-	(3,344,369)	(1,098,510)	-	-	(1,098,510)
- Element of income	188,739	-	-	188,739	105,376	-	-	105,376
Total payments on redemption of units	(3,155,630)	-	-	(3,155,630)	(993,134)	-	-	(993,134)
Total comprehensive loss for the period	-	(357,187)	-	(357,187)	-	(248,028)	(143,094)	(391,122)
Distribution during the period	-	-	-	-	-	-	-	-
Net loss for the period less distribution	-	(357,187)	-	(357,187)	-	(248,028)	(143,094)	(391,122)
<b>Net assets as at the end of the period</b>	<b>3,817,582</b>	<b>(669,364)</b>	<b>-</b>	<b>3,148,219</b>	<b>6,301,132</b>	<b>(344,652)</b>	<b>408,613</b>	<b>6,395,093</b>
<b>Accumulated loss</b>								
- Realised		(378,651)				(96,624)		
- Unrealised		-				-		
		(378,651)				(96,624)		
Net loss for the period		(357,187)				(248,028)		
Adoption of IFRS 9		66,474						
Distribution during the period		-				-		
<b>Accumulated loss carried forward</b>		<b>(669,364)</b>				<b>(344,652)</b>		
<b>Accumulated loss carried forward</b>								
- Realised		(478,340)				(618,132)		
- Unrealised		(191,024)				273,480		
		(669,364)				(344,652)		
				<b>Rupees</b>				<b>Rupees</b>
Net asset value per unit at the beginning of the period				<b>107.0620</b>				<b>121.4498</b>
Net asset value per unit at end of the period				<b>101.2673</b>				<b>113.6700</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



**HBL Stock Fund**  
**Condensed Interim Statement of Cash Flow (Un- Audited)**  
*For the Nine Months Ended March 31, 2019*

	2019	2018
	----- Rupees in '000 -----	
<b>Cash flows from operating activities</b>		
Net loss for the period before taxation	(357,187)	(248,028)
<b>Adjustments for Non-cash items:</b>		
Impairment loss on investments classified as available-for-sale	-	294,670
Mark-up on deposits with banks	(40,869)	(35,406)
Dividend income	(161,898)	(207,172)
Capital loss on sale of investments - net	237,866	332,287
Income on Government Securities	-	(760)
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net	191,024	(273,480)
	(131,064)	(137,889)
<b>Decrease / (Increase) in assets</b>		
Investments - net	2,150,062	(344,141)
Advances, deposits, prepayments and other receivables	26,048	34,367
	2,176,110	(309,774)
<b>Increase / (Decrease) Increase in liabilities</b>		
Payable to the Management Company	(13,812)	(3,155)
Payable to the Trustee	(247)	(733)
Payable to the Securities and Exchange Commission of Pakistan	(1,983)	(1,326)
Accrued expenses and other liabilities	3,878	(4,301)
	(12,164)	(9,515)
Mark-up on bank deposits received	41,807	40,783
Dividend received	138,744	196,886
<b>Net cash generated from operating activities</b>	2,213,433	(219,509)
<b>Cash flows from financing activities</b>		
Amount received on issue of units	702,666	1,394,677
Payments / Payable against redemption of units	(3,155,630)	(1,174,998)
Cash dividend paid	-	(5,331)
<b>Net cash used in financing activities</b>	(2,452,964)	214,348
<b>Net (decrease) / increase in cash and cash equivalents</b>	(239,531)	(5,161)
Cash and cash equivalents at beginning of the year	577,518	650,713
<b>Cash and cash equivalents at end of the year</b>	337,987	645,552

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Stock Fund**  
**Notes to the Condensed Interim Financial Information (Unaudited)**  
***For the Nine Months Ended March 31, 2019***

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1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 HBL Stock Fund (the Fund) was established under a Trust Deed, dated August 09, 2007, executed between HBL Asset Management Limited (the Management Company) and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on August 21, 2007.
- 1.2 The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3 The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from August 29, 2007 to August 31, 2007.
- 1.4 The principal activity of the Fund is to provide long-term capital growth by investing primarily in a diversified pool of equities and equities related instruments.
- 1.5 JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+' (AM Two Plus) to the Management Company.
- 1.6 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

- 2.1.1 This condensed interim financial information 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 (IFRS Standards) 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
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS-34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

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## 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

## 2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 2.4 Use of judgments and estimates

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are 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.

Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) classification and valuation of financial assets ; and
- (ii) impairment of financial assets

## 3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in this condensed interim financial information.

3.5 On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

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### 3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the nine months ended March 31, 2019.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

#### (a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- the Fund's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been reclassified as at FVTPL. The change in fair value on these equity instruments will be recorded in the profit or loss account;
- there is no change in the measurement of the Fund's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

Para (d) below tabulates the change in classification of the Fund's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

#### (b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

#### (c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Carrying amount as per IAS 39 as on June 30, 2018	Reclassifications	Remeasurements	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
----- Rupees -----					
<b>Financial assets</b>					
<b>Fair Value through Profit or Loss</b>					
From available for sale (IAS 39)	887,003	887,003	-	887,003	-
<b>Total</b>	<b>887,003</b>	<b>887,003</b>	<b>-</b>	<b>887,003</b>	<b>-</b>

			(Un-Audited) March 31, 2019	(Audited) June 30, 2018
<b>4. BANK BALANCES</b>	<b>Note</b>		<b>----- (Rupees in '000) -----</b>	
Balances with banks in:				
Savings accounts	4.1		<b>335,537</b>	575,068
Current accounts			<b>2,450</b>	2,450
			<b>337,987</b>	577,518

4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 7% - 11.4% (June 30, 2018: 4% - 8.25%) per annum.

			(Un-Audited) March 31, 2019	(Audited) June 30, 2018
<b>5. INVESTMENTS</b>	<b>Note</b>		<b>----- (Rupees in '000) -----</b>	
<b>Financial assets at fair value through profit or loss account</b>				
- Listed equity securities	5.1		<b>2,839,334</b>	5,442,731
- Advance against Book Building	5.2		<b>24,445</b>	
			<b>2,863,779</b>	5,442,731

## 5.1 Listed equity securities - At fair value through profit or loss

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	-----Number of shares-----					Market value as at Mar 31, 2019 (Rupees in '000)	Market value as a		Par value as a percentage of issued capital of the investee company
	As at July 01, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at Mar 31, 2019		Total Investments	Net Assets	
TEXTILE COMPOSITE									
Nishat Mills Ltd	1,058,600	273,500	-	729,900	602,200	81,062	2.85%	2.57%	0.17%
Gul Ahmed Textile Mills Ltd	-	350,000	-	350,000	-	-	-	0.00%	0.00%
Kohinoor Textile Mills Ltd	-	812,000	-	389,000	423,000	18,980	0.67%	0.60%	0.40%
Nishat (Chunian) Ltd	-	1,006,000	-	1,006,000	-	-	-	0.00%	0.00%
	1,058,600	2,441,500	-	2,474,900	1,025,200	100,042	3.52%	3.18%	
CEMENT & MATERIAL									
Lucky Cement Ltd	361,050	371,900	-	442,200	290,750	124,511	4.39%	3.95%	0.09%
Cherat Cement Company Ltd.	-	618,100	-	618,100	-	-	-	0.00%	-
D G Khan Cement Co.Ltd.	-	1,245,000	-	1,245,000	-	-	-	0.00%	-
Kohat Cement Ltd	222,300	344,200	-	395,000	171,500	14,720	0.52%	0.47%	0.13%
Maple Leaf Cement Factory Ltd	-	4,386,000	-	3,986,000	400,000	14,980	0.53%	0.48%	0.08%
Pioneer Cement Limited	488,500	150,000	-	638,500	-	-	-	0.00%	-
	1,071,850	7,115,200	-	7,324,800	862,250	154,211	5.43%	4.90%	
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	3,093,400	1,776,000	-	2,695,500	2,173,900	159,412	5.61%	5.06%	0.19%
K-Electric Limited	5,724,500	11,987,500	-	12,410,500	5,301,500	29,635	1.04%	0.94%	0.02%
Nishat Chunian Power Limited	-	1,144,500	-	476,500	668,000	14,556	0.51%	0.46%	0.18%
Pakgen Power Limited	-	1,637,000	-	612,000	1,025,000	15,642	0.55%	0.50%	0.28%
	8,817,900	16,545,000	-	16,194,500	9,168,400	219,245	7.72%	6.96%	
ENGINEERING									
Amreli Steels Limited	847,200	282,000	-	1,129,200	-	-	-	0.00%	-
Crescent Steel & Allied Products Ltd	-	235,000	-	-	235,000	9,116	0.32%	0.29%	0.30%
International Industries Limited	251,300	553,800	-	686,200	118,900	14,755	0.52%	0.47%	0.10%
International Steels Limited	587,000	886,800	-	1,218,300	255,500	16,360	0.58%	0.52%	0.06%
Mughal Iron & Steel Inds Limited	983,165	383,000	-	1,348,000	18,165	710	0.02%	0.02%	0.01%
	2,668,665	2,340,600	-	4,381,700	627,565	40,940	1.44%	1.30%	
AUTOMOBILE PARTS & ACCESSORIES									
Indus Motor Company Limited	55,160	2,840	-	58,000	-	-	-	0.00%	-
Millat Tractors Ltd	101,670	3,000	-	104,670	-	-	-	0.00%	-
Honda Atlas Cars (Pakistan) Ltd	104,950	-	-	104,950	-	-	-	0.00%	-
Thal Limited	278,650	131,900	-	167,550	243,000	102,546	3.61%	3.26%	0.30%
	540,430	137,740	-	435,170	243,000	102,546	3.61%	3.26%	
TECHNOLOGY & COMMUNICATION									
Systems Limited	629,000	45,800	-	674,800	-	-	-	0.00%	-
PHARMACEUTICALS									
AGP Limited	-	866,000	-	470,500	395,500	33,673	1.19%	1.07%	0.01%
The Searle Company Limited	167,984	85,000	1,197	185,000	69,181	16,384	0.58%	0.52%	0.04%
	167,984	951,000	1,197	655,500	464,681	50,057	1.76%	1.59%	
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	198,960	39,320	18,778	123,380	133,678	166,461	5.86%	5.29%	0.12%
Oil & Gas Development Company Limit	1,919,400	1,354,900	-	1,992,200	1,282,100	189,174	6.66%	6.01%	0.03%
Pakistan Oilfields Limited	448,800	161,950	75,960	440,800	245,910	109,983	3.87%	3.49%	0.10%
Pakistan Petroleum Limited	1,658,600	980,200	240,345	1,940,300	938,845	173,677	6.12%	5.52%	0.05%
	4,225,760	2,536,370	335,083	4,496,680	2,600,533	639,295	22.52%	20.31%	
OIL & GAS MARKETING COMPANIES									
Hascol Petroleum Limited	246,200	25,000	55,300	326,500	-	-	-	0.00%	-
Pakistan State Oil Company Limited	661,140	780,000	152,328	1,003,100	590,368	127,626	4.49%	4.05%	0.18%
Sui Northern Gas Pipeline Limited	1,210,900	671,000	-	1,017,500	864,400	64,925	2.29%	2.06%	0.14%
	2,118,240	1,476,000	207,628	2,347,100	1,454,768	192,551	6.78%	6.12%	

Name of the Investee Company	-----Number of shares-----					Market value as at Mar 31, 2019 (Rupees in '000)	Market value as a		Par value as a percentage of issued capital of the investee company
	As at July 01, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at Mar 31, 2019		Total Investments	Net Assets	
COMMERCIAL BANKS									
MCB Bank Ltd	1,574,300	534,400	-	1,791,900	316,800	62,261	2.19%	1.98%	0.03%
United Bank Limited	1,761,500	2,041,400	-	2,667,700	1,135,200	158,394	5.58%	5.03%	0.09%
Allied Bank Ltd	-	989,000	-	413,000	576,000	62,231	2.19%	1.98%	0.05%
Askari Bank Ltd	-	350,000	-	-	350,000	7,158	0.25%	0.23%	0.03%
Bank Al-Falah Ltd	4,994,500	1,740,000	372,100	3,973,500	3,133,100	147,475	5.19%	4.68%	0.02%
Bank Al-Habib Limited	1,885,500	2,809,000	-	2,814,500	1,880,000	161,041	5.67%	5.12%	0.17%
Bank of Punjab Ltd	9,666,500	9,022,500	-	13,950,000	4,739,000	61,702	2.17%	1.96%	0.90%
Faysal Bank Limited	2,298,350	433,500	-	1,365,000	1,366,850	32,176	1.13%	1.02%	0.15%
Habib Bank Ltd*	1,811,619	1,826,900	-	2,459,700	1,178,819	156,182	5.50%	4.96%	0.08%
Habib Metropolitan Bank Ltd	-	651,000	-	651,000	-	-	0.00%	0.00%	-
Meezan Bank Ltd	437,000	294,500	66,400	797,900	-	-	0.00%	0.00%	-
National Bank of Pakistan Ltd	-	1,290,500	-	473,000	817,500	32,749	1.15%	1.04%	0.04%
	24,429,269	21,982,700	438,500	31,357,200	15,493,269	881,368	31.04%	28.00%	
FERTILIZER									
Engro Corporation Limited	972,100	727,900	-	1,209,100	490,900	160,637	5.66%	5.10%	0.09%
Engro Fertilizers Limited	3,439,000	898,000	-	3,407,500	929,500	66,506	2.34%	2.11%	0.07%
Fauji Fertilizer Bin Qasim Limited	-	1,219,000	-	323,000	896,000	30,679	1.08%	0.97%	0.10%
Fauji Fertilizer Company Limited	1,210,000	512,500	-	1,121,000	601,500	62,833	2.21%	2.00%	0.05%
	5,621,100	3,357,400	-	6,060,600	2,917,900	320,655	11.29%	10.19%	
CHEMICAL									
Engro Polymer & Chemicals Limited	2,056,500	3,434,079	-	3,209,000	2,281,579	82,867	2.92%	2.63%	0.18%
Engro Polymer & Chemicals Limited - LC	640,579	-	-	640,579	-	-	-	0.00%	-
Lotte Chemical Pakistan Ltd	-	1,350,000	-	-	1,350,000	19,197	0.68%	0.61%	0.09%
	2,697,079	4,784,079	-	3,849,579	3,631,579	102,064	3.59%	3.24%	
GLASS & CERAMICS									
Shabbir Tiles & Ceramics Ltd	481,500	335,500	-	817,000	-	-	-	0.00%	-
PAPER & BOARD									
Century Paper & Board Mills Ltd	-	103,000	-	-	103,000	5,202	0.18%	0.17%	0.07%
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	1,619,800	1,136,500	-	2,756,300	-	-	-	0.00%	-
INSURANCE									
Adamjee Insurance Company Limited	-	1,330,000	-	552,000	778,000	31,159	1.10%	0.99%	0.22%
Total as at Mar 31, 2019	56,147,177	66,618,389	982,408	84,377,829	39,370,145	2,839,334	100%	90.19%	
Carrying value as at Mar 31, 2019						3,030,358			

\*Sponsor of the Management Company

- 5.1.1 Investments include shares having market value aggregating to Rs. 300.546 million (June 30, 2018: Rs. 324.348 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.
- 5.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 3.69 million at March 31, 2019 (June 30, 2018: Rs. 4.7 million) and not yet deposited in CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.



5.2 This represents book building against Interloop Ltd, subsequently converted into shares.

		(Un-Audited) March 31, 2018	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>6. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Receivable against sale of securities		-	26,053
Advance tax		429	429
Advance against subscription of Term Finance Certificates (TFC)		25,000	25,000
Prepaid annual listing fee		5	-
		<b>28,034</b>	<b>54,082</b>
Less: Provision in respect of advance against subscription of term finance certificates		<b>(25,000)</b>	<b>(25,000)</b>
		<b>3,034</b>	<b>29,082</b>
<b>7. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Management fee		5,583	10,009
Sindh Sales Tax		726	1,301
Sales load payable		134	77
Selling and marketing payable		3,448	12,094
Allocation of expenses related to registrar services, accounting, operation and valuation services		279	501
		<b>10,170</b>	<b>23,982</b>
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Federal Excise Duty	8.1	37,838	37,838
Provision for Sindh Workers' Welfare Fund	8.2	34,381	34,381
Withholding tax payable		841	849
Auditors remuneration		463	543
Payable against sale of securities		4,806	-
Payable to broker		884	1,764
Others		909	870
		<b>80,122</b>	<b>76,244</b>

8.1 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order by Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 37.838 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 1.22 per unit (June 30, 2018: 0.68 per unit).

## 8.2 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for the half year ended March 31, 2019, no provision for SWWF has been recognised in this condensed interim financial information. As at March 31, 2019, the provision in relation to SWWF amounted to Rs. 34.381 million (2018: Rs. 34.381 million). Had the provision not being made, the Net Asset Value per unit as at March 31, 2019 would have been higher by Rs.1.1059 (June 30, 2018: Rs. 0.6178) per unit.

#### 9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

#### 10. TAXATION

The Fund's income is exempt from income tax as per Clause 99 of Part 1 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.

#### 11. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Details of the transactions with connected persons and balances with them are as follows:

		(Un-Audited) Nine Months ended March 31,	
		2019	2018
		----- (Rupees in '000) -----	
<b>11.1</b>	<b>Transactions during the period</b>		
	<b>HBL Asset Management Limited - Management Company</b>		
	Management Fee including sales tax thereon	<b>84,783</b>	96,942
	Allocation of expenses related to registrar services, accounting, operation and valuation services	<b>3,751</b>	4,289
	Selling and marketing expense	<b>15,006</b>	17,158
	<b>Habib Bank Limited - Sponsor</b>		
	Bank charges paid	<b>26</b>	29
	Mark-up on deposits with banks earned	<b>1,900</b>	3,135
	Dividend income earned	<b>5,463</b>	3,229

		(Un-Audited) Nine Months ended March 31,	
		2019	2018
		----- (Rupees in '000) -----	
<b>Executives and their relatives</b>			
Issuance of 30,286 units (March 31, 2018: 60,366 units)		3,067	6,258
Redemption of 12,887 units (March 31, 2018: 10,431 units)		1,305	1,083
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Trustee remuneration		5,087	5,833
Central Depository service charges		500	138
<b>Habib Bank Limited - Sponsor</b>			
Redemption of 22,754,700 units (March 31, 2018 : Nil units)		2,304,541	-
<b>MCBFSL - HBL Financial Planning Fund Active Allocation Plan - Trustee</b>			
Issuance of 240,296 units (March 31, 2018 : 1,771,112 units)		24,337	187,800
Redemption of 1,392,408 units (March 31, 2018 : 59,419 units)		141,020	6,500
<b>MCBFSL - HBL Financial Planning Fund Conservative Allocation Plan - Trustee</b>			
Issuance of 30,081 units (March 31, 2018 : 359,944 units)		3,047	36,600
Redemption of 149,674 units (March 31, 2018 : 45,820 units)		15,159	5,010
<b>MCBFSL - HBL Financial Planning Fund Strategic Allocation Plan - Trustee</b>			
Issuance of 235,777 units (March 31, 2018 : 1,157,403 units)		23,879	121,900
Redemption of 413,959 units (March 31, 2018 : Nil units)		41,925	-
		(Un-Audited) March 31,	(Audited) June 30,
		2019	2018
		----- (Rupees in '000) -----	
<b>11.2</b>	<b>Balances outstanding as at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>			
Management fee		5,583	10,009
Sindh Sales Tax		726	1,301
Sales load payable		134	77
Selling and marketing payable		3,448	12,094
Allocation of expenses related to registrar services, accounting, operation and valuation services		279	501
<b>Habib Bank Limited - Sponsor</b>			
Investment held in the Fund: 15,000,000 units (June 30, 2018: 37,754,700 units)		1,519,164	4,042,095
Bank balances		6,654	14,079
Mark-up receivable		62	107
<b>Directors and Executives of the Management Company and their relatives</b>			
<b>Directors and their relatives</b>			
Investment held in the Fund: 106,964 units (June 30, 2018: 84,184 units)		10,833	9,013
<b>HBL Employees Provident Fund - Associated Entity</b>			
Investment held in the Fund: 7,125,389 units (June 30, 2018: 7,125,389 units)		721,642	762,859
<b>MCBFSL - HBL Financial Planning Fund Active Allocation Plan - Trustee</b>			
Investment held in the Fund: 698,631 units (June 30, 2018: 1,850,743 units)		70,756	198,144

	(Un-Audited) March 31, 2019 ----- (Rupees in '000) -----	(Audited) June 30, 2018
<b>MCBFSL - HBL Financial Planning Fund Conservative Allocation Plan - Trustee</b>		
Investment held in the Fund: 128,602 units (June 30, 2018: 248,195 units)	<b>13,025</b>	26,572
<b>MCBFSL - HBL Financial Planning Fund Strategic Allocation Plan - Trustee</b>		
Investment held in the Fund: 785,145 units (June 30, 2018: 963,327 units)	<b>79,518</b>	103,136
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable including sales tax thereon	<b>411</b>	582
Sindh Sales Tax	<b>53</b>	76
Security deposit	<b>100</b>	100

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The fair value of financial assets and liabilities traded in active markets (i.e. listed equity shares) are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		March 31, 2019 (Un-Audited)								
		Carrying amount				Fair Value				
		Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	Note	----- (Rupees in '000) -----								
Financial assets measured at fair value										
Investments										
- Listed equity securities		2,839,334	-	-	-	2,839,334	2,863,779	-	-	2,863,779
- Advance against book building - Interloop Ltd.		24,445	-	-	-	24,445	-	-	24,445	24,445
		2,863,779	-	-	-	2,863,779	2,863,779	-	24,445	2,863,779
Financial assets not measured at fair value										
Bank balances	12.1	-	-	-	337,987	337,987				
Dividend receivable and accrued mark-up		-	-	-	5,141	5,141				
Advances, deposits and other receivables		-	-	-	2,600	2,600				
			-	-	345,728	345,728				
Financial liabilities not measured at fair value										
Payable to the Management Company		-	-	-	9,444	9,444				
Payable to the Trustee		-	-	-	364	364				
Payable against redemption of units		-	-	-	-	-				
Payable to the Securities and Exchange Commission of Pakistan		-	-	-	3,564	3,564				
Accrued expenses and other liabilities		-	-	-	7,062	7,062				
			-	-	20,434	20,434				
June 30, 2018 (Audited)										
		Carrying amount				Fair Value				
		Available-for-sale	Held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	Note	----- (Rupees in '000) -----								
Financial assets measured at fair value										
Investments - Listed equity securities										
		887,003	4,555,728	-	-	5,442,731	5,442,731	-	-	5,442,731
		887,003	4,555,728	-	-	5,442,731	5,442,731	-	-	5,442,731
Financial assets not measured at fair value										
Bank balances	12.1	-	-	-	577,518	577,518				
Dividend receivable and accrued mark-up		-	-	-	15,470	15,470				
Advances, deposits and other receivables		-	-	-	45,663	45,663				
		-	-	-	638,651	638,651				
Financial liabilities not measured at fair value										
Payable to the Management Company	12.1	-	-	-	22,681	22,681				
Payable to Trustee		-	-	-	582	582				
Payable to the Securities and Exchange Commission of Pakistan		-	-	-	5,547	5,547				
Accrued expenses and other liabilities		-	-	-	3,176	3,176				
		-	-	-	31,986	31,986				

12.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

### 13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the nine months ended March 31, 2019 is 2.60%, which includes 0.27% representing government levy, Sindh Worker's Welfare Fund and SECP fee.

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**14. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on April 30, 2019.

**15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** This condensed interim financial information are unaudited. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter and nine months ended March 31, 2019 have not been reviewed.

**15.3** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# **HBL**

## **Equity Fund**

## FUND INFORMATION

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Name of Fund	HBL Equity Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited Soneri Bank Limited HBL Bank Limited JS Bank Limited



**HBL Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

		<b>March 31, 2019 (Un-Audited)</b>	<b>June 30, 2018 (Audited)</b>
<b>Note</b>		<b>----- (Rupees in '000) -----</b>	
<b>Assets</b>			
	4	<b>24,356</b>	43,148
Bank balances			
	5	<b>258,303</b>	258,299
Investments			
		<b>3,177</b>	674
Dividend and profit receivable			
		<b>2,842</b>	2,805
Advance, Deposits and prepayments			
<b>Total assets</b>		<b>288,678</b>	304,926
<b>Liabilities</b>			
	6	<b>868</b>	1,244
Payable to the Management Company			
		<b>74</b>	69
Payable to the Trustee			
		<b>214</b>	314
Payable to Securities and Exchange Commission of Pakistan			
		<b>677</b>	-
Payable against redemption of units			
	7	<b>8,932</b>	9,131
Accrued expenses and other liabilities			
<b>Total liabilities</b>		<b>10,765</b>	10,758
<b>Net assets</b>		<b>277,913</b>	294,168
<b>Unit holders' fund (as per statement attached)</b>		<b>277,913</b>	294,168
<b>----- (Number of Units) -----</b>			
<b>Number of units in issue</b>		<b>2,638,077</b>	2,663,116
<b>----- (Rupees) -----</b>			
<b>Net assets value per unit</b>		<b>105.3467</b>	110.4602

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Equity Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the nine months and quarter ended March 31, 2019*

		Nine months ended		Quarter ended	
		March 31,		March 31,	
		2019	2018	2019	2018
----- (Rupees in '000) -----					
<b>Income</b>	<b>Note</b>				
Capital (loss) / gain on sale of investments - net		<b>(4,519)</b>	(38,473)	<b>517</b>	(1,243)
Dividend income		<b>9,724</b>	11,561	<b>3,019</b>	3,133
Profit on bank deposits		<b>2,407</b>	2,058	<b>768</b>	630
		<b>7,612</b>	(24,854)	<b>4,304</b>	2,520
Unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit and loss - held -for-trading' - net		<b>(14,185)</b>	4,639	<b>16,745</b>	36,074
		<b>(6,573)</b>	(20,215)	<b>21,049</b>	38,594
<b>Expenses</b>					
Remuneration of the Management Company	6.1 & 6.2	<b>5,095</b>	5,692	<b>1,646</b>	1,842
Remuneration of the Trustee		<b>594</b>	614	<b>195</b>	195
Annual fee to Securities and Exchange Commission of Pakistan		<b>214</b>	239	<b>69</b>	77
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	<b>225</b>	252	<b>72</b>	82
Selling and marketing expenses	6.4	<b>902</b>	1,007	<b>292</b>	326
Amortisation of preliminary expenses and floatation costs		-	-	-	-
Securities transaction costs and bank charges		<b>1,326</b>	1,262	<b>439</b>	475
Auditors' remuneration		<b>320</b>	329	<b>107</b>	107
Printing and postage expenses		-	255	-	82
Fees and subscription		<b>86</b>	83	<b>6</b>	54
		<b>8,762</b>	9,733	<b>2,826</b>	3,240
<b>Net (loss) / income from operating activities</b>		<b>(15,335)</b>	(29,948)	<b>18,223</b>	35,354
Provision for Sindh Workers' Welfare Fund	7.2	-	-	-	-
<b>Net (loss) / income for the period before taxation</b>		<b>(15,335)</b>	(29,948)	<b>18,223</b>	35,354
Taxation	9	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		<b>(15,335)</b>	(29,948)	<b>18,223</b>	35,354
<b>Earnings per unit</b>	10				

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## HBL Equity Fund

### Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the nine months and quarter ended March 31, 2019

	Nine months ended March 31,		Quarter ended, March 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(15,335)	(29,948)	18,223	35,354
Other comprehensive income for the period				
Item that may be reclassified subsequently to income statement	-	-	-	-
Total comprehensive (loss) / income for the period	(15,335)	(29,948)	18,223	35,354

For HBL Asset Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

# HBL Equity Fund

## Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)

For the nine months ended March 31, 2019

Note	Nine months ended March 31,					
	2019			2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	249,396	44,772	294,168	376,127	92,698	468,825
Issuance of 760,874 units (2018: 916,874 units)						
- Capital value (at net asset value per unit at the beginning of the period)	84,046	-	84,046	114,283	-	114,283
- Element of loss	275	-	275	(9,841)	-	(9,841)
Total proceeds on issuance of units			84,321	104,442	-	104,442
Redemption of 785,913 units (2018: 1,712,081 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(86,812)	-	(86,812)	(213,401)	-	(213,401)
- Element of income	1,571	-	1,571	16,977	-	16,977
Total payments on redemption of units			(85,241)	(196,424)	-	(196,424)
Net income for the period after taxation	-	(15,335)	(15,335)	-	(29,948)	(29,948)
Net assets at end of the period	249,396	29,437	277,913	284,145	62,750	346,895
Undistributed income brought forward						
- Realised		56,123			84,641	
- Unrealised		(11,351)			8,057	
		44,772			92,698	
Net Income for the period		(15,335)			(29,948)	
Undistributed income carried forward		29,437			62,750	
Undistributed income carried forward						
- Realised		43,622			58,111	
- Unrealised		(14,185)			4,639	
		29,437			62,750	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		110.4602			124.6444	
Net assets value per unit at end of the period		105.3467			116.9530	

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Equity Fund**  
**Condensed Interim Statement of Cash Flow (Un- Audited)**  
*For the nine months ended March 31, 2019*

		Nine months ended March 31,	
		2019	2018
	Note	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>			
Net loss for the period before taxation		(15,335)	(29,948)
<b>Adjustments for:</b>			
Dividend Income		(9,724)	(11,561)
Profit on bank deposits		(2,407)	(2,058)
Capital loss / (gain) on sale of investments - net		4,519	38,473
Unrealised diminution / (appreciation) on re-measurement of investments at fair value through 'profit and loss - held-for-trading' - net		14,185	(4,639)
		(8,762)	(9,733)
<b>(Increase) / decrease in assets</b>			
Investments - net		(18,708)	174,568
Receivable against sale of investments		-	(9,209)
Deposits, prepayments and other receivables		(37)	(168)
		(18,745)	165,191
<b>Increase / (decrease) in liabilities</b>			
Payable to the Management Company		(376)	(947)
Payable to the Trustee		5	(164)
Payable to Securities and Exchange Commission of Pakistan		(100)	(157)
Payable against redemption of units		677	(102,095)
Accrued expenses and other liabilities		(199)	(6,610)
		7	(109,973)
<b>Net cash (used in) / generated from operations</b>			
		(27,500)	45,485
Dividend received		7,183	10,561
Profit received on bank deposits		2,445	2,088
		9,628	12,649
<b>Net cash (used in) / generated from operating activities</b>			
		(17,872)	58,134
<b>Cash flows from financing activities</b>			
Amount received on issue of units		41,578	104,442
Payment against redemption of units		(42,498)	(196,424)
<b>Net cash (used in) / generated from financing activities</b>			
		(920)	(91,982)
<b>Net (decrease) / increase in cash and cash equivalents</b>			
		(18,792)	(33,848)
Cash and cash equivalents at beginning of the period		43,148	63,886
Cash and cash equivalents at end of the period	4	24,356	30,038

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Equity Fund**

## **Notes to the Condensed Interim Financial Information (Unaudited)**

*For the nine months and quarter ended March 31, 2019*

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

HBL Equity Fund ("the Fund") was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/NBFC-II/PSF/249/2011 dated June 1, 2011 and the trust deed was executed on June 14, 2011.

SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund, which is a wholly owned subsidiary of Habib Bank Limited. After the merger, trust deed was revised on February 17, 2017.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered to the public for subscription at par value of Rs 100 per unit from September 24, 2011 to September 26, 2011. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferrable and redeemable by surrendering them to the Fund.

The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of the Collective Investment Schemes (CISs).

The investment objective of the Fund is to provide investors a diversified equity portfolio with a primary objective of maximizing risk-adjusted returns over longer investment horizon through a combination of capital gains and dividend income.

Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

**2.1.2** The disclosures made in this condensed interim financial information have; however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

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## **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

## **2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees, except otherwise stated.

## **3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN**

- 3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2018 except as explained in note 3.6.
- 3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2018.
- 3.4** There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.
- 3.5** The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.
- 3.6** Except as described below, the accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after July 1, 2018. A number of other new standards are effective from July 1, 2018 but they do not have a material effect on the Fund's condensed interim financial information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

### **i. Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

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IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI.



On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

#### Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees in '000) -----					
<b>Financial assets</b>					
Listed equity	(a)	Held for trading	FVTPL	258,299	258,299
Bank balances	(b)	Loans and receivables	Amortised cost	43,148	43,148
Dividend and	(b)	Loans and receivables	Amortised cost	674	674
Deposits,	(b)	Loans and receivables	Amortised cost	2,805	2,805
				<u>304,926</u>	<u>304,926</u>

- (a) Listed equity securities classified as financial assets at fair value through profit or loss - held for trading have been measured at fair value through profit or loss with value changes continue to recognised in income statement.
- (b) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

#### ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

#### iii. Transition

The Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

		March 31, 2019 (Un-Audited) Note ----- (Rupees in '000) -----	June 30, 2018 (Audited)
<b>4</b>	<b>BANK BALANCES</b>		
	In saving account	18,473	43,124
	In current accounts	4.1 <u>5,883</u>	<u>24</u>
		<u>24,356</u>	<u>43,148</u>

4.1 These accounts carry rate of return from 8.23% to 11.15% per annum (2018: 5.35% to 7.5% per annum).

## 5 INVESTMENTS

Financial assets at 'fair value through profit or loss'

- Listed equity securities	5.1	256,208	258,299
- Advanced against Book Building	5.2	<u>2,095</u>	<u>-</u>
		<u>258,303</u>	<u>258,299</u>

### 5.1 Financial assets at fair value through profit or loss - held-for-trading - listed equity securities

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless otherwise stated.

Name of the Investee Company	Number of Shares					Market Value			Par value as a percentage of issued capital of the investee company
	As at July 1, 2018	Purchases during the year	Bonus / right issues	Sales during the period	As at March 31, 2019	As at March 31, 2019 (Rupees in '000)	As a percentage of total investments	As a percentage of net assets	
AUTOMOBILE ASSEMBLER									
HondaAtlas Cars (Pakistan) Limited	4,500	-	-	4,500	-	-	-	-	-
Indus Motor Company Limited	2,140	700	-	2,840	-	-	-	-	-
Millat Tractors Limited	4,540	500	-	5,040	-	-	-	-	-
	11,180	1,200	-	12,380	-	-	-	-	
AUTOMOBILE PARTS & ACCESSORIES									
Thal Limited (par value of Rs. 5 each)	12,900	9,950	-	3,450	19,400	8,187	3.20	2.95	0.02
CABLE & ELECTRICAL GOODS									
Pak Elektron Ltd	85,000	62,000	-	147,000	-	-	-	-	-
CEMENT									
Cherat Cement Company Limited.	-	48,200	-	48,200	-	-	-	-	-
Lucky Cement Limited	17,650	28,250	-	20,500	25,400	10,877	4.25	3.91	0.01
D. G. Khan Cement Company Limited	-	56,300	-	56,300	-	-	-	-	-
Kohat Cement Limited	11,900	23,800	-	19,700	16,000	1,373	0.54	0.49	0.01
Maple Leaf Cement Factory Limited	-	247,000	-	214,500	32,500	1,217	0.48	0.44	0.01
Pioneer Cement Limited	23,000	10,000	-	33,000	-	-	-	-	-
	52,550	413,550	-	392,200	73,900	13,467	5.27	4.84	
CHEMICAL									
Engro Polymer & Chemicals Limited	95,000	208,596	-	106,000	197,596	7,177	2.80	2.58	0.02
Engro Polymer & Chemicals Limited- LOR	29,596	-	-	29,596	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	110,000	-	-	110,000	1,564	0.61	0.56	0.01
	124,596	318,596	-	135,596	307,596	8,741	3.41	3.14	

	Number of Shares				Market Value				
	As at July 1, 2018	Purchases during the year	Bonus / right issues	Sales during the period	As at March 31, 2019	As at March 31, 2019 (Rupees in '000)	As a percentage of total investments	As a percentage of net assets	Par value as a percentage of issued capital of the investee company
<b>COMMERCIAL BANKS</b>									
Allied Bank Limited	-	60,500	-	20,500	40,000	4,322	1.69	1.55	0.00
Askari Bank Limited	-	150,000	-	-	150,000	3,068	1.20	1.10	0.01
Bank Al-Falah Limited	244,500	177,500	19,550	159,500	282,050	13,276	5.18	4.78	0.02
Bank Al-Habib Limited	87,500	192,500	-	116,000	164,000	14,048	5.48	5.05	0.01
Bank of Punjab Limited	456,000	757,000	-	793,000	420,000	5,468	2.13	1.97	0.08
Faysal Bank Limited	110,800	95,500	-	71,000	135,300	3,185	1.24	1.15	0.01
Habib Bank Limited*	88,100	112,800	-	90,500	110,400	14,627	5.71	5.26	0.01
Habib Metropolitan Bank Limited	-	35,000	-	35,000	-	-	-	-	-
MCB Bank Limited**	74,800	104,500	-	151,000	28,300	5,562	2.17	2.00	0.00
Meezan Bank Limited	17,500	17,500	3,500	38,500	-	-	-	-	-
National Bank of Pakistan Limited	-	82,000	-	15,000	67,000	2,684	1.05	0.97	0.00
United Bank Limited	85,300	90,900	-	75,100	101,100	14,106	5.51	5.08	0.01
	1,164,500	1,875,700	23,050	1,565,100	1,498,150	80,346	31.36	28.91	
<b>ENGINEERING</b>									
Amreli Steels Limited	36,500	13,000	-	49,500	-	-	-	-	-
Crescent Steel & Allied Products Limited	-	30,000	-	-	30,000	1,164	0.45	0.42	0.04
International Steels Limited	30,200	47,100	-	55,100	22,200	1,421	0.55	0.51	0.01
International Industries Limited	12,600	57,400	-	60,500	9,500	1,179	0.46	0.42	0.01
Mughal Iron & Steel Industries Limited	46,500	21,000	-	67,500	-	-	-	-	-
	125,800	168,500	-	232,600	61,700	3,764	1.46	1.35	
<b>FERTILIZER</b>									
Engro Corporation Limited	47,000	61,900	-	65,100	43,800	14,333	5.59	5.16	0.01
Engro Fertilizers Limited	153,500	55,000	-	131,500	77,000	5,509	2.15	1.98	0.01
Fauji Fertilizer Bin Qasim Limited	-	79,000	-	-	79,000	2,705	1.06	0.97	0.01
Fauji Fertilizer Company Limited	61,500	66,000	-	44,000	83,500	8,722	3.40	3.14	0.01
	262,000	261,900	-	240,600	283,300	31,269	12.20	11.25	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	9,890	2,520	969	820	12,559	15,639	6.10	5.63	0.01
Oil & Gas Development Company Limited	93,400	97,000	-	79,700	110,700	16,335	6.38	5.88	0.00
Pakistan Oilfields Limited	22,200	14,600	3,940	18,500	22,240	9,947	3.88	3.58	0.01
Pakistan Petroleum Limited	81,450	193,500	12,592	205,400	82,142	15,195	5.93	5.47	0.00
	206,940	307,620	17,501	304,420	227,641	57,116	22.29	20.56	
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Hascol Petroleum Limited	11,100	1,100	2,550	14,750	-	-	-	-	-
Pakistan State Oil Company Limited	31,980	55,000	7,796	43,500	51,276	11,085	4.33	3.99	0.02
Sui Northern Gas Pipeline Limited	58,200	50,500	-	33,000	75,700	5,686	2.22	2.05	0.01
	101,280	106,600	10,346	91,250	126,976	16,771	6.55	6.04	
<b>PAPER &amp; BOARD</b>									
Century Paper & Board Mills Limited	-	25,000	-	-	25,000	1,263	0.49	0.45	0.02
<b>PHARMACEUTICALS</b>									
AGP Limited	-	38,000	-	3,000	35,000	2,980	1.16	1.07	0.00
The Searle Company Limited	7,664	16,000	35	17,425	6,274	1,486	0.58	0.53	0.00
	7,664	54,000	35	20,425	41,274	4,466	1.74	1.60	
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Limited	114,500	112,500	-	57,500	169,500	12,429	4.85	4.47	0.01
K-Electric Limited (par value of Rs. 3.5 each)	550,000	300,000	-	350,000	500,000	2,795	1.09	1.01	0.00
Nishat Chunian Power Limited	-	72,000	-	9,000	63,000	1,373	0.54	0.49	0.02
Pakgen Power Limited	-	100,000	-	10,000	90,000	1,373	0.54	0.49	0.02
	664,500	584,500	-	426,500	822,500	17,970	7.02	6.46	

	Number of Shares					Market Value			
	As at July 1, 2018	Purchases during the year	Bonus / right issues	Sales during the period	As at March 31, 2019	As at March 31, 2019 (Rupees in '000)	As a percentage of total investments	As a percentage of net assets	Par value as a percentage of issued capital of the investee company
TECHNOLOGY & COMMUNICATION									
Pakistan Telecommunication Company Limited	-	150,000	-	150,000	-	-	-	-	-
Systems Limited	28,000	-	-	25,500	2,500	266	0.10	0.10	0.00
	28,000	150,000	-	175,500	2,500	266	0.10	0.10	
TEXTILE COMPOSITE									
Nishat (Chunian) Limited	-	53,500	-	53,500	-	-	-	-	-
Nishat Mills Limited	49,200	34,300	-	30,000	53,500	7,202	2.81	2.59	0.02
Gul Ahmed Textile Mills Limited	-	30,000	-	30,000	-	-	-	-	-
Kohinoor Textile Mills Limited	-	65,000	-	4,000	61,000	2,737	1.07	0.98	0.06
	49,200	182,800	-	117,500	114,500	9,939	3.88	3.57	
INSURANCE									
Adamjee Insurance Company Limited	-	70,000	-	4,000	66,000	2,643	1.03	0.95	0.02
GLASS & CERAMICS									
Shabbir Tiles & Ceramics Limited	-	35,000	-	35,000	-	-	-	-	-

\*Sponsor of the management company

\*\*Related party due to holding more than 10% of units

The above investments include shares with market value aggregating to Rs. 18.019 million (June 2018: Rs. 20.465 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

**5.1.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.36 million at March 31, 2019 (June 30, 2018: Rs. 0.38 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

**5.2** This represents participation amount against book building of Interloop Limited, subsequently converted into shares.

		March 31, 2019 (Un-Audited)	June 30, 2018 Audited
	Note	----- (Rupees in '000) -----	
<b>6. PAYABLE TO MANAGEMENT COMPANY</b>			
Remuneration of the Management Company	6.1	483	489
Sindh Sales tax on remuneration of the Management Company	6.2	63	64
Sales load payable		7	27
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	24	24
Selling and marketing expenses	6.4	291	640
		<b>868</b>	<b>1,244</b>

**6.1** In line with amendments introduced in Regulation 61 of the NBFC Regulation, the Management Company has reduced its remuneration at 2% of the average annual net assets of the Fund effective from May 25, 2016. Uptill May 24, 2016, the Management Company was charging its Remuneration at 3% per annum. The remuneration is paid to the Management Company monthly in arrears.

**6.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2018: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

**6.3** In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the scheme or actual whichever is less.

**6.4** SECP vide its circular No.SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower.

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Federal Excise Duty	7.1	5,685	5,685
Withholding tax payable		16	95
Provision for Sindh Workers' Welfare Fund	7.2	2,768	2,768
Dividend payable		-	-
Brokerage payable		103	58
Auditors' remuneration		154	306
Printing and other related cost		175	187
Others		31	32
		<b>8,932</b>	<b>9,131</b>

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- 7.1** The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 5.685 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 2.155 per unit (June 30, 2018: Rs. 2.135 per unit).

- 7.2** The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for the nine months period ended March 31, 2019, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been made, net assets value per unit at March 31, 2019 would have been higher by Rs. 1.049 per unit (June 30, 2018: Rs. 1.039 per unit).

## **8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

## **9. TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part 1 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.

## **10. EARNINGS PER UNIT**

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## **11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the condensed interim financial information are as follows:

		Nine months ended March 31,	
		2019	2018
		----- (Rupees in '000) -----	
<b>11.1</b>	<b>Transactions during the period</b>		
	<b>HBL Asset Management Limited - Management Company</b>		
	Remuneration of the Management Company	4,509	5,037
	Sindh Sales Tax on remuneration of the Management Company	586	655
	Allocation of expenses related to registrar services, accounting, operation and valuation services	225	252
	Sales load paid	21	191
	Issue of 177,048 units (2018: nil units)	20,000	-
	Redemption of 311,621 units (2018: nil units)	34,000	-
	<b>MCB Bank Limited (Formerly NIB Bank Limited) - connected person holding 10% or more units</b>		
	Bank charges	2	16
	Profit on bank deposits	196	2,058
	<b>Directors and Executives of the Management Company</b>		
	Issue of 41,868 units (2018: nil units)	4,327	-
	Redemption of 7,343 units (2018: 399 units)	809	47
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Trustee remuneration	594	614
	Central Depository Service charges	32	30
	<b>Habib Bank Limited - associated company</b>		
	Bank charges	1	2
		<b>March 31,</b>	<b>June 30,</b>
		<b>2019</b>	<b>2018</b>
		<b>(Un-Audited)</b>	<b>(Audited)</b>
		----- (Rupees in '000) -----	
<b>11.2</b>	<b>Balances outstanding as at period / year end</b>		
	<b>HBL Asset Management Limited - Management Company</b>		
	Units held: 398,757 units (June 30, 2018: 533,331 units)	42,008	58,912
	Remuneration payable to the Management Company	483	489
	Sindh sales tax on remuneration of the Management Company	63	64
	Sales load payable	7	27
	Selling and marketing expenses	291	640
	Allocation of expenses related to registrar services, accounting, operation and valuation services	24	24

	March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	----- (Rupees in '000) -----	
<b>MCB Bank Limited (Formerly NIB Bank Limited) - connected person holding 10% or more units</b>		
Bank balances	256	4,765
Units held: 1,022,050 units (June 30, 2018: 1,022,050 units)	107,670	112,896
<b>Habib Bank Limited - associated company</b>		
Bank balances	9,607	33
<b>Directors and Executives of the Management Company</b>		
Units held in the Fund: 35,868 units (June 30, 2018: Nil units)	3,779	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	59	58
Sindh Sales Tax on trustee remuneration	8	7
CDS Charges payable	7	4
Security deposit	100	100

Units as at March 31, 2019 are calculated on the basis of latest announced NAV i.e March 29, 2019.

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The fair value of financial assets and liabilities traded in active markets (i.e. listed equity shares) are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.



		March 31, 2019						
		Carrying amount			Fair Value			
		Fair value through profit or loss - held-for-trading	At Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
At fair value through profit or loss account - held-for-trading - Listed equity securities		256,208	-	256,208	256,208	-	-	256,208
		256,208	-	256,208	256,208	-	-	256,208
Financial assets not measured at fair value 12.1								
Bank balances		-	24,356	24,356				
Dividend and profit receivable		-	3,177	3,177				
Receivable against sale of investments		-	-	-				
		-	27,533	27,533				
Financial liabilities not measured at fair value 12.1								
Payable to the Management Company		-	868	868				
Payable to the Trustee		-	74	74				
Accrued expenses and other liabilities		-	461	461				
		-	1,403	1,403				

		June 30, 2018						
		Carrying amount			Fair Value			
		Fair value through profit or loss - held-for-trading	At Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
At fair value through profit or loss - held-for-trading - Listed equity securities		258,299	-	258,299	258,299	-	-	258,299
		258,299	-	258,299	258,299	-	-	258,299
Financial assets not measured at fair value 12.1								
Bank balances		-	43,148	43,148				
Dividend receivable and accrued mark-up		-	674	674				
		-	43,822	43,822				
Financial liabilities not measured at fair value 12.1								
Payable to the Management Company		-	1,180	1,180				
Payable to the Trustee		-	62	62				
Accrued expenses and other liabilities		-	583	583				
		-	1,825	1,825				

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**12.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**12.2 Transfers during the period**

No transfers were made between various levels of fair value hierarchy during the period.

**13. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended March 31, 2019 is 2.89% which includes 0.33% representing government levy and SECP fee.

**14. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 30, 2019.

**15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# **HBL**

## **Energy Fund**

## FUND INFORMATION

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Name of Fund	HBL Energy Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited Soneri Bank Limited Habib Bank Limited JS Bank Limited

**HBL Energy Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As At March 31, 2019*

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	-----
<b>ASSETS</b>			
Bank balances	4	86,407	100,388
Investments	5	816,664	985,558
Dividends and profit receivable		4,990	4,666
Deposits and prepayments		2,920	2,876
<b>TOTAL ASSETS</b>		910,981	1,093,488
<b>LIABILITIES</b>			
Payable to the Management Company	6	2,596	4,249
Payable to the Trustee		165	194
Payable to Securities and Exchange Commission of Pakistan		679	910
Payable against purchase of investments		1,692	-
Accrued expenses and other liabilities	7	21,660	21,712
Unclaimed dividend (including dividend payable)		5,389	5,394
<b>TOTAL LIABILITIES</b>		32,181	32,459
<b>NET ASSETS</b>		878,800	1,061,029
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		878,800	1,061,029
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	----- (Number of units) -----	-----
<b>Number of units in issue</b>		69,216,740	72,249,386
		----- (Rupees) -----	-----
<b>Net assets value per unit</b>		12.6963	14.6857

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Energy Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For The Nine Months And Quarter Ended March 31, 2019*

		Nine months ended		Quarter ended	
		March 31,		March 31,	
		2019	2018	2019	2018
Note		(Rupees in '000)			
<b>INCOME</b>					
		(29,570)	(38,294)	(3,352)	10,538
		20,852	33,001	4,794	8,224
		8,060	4,697	2,623	1,987
		(658)	(596)	4,065	20,749
		(109,961)	52,596	23,434	65,889
		(110,619)	52,000	27,499	86,638
<b>EXPENSES</b>					
	6.1 & 6.2	16,145	15,701	4,934	6,253
		1,606	1,534	494	591
		679	660	208	263
	6.3	714	695	218	277
	6.4	2,858	2,779	874	1,107
		975	2,136	288	735
		480	333	3	113
		380	518	119	155
		78	132	26	55
		-	390	-	117
		23,915	24,878	7,164	9,666
		(134,534)	27,122	20,335	76,972
	7.2	-	(543)	-	(543)
		(134,534)	26,579	20,335	76,429
	9	-	-	-	-
		(134,534)	26,579	20,335	76,429
<b>Earnings per unit</b>					
	11				

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## HBL Energy Fund

### Condensed Interim Statement of Comprehensive Income (Un-Audited)

For The Nine Months And Quarter Ended March 31, 2019

	Nine month year ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net loss for the period after taxation	(134,534)	26,579	20,335	76,429
Other comprehensive loss for the period				
Items that may be reclassified subsequently to income statement	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-
Total comprehensive loss for the period	(134,534)	26,579	20,335	76,429

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Energy Fund

## Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)

For The Nine Months Ended March 31, 2019

	Nine month ended March 31,					
	2019			2018		
	Capital value	Undistribute	Total	Capital value	Undistribute	Total
(Rupees in '000)						
Net assets at beginning of the period	803,982	257,047	1,061,029	528,598	266,196	
Issuance of 7,814,936 (2018: 34,280,180 units)						
Capital value (at net asset value per unit at the beginning of the period)	114,768	-	114,768	515,432	-	515,432
Element of loss	(10,138)	-	(10,138)	(21,803)	-	(21,803)
Total proceeds on issuance of units	104,630	-	104,630	493,629	-	493,629
Redemption of 10,847,582 (2018: 18,270,700 units)						
Capital value (at net asset value per unit at the beginning of the period)	(159,305)	-	(159,305)	(274,716)	-	(274,716)
Element of income	6,979	-	6,979	5,292	-	5,292
Total payments on redemption of units	(152,326)	-	(152,326)	(269,424)	-	(269,424)
Total comprehensive loss for the period	-	(134,534)	(134,534)	-	26,579	26,579
Net assets at end of the period	756,286	122,513	878,800	752,803	292,775	1,045,578
Undistributed income brought forward						
Realised	240,997			175,879		
Unrealised	16,050			90,317		
	257,047			266,196		
Net loss for the period	(134,534)			26,579		
Undistributed income carried forward	122,513			292,775		
Undistributed income carried forward						
Realised	232,474			240,179		
Unrealised	(109,961)			52,596		
	122,513			292,775		
	(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period	14.6857			15.0359		
Net assets value per unit at end of the period	12.6963			15.1821		

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



**HBL Energy Fund**  
**Condensed Interim Statement of Cash Flow (Un- Audited)**  
*For The Nine Months Ended March 31, 2019*

		Nine months ended March 31,	
		2019	2018
	Note	----- (Rupees in '000) -----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the period before taxation		(134,534)	26,579
Adjustments for:			
Capital loss on sale of investments - net		29,570	38,294
Dividend income		(20,852)	(33,001)
Profit on bank deposits		(8,060)	(4,697)
Unrealised diminution on re-measurement of investments classified at 'fair value through profit or loss' - net		109,961	(52,596)
		(23,915)	(25,419)
<b>Decrease / (Increase) in assets</b>			
Investments - net		31,056	(201,298)
Deposits and prepayments		(44)	(3,473)
		31,012	(204,770)
<b>(Decrease) / Increase in liabilities</b>			
Payable to the Management Company		(1,653)	319
Payable to the Trustee		(29)	(143)
Payable to Securities and Exchange Commission of Pakistan		(231)	(143)
Accrued expenses and other liabilities		(52)	(2,504)
Unclaimed dividend (including dividend payable)		(5)	(3,318)
		(1,970)	(5,788)
<b>Cash generated from / (used in) operations</b>			
		5,127	(235,978)
Dividend received		20,613	31,936
Profit received on bank deposits		7,975	4,332
		28,588	36,268
<b>Net cash generated from / (used in) operating activities</b>			
		33,715	(199,710)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Amount received against issuance of units		104,630	493,629
Amount paid against redemption of units		(152,326)	(270,370)
Net cash (used in) / generated from financing activities		(47,696)	223,259
Net increase in cash and cash equivalents		(13,981)	23,548
Cash and cash equivalents at beginning of the period		100,388	46,292
Cash and cash equivalents at end of the period	4	86,407	69,840

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Energy Fund**

## **Notes to the Condensed Interim Financial Information (Unaudited)**

### ***For The Nine Months Ended March 31, 2019***

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

HBL Energy Fund ("the Fund") was established in 2006 as a closed-end scheme under a Trust Deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

In accordance with clause 65(1) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a meeting of the certificate holders of the Fund was held on January 31, 2013 whereby the conversion of the Fund into an open-end scheme was duly approved through a resolution passed by the majority of the certificate holders present in the meeting who were entitled to vote. The Securities and Exchange Commission of Pakistan accorded its final approval for conversion of the Fund into an open-end scheme through its letter dated May 3, 2013. The second supplemental Trust Deed and replacement Offering Document were approved by SECP vide its letter no D/PRDD/AMCW/PEF/567/2013 dated May 31, 2013 and letter no SCD/PRDD/AMCW/PEF/606/2013 dated June 24, 2013 respectively. The conversion of the Fund from a closed end fund to an open-end fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/PRDD/AMCW/PEF/607/2013 dated June 24, 2013. The Fund converted into an open end scheme on the effective date i.e. June 25, 2013. The certificates of the closed-end fund were cancelled on the effective date and were exchanged with the units of the open-end scheme in the swap ratio of 1:1. Each certificate holder was allotted units according to their respective holdings as at that date on the basis of a ratio of 1 certificate to 1 unit. Accordingly 100,000,000 units were issued on the date of conversion.

Since the effective date of conversion, the certificates of the closed-end scheme were de-listed from Pakistan Stock Exchange. Units of the open-end scheme are listed on the Pakistan Stock Exchange Limited. The units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

Through an order dated August 31, 2016, SECP approved the merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on February 17, 2017. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund For Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).

The core objective of the Fund is to invest in securities of the energy sector in Pakistan so as to provide investors an access to high quality blue chip stocks in the energy sector. The eligible stocks comprise of investment in shares of companies engaged in the following activities:

- Oil and Gas Exploration
- Oil and Gas Marketing
- Oil Refining
- Power Generation and Distribution

JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2+ (Positive outlook)' to the Management Company.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

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## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.1.3** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the nine months ended March 31, 2018.
- 2.1.4** This condensed interim financial information is unaudited and has not been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the nine months March 31, 2019 have not been reviewed.
- 2.1.5** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

### **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

### **2.3 Functional and presentation currency**

This condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees, except otherwise stated.

## **3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING JUDGEMENT AND CHANGES THEREIN**

- 3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018 except as explained in note 3.6.

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- 3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2018.
- 3.4** There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.
- 3.5** The Fund's financial risk management objectives and policies are consistent with that disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.
- 3.6** Except as described below, the accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended 30 June 2018.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after July 1, 2018. A number of other new standards are effective from July 1, 2018 but they do not have a material effect on the Fund's condensed interim financial information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

**i. Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 ----- (Rupees in '000) -----	New carrying amount under IFRS 9 -----
<b>Financial assets</b>					
Listed equity	(a)	Held for trading	FVTPL	985,558	985,558
Bank balances	(b)	Loans and receivables	Amortised cost	100,388	100,388
Dividend and profit receivable	(b)	Loans and receivables	Amortised cost	4,666	4,666
Deposits and prepayments	(b)	Loans and receivables	Amortised cost	2,876	2,876
				<u>1,093,488</u>	<u>1,093,488</u>

(a) Listed equity securities classified as financial assets at fair value through profit or loss - held for trading have been measured at fair value through profit or loss with value changes continue to recognised in income statement.

(b) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

## ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

## iii. Transition

The Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

	Note	March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
----- (Rupees in '000) -----			
<b>4 BANK BALANCES</b>			
In saving accounts	4.1	<u>86,407</u>	<u>100,388</u>

4.1 Mark-up rates on these accounts range between 6% to 11.40% per annum (June 30, 2018: 4.5% to 7.5% per annum).

5	INVESTMENTS		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	Financial assets at 'fair value through profit or loss'	Note	----- (Rupees in '000) -----	
	Listed equity securities	5.1	816,664	985,558

Shares of Listed Companies - Fully paid up ordinary shares of Rupees 10 each unless stated otherwise

Name of the Investee Company	Notes	----- Number of shares -----					As at March 31, 2019			Market value as percentage of		Par value as a percentage of issued capital of the Investee company
		As at July 1, 2018	Purchases during the period	Bonus Issue	Sales during the period	As at March 31, 2019	Carrying Amount	Market Value	Unrealised appreciation/ (diminution) on re-measurement of investments	Total investments	Net assets	
----- (Rupees in '000) -----												
OIL & GAS EXPLORATION COMPANIES												
Mari Petroleum Company Limited	5.3	85,040	5,980	7,758	9,460	89,318	121,805	111,222	(10,583)	13.62%	12.66%	0.08%
Oil and Gas Development Company Limited	5.2	755,000	317,500	-	186,500	886,000	135,729	130,729	(4,999)	16.01%	14.88%	0.02%
Pakistan Oilfields Limited	5.3	178,245	62,800	31,629	78,000	194,674	105,406	87,068	(18,338)	10.66%	9.91%	0.08%
Pakistan Petroleum Limited	5.2 & 5.3	603,300	92,300	94,110	63,100	726,610	133,815	134,416	601	16.46%	15.30%	0.04%
		1,621,585	478,580	133,497	337,060	1,896,602	496,754	463,435	(33,319)	56.75%	52.74%	
OIL & GAS MARKETING COMPANIES												
Attock Petroleum Limited	5.3	87,500	4,400	15,440	63,750	43,590	21,372	17,371	(4,002)	2.13%	1.98%	0.05%
Hascol Petroleum Limited	5.3	176,560	-	44,140	50,700	170,000	42,671	22,044	(20,627)	2.70%	2.51%	0.14%
Hi-Tech Lubricants Ltd		-	413,000	-	-	413,000	20,952	19,964	(987)	2.44%	2.27%	0.36%
Pakistan State Oil Company Limited	5.3	353,580	152,500	50,116	206,200	349,996	89,886	75,662	(14,223)	9.26%	8.61%	0.11%
Sui Northern Gas Pipeline Limited		1,004,900	587,000	-	657,500	934,400	86,249	70,183	(16,067)	8.59%	7.99%	0.15%
Sui Southern Gas Company Limited		1,065,000	817,500	-	1,065,000	817,500	18,597.43	17,862	(735)	2.19%	2.03%	0.09%
		2,687,540	1,974,400	109,696	2,043,150	2,728,486	279,728	223,086	(56,642)	27.32%	25.39%	
POWER GENERATION & DISTRIBUTION												
Hub Power Company Ltd		689,700	362,000	-	145,000	906,700	83,175	66,488	(16,687)	8.14%	7.57%	0.08%
K-Electric Limited		7,460,000	-	-	796,000	6,664,000	37,852	37,252	(600)	4.56%	4.24%	0.02%
Nishat Chunian Power Ltd		-	407,000	-	-	407,000	9,920	8,869	(1,051)	1.09%	1.01%	0.11%
Pakgen Power Limited		-	1,149,000	-	-	1,149,000	19,196	17,534	(1,663)	2.15%	2.00%	0.31%
		8,149,700	1,918,000	-	941,000	9,126,700	150,143	130,142	(20,001)	15.94%	14.81%	
REFINERY												
Attock Refinery Limited		60,500	77,700	-	138,200	-	-	-	-	-	-	-
National Refinery Limited		37,000	-	-	37,000	-	-	-	-	-	-	-
		97,500	77,700	-	175,200	-	-	-	-	-	-	-
Total - As at March 31, 2019		12,556,325	4,448,680	243,193	3,496,410	13,751,788	926,625	816,664	(109,961)	100.00%	92.93%	
Total - As at June 30, 2018		5,948,745	14,940,330	33,180	8,365,930	12,556,325	969,507	985,557	(16,050)	100.00%	92.00%	

5.2 These above investments include shares having market value of Rs. 81.26 million (June 30, 2018: Rs. 89.67 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

- Oil and Gas Development Company Limited (300,000 shares)
- Pakistan Petroleum Limited (200,000 shares)

- 5.3** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable High Court of Sindh to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable High Court of Sindh has granted stay order till the final outcome of the case. However, the investee companies has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.43 million at March 31, 2019 (June 30, 2018: Rs.0.528 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor of the Fund and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
<b>6 PAYABLE TO THE MANAGEMENT COMPANY</b>			
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
Remuneration to the Management Company	6.1	1,460	1,770
Sindh Sales Tax on Management Company's remuneration	6.2	190	230
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	73	88
Selling and marketing expenses	6.4	873	2,161
		<u>2,596</u>	<u>4,249</u>
<b>6.1</b> Under the provision of the offering document of the Fund, the Management Company is entitled to a remuneration at the rate of 2% of the average annual net assets on daily basis of the Fund. The remuneration is paid to management company monthly in arrears.			
<b>6.2</b> The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent (2017: 13 percent) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.			
<b>6.3</b> As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost, whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.			
<b>6.4</b> SECP vide its circular No. SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower. The Fund has started accruing expense on this account at 0.4% per annum of net assets of the Fund effective from March 21, 2017 being the lower.			



		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
7	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	----- (Rupees in '000) -----
	Provision for Federal Excise Duty	7.1	13,920
	Provision for Sindh Workers' Welfare Fund	7.2	4,985
	Auditors' remuneration		285
	Payable to brokers		81
	Withholding tax payable		63
	Printing charges payable		95
	Zakat payable		205
	Other payables		2,026
			21,660
			21,712

- 7.1** The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 13.920 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.20 per unit (June 30, 2018: Rs. 0.19 per unit).

- 7.2** The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is the same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for the half year ended December 31, 2017, therefore, no provision for SWWF has been recognised in this condensed interim financial information. However, the Management is carrying provision of SWWF amounting to Rs.4.9 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 0.07 per unit (June 30, 2018: Rs. 0.07 per unit).

## **8 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

## **9 TAXATION**

The Fund's income is exempt from income tax as per 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 the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2019 to its unit holders.

## **10 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons include HBL Asset Management Limited, being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Transactions and balances with parties who were connected persons due to holding 10% or more units in the comparative period and not in the current period are not disclosed in the comparative period.

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the condensed interim financial information are as follows:

		Nine months ended March 31,	
		2019	2018
		(Un-Audited)	(Un-Audited)
		----- (Rupees in '000) -----	
10.1	Transactions during the period		
	<b>HBL Asset Management Limited - Management Company</b>		
	Remuneration of the Management Company	14,288	13,895
	Sindh Sales Tax on remuneration of the Management Company	1,857	1,806
	Allocation of expenses related to registrar services, accounting, operation and valuation services	714	695
	Selling and marketing expenses	2,858	2,779
	Redemption of 1,621,891 (2018: 8,283,377) units	22,500	120,000
	<b>Habib Bank Limited - Sponsor</b>		
	Bank charges	1	1
	Issue of nil (2018: 21,162,742) units	-	300,000
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Trustee remuneration	1,606	1,534
	CDS charges	39	53
	CDC Annual Fee	57	57
	<b>Directors and Executives of the Management Company</b>		
	Issue of nil (2018: 163,538) units	-	2,400
	Redemption of nil (2018: 26,639) units	-	404
	<b>HBL Multi Asset Fund</b>		
	Purchase of nil shares of Mari Gas Petroleum (2018: 5,108) shares	-	7,504
	<b>HBL Islamic Asset Allocation Fund</b>		
	Purchase of 23,000 shares of Pakistan Petroleum Limited	4,110	-

10.2	Balances outstanding as at period / year end	March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
		----- (Rupees in '000) -----	
	<b>HBL Asset Management Limited - Management Company</b>		
	Management fee payable	1,460	1,770
	Sindh Sales Tax on Management Company's remuneration	190	230
	Allocation of expenses related to registrar services, accounting, operation and valuation services	73	88
	Selling and marketing expenses	873	2,161
	Units held: 2,197,777 (June 30, 2018: 3,819,668) units	27,907	53,446
	<b>Habib Bank Limited - Sponsor</b>		
	Bank balances	3,098	1,027
	Units held: 21,162,742 ( June 30, 2018: 21,162,742) units	268,722	310,790
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Trustee fee payable	165	193
	Security deposit	300	300
	CDS charges payable	3	1
	CDC Annual Fee	19	19
	<b>Directors and Executives of the Management Company</b>		
	Units held: 318,007 (June 30, 2018: 320,261) units	4,038	4,703

## 11 EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and 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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		March 31, 2019 (Un-Audited)						
		Carrying amount			Fair Value			
	Note	Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments - Listed equity securities		816,664	-	816,664	816,664	-	-	816,664
		816,664	-	816,664	816,664	-	-	816,664
<b>Financial assets not measured at fair value</b>								
Bank balances	12.1	-	86,407	86,407				
Deposits		-	2,776	2,776				
Dividend and profit receivable		-	4,990	4,990				
		-	94,173	94,173				
<b>Financial liabilities not measured at fair value</b>								
Payable to the Management Company	12.1	-	2,406	2,406				
Payable to the Trustee		-	146	146				
Payable against purchase of investments		-	1,692	1,692				
Accrued expenses and other liabilities		-	2,487	2,487				
Unclaimed dividend		-	5,389	5,389				
		-	12,120	12,120				

		June 30, 2018 (Audited)						
		Carrying amount			Fair Value			
	Note	Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments - Listed equity securities		985,558	-	985,558	985,558	-	-	985,558
		985,558	-	985,558	985,558	-	-	985,558
<b>Financial assets not measured at fair value</b>								
Bank balances	12.1	-	100,388	100,388				
Deposits		-	2,800	2,800				
Dividend and other receivable		-	4,666	4,666				
		-	107,854	107,854				
<b>Financial liabilities not measured at fair value</b>								
Payable to the Management Company	12.1	-	4,019	4,019				
Payable to the Trustee		-	171	171				
Accrued expenses and other liabilities		-	2,519	2,519				
Unclaimed dividend		-	5,394	5,394				
		-	12,103	12,103				

**12.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

## 12.2 Transfers during the period

No transfers were made between various levels of fair value hierarchy during the period.

## 13 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the nine months ended March 31, 2019 is 2.50% (March 2018: 2.74%) which includes 0.30% (March 2018: 0.38%) representing government levy and SECP fee.

## 14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 30, 2019.

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**15      GENERAL**

**15.1**      Figures have been rounded off to the nearest thousand rupees.

**15.2**      Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# **HBL**

## **Multi Asset Fund**

## FUND INFORMATION

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Name of Fund	HBL Multi Asset Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited HBL Bank Limited JS Bank Limited Zarai Taraqati Bank Limited Allied Bank Limited Sindh Bank Limited Soneri Bank Limited

**HBL Multi Asset Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

		March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- Rupees in '000-----	
<b>Assets</b>			
Bank balances	4	74,861	118,090
Investments	5	182,049	211,150
Dividend receivable and accrued mark-up		3,225	1,216
Receivable against sale of investments		-	3,216
Advances, deposits and prepayments	6	3,511	3,480
<b>Total assets</b>		<b>263,646</b>	<b>337,152</b>
<b>Liabilities</b>			
Payable to the Management Company	7	654	703
Payable to the Trustee		67	65
Payable to the Securities and Exchange Commission of Pakistan		186	510
Payable against purchase of investments		-	-
Accrued expenses and other liabilities	8	11,649	11,751
<b>Total liabilities</b>		<b>12,556</b>	<b>13,029</b>
<b>Net assets</b>		<b>251,090</b>	<b>324,123</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>251,090</b>	<b>324,123</b>
<b>Contingencies and Commitments</b>			
	9	-----Number of units-----	
<b>Number of units in issue</b>		<b>2,439,070</b>	<b>3,085,357</b>
-----Rupees-----			
<b>Net assets value per unit</b>		<b>102.9447</b>	<b>105.0519</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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**HBL Multi Asset Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For The Nine Months and Quarter Ended March 31, 2019*

		Nine months ended March 31,		Quarter ended March 31,	
		2019	2018	2019	2018
	Note	-----Rupees in '000-----			
<b>Income</b>					
Dividend income		6,034	18,333	1,660	2,044
Mark-up on deposits with banks		7,200	10,402	2,524	1,765
Mark-up / return on investments		2,256	3,001	916	565
Capital loss on sale of investments - net		(3,045)	(59,389)	197	(2,759)
Other income		12	19	9	4
		12,457	(27,634)	5,306	1,619
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net		(11,265)	11,192	9,534	17,553
Impairment loss on equity securities classified as available-for-sale		-	(7,815)	-	-
		1,192	(24,257)	14,840	19,172
<b>Expenses</b>					
Remuneration of the Management Company		4,946	11,698	1,523	1,863
Remuneration of the Trustee		594	1,186	195	199
Annual fee to Securities and Exchange Commission of Pakistan		186	440	57	70
Allocation of expenses related to registrar services, accounting, operation and valuation services		220	518	68	83
Auditors' remuneration		297	299	98	101
Securities transaction costs		329	585	115	146
Settlement and bank charges		310	343	78	115
Fee and subscription		44	77	(1)	22
Selling and marketing expense		383	-	135	-
Printing charges		-	116	-	28
		7,309	15,262	2,268	2,627
<b>Net loss from operating activities</b>		(6,117)	(39,519)	12,572	16,545
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		-	-	-	-
Provision for Sindh Workers' Welfare Fund	8.2	-	-	-	-
<b>Net loss for the period before taxation</b>		(6,117)	(39,519)	12,572	16,545
Taxation	10	-	-	-	-
<b>Net loss for the period after taxation</b>		(6,117)	(39,519)	12,572	16,545

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Multi Asset Fund****Condensed Interim Statement of Comprehensive Income (Un-Audited)***For The Nine Months and Quarter Ended March 31, 2019*

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2019	2018	2019	2018
	-----Rupees in '000-----			
<b>Net loss for the period after taxation</b>	<b>(6,117)</b>	(39,519)	<b>12,572</b>	16,545
Other comprehensive (loss) / income for the period	-	(54,196)	-	12,370
<b>Total comprehensive loss for the period</b>	<b>(6,117)</b>	(93,715)	<b>12,572</b>	28,915

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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# HBL Multi Asset Fund

## Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)

For The Nine Months and Quarter Ended March 31, 2019

	Nine months ended March 31,							
	2019				2018			
	Capital Value	Undistribut ed Income / (Accumulat ed loss)	Unrealised income / (loss) on investment	Total	Capital Value	Undistribu ted Income / (Accumula ted loss)	Unrealised income / (loss) on investment	Total
	----- (Rupees in '000) -----							
Net assets at beginning of the period	350,396	(32,325)	6,052	324,123	944,122	9,332	13,330	966,784
Adoption of IFRS 9	-	6,052	(6,052)	-	-	-	-	-
Issue of 149,059 units (2018: 600,764 units)								
- Capital value (at net asset value per unit at the beginning of the period)	15,659	-	-	15,659	67,341	-	-	67,341
- Element of loss	(58)	-	-	(58)	(3,584)	-	-	(3,584)
Total proceeds on issuance of units	15,601	-	-	15,601	63,757	-	-	63,757
Redemption of 795,346 units (2018: 6,126,080 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(83,551)	-	-	(83,551)	(686,687)	-	-	(686,687)
- Element of income	1,034	-	-	1,034	85,854	-	-	85,854
Total payments on redemption of units	(82,517)	-	-	(82,517)	(600,833)	-	-	(600,833)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	-	-	-	-	-	-	-
Net loss for the period after taxation	-	(6,117)	-	(6,117)	-	(39,519)	-	(39,519)
Other comprehensive income for the period	-	-	-	-	-	-	(54,196)	(54,196)
Total comprehensive income for the period	-	(6,117)	-	(6,117)	-	(39,519)	(54,196)	(93,715)
Net assets at end of the period	283,480	(32,390)	-	251,090	407,046	(30,187)	(40,866)	335,993
(Accumulated loss) / undistributed income brought forward								
- Realised		(30,133)				9,332		
- Unrealised		(2,192)				-		
		(32,325)				9,332		
Adoption of IFRS 9		6,052				-		
Net loss for the period		(6,117)				(39,519)		
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement		-				-		
Accumulated loss carried forward		(32,390)				(30,187)		
Accumulated loss carried forward								
- Realised		(21,125)				(41,379)		
- Unrealised		(11,265)				11,192		
		(32,390)				(30,187)		

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Multi Asset Fund**  
**Condensed Interim Statement of Cash Flow (Un- Audited)**  
*For The Nine Months and Quarter Ended March 31, 2019*

	Nine months ended March 31,	
	2019	2018
	-----Rupees in '000-----	
<b>Cash flows from operating activities</b>		
Net loss for the period before taxation	(6,117)	(39,519)
<b>Adjustments for non-cash items:</b>		
Capital loss on sale of investments - net	3,045	59,389
Profit from bank deposits	(7,200)	(10,420)
Return from investments	(2,256)	(3,001)
Dividend income	(6,034)	(18,333)
Impairment loss on investments	-	7,815
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net	11,265	(11,192)
	(7,297)	(15,261)
<b>Decrease / (increase) in assets</b>		
Investments	18,007	441,441
Advances, deposits and prepayments	(31)	(4,881)
	17,976	436,560
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(49)	(1,219)
Payable to the Trustee	2	(113)
Payable to the Securities and Exchange Commission of Pakistan	(324)	(309)
Accrued expenses and other liabilities	(102)	(1,475)
	(473)	(3,116)
<b>Net cash generated from operations</b>	10,206	418,183
Profits received on bank deposits	7,203	17,941
Markup received on investments	1,427	11,676
Dividend income received	4,851	3,236
	13,481	32,853
<b>Net cash generated from operating activities</b>	23,687	451,036
<b>Cash flows from financing activities</b>		
Amount received on issue of units	15,601	63,757
Payment against redemption of units	(82,517)	(600,833)
<b>Net cash used in financing activities</b>	(66,916)	(537,076)
<b>Net decrease in cash and cash equivalents</b>	(43,229)	(86,040)
Cash and cash equivalents at beginning of the period	118,090	194,333
<b>Cash and cash equivalents at end of the period</b>	74,861	108,293

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Multi Asset Fund**

## **Notes to the Condensed Interim Financial Information (Unaudited)**

### ***For The Nine Month Ended March 31, 2019***

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

- 1.1** HBL Multi Asset Fund (the Fund) was established under a Trust Deed, dated October 08, 2007, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on September 28, 2007.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4** The fund has been categorised as a balanced fund as per the criteria laid down by SECP for categorization of open-end Collective Investment Scheme (CISs).
- 1.5** The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes, such as equity securities, government securities, fixed income securities, continuous funding system, derivatives, money market instruments and other asset classes / securities / instruments.
- 1.6** JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+’ (Positive outlook) to the Management Company.
- 1.7** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

- 2.1.1** 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 (IFRS Standards) 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
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2** The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of IAS-34. These condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

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**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

**2.2 Basis of measurement**

These condensed interim financial information have been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

**2.3 Functional and presentation currency**

These condensed interim financial information are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

**3. SIGNIFICANT ACCOUNTING POLICIES, RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN**

**3.1** The accounting policies adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

**3.2** The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.

**3.3** The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

**3.4** There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial information

**3.5** On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

**3.6 Impact of initial application of IFRS 9 Financial Instruments**

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the nine months ended March 31, 2019.

**IFRS 9 introduced new requirements for:**

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

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Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

**(a) Classification and measurement of financial assets**

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- the Fund's investment in debt instruments that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at FVTPL because they are held within a business model whose objective is primarily to sell the bonds. The change in the fair value on these redeemable notes will be recorded in the profit or loss account;

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- there is no change in the measurement of the Fund's investments in debt instruments that are held for trading; those instruments were and continue to be measured at FVTPL;
  - the Fund's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been reclassified as at FVTPL. The change in fair value on these equity instruments will be recorded in the profit or loss account;
  - there is no change in the measurement of the Fund's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

Para (d) below tabulates the change in classification of the Fund's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

#### **(b) Impairment of financial assets**

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

#### **(c) Classification and measurement of financial liabilities**

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

#### **(d) Disclosures in relation to the initial application of IFRS 9**

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.



The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Carrying amount as per IAS 39 on June 30, 2018	Reclassific- ations	Remeasure- ments	Carrying amount on initial adoption of IFRS 9 July 01, 2018	Effects on Retained Earnings on July 01, 2018
	----- Rupees ('000') -----				
<i>Financial assets</i>					
<b>Fair value through profit or loss</b>					
Listed equity securities from available for sale (IAS 39)	28,198	28,198	-	28,198	-
Listed debt securities from available for sale (IAS 39)	17,980	17,980	-	17,980	-
<b>Total</b>	<b>46,178</b>	<b>46,178</b>	<b>-</b>	<b>46,178</b>	<b>-</b>

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Note	-----Rupees in '000-----	
<b>4. BANK BALANCES</b>			
Balances with banks in:			
Savings accounts	4.1	<b>74,861</b>	<b>118,090</b>

**4.1** This represents bank accounts held with different banks. Mark-up rates on these accounts ranges between 3.75% - 11.4% per annum (June 30, 2018: 4.00% - 7.5% per annum).

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Note	-----Rupees in '000-----	
<b>5. INVESTMENTS</b>			
<b>Financial assets at fair value through profit or loss</b>			
- Listed equity securities	5.1	<b>148,972</b>	179,177
- Term finance certificates	5.2	<b>31,660</b>	31,973
- Advance Against book building	5.3	<b>1,418</b>	-
		<b>182,049</b>	211,150

## 5.1 Listed equity securities - At fair value through profit or loss

### Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of Investee Company	Number of Shares					Market value as at March 31, 2019 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2019		Total Investments	Net Assets	
<b>Automobile Assembler</b>									
Honda Atlas Cars (Pakistan) Limited	4,000	-	-	4,000	-	-	-	-	-
Indus Motor Company Limited	1,640	-	-	340	1,300	1,696	0.93	0.68	0.00%
Millat Tractors Limited	3,630	1,000	-	3,630	1,000	895	0.49	0.36	0.00%
	<b>9,270</b>	<b>1,000</b>	<b>-</b>	<b>7,970</b>	<b>2,300</b>	<b>2,591</b>	<b>1.42</b>	<b>1.03</b>	
<b>Automobile Parts and Accessories</b>									
Thal Limited (Par value Rs. 5 per share)	5,000	4,000	-	-	9,000	3,798	2.09	1.51	0.01%
	<b>5,000</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>9,000</b>	<b>3,798</b>	<b>2.09</b>	<b>1.51</b>	
<b>Cable &amp; Electrical Goods</b>									
Pak Elektron Limited	48,000	35,000	-	83,000	-	-	-	-	-
	<b>48,000</b>	<b>35,000</b>	<b>-</b>	<b>83,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Cement</b>									
Cherat Cement Company Limited.	-	32,600	-	32,600	-	-	-	-	-
D G Khan Cement Company Limited.	-	19,500	-	19,500	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	109,500	-	64,500	45,000	1,685	0.93	0.67	0.01%
Lucky Cement Limited	13,150	7,800	-	5,050	15,900	6,809	3.74	2.71	0.00%
Pioneer Cement Limited	10,000	15,000	-	25,000	-	-	-	-	-
Kohat Cement Limited	5,000	15,000	2,700	12,700	10,000	858	0.47	0.34	0.01%
	<b>28,150</b>	<b>199,400</b>	<b>2,700</b>	<b>159,350</b>	<b>70,900</b>	<b>9,353</b>	<b>4.67</b>	<b>3.38</b>	
<b>Chemical</b>									
Engro Polymer & Chemicals Limited	-	130,000	-	35,000	95,000	3,450	1.90	1.37	0.01%
Lotte Chemical Pakistan Ltd	-	50,000	-	-	50,000	711	0.39	0.28	0.00%
Sitara Chemical Industries Limited	-	2,500	-	-	2,500	750	0.41	0.30	0.01%
	<b>-</b>	<b>182,500</b>	<b>-</b>	<b>35,000</b>	<b>147,500</b>	<b>4,911</b>	<b>2.70</b>	<b>1.96</b>	
<b>Commercial Banks</b>									
Allied Bank Limited	-	10,500	-	10,500	-	-	-	-	-
Askari Bank Limited	-	140,000	-	50,000	90,000	1,841	1.01	0.73	0.01%
Bank Alfalah Limited	169,000	-	11,100	85,000	95,100	4,476	2.46	1.78	0.01%
Bank Al-Habib Limited	67,000	35,000	-	31,500	70,500	6,039	3.32	2.41	0.01%
Bank of Punjab	167,000	-	-	40,000	127,000	1,654	0.91	0.66	0.02%
Faysal Bank Limited	87,000	-	-	12,000	75,000	1,766	0.97	0.70	0.01%
Habib Bank Limited *	65,471	36,400	-	37,400	64,471	8,542	4.69	3.40	0.00%
MCB Bank Limited	57,800	-	-	32,300	25,500	5,012	2.75	2.00	0.00%
Meezan Bank Limited	-	27,500	2,250	29,750	-	-	-	-	-
National Bank of Pakistan Limited	-	62,000	-	20,000	42,000	1,683	0.92	0.67	0.00%
United Bank Limited	57,800	22,000	-	32,500	47,300	6,600	3.63	2.63	0.00%
	<b>671,071</b>	<b>333,400</b>	<b>13,350</b>	<b>380,950</b>	<b>636,871</b>	<b>37,610</b>	<b>20.66</b>	<b>14.98</b>	
<b>Engineering</b>									
Amreli Steels Limited	19,700	8,000	-	27,700	-	-	-	-	-
Crescent Steel & Allied Products Ltd	-	17,000	-	-	17,000	659	0.36	0.26	0.02%
International Industries Limited	8,500	8,500	-	11,300	5,700	707	0.39	0.28	0.00%
International Steels Limited	19,700	16,500	-	22,700	13,500	864	0.47	0.34	0.00%
Mughal Iron & Steel Inds Limited	32,500	-	-	30,000	2,500	98	0.05	0.04	0.00%
	<b>80,400</b>	<b>50,000</b>	<b>-</b>	<b>91,700</b>	<b>38,700</b>	<b>2,329</b>	<b>1.28</b>	<b>0.93</b>	
<b>Fertilizers</b>									
Dawood Hercules Corporation Limited**	-	34,000	-	5,000	29,000	3,723	2.04	1.48	0.01%
Engro Corporation Limited	32,000	15,900	-	20,500	27,400	8,966	4.93	3.57	0.01%
Engro Fertilizers Limited	96,500	26,000	-	48,500	74,000	5,295	2.91	2.11	0.01%
Fauji Fertilizer Bin Qasim Limited	-	30,000	-	5,000	25,000	856	0.47	0.34	0.00%
Fauji Fertilizer Company Limited	57,000	11,500	-	18,500	50,000	5,223	2.87	2.08	0.00%
	<b>185,500</b>	<b>117,400</b>	<b>-</b>	<b>97,500</b>	<b>205,400</b>	<b>24,063</b>	<b>13.22</b>	<b>9.58</b>	

Name of Investee Company	Number of Shares					Market value as at March 31, 2019 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2019		Total Investments	Net Assets	
Oil & Gas Exploration									
Mari Petroleum Company Limited	7,280	1,000	678	1,500	7,458	9,287	5.10	3.70	0.01%
Oil & Gas Development Company Limited	59,600	26,500	-	22,800	63,300	9,340	5.13	3.72	0.00%
Pakistan Oilfields Limited	16,350	5,500	2,270	10,500	13,620	6,092	3.35	2.43	0.01%
Pakistan Petroleum Limited	63,700	6,500	8,955	24,900	54,255	10,037	5.51	4.00	0.00%
	146,930	39,500	11,903	59,700	138,633	34,755	19.09	13.84	
Oil & Gas Marketing Companies									
Hascol Petroleum Limited	7,500	-	1,375	8,875	-	-	-	-	-
Pakistan State Oil Company Limited	25,420	15,500	3,084	20,000	24,004	5,189	2.85	2.07	0.01%
Sui Northern Gas Pipeline Limited	44,000	15,000	-	20,500	38,500	2,892	1.59	1.15	0.01%
	76,920	30,500	4,459	49,375	62,504	8,081	4.44	3.22	
Paper & Board									
Century Paper & Board Mills Ltd	-	14,000	-	-	14,000	707	0.39	0.28	0.01%
Packages Limited	-	3,000	-	-	3,000	1,139	0.63	0.45	0.00%
Security Papers Limited	-	10,500	-	-	10,500	924	0.51	0.37	0.02%
	-	27,500	-	-	27,500	2,770	1.52	1.10	
Pharmaceuticals									
AGP Limited	-	21,000	-	-	21,000	1,788	0.98	0.71	0.00%
The Searle Company Limited	6,314	6,000	947	5,500	7,761	1,838	1.01	0.73	0.00%
	6,314	27,000	947	5,500	28,761	3,626	1.99	1.44	
Power Generation and Distribution									
K-Electric Limited (Par value Rs. 3.5 per share)	350,000	85,000	-	142,000	293,000	1,638	0.90	0.65	0.00%
Hub Power Company Limited	78,300	29,000	-	12,000	95,300	6,988	3.84	2.78	0.01%
Nishat Chunian Power Limited	-	42,500	-	2,500	40,000	872	0.48	0.35	0.01%
Pakgen Power Limited	-	75,500	-	17,000	58,500	893	0.49	0.36	0.02%
	428,300	232,000	-	173,500	486,800	10,391	3.84	2.78	
Textile Composite									
Gul Ahmed Textile Mills Ltd	-	20,000	-	20,000	-	-	-	-	-
Kohinoor Textile Mills Limited	-	27,500	-	-	27,500	1,234	0.68	0.49	0.03%
Nishat (Chunian) Limited	-	25,000	-	25,000	-	-	-	-	-
Nishat Mills Limited	37,300	19,000	-	30,600	25,700	3,459	1.90	1.38	0.01%
	37,300	91,500	-	75,600	53,200	4,693	2.58	1.87	
Technology & Communication									
Pakistan Telecommunication Company Limited	-	100,000	-	100,000	-	-	-	-	-
System Limited	22,500	-	-	22,500	-	-	-	-	-
	22,500	100,000	-	122,500	-	-	-	-	
	1,745,655	1,470,700	33,359	1,341,645	1,908,069	148,972	79.49	57.63	

Cost of investments at March 31, 2019

**157,281**

\* Sponsor of the Management Company

\*\* Related party due to common directorship

- 5.1.1 Investments include shares having market value aggregating to Rs. 40.537 million (June 30, 2018: 46.031 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

**5.1.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 391,952 at March 31, 2019 (June 30, 2018: Rs 514,988 ) and not yet deposited in CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

**5.2 Term Finance Certificates - Fair value through profit and loss**

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Note	-----Rupees in '000-----	
Term finance certificates - Listed	5.2.1	-	-
Term finance certificates - Unlisted	5.2.2	31,660	31,973
		<b>31,660</b>	<b>31,973</b>

**5.2.1 Term Finance Certificates - Listed**

All Term Finance Certificates have a face value of Rs. 5,000 each unless stated otherwise.

Name of the Investee Company	Number of certificates				Market value / Carrying value* as at March 31, 2019 (Rupees in '000)	Market value as a percentage of	
	As at July 1, 2018	Purchases during the period	Sales / Matured during the period	As at March 31, 2019		Total Investments	Net Assets
<b>Financial Services</b>							
Saudi Pak Leasing Company Limited - (Note 5.2.1.1 & 13)	6,000	-	-	6,000	-	-	-

**Cost of investment as at December 31, 2018**

**15,197**

\* In case of debt securities against which a provision has been made, these are carried at amortized cost less provision. For non-performing securities, market value / valuation by MUFAP is not available.

**5.2.1.1** Saudi Pak Leasing Company Limited defaulted towards payment falling due in September 2010. Accordingly, the exposure was classified as non-performing and provision was recognised in accordance with the SECP's provisioning guidelines.

Subsequently, on the request of the Issuer, TFC holders approved the restructuring of the facility by extending repayment period from 5 years to 9 years and by reducing mark-up rate to 6% for 24 months from restructuring date and 8% for next 24 months and thereafter fixing the mark-up rate at 1 month KIBOR. Further, half of the accrued mark-up is to be paid in cash and the balance is being deferred.

The Issuer defaulted again in the payment of principal and mark-up due on September 13, 2011. In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by the Securities Exchange Commission of Pakistan (SECP), the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non-performing exposure. Accordingly, the exposure has been fully provided.

## 5.2.2 Term Finance Certificates - Fair value through profit and loss

### 5.2.2.1 Term Finance Certificates - Unlisted

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 100,000 each unless stated otherwise.

Investee Company	Number of certificates				Market value as at March 31, 2019 (Rupees in '000)	Market value as a percentage	
	As at July 01, 2018	Purchases during the period	Sales / Matured during the period	As at March 31, 2019		Total Investments	Net Assets
Commercial Banks							
The Bank of Punjab	270	-	-	270	26,660	14.6%	10.6%
Dawood Harcules Corporation limited**	50	-	-	50	5,000	2.7%	2.0%
	320	-	-	320	31,660	17.39%	12.61%
Cost of investments at March 31, 2018					32,164		

### 5.2.2.2 Significant terms and conditions of Term Finance Certificates outstanding at March 31, 2019 are:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
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#### Term Finance Certificates - Listed

Saudi Pak Leasing Company Limited	2,533	6% Fixed rate	March 13, 2008	March 13, 2017
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#### Term Finance Certificates - Unlisted

Bank of Punjab	99,920	6 Month KIBOR + 0.5%	February 19, 2016	February 19, 2026
Dawood Harcules Corporation limited**	100,000	3 month KIBOR + 1.0%	March 01, 2018	March 01, 2023

\*\* Related party due to common directorship

## 5.3 This represents advance against book building of Interloop Ltd, subsequently converted into shares.

Note	(Un-Audited)	(Audited)
	March 31, 2019	June 30, 2018
	-----Rupees in '000-----	

## 6. ADVANCES, DEPOSITS AND PREPAYMENTS

Security deposit with National Clearing Company of Pakistan Limited		<b>3,016</b>	3,016
Security deposit with Central Depository Company of Pakistan Limited		<b>100</b>	100
Advance against subscription of Term Finance Certificates (TFC)	6.1	<b>25,000</b>	25,000
Prepaid annual Legal and listing fee		<b>30</b>	-
Advance tax		<b>364</b>	364
		<b>28,511</b>	28,480
Provision in respect of advance against subscription of term finance certificates	6.1 & 13	<b>(25,000)</b>	(25,000)
		<b>3,511</b>	3,480

- 6.1** The Fund had subscribed towards the term finance certificates of an issuer as Pre-IPO investor on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering has been carried out by the issuer as at March 31, 2019. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at March 31, 2019, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management Company.

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	Note	-----Rupees in '000-----	
<b>7. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Management fee		440	528
Sindh Sales Tax		57	79
Sales load payable		-	69
Allocation of expenses related to registrar services, accounting, operation and valuation services		23	27
Selling and marketing payable		135	-
		<b>654</b>	<b>703</b>

**8. ACCRUED EXPENSES AND OTHER LIABILITIES**

Auditors' remuneration		199	330
Federal Excise Duty	8.1	6,610	6,610
Payable to brokers		116	68
Provision for Sindh Workers' Welfare Fund	8.2	4,597	4,597
Other payables		127	146
		<b>11,649</b>	<b>11,751</b>

- 8.1** The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal which was filed by tax authorities against the order by the Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2018 aggregating to Rs. 6.610 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 2.71 per unit (June 30, 2018: 2.1424 per unit).

**8.2 PROVISION FOR SINDH WORKERS' WELFARE FUND**

The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is the same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for the half year ended December 31, 2018, no provision for SWWF has been recognised in these condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2019 would have been higher by Rs. 1.88 per unit (June 30, 2018: 1.49 per unit).

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## 9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

## 10. TAXATION

The Fund's income is exempt from Income Tax as per 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 to the unit holders in cash. 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. The Fund has not recorded tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ended June 30, 2019 to its unit holders.

## 11. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons / related parties comprise HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons / related parties are in the normal course of business, at agreed / contracted rates and terms determined in accordance with market rates.

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

Details of the transactions with connected persons during the period and balances with them at period end are as follows:

### 11.1 Transactions during the period

	Nine Months ended	
	March 31,	
	2019	2018
	-----Rupees in '000-----	
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	4,946	12,884
Allocation of expenses related to registrar services, accounting, operation and valuation services	220	440
Selling and marketing cost payable	383	-
<b>Habib Bank Limited - Sponsor</b>		
Redemption of 200,000 units (2018: 5,638,231 units)	20,618	550,000
Bank charges paid during the period	7	5
Mark-up earned during the period	277	285
Mark-up received during the period	268	323
Dividend income earned during the period	212	276

Nine Months ended March 31,	
2018	2017
-----Rupees in '000-----	

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration	594	518
Central Depository service charges	14	-
	(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	-----Rupees in '000-----	

**11.2 Amounts outstanding as at period / year end**

**HBL Asset Management Limited - Management Company**

Management fee payable	440	528
Sales tax payable	57	79
Sales load payable	-	69
Allocation of expenses related to registrar services, accounting, operation and valuation services	23	27
Selling and Marketing Cost	135	-

**Habib Bank Limited - Sponsor**

Investment held in the Fund: 1,158,343 units (June 2018: 1,358,343 units)	119,245	142,696
Bank balances	1,633	4,555
Mark-up receivable on deposits with bank	34	25

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable	59	57
Sindh Sales Tax	8	8

**Rafiuddin Zakir Mahmood Connected Persons Due to 10% and more**

Investment held in the Fund: 298,482 units (June 2018: 2,98,482 units)	30,727	31,356
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Units outstanding as at March 31, 2019 are calculated on the basis of latest announced NAV i.e March 29, 2019.



## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The fair value of financial assets and liabilities traded in active markets (i.e. listed equity shares) are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		March 31, 2019							
		Carrying amount				Fair Value			
	Note	Fair value through profit or loss	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
<b>Investments</b>									
Listed equity securities		148,972	-	-	148,972	148,972	-	-	148,972
Term Finance Certificates		31,660	-	-	31,660	-	31,660	-	31,660
Advance Against book building		1,418	-	-	1,418	-	-	1,418	1,418
		<b>182,049</b>	<b>-</b>	<b>-</b>	<b>182,049</b>	<b>148,972</b>	<b>31,660</b>	<b>1,418</b>	<b>182,049</b>
<b>Financial assets not measured at fair value</b>	12.1								
Bank balances		-	74,861	-	74,861				
Dividend receivable and accrued mark-up		-	3,225	-	3,225				
Advances, deposits and other receivables		-	3,511	-	3,511				
		<b>-</b>	<b>81,597</b>	<b>-</b>	<b>81,597</b>				
<b>Financial liabilities not measured at fair value</b>	12.2								
Payable to the Management Company		-	-	597	597				
Payable to the SECP		-	-	186	186				
Payable to the Trustee		-	-	59	59				
Payable against purchase of investments		-	-	-	-				
Accrued expenses and other liabilities		-	-	442	442				
		<b>-</b>	<b>-</b>	<b>1,284</b>	<b>1,284</b>				

	June 30, 2018					Fair Value			
	Carrying amount					Level 1	Level 2	Level 3	Total
	Held-for-trading	Available for sale	Loans and receivables	Other financial assets / liabilities	Total				
------(Rupees in '000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
<b>Investments</b>									
- Listed equity securities	150,979	28,198	-	-	179,177	179,177	-	-	179,177
- Term finance certificates	13,993	17,980	-	-	31,973	-	31,973	-	31,973
	164,972	46,178	-	-	211,150	179,177	31,973	-	211,150
<b>Financial assets not measured at fair value</b>									
Bank balances	-	-	118,090	-	118,090				
Dividend receivable and accrued mark-up	-	-	1,216	-	1,216				
Receivable against sale of investments	-	-	3,216	-	3,216				
Advances, deposits and other receivables	-	-	3,116	-	3,116				
	-	-	125,638	-	125,638				
<b>Financial liabilities not measured at fair value</b>									
Payable to the Management Company	-	-	-	624	624				
Payable to the SECP	-	-	-	510	510				
Payable to the Trustee	-	-	-	57	57				
Accrued expenses and other liabilities	-	-	-	544	544				
	-	-	-	1,735	1,735				

**12.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**12.2 Transfers during the period**

No transfers were made between various levels of fair value hierarchy during the period.

**13. DISCLOSURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECP  
- CATEGORISATION OF OPEN END SCHEME**

The SECP vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The Management Company classified the Fund as 'Balanced Scheme' in accordance with the said circular. As at December 31, 2018, the Fund is compliant with all the requirements of the said circular except for clause 2 (iv) which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

The following securities are included in the portfolio of the Fund which have rating lower than A- (A minus).

Name of Non-Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	% of Net Assets	% of Gross Assets
(Rupees in '000)						
Saudi Pak Leasing Company Limited	TFC	15,197	15,197	-	-	-
Dewan Cement Limited	Advance	25,000	25,000	-	-	-

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**14. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the SECP, the total expense ratio of the Fund for the nine months ended March 31, 2019 is 2.50% (March 31, 2018: 2.21%) which includes 0.28% (March 31, 2018: 0.28%) representing government levy, Worker's Welfare Fund and SECP fee.

**15. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on April 30, 2019.

**16. GENERAL**

**16.1** Figures have been rounded off to the nearest thousand rupees.

**16.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

**16.3** These condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended March 31, 2019 have not been reviewed.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# **HBL**

## **Financial Planning Fund**

## FUND INFORMATION

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Name of Fund	HBL Financial Planning Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	MCB Financial Services Limited (MCBFSL)
Bankers	Habib Bank Limited JS Bank Limited

# HBL Financial Planning Fund

## Condensed Interim Statement of Assets and Liabilities (Un-Audited)

As at March 31, 2019

		March 31, 2019 (Un-Audited)				June 30, 2018 (Audited)			
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note		----- (Rupees in '000) -----							
ASSETS									
	4	1,455	30	83	1,568	1,278	443	149	1,870
	5	155,092	68,137	173,959	397,188	328,586	132,536	207,827	668,949
		-	-	-	-	4	1	-	5
		943	816	355	2,114	1,144	989	860	2,993
		121	80	59	260	133	93	99	325
TOTAL ASSETS		157,611	69,062	174,456	401,129	331,145	134,062	208,935	674,142
LIABILITIES									
	6	16	7	18	41	41	12	18	71
		14	6	16	36	58	24	36	118
		137	74	144	355	206	109	143	458
	7	360	255	187	802	383	222	216	821
		-	-	-	-	-	-	-	-
TOTAL LIABILITIES		527	343	365	1,235	688	367	413	1,468
NET ASSETS		157,084	68,720	174,091	399,895	330,457	133,695	208,522	672,674
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)									
		157,084	68,720	174,091	399,894	330,457	133,695	208,522	672,674
CONTINGENCIES AND COMMITMENTS									
8		----- (Number of Units) -----							
Number of units in issue									
		1,556,813	641,971	1,714,692	3,913,475	3,219,253	1,288,493	2,033,911	6,541,657
----- (Rupees) -----									
Net assets value per unit		100.9000	107.0455	101.5285		102.6500	103.7607	102.5230	

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Financial Planning Fund

## Condensed Interim Income Statement (Un-Audited)

### For The Nine Months Period Ended March 31, 2019

	Nine months period ended March 31, 2019				For the period from October 11, 2017 to March 31, 2018			
	Active Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note	(Rupees in '000)							
<b>INCOME</b>								
Mark-up on deposits with banks	76	29	5	110	342	85	62	489
Capital (loss) / gain on sale of investments - net	(5,332)	983	(2,049)	(6,398)	1,958	1,155	1,384	4,497
Dividend income	3,533	3,149	1,180	7,862	-	-	-	-
Back end load	-	-	154	154	-	-	-	-
	(1,723)	4,161	(710)	1,728	2,300	1,240	1,446	4,986
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'fair value through profit or loss' - net	(3,785)	(673)	(306)	(4,764)	15,941	6,038	11,674	33,653
	(5,508)	3,489	(1,016)	(3,035)	18,241	7,278	13,120	38,639
<b>EXPENSES</b>								
Remuneration of the Management Company	19	11	5	35	20	12	10	42
Sindh Sales Tax on remuneration of the Management Company	2	1	1	4	3	1	1	5
Remuneration of the Trustee	147	80	154	381	134	81	99	314
Annual fee to the Securities and Exchange Commission of Pakistan	137	74	144	355	126	76	93	295
Allocation of expenses related to registrar services, accounting, operation and valuation services	144	78	152	374	132	79	98	309
Amortisation of preliminary expenses and flotation costs	201	173	505	879	126	109	317	552
Auditors' remuneration	77	67	78	222	77	67	78	222
Printing charges	-	-	-	-	25	21	24	70
Bank charges	14	7	9	30	13	8	7	28
Fees and subscription	28	21	51	100	26	22	42	90
	769	512	1,099	2,380	682	476	769	1,927
Net (loss) / income from operating activities	(6,277)	2,976	(2,115)	(5,416)	17,559	6,802	12,351	36,712
Provision for Sindh Workers' Welfare Fund	-	(60)	-	(60)	(351)	(136)	(247)	(734)
Net (loss) / income for the period before taxation	(6,277)	2,917	(2,115)	(5,476)	17,208	6,666	12,104	35,978
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period after taxation	(6,277)	2,917	(2,115)	(5,476)	17,208	6,666	12,104	35,978
<b>Allocation of net income for the period</b>								
Income already paid on redemption of units		813			293	890	2	1,185
Accounting income available for distribution								
Relating to capital gains	-				16,915	5,776	12,102	34,793
Excluding capital gains	2,104				-	-	-	-
	2,104				16,915	5,776	12,102	34,793
	2,917				17,208	6,666	12,104	35,978

Earnings per unit

10

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Financial Planning Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the Quarter Ended March 31, 2019 (Continued)*

	Quarter ended March 31, 2019				Quarter ended March 31, 2018			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note	(Rupees in '000)							
<b>Income</b>								
Mark-up on deposits with banks	28	16	1	45	88	28	26	142
Capital (loss) / gain on sale of investments - net	(950)	(6)	(960)	(1,916)	1,765	1,126	1,223	4,114
Dividend income	1,590	1,307	626	3,523	-	-	-	-
Back end load	-	-	130	130	-	-	-	-
	668	1,318	(203)	1,783	1,853	1,154	1,249	4,256
Unrealised appreciation on re-measurement of investments classified as 'fair value through profit or loss' - net	8,659	721	9,011	18,391	14,021	4,365	9,412	27,798
	9,327	2,039	8,808	20,174	15,874	5,519	10,661	32,054
<b>Expenses</b>								
Remuneration of the Management Company 6.1	5	3	2	10	12	5	3	20
Sindh Sales Tax on remuneration of the Management Company 6.2	1	-	-	1	2	-	-	2
Remuneration of the Trustee	42	17	49	108	78	41	52	171
Annual fee to the Securities and Exchange Commission of Pakistan	39	16	46	101	74	38	49	161
Allocation of expenses related to registrar services, accounting, operation and valuation services 6.3	41	16	49	106	77	39	52	168
Amortisation of preliminary expenses and flotation costs	66	57	166	289	66	57	166	289
Auditors' remuneration	25	22	26	73	25	22	26	73
Printing charges	-	-	-	-	13	11	12	36
Bank charges	6	4	4	14	5	3	2	10
Fees and subscription	8	6	16	30	15	12	23	50
	233	141	358	732	367	228	385	980
<b>Net income from operating activities</b>	9,094	1,898	8,450	19,442	15,507	5,291	10,276	31,074
Provision for Sindh Workers' Welfare Fund 7.1	-	(38)	-	(38)	(351)	(136)	(247)	(734)
<b>Net income for the period before taxation</b>	9,094	1,861	8,450	19,405	15,156	5,155	10,029	30,340
Taxation 9	-	-	-	-	-	-	-	-
<b>Net income for the period after taxation</b>	9,094	1,861	8,450	19,405	15,156	5,155	10,029	30,340

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



**HBL Financial Planning Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For The Nine Months Period Ended March 31, 2019*

	Nine months period ended March 31, 2019				For the period from October 11, 2017 to March 31, 2018			
	Active Allotcation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allotcation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	----- (Rupees in '000) -----							
Net (loss) / income for the period after taxation	(6,277)	2,917	(2,115)	(5,476)	16,915	5,776	12,102	34,793
Other comprehensive income								
Items that may be reclassified subsequently to income statement	-	-	-	-	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(6,277)</u>	<u>2,917</u>	<u>(2,115)</u>	<u>(5,476)</u>	<u>16,915</u>	<u>5,776</u>	<u>12,102</u>	<u>34,793</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

_____ Chief Financial Officer	_____ Chief Executive Officer	_____ Director
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**HBL Financial Planning Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For The Quarter Ended March 31, 2019 (Continued)*

	Quarter ended March 31, 2019				For the period from October 11, 2017 to March 31, 2018			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	----- (Rupees in '000) -----							
Net income for the period after taxation	9,094	1,861	8,450	19,405	15,156	5,155	10,029	30,340
Other comprehensive income								
Items that may be reclassified subsequently to income statement	-	-	-	-	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-	-	-	-	-
Total comprehensive income for the period	<u>9,094</u>	<u>1,861</u>	<u>8,450</u>	<u>19,405</u>	<u>15,156</u>	<u>5,155</u>	<u>10,029</u>	<u>30,340</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

_____ Chief Financial Officer	_____ Chief Executive Officer	_____ Director
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# HBL Financial Planning Fund

## Condensed Interim Statement of Cash Flow (Un-Audited)

### For The Nine Months Period Ended March 31, 2019

	Nine months period ended March 31, 2019				For the period from October 11, 2017 to March 31, 2018			
	Active Allocation	Conservative	Strategic		Active Allocation	Conservative	Strategic	
	Plan	Allocation Plan	Allocation Plan	Total	Plan	Allocation Plan	Allocation Plan	Total
Note	(Rupees in '000)							
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Net (loss)/ income for the period before taxation	(6,277)	2,917	(2,115)	(5,475)	17,208	6,666	12,104	35,978
<b>Adjustments for:</b>								
Mark-up on deposits with banks	(76)	(29)	(5)	(110)	(342)	(85)	(62)	(489)
Capital loss / (gain) on sale of investment - net	5,332	(983)	2,049	6,398	(1,958)	(1,155)	(1,384)	(4,497)
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'fair value through profit or loss' - net	3,785	673	306	4,764	(15,941)	(6,038)	(11,674)	(33,653)
Amortisation of preliminary expenses and flotation costs	201	173	505	879	126	109	317	552
Provision of Sindh Workers' Welfare fund	-	60	-	60	351	136	247	734
	2,965	2,810	740	6,515	(556)	(367)	(452)	(1,375)
<b>Decrease / (increase) in assets</b>								
Investments	164,377	64,710	31,513	260,600	(309,961)	(142,366)	(201,595)	(653,922)
Preliminary expenses and flotation costs	-	-	-	-	(1,336)	(1,156)	(1,345)	(3,837)
Advances and prepayments	12	13	40	65	(146)	(105)	(122)	(373)
	164,389	64,723	31,553	260,665	(311,443)	(143,627)	(203,062)	(658,132)
<b>(Decrease)/ increase in liabilities</b>								
Payable to the Management Company	(25)	(5)	-	(30)	253	14	19	286
Payable to the Trustee	(44)	(18)	(20)	(82)	28	13	18	59
Payable to Securities and Exchange Commission of Pakistan	(69)	(35)	1	(103)	126	76	93	295
Accrued expenses and other liabilities	(23)	(26)	(29)	(78)	70	68	79	217
	(161)	(84)	(48)	(293)	477	171	209	857
	167,193	67,449	32,245	266,887	(311,522)	(143,823)	(203,305)	(658,650)
Profit received on bank deposits	80	30	5	115	342	85	62	489
Net cash generated from / (used in) operating activities	167,273	67,479	32,250	267,002	(311,180)	(143,738)	(203,243)	(658,161)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Amount received on issue of units	726	99	-	825	389,664	180,533	203,463	773,660
Amount paid on redemption of units	(167,822)	(67,991)	(32,316)	(268,129)	(75,149)	(36,645)	(72)	(111,866)
Net cash (used in)/ generated from financing activities	(167,096)	(67,892)	(32,316)	(267,304)	314,515	143,888	203,391	661,794
Net increase / (decrease) in cash and cash equivalents during the period	177	(413)	(66)	(302)	3,335	150	148	3,633
Cash and cash equivalents at the beginning of the period	1,278	443	149	1,870	-	-	-	-
Cash and cash equivalents at the end of the period	4	1,455	83	1,568	3,335	150	148	3,633

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Financial Planning Fund

## Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)

For The Nine Months Period Ended March 31, 2019

	Nine months period ended March 31, 2019			For the period from October 11, 2017 to March 31, 2018		
	Active Allocation Plan					
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	325,538	4,919	330,457	-	-	-
Issuance of 7,216 units (2018: 3,870,070 units)						
Capital value (at net asset value per unit at the beginning of the period)	740	-	740	387,007	-	387,007
Element of (loss) / income	(14)	-	(14)	2,657	-	2,657
Total proceeds on issuance of units	726	-	726	389,664	-	389,664
Redemption of 1,669,657 units (2018: 747,171 units)						
Capital value (at net asset value per unit at the beginning of the period)	(171,390)	-	(171,390)	(74,717)	-	(74,717)
Income already paid on redemption of units	-	-	-	-	(293)	(293)
Element of income / (loss)	3,568	-	3,568	(139)	-	(139)
Total payments on redemption of units	(167,822)	-	(167,822)	(74,856)	(293)	(75,149)
Total comprehensive (loss) / income for the period	-	(6,277)	(6,277)	-	17,208	17,208
Net assets at end of the period	158,442	(1,358)	157,084	314,808	16,915	331,723
Undistributed income brought forward						
Realised	6,342			-		
Unrealised	(1,423)			-		
	4,919			-		
Accounting income available for distribution						
Relating to capital gains	-			-		
Excluding capital gains	-			-		
	-			-		
Accounting loss for the period	(6,277)			-		
Accumulated (loss) / undistributed income carried forward	(1,358)			-		
Accumulated (loss) / undistributed income carried forward						
Realised	2,427			974		
Unrealised	(3,785)			15,941		
	(1,358)			16,915		
	(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period	102.6500			-		
Net assets value per unit at end of the period	100.9000			106.2226		

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Financial Planning Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)**  
*For The Nine Months Period Ended March 31, 2019*

	Nine months period ended March 31, 2019			For the period from October 11, 2017 to March 31, 2018		
	Conservative Allocation Plan					
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	128,919	4,776	133,695	-	-	-
Issuance of 955 units (2018: 1,804,922 units)						
Capital value (at net asset value per unit at the beginning of the period)	98	-	98	180,492	-	180,492
Element of income	1	-	1	40	-	40
Total proceeds on issuance of units	99	-	99	180,532	-	180,532
Redemption of 647,476 units (2018: 357,556 units)						
Capital value (at net asset value per unit at the beginning of the period)	(67,183)	-	(67,183)	(35,756)	-	(35,756)
Income already paid on redemption of units	-	(813)	(813)	-	(890)	(890)
Element of income	5	-	5	-	-	-
Total payments on redemption of units	(67,178)	(813)	(67,991)	(35,756)	(890)	(36,645)
Total comprehensive income for the period	-	2,917	2,917	-	6,666	6,666
Net assets at end of the period	61,840	6,880	68,720	144,776	5,776	150,553

Undistributed income brought forward

Realised

Unrealised

3,501
1,275
4,776

-
-
-

Accounting income available for distribution

Relating to capital gains

Excluding capital gains

-
2,104
2,104

-
-
-

Undistributed income carried forward

6,880
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-
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Undistributed income carried forward

Realised

Unrealised

7,553
(673)
6,880

(262)
6,038
5,776

(Rupees)

(Rupees)

Net assets value per unit at beginning of the period

103.7607

-

Net assets value per unit at end of the period

107.0455

104.0190

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Financial Planning Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)**  
*For The Nine Months Period Ended March 31, 2019*

	Nine months period ended March 31, 2019			For the period from October 11, 2017 to March 31, 2018		
	Strategic Allocation Plan					
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	203,390	5,132	208,522	-	-	-
Issuance of Nil units (2018: 2,034,612 units)						
Capital value (at net asset value per unit at the beginning of the period)	-	-	-	203,461	-	203,461
Element of income	-	-	-	1	-	1
Total proceeds on issuance of units	-	-	-	203,462	-	203,462
Redemption of 319,220 units (2018: 701 units)						
Capital value (at net asset value per unit at the beginning of the period)	(32,723)	-	(32,723)	(70)	-	(70)
Income already paid on redemption of units	-	-	-	-	(2)	(2)
Element of income	407	-	407	-	-	-
Total payments on redemption of units	(32,316)	-	(32,316)	(70)	(2)	(72)
Total comprehensive (loss) / income for the period	-	(2,115)	(2,115)	-	12,104	12,104
Net assets at end of the period	171,074	3,017	174,091	203,392	12,102	215,494
Undistributed income brought forward						
Realised	4,617			-		
Unrealised	515			-		
	5,132			-		
Accounting income available for distribution						
Relating to capital gains	-			-		
Excluding capital gains	-			-		
	-			-		
Accounting loss for the period	(2,115)			-		
Accumulated (loss) / undistributed income carried forward	3,017			-		
Accumulated (loss) / undistributed income carried forward						
Realised	3,323			428		
Unrealised	(306)			11,674		
	3,017			12,102		
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			102.5230			-
Net assets value per unit at end of the period			101.5285			105.9505

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Financial Planning Fund**

## **Notes to the Condensed Interim Financial Information (Un-Audited)**

### ***For the Nine Months Period Ended March 31, 2019***

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

HBL Financial Planning Fund (the Fund), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was executed on March 22, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 14, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton. The Fund commenced its operations from October 11, 2017.

The Fund is an open ended fund of fund scheme and the Fund is listed on Pakistan Stock Exchange Limited. The Fund has three different plans namely Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan (collectively referred as 'Plans'). The units of Conservative Allocation Plan and Active Allocation Plan were initially offered to public (IPO) on September 11, 2017 to October 10, 2017 whereas units of Strategic Allocation Plan were offered from August 07, 2017 to October 10, 2017. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The Fund is perpetual however, the allocation plans may have a set time frame. Each Allocation Plan will announce separate NAVs which will rank *pari passu* inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

The Fund aims to generate returns on investment as per the respective Allocation Plan by investing in Mutual Funds in line with the risk tolerance of the Investor. Following is the description of three plans currently in operation:-

- The "Active Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" with an objective to earn a potentially high return through active asset allocation between Equity scheme(s), Income scheme(s) and Money Market Schemes based on the Fund Manager's outlook on the asset classes.
- The "Conservative Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of investments in equity, income and money market funds. This Allocation Plan is suitable for Investors who have moderate risk tolerance and have a short to medium term investment horizon.
- The "Strategic Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" with an objective to earn a potentially high return through active allocation of funds between Equity scheme(s), Income scheme(s) and Money Market Schemes based on fundamental analysis of economic indicators, underlying asset values and a strategy of risk aversion to market volatility. The duration of this plan is 24 months (Two Years). However, SECP or the Management Company may wind it up or revoke, on the occurrence of certain events as specified in the Regulations or clause no.10.4 of the offering document of the Fund. HBL Financial Planning Fund - Strategic Allocation Plan is due to mature on October 11, 2019, unless the Management Company decides otherwise.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+ (AM two plus)' to the Management Company while the Fund is currently not rated.

Title to the assets of the Fund are held in the name of the trustee of the Fund.

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

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Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

**2.1.2** The disclosures made in this condensed interim financial information have; however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

**2.1.3** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the nine months ended year ended March 31, 2018.

**2.1.4** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

## **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## **3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN**

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the period ended June 30, 2018 except as explained in note 3.6.

**3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

**3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the period from October 11, 2017 to June 30, 2018.

**3.4** There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.



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**3.5** The Fund's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Fund for the period ended June 30, 2018.

**3.6** Except as described below, the accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after July 1, 2018. A number of other new standards are effective from July 1, 2018 but they do not have a material effect on the Fund's condensed interim financial information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

**i. Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

			Held by Active Allocation Plan		
	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9

		Held by Conservative Allocation Plan		
Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees in '000) -----				
<b>Financial assets</b>				
Bank balances	(b) Loans and receivables	Amortised cost	443	443
Investment in units of Mutual Funds	(a) Held for trading	FVTPL	132,536	132,536
Accrued markup	(b) Loans and receivables	Amortised cost	1	1
Advances and prepayments	(b) Loans and receivables	Amortised cost	93	93
			<u>133,073</u>	<u>133,073</u>

		Held by Strategic Allocation Plan			
	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees in '000) -----					
Financial assets					
Bank balances	(b)	Loans and receivables	Amortised cost	149	149
Investment in units of					
Mutual Funds	(a)	Held for trading	FVTPL	207,827	207,827
Accrued markup	(b)	Loans and receivables	Amortised cost	-	-
Advances and prepayments	(b)	Loans and receivables	Amortised cost	99	99
				208,075	208,075

(a) Listed equity securities classified as financial assets at fair value through profit or loss - held for trading have been measured at fair value through profit or loss with value changes continue to recognised in income statement.

(b) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

## ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

## iii. Transition

The Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

		March 31, 2019 (Un-Audited)				June 30, 2018 (Audited)			
	Note	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
----- (Rupees in '000) -----									
<b>BANK BALANCES</b>									
Savings accounts	4.1	1,455	30	83	1,568	1,278	443	149	1,870

This represents bank accounts held with various banks. Mark-up rates on these accounts range between 11.15% to 8.28% per annum( June 30, 2018: 4.0% to 8.25% per annum).

5.	INVESTMENTS		March 31, 2019 (Un-Audited)				June 30, 2018 (Audited)			
			Active	Conservative	Strategic	Total	Active	Conservative	Strategic	Total
			Allocation Plan	Allocation Plan	Allocation Plan		Allocation Plan	Allocation Plan	Allocation Plan	
	At 'fair value through profit or loss'		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
	Units of mutual funds	5.1	155,092	68,137	173,959	397,188	328,586	132,536	207,827	668,949

#### Units of Mutual Funds

Name of Investee Funds	Number of units				As at March 31, 2019			Market value as a percentage	
	As at July 1, 2018	Purchases during the period	Redemptions during the period	As at March 31, 2019	Carrying Amount	Market Value	Appreciation / (diminution)	Net assets of the plan	Total investments of the plan
----- (Rupees in '000) -----									
<b>Active Allocation Plan</b>									
HBL Cash Fund	1,230,903	540,402	1,012,804	758,501	76,412	76,421	9	48.65	49.27
HBL Stock Fund	1,850,743	240,296	1,393,404	697,635	74,465	70,655	(3,810)	44.98	45.56
HBL Income Fund	-	71,498	-	71,498	8,000	8,016	16	5.10	5.17
As at March 31, 2019 (Un-Audited)	3,081,646	852,196	2,406,208	1,527,634	158,877	155,092	(3,785)	98.73	100
As at June 30, 2018 (Audited)	-	7,312,976	4,231,330	3,081,646	330,009	328,586	(1,423)	99.43	100
<b>Conservative Allocation Plan</b>									
HBL Cash Fund	999,990	82,992	544,082	538,900	54,294	54,295	1	79.01	79.69
HBL Stock Fund	248,195	38,156	149,674	136,677	14,516	13,842	(674)	20.14	20.31
As at March 31, 2019 (Un-Audited)	1,248,185	121,148	693,756	675,577	68,810	68,137	(673)	99.15	100
As at June 30, 2018 (Audited)	-	2,798,743	1,550,558	1,248,185	131,261	132,536	1,275	99.14	100
<b>Strategic Allocation Plan</b>									
HBL Cash Fund	380,044	235,733	442,622	173,155	17,441	17,446	5	10.02	10.03
HBL Stock Fund	963,327	235,777	413,959	785,145	83,707	79,518	(4,189)	45.68	45.71
HBL Income Fund	578,925	107,852	-	686,777	73,115	76,995	3,880	44.23	44.26
As at March 31, 2019 (Un-Audited)	1,922,296	579,362	856,581	1,645,077	174,263	173,959	(304)	100	100
As at June 30, 2018 (Audited)	-	4,497,939	2,575,643	1,922,296	207,312	207,827	515	99.66	100
<b>Total as at March 31, 2019</b>	<b>6,252,127</b>	<b>1,552,706</b>	<b>3,956,545</b>	<b>3,848,288</b>	<b>401,950</b>	<b>397,188</b>	<b>(4,762)</b>		
<b>Total - As at June 30, 2018</b>	<b>-</b>	<b>14,609,658</b>	<b>8,357,531</b>	<b>6,252,127</b>	<b>668,582</b>	<b>668,949</b>	<b>367</b>		

#### 6. PAYABLE TO THE MANAGEMENT COMPANY

		March 31, 2019 (Un-Audited)				June 30, 2018 (Audited)			
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note		(Rupees in '000)							
Remuneration of the Management Company	6.1	2	1	2	5	2	1	1	4
Sindh Sales Tax on the Management Company	6.2	-	-	-	-	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	14	6	16	36	28	11	17	56
Sales load payable		-	-	-	-	11	-	-	11
		16	7	18	41	41	12	18	71

- 6.1 As per the offering document of the Fund, the Management Company shall charge a fee at the rate of 1% of the average annual net assets on daily basis of the plans. However, no management fee is charged on that part of the net assets which have been invested in mutual funds managed by the Management Company. The fee is payable monthly in arrears.
- 6.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on the services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011.
- 6.3 As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost, whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.

## 7. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	March 31, 2019 (Un-Audited)				June 30, 2018 (Audited)			
		Active	Conservative	Strategic	Total	Active	Conservative	Strategic	Total
		Allocation	Allocation	Allocation		Allocation	Allocation	Allocation	
		Plan	Plan	Plan		Plan	Plan	Plan	
(Rupees in '000)									
Withholding tax		-	-	-	-	126	-	-	126
Provision for Sindh Workers' Welfare Fund	7.1	111	185	105	401	111	126	105	342
Printing charges payable		18	22	25	65	25	26	29	80
Auditors' remuneration		52	45	52	149	71	70	82	223
Other payables		179	2	5	186	50	-	-	50
		360	255	187	802	383	222	216	821

**7.1** The legal status of applicability of Sindh Workers' Welfare Fund is same as that disclosed in note 11.1 to the audited financial statements of the Fund for the period from October 11, 2017 to June 30, 2018.

Based on above, provision against SWWF amounting to Rs. 0.111 million, Rs. 0.185 million and Rs. 0.105 million has been made during the period in Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively. Had the provision not been made, the net asset value per unit would have been higher by Rs. 0.0713 million per unit, Rs. 0.2886 per unit and Rs. 0.0612 per unit of the Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively (June 30, 2018: Rs. 0.034, Rs. 0.098 and Rs. 0.051 per unit).

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2019 and at June 30, 2018.

## 9. TAXATION

As the Fund has incurred a net loss and as the Fund is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Fund is also exempt from provision of Section 113 (minimum tax) under clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. Hence no provision with respect to tax has been recognized in this condensed interim financial information.

## 10. EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, MCB Financial Services Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in these condensed interim financial information are as follows:

## 11.1 Transactions during the period

### HBL Asset Management Limited - Management Company

	Nine months ended March 31, 2019				For the period from October 11, 2017 to March 31, 2018			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Issuance of nil (2018: 999,902) units	-	-	-	-	-	-	99,920	99,920
Remuneration of the Management Company	19	11	5	35	20	12	10	42
Sindh Sales Tax on remuneration of the Management Company	2	1	1	4	3	1	1	5
Allocation of expenses related to registrar services, accounting, operation and valuation services	144	78	152	374	132	79	98	309

### Habib Bank Limited - Sponsor

Bank charges	14	7	9	30	13	8	7	28
Mark-up on deposits with banks	75	28	4	107	342	85	62	489

### MCB Financial Services Limited - Trustee

Remuneration of the Trustee	147	80	154	381	134	81	99	314
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### Patient Welfare Association - Connected Person

#### due to 10% holding

Issue of nil (2018: 400,000) units	-	-	-	-	-	40,000	-	40,000
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### Sapphire Finishing Mills Limited Employees Provident Fund

#### Connected person due to 10% holding

Issue of nil (2018: 254,254) units	-	-	-	-	-	-	25,426	25,426
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### Ferozsons Laboratories Limited Employees Provident Fund

#### Connected Person due to 10% holding

Issue of nil (2018: 500,000) units	-	-	-	-	50,000	-	-	50,000
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### Mr Mudassar Iqbal

#### Connected Person due to 10% holding

Issue of nil (2018: 150,000) units	-	-	-	-	-	15,000	-	15,000
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### Mir Ghulam Ali Talpur

#### Connected Person due to 10% holding

Issue of nil (2018: 250,500) units	-	-	-	-	-	-	250,050	250,050
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### Executives of the HBL Asset Management Limited -

#### Management Company

Issue of nil (2018: 1,006,108) units	-	-	-	-	102,000	-	-	102,000
Issue of nil (2018: 750,000) units	-	-	-	-	-	-	-	-
Issue of nil (2018: 250,500) units	-	-	-	-	-	-	-	-

### HBL Income Fund

#### CIS managed by the Management Company

Bonus / Purchase of 71,498 (2018: nil) units	8,000	-	-	8,000	-	-	-	-
Purchase of 107,852 (2018: 1,734,330) units	-	-	8,700	8,700	-	-	186,000	186,000
Redemption of nil (2018: 978,333) units	-	-	-	-	-	-	106,195	106,195

### HBL Stock Fund

#### CIS managed by the Management Company

Purchase of 240,296 (2018: 1,771,112 ) units	25,300	-	-	25,300	187,800	-	-	187,800
Purchase of 38,156 (2018: 359,944) units	-	3,900	-	3,900	-	36,600	-	36,600
Purchase of 235,777 (2018: 1,157,403) units	-	-	24,716	24,716	-	-	121,900	121,900
Redemption of 1,393,404 (2018: 13,798) units	143,087	-	-	143,087	1,500	-	-	1,500
Redemption of 149,674 (2018: 91,441 ) units	-	15,408	-	15,408	-	10,010	-	10,010
Redemption of 413,959 (2018: nil) units	-	-	41,640	41,640	-	-	-	-

	Nine months ended March 31, 2019				For the period from October 11, 2017 to March 31, 2018			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
(Rupees in '000)								
<b>HBL Cash Fund - CIS managed by the Management Company</b>								
Purchase of 540,402 (2018: 2,964,330) units	48,033	-	-	48,033	303,305	-	-	303,305
Purchase of 82,992 (2018: 1,423,823) units	-	3,149	-	3,149	-	145,300	-	145,300
Purchase of 235,733 (2018: 97,963) units	-	-	21,780	21,780	-	-	10,000	10,000
Redemption of 1,012,804 (2018: 1,738,862) units	102,624	-	-	102,624	179,645	-	-	179,645
Redemption of 544,083 (2018: 285,010) units	-	56,350	-	56,350	-	29,525	-	29,525
Redemption of 442,622 (2018: 97,963 ) units	-	-	45,071	45,071	-	-	10,111	10,111
Dividend income	3,533	3,149	1,180	7,862	-	-	-	-

	March 31, 2019 (Un-Audited)				June 30, 2018 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total

## 11.2 Balances Outstanding As At Period / Year End

(Rupees in '000)								
<b>HBL Asset Management Limited - Management Company</b>								
Remuneration payable to the Management Company	2	1	2	5	2	1	1	4
Units held: 999,202 (June 30, 2018: 999,202)	-	-	102,441	102,441	-	-	102,513	102,513
Allocation of expenses related to registrar services, accounting, operation and valuation services	14	6	16	36	28	11	17	56
Sales load payable	-	-	-	-	11	-	-	11
<b>Habib Bank Limited - Sponsor</b>								
Mark-up accrued on deposits with bank	-	-	-	-	4	1	-	5
Bank balances	1,445	8	71	1,524	1,268	387	149	1,804
<b>MCB Financial Services Limited - Trustee</b>								
Remuneration payable to the Trustee	12	5	14	31	58	24	36	118
<b>Executives of the Management Company</b>								
Units held: 38,992 (June 30, 2018: 38,992)	3,934	-	-	3,934	4,003	-	-	4,003
<b>Mr. Mir Ghulam Ali Talpur - Connected Person due to 10% holding</b>								
Units held: 250,500 (June 30, 2018: 250,500)	-	-	25,433	25,433	-	-	25,682	25,682

	March 31, 2019 (Un-Audited)				June 30, 2018 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
(Rupees in '000)								
<b>Sapphire Finishing Mills Limited Employees Provident Fund Connected person due to 10% holding</b>								
Units held: 254,254 (June 30, 2018: 254,254)	-	-	25,814	25,814	-	-	26,067	26,067
<b>Ferozsons Laboratories Limited Employees Provident Fund Connected Person due to 10% holding</b>								
Units held: 500,000 (June 30, 2018: 500,000)	50,450	-	-	50,450	51,325	-	-	51,325
<b>Mr. Mudassar Iqbal - Connected Person due to 10% holding</b>								
Units held: 150,000 (June 30, 2018: 150,000)	-	16,057	-	16,057	-	15,564	-	15,564
Units held: 150,000 (June 30, 2018: 150,000)	15,135	-	-	15,135	15,398	-	-	15,398
<b>Patient Welfare Association - Connected Person due to 10% holding</b>								
Units held: 400,000 (June 30, 2018: nil)	-	42,818	-	42,818	-	41,418	-	41,418
<b>Ms. Safia Aziz Mirza - Connected Person due to 10% holding</b>								
Units held 149,247 (June 30, 2018: 149,247)	15,059	-	-	15,059	15,320	-	-	15,320
<b>HBL Income Fund - CIS managed by the Management Company</b>								
Units held: 71,498 (June 30, 2018: nil)	8,016	-	-	8,016	-	-	-	-
Units held: 686,777 (June 30, 2018: 578,925)	-	-	76,995	76,995	-	-	64,415	64,415
<b>HBL Stock Fund - CIS managed by the Management Company</b>								
Units held: 697,635 (June 30, 2018: 1,850,743)	70,655	-	-	70,655	198,155	-	-	198,155
Units held: 136,677 (June 30, 2018: 248,195)	-	13,842	-	13,842	-	26,574	-	26,574
Units held: 785,145 (June 30, 2018: 963,327)	-	-	79,518	79,518	-	-	103,141	103,141
<b>HBL Cash Fund - CIS managed by the Management Company</b>								
Units held: 758,501 (June 30, 2018: 1,230,903)	76,421	-	-	76,421	130,431	-	-	130,431
Units held: 538,900 (June 30, 2018: 999,990)	-	54,295	-	54,295	-	105,962	-	105,962
Units held: 173,155 (June 30, 2018: 380,044)	-	-	17,441	17,441	-	-	40,271	40,271

## 12. FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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.

The fair value of financial assets and liabilities traded in active markets i.e. units of mutual funds are based on the quoted NAVs at the close of the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements 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:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using 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) (level 2); and
- Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		March 31, 2019 (Un-Audited)						
		Active Allocation Plan						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
	Investments	155,092	-	155,092	155,092	-	-	155,092
		155,092	-	155,092	155,092	-	-	155,092
<b>Financial assets not measured at fair value</b>								
12.1	Bank balances	-	1,455	1,455				
		-	1,455	1,455				
<b>Financial liabilities not measured at fair value</b>								
12.1	Payable to the Management Company	-	16	16				
	Payable to the Trustee	-	14	14				
	Accrued expenses and other liabilities	-	70	70				
	Payable against redemption of units	-	-	-				
		-	100	100				



June 30, 2018 (Audited)							
Active Allocation Plan							
Carrying amount			Fair Value				
	Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Note	(Rupees in '000)						
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments	328,586	-	328,586	328,586	-	-	328,586
	328,586	-	328,586	328,586	-	-	328,586
Financial assets not measured at fair value 12.1							
Bank balances	-	1,278	1,278				
Accrued mark-up	-	4	4				
	-	1,282	1,282				
Financial liabilities not measured at fair value 12.1							
Payable to the Management Company	-	41	41				
Payable to the Trustee	-	58	58				
Accrued expenses and other liabilities	-	96	96				
	-	195	195				
March 31, 2019 (Un-Audited)							
Conservative Allocation Plan							
Carrying amount			Fair Value				
	Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Note	(Rupees in '000)						
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments	68,137	-	68,137	68,137	-	-	68,137
	68,137	-	68,137	68,137	-	-	68,137
Financial assets not measured at fair value 12.1							
Bank balances	-	30	30				
	-	30	30				
Financial liabilities not measured at fair value 12.1							
Payable to the Management Company	-	7	7				
Payable to the Trustee	-	6	6				
Accrued expenses and other liabilities	-	70	70				
	-	83	83				

June 30, 2018 (Audited)							
Conservative Allocation Plan							
Carrying amount			Fair Value				
Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
Note	(Rupees in '000)						
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investments	132,536	-	132,536	132,536	-	-	132,536
	132,536	-	132,536	132,536	-	-	132,536
<b>Financial assets not measured at fair value 12.1</b>							
Bank balances	-	443	443				
Accrued mark-up	-	1	1				
	-	444	444				
<b>Financial liabilities not measured at fair value 12.1</b>							
Payable to the Management Company	-	12	12				
Payable to the Trustee	-	24	24				
Accrued expenses and other liabilities	-	96	96				
	-	132	132				

March 31, 2019 (Un-Audited)							
Strategic Allocation Plan							
Carrying amount			Fair Value				
Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
Note			(Rupees in '000)				
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments	173,959	-	173,959	173,959	-	-	173,959
	173,959	-	173,959	173,959	-	-	173,959
Financial assets not measured at fair value 12.1							
Bank balances	-	83	83				
	-	83	83				
Financial liabilities not measured at fair value 12.1							
Payable to the Management Company	-	18	18				
Payable to the Trustee	-	16	16				
Accrued expenses and other liabilities	-	79	79				
	-	113	113				

June 30, 2018 (Audited)							
Strategic Allocation Plan							
Carrying amount			Fair Value				
Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
Note			(Rupees in '000)				
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments	207,827	-	207,827	207,827	-	-	207,827
	207,827	-	207,827	207,827	-	-	207,827
Financial assets not measured at fair value 12.1							
Bank balances	-	149	149				
	-	149	149				
Financial liabilities not measured at fair value 12.1							
Payable to the Management Company	-	18	18				
Payable to the Trustee	-	36	36				
Accrued expenses and other liabilities	-	111	111				
	-	165	165				

**12.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**12.2 Transfers during the period**

No transfers were made between various levels of fair value hierarchy during the period.

**13. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio for the half year ended March 31, 2019 is 0.40%, 0.54% and 0.54% (March 2018: 0.37%, 0.38% and 0.49%) which includes 0.08%, 0.13% and 0.08% (March 2018: 0.18%, 0.14% and 0.17%) representing government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively.

**14. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information were authorised for issue on April 30, 2019 by the Board of Directors of the Management Company.

**15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** Corresponding figures have been arranged and reclassified, wherever necessary, for the purpose of comparison and more appropriate presentation, the effect of which is not material.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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# **HBL**

## **Growth Fund**

## FUND INFORMATION

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Name of Fund	HBL Growth Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited JS Bank Limited Habib Bank Limited Soneri Bank Limited

**HBL Growth Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

		March 31, 2019 2019 (Un-Audited)			June 30, 2018 2018 (Audited)
		Class A	Class B	Total	Total
Note	----- (Rupees in '000) -----				
<b>Assets</b>					
Bank balances	4	163,180	732,773	895,953	729,178
Investments	5	5,674,221	4,575,951	10,250,172	12,112,200
Dividend receivable and accrued mark-up		3,959	60,123	64,082	205,437
Advances,deposits and prepayments		709	3,550	4,259	3,176
<b>Total assets</b>		<b>5,842,069</b>	<b>5,372,397</b>	<b>11,214,466</b>	<b>13,049,991</b>
<b>Liabilities</b>					
Payable to Management Company	6	17,875	15,304	33,179	24,928
Payable to the Trustee		660	646	1,306	786
Payable to the Securities and Exchange Commission of Pakistan		4,798	3,769	8,567	12,397
Payable against purchase of investment		-	5,884	5,884	28,631
Accrued expenses and other liabilities	7	223	168,198	168,421	170,516
Unclaimed dividend		-	135,836	135,836	136,773
<b>Total liabilities</b>		<b>23,556</b>	<b>329,637</b>	<b>353,193</b>	<b>374,031</b>
<b>Net assets</b>		<b>5,818,514</b>	<b>5,042,760</b>	<b>10,861,274</b>	<b>12,675,960</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>5,818,514</b>	<b>5,042,760</b>	<b>10,861,274</b>	<b>12,675,960</b>
<b>Contingencies and commitments</b>					
	8	----- Number of units -----			
<b>Number of units in issue</b>		<b>283,500,000</b>	<b>277,738,236</b>		<b>283,500,000</b>
		----- (Rupees in '000) -----			
<b>Net assets value per unit</b>		<b>20.5239</b>	<b>18.1565</b>		<b>44.71</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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# HBL Growth Fund

## Condensed Interim Income Statement (Un-Audited)

For the Nine Months and Quarter ended March 31, 2019

Note	Nine Months Ended March 31,			Quarter Ended March 31,			
	2019			2018	2019		2018
	Class A	Class B	Total	Total	Class A	Class B	Total
(Rupees in '000)							
<b>Income</b>							
Capital loss on sale of investments - net	-	(86,076)	(86,076)	(550,681)	-	(11,220)	(11,220)
Dividend income	95,017	170,349	265,366	497,514	-	54,003	54,003
Income from Government Securities	-	-	-	760	-	-	-
Mark-up on deposits with banks	10,879	55,398	66,277	52,667	4,801	20,537	25,338
Back end load	-	7,821	7,821	-	-	3,250	3,250
	105,896	147,492	253,388	260	4,801	66,569	71,370
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net	-	(310,535)	(310,535)	(61,184)	-	300,699	300,699
	105,896	(163,043)	(57,147)	(60,924)	4,801	367,268	372,069
investments at fair value through profit or loss - net	-	-	-	-	-	-	-
<b>Expenses</b>							
Remuneration of Management Company	114,134	89,648	203,782	221,426	34,476	28,913	63,389
Remuneration of Trustee	6,226	4,908	11,134	6,701	1,878	1,570	3,448
Annual fee to the Securities and Exchange Commission of Pakistan	4,798	3,769	8,567	9,338	1,449	1,248	2,697
Allocation of expenses related to registrar services, accounting, operation and valuation services	5,050	4,033	9,083	9,798	1,525	1,346	2,871
Selling and marketing expense	20,044	15,613	35,657	-	6,101	5,118	11,219
Settlement and bank charges	9	1,100	1,109	1,107	4	389	393
Auditors' remuneration	283	158	441	498	107	(14)	93
Fees and subscription	1,194	452	1,646	1,268	983	148	1,131
Conversion expense from closed end to open end fund	-	396	396	2,280	-	-	-
Securities transaction charges	-	8,330	8,330	7,343	-	2,941	2,941
	151,738	128,407	280,145	259,759	46,523	41,659	88,182
<b>Net loss operating activities</b>	<b>(45,842)</b>	<b>(291,450)</b>	<b>(337,292)</b>	<b>(320,683)</b>	<b>(41,722)</b>	<b>325,609</b>	<b>283,887</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	-	-	-
Provision for Sindh Workers' Welfare fund	7.1	-	-	-	-	-	-
<b>Net loss for the period before taxation</b>	<b>(45,842)</b>	<b>(291,450)</b>	<b>(337,292)</b>	<b>(320,683)</b>	<b>(41,722)</b>	<b>325,609</b>	<b>283,887</b>
Taxation	9	-	-	-	-	-	-
<b>Net loss for the period after taxation</b>	<b>(45,842)</b>	<b>(291,450)</b>	<b>(337,292)</b>	<b>(320,683)</b>	<b>(41,722)</b>	<b>325,609</b>	<b>283,887</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Growth Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the Nine Months and Quarter ended March 31, 2019*

	Nine Months Ended March 31,			Quarter Ended March 31,			
	2019		2018	2018		2018	
	Class A	Class B	Total	Class A	Class B	Total	Total
----- (Rupees in '000) -----							
Net (loss) / income for the period after taxation	(45,842)	(291,450)	(337,292)	(320,683)	(41,722)	325,609	283,887
511,363							
<b>Item that may be reclassified subsequently to Income Statement</b>							
Unrealised diminution re-measurement of investments classified as available-for-sale	-	-	-	(383,622)	-	-	-
718,711							
<b>Items that will not be reclassified to income statement</b>							
Unrealized diminution on re-measurement of investments classified as fair value through other comprehensive income	(1,368,058)	-	(1,368,058)	-	(230,364)	-	(230,364)
-							
<b>Total comprehensive loss for the period</b>	<b>(1,413,900)</b>	<b>(291,450)</b>	<b>(1,705,350)</b>	<b>(704,305)</b>	<b>(272,086)</b>	<b>325,609</b>	<b>53,523</b>
1,230,074							

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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# HBL Growth Fund

## Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)

### For the Nine Months Ended March 31, 2019

	2019					2018			2018				
	Class A					Class B			Total				
	Capital value	Undistributed Income	Unrealized Income/(loss) on Investment	Premium on issue of certificates	Total	Capital value	Undistributed Income	Total	Capital Value	Undistributed Income	Unrealized Income/(loss) on Investment	Premium on issue of certificates	Total
(Rupees)													
Net assets at beginning of the period	2,835,000	1,226,556	5,621,904	2,992,500	12,675,960	-	-	-	2,835,000	2,565,464	6,189,749	2,992,500	14,582,713
Transfer from premium on issue of certificates	-	984,688	-	(984,688)	-	-	-	-	-	-	-	-	-
Issue of 283,500,000 Class B units at the time of conversion	-	(5,443,546)	-	-	(5,443,546)	2,835,000	2,608,546	5,443,546	-	-	-	-	-
Issue of 1,189,511 units	-	-	-	-	-	24,806	-	24,806	-	-	-	-	-
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	-	-	(75)	-	(75)	-	-	-	-	-
- Element of loss	-	-	-	-	-	-	-	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	24,731	-	24,731	-	-	-	-	-
Redemption of 3,493,796 units	-	-	-	-	-	134,287	-	134,287	-	-	-	-	-
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	-	-	(268,354)	-	(268,354)	-	-	-	-	-
- Element of loss	-	-	-	-	-	-	-	-	-	-	-	-	-
Total payment on redemption of units	-	-	-	-	-	(134,067)	-	(134,067)	-	-	-	-	-
Total comprehensive loss for the period	-	(45,842)	(1,368,058)	-	(1,413,900)	-	(291,450)	(291,450)	-	(320,683)	(383,622)	-	(704,306)
Distribution during the year period	-	-	-	-	-	-	-	-	-	(779,625)	-	-	(779,625)
Net loss for the period less distribution	-	(45,842)	(1,368,058)	-	(1,413,900)	-	(291,450)	(291,450)	-	(1,100,308)	(383,622)	-	(1,483,931)
Net assets at end of the period	2,835,000	(3,278,144)	4,253,846	2,007,812	5,818,514	(109,336)	2,317,096	5,042,760	2,835,000	1,465,156	5,806,127	2,992,500	13,098,783
Undistributed income brought forward	-	-	-	-	-	-	-	-	-	-	-	-	-
- Realised	-	1,518,756	-	-	-	-	-	-	-	1,748,697	-	-	-
- Unrealised	-	(292,200)	-	-	-	-	-	-	-	816,767	-	-	-
	-	1,226,556	-	-	-	-	-	-	-	2,565,464	-	-	-
Transfer from premium on issue of certificates	-	984,688	-	-	-	-	-	-	-	-	-	-	-
Transferred to Class B - Segment on conversion of Fund	-	(5,443,546)	-	-	-	-	2,608,546	-	-	-	-	-	-
Net loss for the period	-	(45,842)	-	-	-	-	(291,450)	-	-	(320,683)	-	-	-
Distribution during the period	-	-	-	-	-	-	-	-	-	(779,625)	-	-	-
(Accumulated loss) / Undistributed income carried forward	-	(3,278,144)	-	-	-	-	2,317,096	-	-	1,465,156	-	-	-
(Accumulated loss) / Undistributed income carried forward	-	(3,278,144)	-	-	-	-	2,928,330	-	-	1,526,340	-	-	-
- Realised	-	-	-	-	-	-	(611,234)	-	-	(61,184)	-	-	-
- Unrealised	-	(3,278,144)	-	-	-	-	2,317,096	-	-	1,465,156	-	-	-
(Rupees)													
Net assets value per unit at beginning of the period	25.5112	-	-	-	-	19.2012	-	-	51.44	-	-	-	-
Net assets value per unit at end of the period	20.5239	-	-	-	-	18.1565	-	-	46.20	-	-	-	-

In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that the condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

**NOTE:** Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Growth Fund**  
**Condensed Interim Statement of Cash Flow (Un- Audited)**  
*For the Nine Months Ended March 31, 2019*

	2019		2018
	Class A	Class B	Total
Note	(Rupees in '000)		
<b>Cash flow from operating activities</b>			
Net loss for the period before taxation	(45,842)	(291,450)	(337,292)
<b>Adjustments of non-cash items</b>			
Capital loss on sale of investments - net	-	86,076	86,076
Income from Government securities	-	-	-
Unrealised diminution on remeasurement of investments classified as financial asset at fair value through profit or loss - net	-	310,535	310,535
Dividend income	(95,017)	(170,349)	(265,366)
Mark-up on deposits with banks	(10,879)	(55,398)	(66,277)
	(151,738)	(120,586)	(272,324)
<b>(Increase) / Decrease in assets</b>			
Investments	-	97,359	97,359
Security deposits	(709)	(374)	(1,083)
	(709)	96,985	96,276
<b>Increase / (decrease) in liabilities</b>			
Payable to Management Company	17,875	(9,624)	8,251
Payable to Central Depository Company of Pakistan Limited - Trustee	660	(140)	520
Payable to the Securities and Exchange Commission of Pakistan	4,798	(8,628)	(3,830)
Payable against purchase of investment	-	(22,747)	(22,747)
Accrued expenses and other liabilities	223	(2,318)	(2,095)
Unclaimed dividend (including dividend payable)	-	(937)	(937)
	23,556	(44,394)	(20,838)
Cash (used in) / generated from operations	(128,891)	(67,995)	(196,886)
Dividend received	282,777	127,828	410,605
Mark-up received on bank deposit	9,295	53,098	62,393
	292,072	180,926	472,998
<b>Net cash generated from operating activities</b>	163,180	112,931	276,112
<b>Cash flow from financing activities</b>			
Amount received on issue of units	-	24,731	24,731
Amount paid on redemption of units	-	(134,067)	(134,067)
Dividend paid	-	-	-
	-	-	(779,626)
<b>Net cash used in financing activities</b>	-	(109,336)	(109,336)
Net increase in cash and cash equivalents	163,180	3,595	166,776
Cash and cash equivalents at beginning of the period	-	729,178	729,178
Cash and cash equivalents at end of the period	163,180	732,773	895,953

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

# **HBL Growth Fund**

## **Notes to the Condensed Interim Financial Information (Unaudited)**

### ***For The Nine Months Ended March 31, 2019***

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

- 1.1** HBL Growth Fund was established under a Trust Deed, HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The objective of the Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.
- 1.4** As per Regulation 65 of the NBFC Regulations, all closed end funds were required to converted into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. However Closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has Frozen Portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, its conversion into an open end scheme was deferred.

The Board of the Management Company (HBL Asset Management Limited) of the Fund in its meeting held on November 23, 2017 approved the Conversion Plan (the Plan) of the fund for the conversion of the Fund into an Open End Scheme, with the approval of the Certificate Holders of the Fund to fulfill the requirements of the merger order dated August 31, 2016. For this purpose, the Plan was presented to and approved by the Certificate Holders of the Fund in its General Meeting dated January 10, 2018. The Plan was also approved by Securities and Exchange Commission of Pakistan (the Commission) on February 16, 2018.

The Replacement Trust Deed and Replacement Offering Document were approved by SECP vide its letter no. SCD/AMCW/HIF/339/2018 dated April 18, 2018 and letter no. SCD/AMCW/HIF/398/2018 dated June 7, 2018 respectively. As per the approved Plan, the conversion took place on July 2, 2018 and every Certificate Holder of the closed end fund was entitled to following for each certificate held:

- One Class-A Unit of the Fund was issued to every Certificate Holders of Fund for each certificate held representing Frozen Portfolio and related assets and liabilities.
- One Class-B Unit of the Fund was issued to the every Certificate Holder of Fund for each certificate held representing Unfrozen Portfolio and related assets and liabilities.

The Plan also envisages that Class-A Units would not be redeemable and would be traded on the Pakistan Stock Exchange. Whereas Class-B Units can be redeemed at the redemption price.

- 1.5** JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2+' (Positive outlook) to the Management Company.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information 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 are notified under the Companies Act, 2017;

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- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
  - Non-Banking Finance Companies ( Establishment and Regulations ) Rules, 2003 ( the NBFC Rules ), Non Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and 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 requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that the condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

## **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

## **2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## **3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN**

**3.1** The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

**3.2** The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**3.3** The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018.

**3.4** There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in the condensed interim financial information.

**3.5** On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

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### 3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the nine months ended March 31, 2019.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

#### (a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Class A's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Class A's financial assets as regards their classification and measurement

Class A's investment in equity instruments (neither held-for-trading nor contingent consideration arising from business combination) that were previously classified as available-for-sale financial asset and were measured at fair value at each reporting date under IAS 39, have been classified as at FVTOCI. These assets represent the 'frozen portfolio' resulting from the consent agreement with the Government of Pakistan and hence cannot be traded. However, the change in the fair value of these equity instruments will continue to accumulate in the investment revaluation reserve until they are derecognised. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income will be subsequently transferred to retained earnings / undistributed income.

The Management has reviewed and assessed the Class B's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that on initial application of IFRS 9, there is no change in the measurement of the Fund's investments in Class B's equity instruments that are held-for-trading; those instruments were and continue to be measured at FVTPL.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

#### **(b) Impairment of financial assets**

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

#### **(c) Classification and measurement of financial liabilities**

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

**(d) Disclosures in relation to the initial application of IFRS 9**

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Carrying amount as per IAS 39 as on June 30, 2018	Reclassif- ications	Remeasu- rements	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
----- (Rupees in '000) -----					
<b>Financial assets</b>					
<b>Fair Value through Other Comprehensive Income</b>					
From available for sale (IAS 39)	1,420,375	1,420,375	-	1,420,375	-
<b>Total</b>	<u>1,420,375</u>	<u>1,420,375</u>	<u>-</u>	<u>1,420,375</u>	<u>-</u>

	(Unaudited) Mar 31, 2019			(Audited) June 30, 2018
	Class A	Class B	Total	Total
----- (Rupees in '000) -----				
<b>BANK BALANCES</b>				
4. Balances with banks in:				
Savings account	163,180	732,773	895,953	729,178

- b This represents bank accounts held with different banks. Mark-up rates on these accounts range between 6% to 11.4% p.a (June 30, 2018: 4.50% - 7.50% p.a).

		Class A	(Unaudited) March 31, 2019 Class B	Total	(Audited) June 30, 2018 Total
5. <b>INVESTMENTS</b>	<b>Notes</b>				
<b>At fair value through profit or loss</b>					
- Listed equity securities	5.1	-	4,540,343	4,540,343	5,069,921
- Advance Against Book Building	5.3	-	35,608	35,608	-
<b>At fair value through other comprehensive income</b>					
- Listed equity securities	5.2	5,674,221	-	5,674,221	7,042,279
		<u>5,674,221</u>	<u>4,575,951</u>	<u>10,214,564</u>	<u>12,112,200</u>

## 5.1 Listed equity securities - At fair value through profit and loss

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of shares					Balance as at March 31, 2019	Percentage in Relation to		
	As at July 1, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2019	Market value (Rupees in '000)	Net Assets of the fund	Total Investments	Investee Paidup Capital
<b>CLASS B</b>									
<b>INSURANCE</b>									
TPL Insurance Limited	1,500	-	195	-	1,695	35	0.00%	0.00%	-
Adamjee Insurance Limited	-	1,198,000	-	-	1,198,000	47,980	0.95%	1.06%	0.34%
	1,500	1,198,000	195	-	1,199,695	48,015	0.95%	1.06%	
<b>TEXTILE COMPOSITE</b>									
Gul Ahmed Textile Mills Ltd	-	527,000	-	527,000	-	-	0.00%	0.00%	0.00%
Kohinoor Textile Mills Limited	-	684,500	-	67,000	617,500	27,707	0.55%	0.61%	0.58%
Nishat (Chunian) Limited	-	425,000	-	425,000	-	-	0.00%	0.00%	0.00%
Nishat Mills Limited	1,067,600	320,500	-	472,200	915,900	123,289	2.44%	2.72%	0.26%
	1,067,600	1,957,000	-	1,491,200	1,533,400	150,997	2.99%	3.33%	
<b>CEMENT</b>									
Cherat Cement Company Limited	-	578,000	-	578,000	-	-	0.00%	0.00%	-
D G Khan Cement Company Limited	-	450,000	-	450,000	-	-	0.00%	0.00%	-
Kohat Cement Limited	-	510,000	52,590	258,090	304,500	26,135	0.52%	0.58%	0.24%
Lucky Cement Limited	321,450	154,000	-	29,550	445,900	190,952	3.79%	4.21%	0.14%
Maple Leaf Cement Factory Limited	-	2,121,000	-	1,566,000	555,000	20,785	0.41%	0.46%	0.11%
Pioneer Cement Limited	500,000	-	-	500,000	-	-	-	-	-
	821,450	3,813,000	52,590	3,381,640	1,305,400	237,872	4.72%	5.24%	
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Ltd.	3,074,100	901,500	-	526,000	3,449,600	252,959	5.02%	5.57%	0.30%
K-Electric Limited	8,642,000	940,000	-	1,154,000	8,428,000	47,113	0.93%	1.04%	0.03%
Nishat Chunian Power Ltd	-	1,245,000	-	143,500	1,101,500	24,002	0.48%	0.53%	0.30%
Pakgen Power Limited	-	1,600,000	-	-	1,600,000	24,416	0.48%	0.54%	0.43%
	11,716,100	4,686,500	-	1,823,500	14,579,100	348,489	6.91%	7.68%	
<b>ENGINEERING</b>									
Aisha Steel Mills Limited	1,470,997	-	-	1,470,997	-	-	0.00%	0.00%	0.00%
Aisha Steel Mills Limited - Pref. Shares	257,327	-	-	-	257,327	2,445	0.05%	0.05%	0.58%
Aisha Steel Mills Limited. - Conv.									
Cum. Pref. Shares	1,628,663	-	-	-	1,628,663	70,033	1.39%	1.54%	55.94%
Amreli Steels Limited	734,000	-	-	734,000	-	-	0.00%	0.00%	0.00%
Crescent Steel & Allied Products Ltd	-	352,500	-	-	352,500	13,673	0.27%	0.30%	0.45%
International Industries Limited	235,400	448,500	-	451,800	232,100	28,804	0.57%	0.63%	0.19%
International Steels Limited	681,300	245,100	-	475,900	450,500	28,846	0.57%	0.64%	0.10%
Mughal Iron & Steel Industries Limited	571,500	360,000	-	931,500	-	-	0.00%	0.00%	0.00%
	5,579,187	1,406,100	-	4,064,197	2,921,090	143,800	2.85%	3.17%	



Name of the Investee Company	Number of shares					Balance as at March 31, 2019	Percentage in Relation to		
	As at July 1, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2019	Market value (Rupees in '000)	Net Assets of the fund	Total Investments	Investee Paidup Capital
<b>AUTOMOBILE ASSEMBLER</b>									
Honda Atlas Cars (Pakistan) Limited	114,450	-	-	114,450	-	-	0.00%	0.00%	-
Indus Motor Company Limited	47,120	-	-	47,120	-	-	0.00%	0.00%	-
Millat Tractors Limited	87,000	-	-	87,000	-	-	0.00%	0.00%	-
	248,570	-	-	248,570	-	-	0.00%	0.00%	
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Elektron Limited	1,047,000	90,500	-	1,137,500	-	-	0.00%	0.00%	-
	1,047,000	90,500	-	1,137,500	-	-	0.00%	0.00%	
<b>PHARMACEUTICALS</b>									
AGP Limited	-	734,000	-	100,000	634,000	53,979	1.07%	1.19%	0.02%
Highnoon Laboratories Limited	-	10,000	-	-	10,000	3,382	0.07%	0.07%	0.00%
The Searle Company Limited	171,220	100,000	633	167,000	104,853	24,832	0.49%	0.55%	0.06%
	171,220	844,000	633	267,000	748,853	82,193	1.63%	1.81%	
<b>PAPER &amp; BOARD</b>									
Century Paper & Board Mills Ltd	-	106,500	-	-	106,500	5,378	0.11%	0.12%	0.07%
	-	106,500	-	-	106,500	5,378	0.11%	0.12%	
<b>GLASS &amp; CERAMICS</b>									
Shabbir Tiles & Ceramics Limited	125,000	230,000	-	355,000	-	-	0.00%	0.00%	-
	125,000	230,000	-	355,000	-	-	0.00%	0.00%	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	182,440	38,780	17,394	18,500	220,114	274,095	5.44%	6.04%	0.20%
Oil & Gas Development Company Limited	1,709,200	1,010,700	-	645,500	2,074,400	306,078	6.07%	6.74%	0.05%
Pakistan Oilfields Limited	409,050	71,000	69,810	183,000	366,860	164,078	3.25%	3.61%	0.16%
Pakistan Petroleum Limited	1,544,200	340,000	231,630	593,400	1,522,430	281,634	5.58%	6.20%	0.08%
	3,844,890	1,460,480	318,834	1,440,400	4,183,804	1,025,885	20.34%	22.59%	
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Hascol Petroleum Limited	140,000	-	35,000	175,000	-	-	0.00%	0.00%	0.00%
Pakistan State Oil Company Limited	605,700	353,700	126,780	157,500	928,680	200,762	3.98%	4.42%	0.28%
Sui Northern Gas Pipeline Limited	1,080,200	672,500	-	434,500	1,318,200	99,010	1.96%	2.18%	0.21%
	1,825,900	1,026,200	161,780	767,000	2,246,880	299,772	5.94%	6.60%	
<b>COMMERCIAL BANKS</b>									
Allied Bank Limited	-	924,300	-	240,000	684,300	73,932	1.47%	1.63%	0.06%
Askari Bank Ltd	-	557,500	-	-	557,500	11,401	0.23%	0.25%	0.04%
Bank Alfalah Limited	5,001,000	1,516,000	410,550	2,099,500	4,828,050	227,256	4.51%	5.01%	0.30%
Bank Al-Habib Limited	1,748,000	2,582,000	-	1,322,000	3,008,000	257,665	5.11%	5.68%	0.27%
Bank of Punjab Limited	8,192,500	5,088,500	-	5,697,500	7,583,500	98,737	1.96%	2.17%	1.43%
Faysal Bank Limited	2,237,000	75,000	-	300,000	2,012,000	47,362	0.94%	1.04%	0.22%
Habib Bank Limited*	1,596,300	792,300	-	519,300	1,869,300	247,664	4.91%	5.45%	0.13%
MCB Bank Limited**	1,411,200	-	-	897,000	514,200	101,056	2.00%	2.23%	0.05%
Meezan Bank Limited	476,000	125,000	60,100	661,100	-	-	0.00%	0.00%	-
National Bank of Pakistan Limited	-	1,382,000	-	192,000	1,190,000	47,671	0.95%	1.05%	0.06%
United Bank Limited	1,597,100	987,000	-	739,200	1,844,900	257,419	5.10%	5.67%	0.15%
	22,259,100	14,029,600	470,650	12,667,600	24,091,750	1,370,163	27.17%	30.18%	
<b>FERTILIZER</b>									
Engro Corporation Limited	952,100	475,600	-	637,000	790,700	258,741	5.13%	5.70%	0.15%
Engro Fertilizers Limited	3,049,000	25,500	-	1,661,500	1,413,000	101,100	2.00%	2.23%	0.11%
Fauji Fertilizer Bin Qasim Limited	-	1,428,000	-	-	1,428,000	48,895	0.97%	1.08%	0.15%
Fauji Fertilizer Company Limited	1,175,500	532,500	-	729,500	978,500	102,214	2.03%	2.25%	0.08%
	5,176,600	2,461,600	-	3,028,000	4,610,200	510,950	10.13%	11.25%	
<b>CHEMICAL</b>									
Engro Polymer & Chemicals Limited	1,671,000	2,397,699	-	497,000	3,571,699	129,724	2.57%	2.86%	0.29%
Engro Polymer & Chemicals Limited - LOR	599,699	-	-	599,699	-	-	0.00%	0.00%	0.00%
Lotte Chemical Pakistan Ltd	-	1,812,500	-	-	1,812,500	25,774	0.51%	0.57%	0.12%
	2,270,699	4,210,199	-	1,096,699	5,384,199	155,498	3.08%	3.42%	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Thal Limited	258,750	136,250	-	12,700	382,300	161,331	3.20%	3.55%	0.40%
	258,750	136,250	-	12,700	382,300	161,331	3.20%	3.55%	

Name of the Investee Company	Number of shares					Balance as at March 31, 2019	Percentage in Relation to		
	As at July 1, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2019	Market Value (Rupees in '000)	Net Assets of the fund	Total Investments	Investee Paidup Capital
TECHNOLOGY & COMMUNICATION Systems Limited	590,000	-	-	590,000	-	-	0.00%	0.00%	-
	<b>590,000</b>	-	-	<b>590,000</b>	-	-	<b>0.00%</b>	<b>0.00%</b>	
<b>Total as at March 31, 2019 (Unaudited)</b>	<b>57,003,566</b>	<b>37,655,929</b>	<b>1,004,682</b>	<b>32,371,006</b>	<b>63,293,171</b>	<b>4,540,343</b>	<b>90.04%</b>	<b>100.00%</b>	
<b>Total as at June 30, 2018 (Audited)</b>	<b>49,947,765</b>	<b>45,704,930</b>	<b>1,018,657</b>	<b>39,667,786</b>	<b>57,003,566</b>	<b>5,069,921</b>			
<b>Cost at 31 March 2019</b>						<b>4,850,878</b>			

\*Sponsor of the Management Company

\*\*Connected person due to holding more than 10% certificates

**5.1.1** 4 million shares of Bank Al-Falah Limited and 0.8 million shares of United Bank Limited having market value amounting to Rs. 188.280 million and Rs. 111.624 million, respectively, (2018: 4 million shares of Bank Al-Falah Limited and 0.8 million shares of United Bank Limited having market value amounting to Rs. 209.16 million and Rs. 135.18 million, respectively) have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the Pakistan Stock Exchange.

**5.1.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 1.15 million at March 31, 2019 (June 30, 2018: Rs. 1.363) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

## 5.2 Listed equity securities - At fair value through other comprehensive income

Name of the Investee Company	Number of shares					Balance as at 31 March 2019	Percentage in Relation to		
	As at July 1, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2019	Market Value (Rupees in '000)	Net Assets of the fund	Total Investments	Investee Paid up Capital
<b>CLASS A</b>									
<b>Oil and Gas Marketing Companies</b>									
Pakistan State Oil Company Limited	19,003,406	-	3,800,681	-	22,804,087	4,929,788	84.73%	86.88%	6.99%
Sui Northern Gas Pipeline Limited	9,911,246	-	-	-	9,911,246	744,434	12.79%	13.12%	1.56%
	<b>28,914,652</b>	-	<b>3,800,681</b>	-	<b>32,715,333</b>	<b>5,674,221</b>	<b>97.52%</b>	<b>100.00%</b>	
<b>Total March 31, 2019 (Unaudited)</b>	<b>28,914,652</b>	-	<b>3,800,681</b>	-	<b>32,715,333</b>	<b>5,674,221</b>			
<b>Total June 30, 2018 (Audited)</b>	<b>25,747,418</b>	-	<b>3,167,234</b>	-	<b>28,914,652</b>	<b>7,042,279</b>			
<b>Cost at 31 March 2019</b>						<b>1,420,375</b>			

- 5.2.1** The above mentioned shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited are blocked / frozen by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the NBFC Regulations, does not apply to the above frozen shares.
- 5.2.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 41.08 million at March 31, 2019 (June 30, 2018: Rs. 50.408) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end
- 5.3** This represents advance against book building of Interloop Ltd, subsequently converted into shares.

	(Unaudited) March 31, 2019			(Audited) June 30, 2018
	Class A	Class B	Total	Total
	----- (Rupees in '000) -----			
<b>6. PAYABLE TO MANAGEMENT COMPANY</b>				
Management fee	9,977	8,632	18,609	21,126
Sindh sales tax	1,297	1,122	2,419	2,746
Sale load payable		1		
Allocation of expenses relating to registrar services, accounting, operation and valuation services	499	432	931	1,056
Selling and marketing expenses	6,102	5,117	11,219	-
	<b>17,875</b>	<b>15,304</b>	<b>33,178</b>	<b>24,928</b>
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>				
Provision for Sindh Workers' Welfare Fund	-	40,775	40,775	40,775
Provision for Federal Excise Duty and additional Sales tax on Management Fee	-	125,303	125,303	125,303
Brokerage	-	862	862	517
Auditors' remuneration	174	292	466	783
National Clearing Company Pakistan Limited Charges	-	47	47	60
Withholding tax	14	62	76	530
Others	35	858	893	2,548
	<b>223</b>	<b>168,198</b>	<b>168,422</b>	<b>170,516</b>

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## **7.1 PROVISION FOR SINDH WORKERS' WELFARE FUND**

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

In the wake of the aforesaid developments, being prudent, the Fund has recognised provision for SWWF amounting to Rs. 40.775 million (June 30, 2018 Rs. 40.775 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at March 31, 2019 would have been higher by Re. 0.1468 (June 30, 2018 Re. 0.1438) per unit.

## **7.2** The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

The Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company, aggregating to Rs. 125.303 million (June 30, 2018: Rs. 125.303 million). Had the provision not been made, the Net Asset Value per unit of Class-B as at March 31, 2019 would have been higher by Re. 0.4512 (June 30, 2018: Re. 0.442 ) per unit.

## **8. Contingencies And Commitments**

There were no contingencies or commitments outstanding as at March 31, 2019 and as at June 30, 2018.

## **9. Taxation**

The Fund's income is exempt from tax under clause 99 of Part 1 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 the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The fund is also exempt from the provision of Section 113 (minimum tax) under the Clause 11A of part IV of the second schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

## **10. TOTAL EXPENSES RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the SECP, the total expense ratio for the nine months ended March 31, 2019 is 2.23% and 2.41% which includes 0.28% and 0.29% representing government levy, and SECP fee of the Class A and Class B respectively.

## **11. TRANSACTION AND BALANCES WITH CONNECTED PERSONS**

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

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

Details of the transactions with connected persons and balances with them are as follows:

		Nine Months Ended March 31,			
		Class A	Class B	Total	2018 Total
		2019			
		(Rupees in '000)			
11.1	Transactions during the period				
	<b>HBL Asset Management Limited - Management Company</b>				
	Remuneration of the Management Company	101,004	79,335	180,338	195,952
	Sales tax on remuneration of the management company	13,130	10,313	23,444	25,474
	Allocation of expenses related to registrar services, accounting, operation and valuation services	5,050	4,033	9,083	9,798
	Selling and marketing expense	20,044	15,613	35,657	-
	<b>Habib Bank Limited - Sponsor</b>				
	Dividend income	-	5,807	5,807	3,125
	Mark-up on deposits with banks	-	76	76	1,179
	Bank charges	-	-	-	1
	<b>MCB Bank Limited- Connected person - due to holding more than 10% Units</b>				
	Mark-up on deposits with banks	2,494	9,974	12,468	10,394
	Bank charges	3	12	15	21
	Dividend income	-	13,746	13,746	14,821
	<b>Central Depository Company of Pakistan Limited-Trustee</b>				
	Trustee Fee	6,226	4,908	11,134	6,701
	Annual Listing Fee	158	-	158	497
	CDS Charges	-	512	512	606
	<b>HBL Islamic Asset Allocation Fund</b>				
	Purchase 20,000 shares of OGDC (2018: nil shares)	-	2,834	2,834	-
	Purchase 27,000 shares of PPL (2018: nil shares)	-	4,824	4,824	-
	Purchase 65,000 shares of EPCL (2018: nil shares)	-	2,343	2,343	-
	Purchase 40,000 shares of MLCF (2018: nil shares)	-	1,552	1,552	-
	Purchase 25,000 shares of EFERT (2018: nil shares)	-	1,793	1,793	-
	Purchase 8,000 shares of PSO (2018: nil shares)	-	1,680	1,680	-
	Purchase 50,000 shares of LOTCHEM (2018: nil shares)	-	687	687	-
	Purchase 6,000 shares of LUCK (2018: nil shares)	-	2,601	2,601	-
	Purchase 10,000 shares of KOHC (2018: nil shares)	-	879	879	-
	Purchase 35,000 shares of HUBC (2018: nil shares)	-	2,728	2,728	-

	March 31, 2019			June 30, 2018
	(Un-Audited)			(Audited)
	Class A	Class B	Total	Total
	(Rupees in '000)			
<b>11.2 Balances at period end</b>				
<b>HBL Asset Management Company Limited - Management Company</b>				
Payable to Management Company	9,977	8,632	18,609	21,126
Sindh sales tax on remuneration of Management Company	1,297	1,122	2,419	2,746
Allocation of expenses relating to registrar services, accounting, operation and valuation services	499	432	931	1,056
Selling and marketing expense payable	6,102	5,117	11,219	-
<b>Habib Bank Limited - Sponsor</b>				
Banks Balances- savings accounts	-	1,352	1,352	1,281
<b>MCB Bank Limited- Connected person - due to holding more than 10% certificate</b>				
Banks Balance - savings account	33	166,027	166,060	167,595
Mark-up Receivable	-	874	874	859
Units held: 43,482,858 Units (June 2018: 43,482,858 Units)	892,707	-	892,707	434,829
Units held: 43,482,858 Units (June 2018: Nil Units)	-	789,566	789,566	-
<b>Pakistan Reinsurance Company Limited - Connected person - due to holding more than 10% certificate</b>				
Units held: 30,406,721 Units (June 2018: 30,406,721 Units)	624,063	-	624,063	304,067
Units held: 30,406,721 Units (June 2018: Nil Units)	-	552,128	552,128	-
<b>Pension Reserves Investment Trust Fund - Connected person - due to holding more than 10% certificate</b>				
Units held: 36,096,714 Units (June 2018: 36,096,714 Units)	741,069	-	741,069	360,967
Units held: 36,096,714 Units (June 2018: Nil Units)	-	655,448	655,448	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee remuneration payable	660	646	1,306	726
Security deposit with trustee	100	175	275	275
CDS charges payable	-	62	62	60
<b>Jubilee General Insurance Company Limited - associate</b>				
Units held: 142,500 Units (June 2018: 142,500 Units)	2,926	-	2,926	1,425
Units held: 142,500 Units (June 2018: Nil Units)	-	2,588	2,588	-
<b>Directors and Executives of the Management Company</b>				
Units held: 18,000 Units (June 2018: 18,000 Units)	370	-	370	180
Units held: 18,000 Units (June 2018: Nil Units)	-	327	327	-

## 12. Fair Value Of Financial Instruments

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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements: Disclosures' requires the Fund to classify fair value measurements 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:

- Fair value measurements using quoted price (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

### 12.1

		Class A						
		March 31, 2019 (Un-audited)						
		Carrying amount			Fair Value			
	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3
<b>On-balance sheet financial instruments</b>		(Rupees in '000)						
<b>Financial assets measured at fair value</b>								
Investment in listed equity securities	-	5,674,221	-	-	5,674,221	5,674,221	-	-
	-	5,674,221	-	-	5,674,221	5,674,221	-	-
<b>Financial assets not measured at fair value</b>								
Bank balances	-	-	-	163,180	163,180			
Dividend and profit receivable	-	-	-	3,959	3,959			
Security Deposit	-	-	-	100	100			
	-	-	-	167,239	167,239			
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	-	16,578	16,578			
Payable to trustee	-	-	-	584	584			
Payable to Securities and Exchange Commission of Pakistan	-	-	-	4,798	4,798			
Accrued expenses and other liabilities	-	-	-	209	209			
Payable against purchase of investment	-	-	-	-	-			
Unclaimed dividend	-	-	-	-	-			
	-	-	-	22,169	22,169			

## 12.2

	Class B								
	March 31, 2019 (Unaudited)								
	Carrying amount					Fair Value			
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	----- (Rupees in '000) -----								
Financial assets measured at fair value									
Investment in listed equity securities	4,540,343	-	-	-	4,540,343	4,540,343	-	-	4,540,343
Advance against book building - Interloop Ltd.	35,608	-	-	-	35,608	-	-	35,608	35,608
	4,575,951	-	-	-	4,575,951	4,540,343	-	35,608	4,575,951
Financial assets not measured at fair value									
Bank balances	-	-		732,773	732,773				
Dividend and profit receivable	-	-		60,123	60,123				
Security Deposit				2,675	2,675				
	-	-	-	795,571	795,571				
Financial liabilities not measured at fair value									
Payable to Management Company	-	-	-	14,181	14,181				
Payable to trustee	-	-	-	572	572				
Payable to Securities and Exchange Commission Of Pakistan				3,769	3,769				
Accrued expenses and other liabilities	-	-	-	2,058	2,058				
Payable against purchase of investment	-	-	-	5,884	5,884				
Unclaimed dividend	-	-	-	135,836	135,836				
	-	-	-	162,300	162,300				
					</				



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The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**13. Date Of Authorisation For Issue**

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on April 30, 2019.

**14. General**

**14.1** Figures have been rounded off to the nearest thousand rupees.

**14.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure. No significant rearrangement or reclassification was made in these financial statements during the current year.

**14.3** This condensed interim financial information is unaudited. Further, the figures of this condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended March 31, 2019 have not been reviewed.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

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# **HBL**

## **Investment Fund**

## FUND INFORMATION

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Name of Fund	HBL Investment Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited JS Bank Limited Habib Bank Limited Soneri Bank Limited

**HBL Investment Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at March 31, 2019*

		March 31, 2019 (Un-Audited)			June 30, 2018 (Audited)
		Class A	Class B	Total	Total
Note----- (Rupees in '000) -----					
<b>Assets</b>					
Bank balances	4	61,981	373,366	435,347	371,142
Investments	5	2,030,436	2,418,217	4,448,653	5,179,170
Dividend receivable and accrued mark-up		1,487	31,262	32,749	79,037
Advances, deposits and prepayments		266	3,368	3,634	3,317
<b>Total assets</b>		<b>2,094,170</b>	<b>2,826,213</b>	<b>4,920,383</b>	<b>5,632,666</b>
<b>Liabilities</b>					
Payable to the Management Company	6	6,414	8,031	14,445	10,689
Payable to the Trustee		298	352	650	421
Payable to the Securities and Exchange Commission of Pakistan		1,721	1,968	3,689	5,304
Payable against purchase of investment		-	3,781	3,781	13,183
Accrued expenses and other liabilities	7	180	79,054	79,234	81,509
Unclaimed dividend		-	86,052	86,052	86,271
<b>Total liabilities</b>		<b>8,613</b>	<b>179,238</b>	<b>187,851</b>	<b>197,377</b>
<b>Net assets</b>		<b>2,085,557</b>	<b>2,646,975</b>	<b>4,732,532</b>	<b>5,435,289</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>2,085,557</b>	<b>2,646,975</b>	<b>4,732,532</b>	<b>5,435,289</b>
<b>Contingencies and commitments</b>					
	8	----- Number of units -----			
<b>Number of units in issue</b>		<b>284,125,000</b>	<b>278,914,505</b>		<b>284,125,000</b>
----- (Rupees) -----					
<b>Net assets value per unit</b>		<b>7.3403</b>	<b>9.4903</b>		<b>19.13</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Investment Fund

## Condensed Interim Income Statement (Un-Audited)

For the nine months and quarter ended March 31, 2019

Note	Nine months ended March 31,				Quarter ended March, 31			
	2019			2018	2019			2018
	Class A	Class B	Total	Total	Class A	Class B	Total	Total
<hr/> <div>(Rupees in '000)</div> <hr/>								
<b>Income</b>								
Capital loss on sale of investments - net	-	(46,365)	(46,365)	(290,651)	-	(4,430)	(4,430)	(97,426)
Dividend income	35,533	89,088	124,621	206,459	-	28,273	28,273	24,629
Income from Government securities	-	-	-	304	-	-	-	304
Mark-up on deposits with banks	3,984	27,846	31,830	26,842	1,812	10,214	12,026	8,274
Back end load income	-	4,301	4,301	-	-	957	957	-
	39,517	74,870	114,387	(57,046)	1,812	35,014	36,826	(64,219)
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net	-	(160,942)	(160,942)	(32,692)	-	155,788	155,788	373,394
	39,517	(86,072)	(46,555)	(89,738)	1,812	190,802	192,614	309,175
<hr/>								
<b>Expenses</b>								
Remuneration of Management Company	40,936	46,808	87,744	94,918	12,359	15,135	27,494	31,175
Remuneration of Trustee	2,496	2,837	5,333	3,538	746	909	1,655	1,168
Annual fee to the Securities and Exchange Commission of Pakistan	1,721	1,968	3,689	3,990	520	637	1,157	1,311
Selling & marketing expense	7,189	8,164	15,353	-	2,187	2,678	4,865	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,811	2,071	3,882	4,200	547	670	1,217	1,380
Securities transaction costs	-	4,339	4,339	3,814	-	1,519	1,519	1,580
Auditors' remuneration	217	193	410	498	71	34	105	188
Printing charges	28	30	58	-	-	-	-	-
Fee and subscription charges	524	475	999	1,195	188	171	359	26
Settlement & bank charges	640	735	1,375	1,253	2	259	261	937
Conversion expense from closed end to open end fund	-	283	283	925	-	-	-	925
	55,562	67,903	123,465	114,331	16,620	22,012	38,632	38,690
<b>Net loss from operating activities</b>	(16,045)	(153,975)	(170,020)	(204,069)	(14,808)	168,790	153,982	270,485
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	-	-	-	-
Provision for Sindh Workers' Welfare Fund	7.1	-	-	-	-	-	-	-
<b>Net loss for the period before taxation</b>	(16,045)	(153,975)	(170,020)	(204,069)	(14,808)	168,790	153,982	270,485
Taxation	9	-	-	-	-	-	-	-
<b>Net loss for the period after taxation</b>	(16,045)	(153,975)	(170,020)	(204,069)	(14,808)	168,790	153,982	270,485

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Investment Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the nine months and quarter ended March 31, 2019*

	Nine Months ended March 31,			Quarter ended March 31,			
	2019		2018	2019		2018	
	Class A	Class B	Total	Class A	Class B	Total	Total
	----- (Rupees in '000) -----						
Net loss for the period after taxation	(16,045)	(153,975)	(170,020)	(204,069)	(14,808)	168,790	153,982
270,485							
Item that may be reclassified subsequently to Income Statement							
Unrealised diminution re-measurement of investments classified as available-for-sale	-	-	-	(99,342)	-	-	-
246,718							
Items that will not be reclassified to income statement							
Unrealized diminution on re-measurement of investments classified as fair value through other comprehensive income	(481,009)	-	(481,009)	-	(83,759)	-	(83,759)
-							
Total comprehensive loss for the period	(497,054)	(153,975)	(651,029)	(303,411)	(98,567)	168,790	70,223
517,203							

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Investment Fund**  
**Condensed Interim Statement of Cash Flow (Un- Audited)**  
*For the nine months ended March 31, 2019*

	Nine Months ended March 31			2018
	2019		Total	Total
	Class A	Class B		
Note	(Rupees in '000)			
<b>Cash flow from operating activities</b>				
Net loss for the period before taxation	(16,045)	(153,975)	(170,020)	(204,069)
<b>Adjustments of non-cash items</b>				
Capital loss on sale of investment	-	46,365	46,365	290,651
Income from government Securities	-	-	-	(304)
Unrealised diminution on remeasurement of investments classified as financial asset at fair value through profit or loss - net	-	160,942	160,942	32,692
Dividend income	(35,533)	(89,088)	(124,621)	(206,459)
Mark-up on deposits with banks	(3,984)	(27,846)	(31,830)	(26,842)
	(55,562)	(63,602)	(119,164)	(114,331)
<b>(Increase) / Decrease in assets</b>				
Investments	-	42,201	42,201	326,005
Receivable against sale of investments	-	-	-	-
Advances, deposits and prepayments	(166)	(151)	(317)	649
	(166)	42,050	41,884	326,654
<b>Increase / (decrease) in liabilities</b>				
Payable to Management Company	6,414	(2,658)	3,756	(1,347)
Payable to Central Depository Company of Pakistan Limited - Trustee	298	(69)	229	(533)
Payable to the Securities and Exchange Commission of Pakistan	1,721	(3,336)	(1,615)	(1,907)
Payable against purchase of investment	-	(9,402)	(9,402)	-
Unclaimed dividend	-	(219)	(219)	5,196
Accrued expenses and other liabilities	180	(2,455)	(2,275)	(1,392)
	8,613	(18,139)	(9,526)	17
Cash (used in) / generated from operations	(47,115)	(39,691)	(86,806)	212,340
Dividend received	105,711	66,891	172,602	250,003
Mark-up received on bank deposit	3,385	26,752	30,137	26,349
	109,096	93,643	202,739	276,352
<b>Net cash generated from operating activities</b>	61,981	53,952	115,933	488,692
<b>Cash flow from financing activities</b>				
Amount received on issue of units	-	52,869	52,869	-
Amount paid on redemption of units	-	(104,597)	(104,597)	-
Dividend paid	-	-	-	(383,568)
<b>Net cash used in financing activities</b>	-	(51,728)	(51,728)	(383,568)
Net increase in cash and cash equivalents	61,981	2,224	64,205	105,124
<b>Cash and cash equivalents at beginning of the period</b>	-	371,142	371,142	350,631
<b>Cash and cash equivalents at end of the period</b>	61,981	373,366	435,347	455,755

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director
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# HBL Investment Fund

## Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)

For the nine months ended March 31, 2019

	Nine Months ended March 31,														
	2019									2018					
	Class A						Class B			Total					
	Capital value	Accumulated loss	Unrealised income / (loss) on investment	Premium on issue of certificates	General reserve	Total	Capital value	Accumulated loss	Total	Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Premium on issue of certificates	General reserve	Total
(Rupees in '000)															
Net assets at beginning of the period	2,841,250	(384,828)	1,993,954	984,688	225	5,435,289	-	-	-	2,841,250	357,436	2,146,970	984,688	225	6,330,569
Transfer from premium on issue of certificates	-	984,688	-	(984,688)	-	-	-	-	-	-	-	-	-	-	-
Transfer from general reserve	-	225	-	-	(225)	-	-	-	-	-	-	-	-	-	-
	-	984,913	-	(984,688)	(225)	-	-	-	-	-	-	-	-	-	-
Issue of 284,125,000 Class B units at the time of conversion	-	(2,852,678)	-	-	-	(2,852,678)	2,841,250	11,428	2,852,678	-	-	-	-	-	-
Issue of 2,585,247 units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	-	-	-	53,736	-	53,736	-	-	-	-	-	-
- Element of loss	-	-	-	-	-	-	(867)	-	(867)	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	-	52,869	-	52,869	-	-	-	-	-	-
Redemption of 4,651,082 units	-	-	-	-	-	-	(106,050)	-	(106,050)	-	-	-	-	-	-
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Element of (loss) / income	-	-	-	-	-	-	1,453	-	1,453	-	-	-	-	-	-
Total payment on redemption of units	-	-	-	-	-	-	(104,597)	-	(104,597)	-	-	-	-	-	-
Total comprehensive loss for the period	-	(16,045)	(481,009)	-	-	(497,054)	-	(153,975)	(153,975)	-	(204,069)	(99,342)	-	-	(303,411)
Distribution during the period	-	-	-	-	-	-	-	-	-	-	(383,568)	-	-	-	(383,568)
Net income for the period less distribution	-	(16,045)	(481,009)	-	-	(497,054)	-	(153,975)	(153,975)	-	(587,637)	(99,342)	-	-	(686,979)
Net assets at end of the period	2,841,250	(2,268,638)	1,512,945	-	-	2,085,557	2,789,522	(142,547)	2,646,975	2,841,250	(230,201)	2,047,628	984,688	225	5,643,590
Undistributed income / (loss) brought forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Realised	-	(229,448)	-	-	-	-	-	-	-	-	(80,439)	-	-	-	-
- Unrealised	-	(155,380)	-	-	-	-	-	-	-	-	437,875	-	-	-	-
	-	(384,828)	-	-	-	-	-	-	-	-	357,436	-	-	-	-
Transfer from premium on issue of certificates	-	984,688	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from general reserve	-	225	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to Class B - Segment on conversion of Fund	-	(2,852,678)	-	-	-	-	-	11,428	-	-	-	-	-	-	-
Net loss for the period	-	(16,045)	-	-	-	-	-	(153,975)	-	-	(204,069)	-	-	-	-
Distribution during the period	-	-	-	-	-	-	-	-	-	-	(383,568)	-	-	-	-
Accumulated loss carried forward	-	(2,268,638)	-	-	-	-	-	(142,547)	-	-	(230,201)	-	-	-	-
Accumulated loss carried forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Realised	-	(2,268,638)	-	-	-	-	-	18,395	-	-	(197,509)	-	-	-	-
- Unrealised	-	-	-	-	-	-	-	(160,942)	-	-	(32,692)	-	-	-	-
	-	(2,268,638)	-	-	-	-	-	(142,547)	-	-	(230,201)	-	-	-	-
(Rupees)															
Net assets value per unit at beginning of the period	9.0897	-	-	-	-	-	10.0402	-	-	22.28	-	-	-	-	-
Net assets value per unit at end of the period	7.3403	-	-	-	-	-	9.4903	-	-	19.86	-	-	-	-	-

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

**NOTE:** Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



# **HBL Investment Fund**

## **Notes to the Condensed Interim Financial Information (Un-Audited)**

### ***For The Nine months Ended March 31, 2019***

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

- 1.1** HBL Investment Fund was established under a Trust Deed, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The objective of the Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.
- 1.4** As per Regulation 65 of the NBFC Regulations, all closed end funds were required to converted into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. However Closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has Frozen Portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, its conversion into an open end scheme was deferred.

The Board of the Management Company (HBL Asset Management Limited) of the Fund in its meeting held on November 23, 2017 approved the Conversion Plan (the Plan) of the fund for the conversion of the Fund into an Open End Scheme, with the approval of the Certificate Holders of the Fund to fulfill the requirements of the merger order dated August 31, 2016. For this purpose, the Plan was presented to and approved by the Certificate Holders of the Fund in its General Meeting dated January 10, 2018. The Plan was also approved by Securities and Exchange Commission of Pakistan (the Commission) on February 16, 2018.

The Replacement Trust Deed and Replacement Offering Document were approved by SECP vide its letter no. SCD/AMCW/HIF/339/2018 dated April 18, 2018 and letter no. SCD/AMCW/HIF/398/2018 dated June 7, 2018 respectively. As per the approved Plan, the conversion took place on July 2, 2018 and every Certificate Holder of the closed end fund was entitled to following for each certificate held:

- One Class-A Unit of the Fund was issued to every Certificate Holders of Fund for each certificate held representing Frozen Portfolio and related assets and liabilities.
- One Class-B Unit of the Fund was issued to the every Certificate Holder of Fund for each certificate held representing Unfrozen Portfolio and related assets and liabilities.

The Plan also envisages that Class-A Units would not be redeemable and would be traded on the Pakistan Stock Exchange Limited. Whereas Class-B Units can be redeemed at the redemption price.

- 1.5** JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2+' (Positive outlook) to the Management Company.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

#### **2. BASIS OF PREPERATION**

##### **2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information has been prepared in accordance with the accounting and reporting standards applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- 
- 
- International Financial Reporting Standards (IFRS Standards) 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
  - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirement of the Trust Deed.

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

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

## **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

## **2.3 Functional and presentation currency**

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## **3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN**

**3.1** The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

**3.2** The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**3.3** The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

**3.4** There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in this condensed interim financial information.

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**3.5** On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

**3.6 Impact of initial application of IFRS 9 Financial Instruments**

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the nine months ended March 31, 2019.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

**(a) Classification and measurement of financial assets**

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

**Specifically:**

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

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- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Class A's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Class A's financial assets as regards their classification and measurement

Class A's investment in equity instruments (neither held-for-trading nor contingent consideration arising from business combination) that were previously classified as available-for-sale financial asset and were measured at fair value at each reporting date under IAS 39, have been classified as at FVTOCI. These assets represent the 'frozen portfolio' resulting from the consent agreement with the Government of Pakistan and hence cannot be traded. However, the change in the fair value of these equity instruments will continue to accumulate in the investment revaluation reserve until they are derecognised. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income will be subsequently transferred to retained earnings / undistributed income.

The Management has reviewed and assessed the Class B's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that on initial application of IFRS 9, there is no change in the measurement of the Fund's investments in Class B's equity instruments that are held-for-trading; those instruments were and continue to be measured at FVTPL.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

#### **(b) Impairment of financial assets**

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

#### **(c) Classification and measurement of financial liabilities**

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

**(d) Disclosures in relation to the initial application of IFRS 9**

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Carrying amount as per IAS 39 as on June 30, 2018	Reclassi- fications	Remeas- urements	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
----- (Rupees in '000) -----					
<b>Financial assets Fair Value through Other Comprehensive Income</b>					
From available for sale (IAS 39)	2,511,445	2,511,445	-	2,511,445	-
<b>Total</b>	<b>2,511,445</b>	<b>2,511,445</b>	<b>-</b>	<b>2,511,445</b>	<b>-</b>

	March 31, 2019 (Un-Audited)			June 30, 2018 (Audited)
Note	Class A	Class B	Total	Total

(Rupees in '000)

**4. BANK BALANCES**

Balances with banks in:

Savings accounts	4.1	<u>61,981</u>	<u>373,366</u>	<u>435,347</u>	<u>371,142</u>
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- 4.1** This represents bank accounts held with different banks. Mark-up rates on these accounts range between 5.35% to 11.15% p.a (June 30, 2018: 5.35% - 6.70% p.a).

Note	March 31, 2019 (Un-Audited)			June 30, 2018 (Audited)
	Class A	Class B	Total	Total
----- (Rupees in '000) -----				

## 5. INVESTMENTS

### At fair value through profit or loss

- Listed equity securities	5.1	-	2,391,548	2,391,548	2,667,725
- Advance against Book Building	5.2	-	26,669	26,669	-

### At fair value through other comprehensive income

- Listed equity securities	5.3	2,030,436	-	2,030,436	2,511,445
		2,030,436	2,418,217	4,448,653	5,179,170

### 5.1 Listed equity securities - At fair value through profit or loss

Shares of listed companies - Fully paid up ordinary shares of Rs 10 each unless otherwise stated.

Name of investee company	Number of Shares					Market value as at March 31, 2019 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2018	Purchases during the period	Bonus issue	Sales during the period	As at March 31, 2019		Total Investments	Net Assets	
CLASS B									
Automobile Assembler									
Honda Atlas Cars (Pakistan) Limited	58,750	-	-	58,750	-	-	-	-	-
Indus Motor Company Limited	26,680	-	-	26,680	-	-	-	-	-
Millat Tractors Limited	45,000	-	-	45,000	-	-	-	-	-
	130,430	-	-	130,430	-	-			
Automobile Parts and Accessories									
Thal Limited (Par value Rs. 5 per share)	136,100	88,200	-	25,000	199,300	84,105	3.48%	3.18%	0.25%
	136,100	88,200	-	25,000	199,300	84,105			
Cable and Electrical Goods									
Pak Elektron Limited	561,500	38,500	-	600,000	-	-	-	-	-
	561,500	38,500	-	600,000	-	-			
Chemicals									
Engro Polymer & Chemicals Limited	875,000	1,242,462	-	241,000	1,876,462	68,153	2.82%	2.57%	0.15%
Engro Polymer & Chemicals Limited-LOR	314,462	-	-	314,462	-	-	-	-	-
Lotte Chemical Pakistan Ltd	-	945,000	-	-	945,000	13,438	0.56%	0.51%	0.06%
	1,189,462	2,187,462	-	555,462	2,821,462	81,591			
Cement									
Cherat Cement Company Limited	-	303,100	-	303,100	-	-	-	-	-
D.G Khan Cement Company Limited	-	240,000	-	240,000	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	1,091,000	-	790,500	300,500	11,254	0.47%	0.43%	0.06%
Lucky Cement Limited	166,000	74,500	-	7,000	233,500	99,994	4.14%	3.78%	0.07%
Pioneer Cement Limited	250,000	-	-	250,000	-	-	-	-	-
Kohat Cement Limited	-	262,200	25,560	125,760	162,000	13,904	0.57%	0.53%	0.13%
	416,000	1,970,800	25,560	1,716,360	696,000	125,152			

Name of investee company	Number of Shares					Market value as at March 31, 2019 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2018	Purchases during the period	Bonus issue	Sales during the period	As at March 31, 2019		Total Investments	Net Assets	
Commercial Banks									
Bank Of Punjab	4,338,500	2,610,000	-	2,971,000	3,977,500	51,787	2.14%	1.96%	0.75%
National Bank Of Pakistan	-	741,500	-	118,000	623,500	24,977	1.03%	0.94%	0.03%
Bank Al-Falah Limited	2,620,500	796,000	212,650	1,094,000	2,535,150	119,331	4.93%	4.51%	0.16%
Faysal Bank Limited	1,219,275	17,500	-	175,000	1,061,775	24,994	1.03%	0.94%	0.11%
MCB Bank Limited	732,000	-	-	465,200	266,800	52,434	2.17%	1.98%	0.02%
United Bank Limited	826,200	503,000	-	340,000	989,200	138,024	5.71%	5.21%	0.08%
Allied Bank Limited	-	442,600	-	102,000	340,600	36,798	1.52%	1.39%	0.03%
Bank-Al Habib Limited	900,500	1,355,500	-	674,500	1,581,500	135,471	5.60%	5.12%	0.14%
Meezan Bank Limited	200,000	125,000	32,500	357,500	-	-	-	-	-
Askari Bank Ltd	-	300,000	-	-	300,000	6,135	0.25%	0.23%	0.02%
Habib Bank Limited**	828,000	396,600	-	245,300	979,300	129,747	5.37%	4.90%	0.07%
	11,664,975	7,287,700	245,150	6,542,500	12,655,325	719,698			
Engineering									
Aisha Steel Mills Limited	1,103,600	-	-	1,103,600	-	-	-	-	-
Aisha Steel Mills Limited - Preference Shares	130,000	-	-	-	130,000	1,235	0.05%	0.05%	0.29%
Aisha Steel Mills Limited - Conv Cum Pref Shares	1,065,000	-	-	-	1,065,000	45,795	1.89%	1.73%	36.58%
Amreli Steel Limited	388,000	-	-	388,000	-	-	-	-	-
Crescent Stell & Allied Product Ltd	-	177,500	-	-	177,500	6,885	0.28%	0.26%	0.23%
International Steels Limited	357,600	143,000	-	265,600	235,000	15,047	0.62%	0.57%	0.05%
International Industries Limited	129,100	224,600	-	231,900	121,800	15,115	0.63%	0.57%	0.10%
Mughal Iron & Steel Industries Limited	310,500	175,000	-	485,500	-	-	-	-	-
	3,483,800	720,100	-	2,474,600	1,729,300	84,077			
Fertilizer									
Engro Corporation Limited	494,100	235,500	-	313,900	415,700	136,030	5.63%	5.14%	0.08%
Engro Fertilizers Limited	1,590,500	15,000	-	857,500	748,000	53,519	2.21%	2.02%	0.06%
Fauji Fertilizers Bin Qasim Limited	-	748,500	-	-	748,500	25,629	1.06%	0.97%	0.08%
Fauji Fertilizers Company Limited	636,000	274,000	-	399,000	511,000	53,379	2.21%	2.02%	0.04%
	2,720,600	1,273,000	-	1,570,400	2,423,200	268,557			
Insurance									
TPL Direct Insurance Limited	610	-	79	-	689	14	-	-	-
Adamjee Insurance Company Limited	-	625,500	-	-	625,500	25,051	1.04%	0.95%	0.18%
	610	625,500	79	-	626,189	25,065			
Oil and Gas Exploration Companies									
Oil and Gas Development Company	892,400	523,500	-	325,000	1,090,900	160,962	6.66%	6.08%	0.03%
Pakistan Oilfields Limited	214,300	35,000	36,860	93,100	193,060	86,346	3.57%	3.26%	0.08%
Pakistan Petroleum Limited	808,700	205,200	121,305	323,400	811,805	150,177	6.21%	5.67%	0.04%
Mari Petroleum Company Limited	94,880	19,800	9,088	9,780	113,988	141,942	5.87%	5.36%	0.10%
	2,010,280	783,500	167,253	751,280	2,209,753	539,427			
Oil & Gas Marketing Companies									
Sui Northern Gas Pipeline Limited	572,500	339,500	-	227,500	684,500	51,413	2.13%	1.94%	0.11%
Pakistan State Oil Company Limited	317,800	175,000	64,560	70,500	486,860	105,249	4.35%	3.98%	0.15%
Hascol Petroleum Limited	71,500	-	17,875	89,375	-	-	-	-	-
	961,800	514,500	82,435	387,375	1,171,360	156,662			
Pharmaceuticals									
AGP Limited	-	328,500	-	50,000	278,500	28,139	1.16%	1.06%	0.01%
Highnoon Laboratories Limited	-	5,000	-	-	5,000	1,691	0.07%	0.06%	-
The Searle Company Limited	85,140	50,000	456	82,100	53,496	12,669	0.52%	0.48%	0.03%
	85,140	383,500	456	132,100	336,996	42,499			
Power Generation and Distribution									
The Hub Power Company Limited	1,654,200	473,500	-	348,500	1,779,200	130,469	5.40%	4.93%	0.15%
K-Electric Limited (Par value Rs. 3.50 per share)	4,527,000	470,000	-	600,000	4,397,000	24,579	1.02%	0.93%	0.02%
Nishat Chunian Power Ltd	-	671,000	-	90,000	581,000	12,660	0.52%	0.48%	0.16%
Pakgen Power Limited	-	832,000	-	-	832,000	12,696	0.53%	0.48%	0.22%
	6,181,200	2,446,500	-	1,038,500	7,589,200	180,404			

Name of investee company	Number of Shares					Market value as at March 31, 2019 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2018	Purchases during the period	Bonus issue	Sales during the period	As at March 31, 2019		Total Investments	Net Assets	
Textile									
Nishat (Chunian) Limited	-	220,500	-	220,500	-	-	-	-	-
Nishat Mills Limited	567,100	164,700	-	250,300	481,500	64,815	2.68%	2.45%	0.14%
Mohib Textile Mills Limited*	40,820	-	-	-	40,820	-	-	-	-
Sunshine Cloth Limited*	50,000	-	-	-	50,000	-	-	-	-
Gul Ahmed Textile Mills Ltd	-	275,000	-	275,000	-	-	-	-	-
Kohinoor Textile Mills Limited	-	351,500	-	29,000	322,500	14,471	0.60%	0.55%	0.30%
	657,920	1,011,700	-	774,800	894,820	79,286			
Glass & Ceramics									
Shabbir Textile & Ceramics Limited	75,000	107,500	-	182,500	-	-	-	-	-
	75,000	107,500	-	182,500	-	-			
Paper & Board									
Century Paper & Board Mills Ltd	-	99,500	-	-	99,500	5,025	-	-	-
	-	99,500	-	-	99,500	5,025			
Technology & Communication									
Systems Limited	308,500	-	-	308,500	-	-	-	-	-
	308,500	-	-	308,500	-	-			
Total - As at March 31, 2019 (Un-audited)	30,583,317	19,537,962	520,933	17,189,807	33,452,405	2,391,548			
Total - As at June 30, 2018 (Audited)	26,773,108	23,511,920	525,247	20,226,958	30,583,317	2,667,725			
Cost at 31 March 2019						2,552,490			

\*Suspended/Delisted Companies

\*\*Sponsors of Management Company

**5.1.1** Investments include shares having market value aggregating to Rs: 163.90m (June 30, 2018 : Rs189.070m) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Funds's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP.

**5.1.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.564 million at March 31, 2019 (June 30, 2018: Rs.0.670m) and not yet deposited in CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.



5.2 This represents book building against Interloop Ltd, subsequently converted into shares.

### 5.3 Financial Assets 'at fair value through other comprehensive Income (FVTOCI)

Shares of listed companies - Fully paid up ordinary shares of Rs 10 each unless otherwise stated.

Name of investee company	Number of Shares					Market value as at March 31, 2019 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2018	Purchases during the period	Bonus issue	Sales during the period	As at Mar 31, 2019		Total Investments	Net Assets	

#### Class A

#### Oil and Gas Marketing Companies

Sui Northern Gas Pipeline Limited	2,488,024	-	-	-	2,488,024	186,876	9.20%	8.96%	0.39%
Pakistan State Oil Company Limited	7,106,578	-	1,421,315	-	8,527,893	1,843,560	90.80%	88.40%	2.62%
<b>Total - As at March 31, 2019 (Unaudited)</b>	<b>9,594,602</b>	<b>-</b>	<b>1,421,315</b>	<b>-</b>	<b>11,015,917</b>	<b>2,030,436</b>			
Total - As at June 30, 2018 (Audited)	8,410,173	-	1,184,429	-	9,594,602	2,511,445			

Cost at 31 December 2018

517,492

5.3.1 The above mentioned shares of Sui Northern Gas Pipelines Limited and Pakistan State Oil Company Limited are frozen/blocked by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the NBFC Regulations, 2008 does not apply to the above frozen shares.

5.3.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 15.36 million at March 31, 2019 (June 30, 2018: Rs. 18.851m) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

		March 31, 2019 (Un-Audited)		June 30, 2018 (Audited)
		Class A	Class B	Total
		(Rupees in '000)		
6.	PAYABLE TO MANAGEMENT COMPANY			
	Management fee	3,582	4,535	8,117
	Sindh Sales Tax	466	590	1,056
	Allocation of expenses relating to registrar services, accounting, operation and valuation services	179	227	406
	Selling & marketing payable	2,187	2,679	4,866
		6,414	8,031	14,445
				10,689

			March 31, 2019 (Un-Audited)			June 30, 2018 (Audited)
			Class A	Class B	Total	Total
<b>7.</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>(Rupees in '000)</b>			
	Provision for Sindh Workers' Welfare Fund	7.1	-	21,075	21,075	21,075
	Provision for Federal Excise Duty	7.2	-	55,961	55,961	55,961
	Printing charges		27	-	27	2,810
	Auditors remuneration		145	294	439	783
	Security transaction charges		-	539	539	273
	Withholding tax payable		8	35	43	607
	Other payable		-	1,150	1,150	-
			<b>180</b>	<b>79,054</b>	<b>79,234</b>	<b>81,509</b>

#### 7.1 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is the same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for nine months year ended March 31, 2019, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per certificate of the Fund as at March 31, 2019 would have been higher by Rs. 0.08 per unit (June 30, 2018: 0.07 per unit) of class B.

#### 7.2 The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal which was filed by tax authorities against the order by the Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of the above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 55.961 million. Had the provision not been retained, NAV per certificate of the Fund as at March 31, 2019 would have been higher by Rs. 0.20 per certificate (June 30, 2018: 0.20 per certificate) of class B.

#### 8. Contingencies & Commitments

There were no contingencies and commitment as at March 31, 2019.

#### 9. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 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 the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

#### 10. TOTAL EXPENSES RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the period ended March 31, 2019 is 2.29% and 2.44% which includes 0.28% and 0.29% representing government levy and SECP fee of the Class A and Class B respectively.

## 11. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Details of the transactions with connected persons and balances with them are as follows:

	Nine Months Ended March 31,			2018 Total
	Class A	Class B	Total	
	----- Rupees in '000 -----			
<b>Transactions during the period</b>				
<b>HBL Asset Management Limited</b>				
Remuneration of Management Company	36,227	41,423	77,650	83,998
Sindh Sales Tax on remuneration of Management Company	4,709	5,385	10,094	10,920
Reimbursement of fund Operations, accounting and Related costs	1,811	2,071	3,882	4,200
Selling and marketing	7,189	8,164	15,353	-
<b>Habib Bank Limited - Sponsor</b>				
Dividend income	-	3,012	3,012	1,790
Mark-up on deposits with banks	-	22	22	400
<b>Aga Khan University Employees Provident Fund Trust</b>				
Redemption of unit 588,000	-	5,296	5,296	-
<b>Aga Khan University Employees Gratuity Fund Trust</b>				
Redemption of unit 138,000	-	1,243	1,243	-
<b>HBL Investment Fund</b>				
Purchase of Oil & Gas Development Limited 10,000 Shares	-	1,417	1,417	-
Purchase of Engro Polymer Chemical Limited 35,000 Shares	-	1,261	1,261	-
Purchase of Maple Leaf Cement Factory Limited 25,000 Shares	-	970	970	-
Purchase of Engro Fertilizers Limited 15,000 Shares	-	1,076	1,076	-
Purchase of Pakistan State Oil Company Ltd 12,000 Shares	-	2,520	2,520	-
Purchase of Lotte Chemical Pakistan Ltd 30,000 Shares	-	412	412	-
Purchase of Lucky Cement Ltd 4,000 Shares	-	1,734	1,734	-
Purchase of Kohat Cement Ltd 8,000 Shares	-	703	703	-
Purchase of Hub Power Company Ltd 15,000 Shares	-	1,169	1,169	-
<b>MCB Bank Limited</b>				
<b>Connected Person Due to Holding more than 10% Certificate)</b>				
Dividend Income	-	7,123	7,123	7,782
Mark-up on deposits with banks	1,045	5,929	6,974	5,932
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee	2,496	2,837	5,333	3,538
CDC connection charges	-	298	298	835

	Class A	March 31, 2019 (Un-Audited) Class B ----- Rupees in '000 -----	Total	June 30, 2018 (Audited) Total
<b>Balances outstanding at the year end</b>				
<b>HBL Asset Management Limited</b>				
Payable to the Management Company	3,582	4,535	8,117	9,058
Sindh Sales tax payable on remuneration to management company	466	590	1,056	1,178
Finance and operational cost	179	227	406	453
Selling and marketing expense	2,187	2,679	4,866	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee payable	298	352	650	385
Security deposit held	100	200	300	300
CDC Charges Payable	-	37	37	36
<b>MCB Bank Limited</b>				
<b>Connected Person Due to Holding more than 10% units)</b>				
Bank balance	120	103,865	103,985	106,436
Mark-up on bank deposit receivable	-	465	465	490
<b>Related to units of the Fund</b>				
<b>Habib Bank Limited</b>				
Outstanding units :48,662,161 (2018: 48,662,161) units	486,621	-	486,621	486,622
Outstanding units :48,662,161	-	461,862	461,862	-
<b>Jubilee General Insurance Company Limited</b>				
Outstanding units:107,379 (2018: 100,379)units	1,004	-	1,004	1,004
Outstanding units:100,379	-	952	952	-
<b>Jubilee General Insurance Company Limited Staff Provident Fund Trust</b>				
Outstanding units:118,454 (2018: 118,454) units	1,184	-	1,184	1,184
Outstanding units:118,454	-	1,124	1,124	-
<b>Jubilee General Insurance Company Limited Gratuity Fund Trust</b>				
Outstanding units:224,000 (2018: 224,000) units	2,240	-	2,240	2,240
Outstanding units:224,000	-	2,126	2,126	-
<b>Aga Khan University Employees Provident Fund Trust</b>				
Outstanding units:588,000 (2018: 588,000) units	5,880	-	5,880	5,880
<b>Aga Khan University Employees Gratuity Fund Trust</b>				
Outstanding units:138,000 (2018: 138,000) units	1,380	-	1,380	1,380
<b>MCB Bank Limited</b>				
<b>Connected Person Due to Holding more than 10% units)</b>				
Outstanding units:66,090,021 (2018: 66,090,021) units	660,900	-	660,900	660,900
Outstanding units:66,090,021	-	627,273	627,273	-
<b>Directors and Executives of the Management Company</b>				
Outstanding units:26,195 (2018: 26,195) units	262	-	262	262
Outstanding units:5,195	-	49	49	-

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund classifies fair value measurements 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:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

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) (level 2); and

Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Class A March 31, 2019 (Un-audited)					Fair Value			
	Carrying amount								
	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments - Listed equity securities	-	2,030,436	-	-	2,030,436	2,030,436	-	-	2,030,436
	-	2,030,436	-	-	2,030,436	2,030,436	-	-	2,030,436
<b>Financial assets not measured at fair value</b>									
Bank balances	-	-	-	61,981	61,981				
Dividend and Profit receivable	-	-	-	1,487	1,487				
Security Deposit	-	-	-	100	100				
	-	-	-	63,568	63,568				
<b>Financial liabilities not measured at fair value</b>									
Payable to Management Company	-	-	-	5,948	5,948				
Payable to Trustee	-	-	-	264	264				
Payable to Securities and Exchange Commission Of Pakistan	-	-	-	1,721	1,721				
Payable against purchase of investment	-	-	-	-	-				
Accrued expenses and other liabilities	-	-	-	172	172				
Unclaimed Dividend	-	-	-	-	-				
	-	-	-	8,105	8,105				

Class B					March 31, 2019 (Un-audited)			
Carrying amount					Fair Value			
Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								

#### On-balance sheet financial instruments

##### Financial assets measured at fair value

Investments - Listed equity securities	2,391,548	-	-	-	2,391,548	2,391,548	-	-	2,391,548
Advance Against Book Building - Interloop Ltd.	26,669	-	-	-	26,669	-	-	26,669	26,669
	2,418,217	-	-	-	2,418,217	2,391,548	-	-	2,418,217

##### Financial assets not measured at fair value

Bank balances	-	-	-	373,366	373,366
Dividend and Profit receivable	-	-	-	31,262	31,262
Security Deposit	-	-	-	2,700	2,700
	-	-	-	407,328	407,328

##### Financial liabilities not measured at fair value

Payable to Management Company	-	-	7,441	7,441
Payable to Trustee	-	-	312	312
Payable to Securities and Exchange Commission of Pakistan	-	-	1,968	1,968
Payable against purchase of investment	-	-	3,781	3,781
Accrued expenses and other liabilities	-	-	1,983	1,983
Unclaimed Dividend	-	-	86,052	86,052
	-	-	101,537	101,537

June 30, 2018(Audited)					Fair Value			
Carrying amount								
Held for trading	Available for sale	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								

#### On-balance sheet financial instruments

##### Financial assets measured at fair value

Investments - Listed equity securities	2,667,725	2,511,445	-	-	5,179,170	5,179,170	-	-	5,179,170
	2,667,725	2,511,445	-	-	5,179,170	5,179,170	-	-	5,179,170

##### Financial assets not measured at fair value

Bank balances	-	-	-	371,142	371,142
Dividend and Profit receivable	-	-	-	79,037	79,037
Security Deposit	-	-	-	2,800	2,800
	-	-	-	450,179	450,179

##### Financial liabilities not measured at fair value

Payable to Management Company	-	-	9,511	9,511
Payable to Trustee	-	-	373	373
Payable to Securities and Exchange Commission Of Pakistan	-	-	5,304	5,304
Payable against purchase of investment	-	-	13,183	13,183
Accrued expenses and other liabilities	-	-	3,866	3,866
Unclaimed Dividend	-	-	86,271	86,271
	-	-	118,508	118,508

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The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**13. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue by the Board of Directors of the Management company on April 30, 2019.

**14. GENERAL**

**14.1** Figures have been rounded off to the nearest thousand Rupees.

**14.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure. No significant rearrangement or reclassification was made in these financial statements during the current year.

For HBL Asset Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

# HBL

## ASSET MANAGEMENT LTD.

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