

HBL

ASSET MANAGEMENT LTD.

ایس ایٹ مینجمنٹ لمیٹڈ

AMC Rating : AM1 by VIS

HALF YEARLY REPORT 2023

For the half year ended December 31, 2023

MOVING TOWARDS
EXCELLENCE

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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited

Board of Directors (Composition as of February 16, 2024)

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Directors	Mr. Mir Adil Rashid	(Chief Executive Officer)
	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Khalid Malik	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Tariq Masaud	(Non-Executive Director)
	Mr. Abrar Ahmed Mir	(Non-Executive Director)
	Mr. Abid Sattar	(Independent Director)

Audit Committee

Chairman	Mr. Khalid Malik	(Independent Director)
Members	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)

Human Resource Committee

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

Risk Management Committee

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Members	Mr. Tariq Masaud	(Non-Executive Director)
	Mr. Abid Sattar	(Independent Director)

Technology Committee

Chairman	Mr. Abrar Ahmed Mir	(Non-Executive Director)
	Mr. Abid Sattar	(Independent Director)
Members	Ms. Ava Ardeshir Cowasjee	(Independent Director)

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

AMC Rating

AM1 (Stable Outlook)

Legal Advisor

Bawany & Partners,
Lane 13, D.H.A Phase 6, Bukhari Commercial Area,
Defense Housing Authority, Karachi.

Website

www.hblasaset.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 HALF YEAR ENDED DECEMBER 31, 2023

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, and HBL LiveStock Fund (the Funds) for the period ended December 31, 2023.

ECONOMIC REVIEW

The fiscal year started on a positive note as Government entered into an SBA of USD 3B with IMF. The agreement with IMF opened up the flows from multilateral and bilateral. First tranche of USD 1.2B, deposits placement of USD 2B from Saudi Arabia and USD 1B from UAE and rollover of USD 2.4B loan from China's EXIM Bank helped shore up SBP reserves to USD 8.1B in July'23. Pakistan successfully completed the first review of the SBA agreement and received USD 700M in Jan'24 after Executive Board approval. Moreover, the commitment from IFC to invest USD 1.5B in short and long term projects in Pakistan, rollover of USD 3B Saudi Fund for Development deposits, approval of USD 1.3B flows from multilaterals and controlled current account balance (bearing Jul'23) led to a stable reserves held by SBP at USD 8.2B at Dec'23 end.

Exchange rate has remained very volatile in 1HFY24. Lifting of import restrictions in Jul'24 led to higher demand of USD which kept PKR under pressure in July and August as it depreciated to 307/ USD. To control the freefall of currency, SBP enhanced the vigilance of Exchange Companies, increased their capital requirement while Law Enforcement Agencies cracked down on smuggling, hoarders and black market trade. These measures helped brought down the exchange rate to 277/ USD in October and provided stability to PKR. The parity closed at 282/ USD in Dec'23 vs 286/USD in Jun'23. In addition to administrative measures, relatively balanced current account deficit of USD 90M from Aug'23 to Dec'23 (1HFY24 deficit of USD 831M) provided support to the parity.

On fiscal side, GDP growth in 1QFY24 recorded at 2.13% vs 0.96% in SPLY. The growth is primarily driven by healthy crop output as depicted by 5.1% growth in Agriculture. Industrial also posted a growth of 2.48% due to easing of import restrictions. Services sector posted subpar growth of 0.82% as finance, insurance, education, health, social work and general government recorded a contraction. On the other hand, fiscal deficit in 1HFY24 was 2.3% of GDP vs 2.0% in same period last year. The primary balance posted a surplus of PKR 1,812B (1.7% of GDP) against a surplus of PKR 890B (1.1% of GDP) in same period last year. Despite improvement in primary balance due to curtailed expenditure and higher tax revenue, fiscal deficit was relatively on a higher side due to interest payments.

On monetary front inflationary pressure continued as energy prices were rationalized as per agreement with IMF. Furthermore, volatile PKR and second round effect of PKR depreciation and higher energy tariff also provided hand in keeping inflation on the higher side. Headline inflation averaged 28.8% y/y in 1HFY24. Core inflation reading was 21.4% while food inflation was 33.6% y/y. Given the inflationary pressures, SBP kept the policy rate unchanged at 22% in 1HFY24.

Large Scale Manufacturing contracted by 0.4% y/y due to contraction in automobiles, tobacco, furniture, textile and others.

STOCK MARKET REVIEW

KMI-30 index during 1HFY24 increased by 47% with index closing at 104,729 points. The index after making a peak of 112,183 points on December 12, 2023, is down 7%. This drop can be attributed to pre-election political uncertainty and selling by foreign investors. The broad positive market sentiment was driven by (i) Reaching of agreement with IMF (ii) inflows from multiple multilateral and bilateral sources (iii) Upgradation of Pakistan's rating by FITCH (iv) crack down on hoarders and smugglers (v) strengthening of PKR (vi) reinvigorated interest by foreign investors and (vii) efforts to resolve energy chain issues.

Renewed interest by investors led to higher trading activity as average volume and value of KSE-All increased by 192% and 159% to 477M and PKR 14.4B respectively in 1HFY24 as compare with 2HFY23.

MONEY MARKET REVIEW

SBP conducted four monetary policies during 1HFY24 where it kept the policy rate unchanged at 22%. SBP highlighted 1) impact of higher energy tariffs, 2) high commodity prices, as the primary reason for no change in the policy rates. Simultaneously, SBP reiterated its stance of positive real interest rates based on the forward guidance as they expect inflation to decline drastically in 2HFY24.

Owing to expectation of considerable decrease in inflation in coming months, secondary market yields witnessed a declining trend in 1HFY23. Yields on shorter tenor 6M and 1Y TBills were down ~128bps and 161bps to 21.37% and 21.32% respectively. Similarly, 3Y and 5Y PIB yields decreased 293 bps and 18 bps to 16.54% and 15.90% respectively. During 1HFY24, government against a target of PKR 16.3tn borrowed PKR 17.6tn via T-Bill auction. Similarly, government raised PKR 6tn through PIBs (majorly Floating Rate PIBs) during 1HFY24.

In variable rate Ijarah Sukuk, government raised PKR 735B during 1HFY24 against target of PKR 780B. Similarly, through fixed rate Ijarah Sukuk, government raised PKR 411B during 1HFY24 against the target of PKR 510B.

FUTURE OUTLOOK

We see recovery momentum to continue. GDP growth will hover around 2% in FY24. Despite this recovery, the growth would still be much lower than Pakistan's long term economic growth. Pakistan will continue to adopt tight monetary and fiscal policy in FY24 as IMF program will continue with focus on energy price adjustment and other tax reforms.

We anticipate CAD to remain muted compared with historical averages as demand curtailment measures by SBP and Federal Government will keep imports in check. In near term, parity outlook will likely be driven by completion of IMF review, negotiation of new IMF program and flows from multilaterals and bilateral.

Post-elections, the IMF team is set to conduct the final review of the SBA program, and upon approval from the Executive Board, Pakistan is slated to receive USD 1.1B. The hike in energy tariffs is poised to strengthen measures addressing persistent energy challenges. Furthermore, the realization of foreign investments has the potential to boost economic growth and market dynamics. However, political uncertainties post elections have casted shadows on economic stability. It is likely that weak coalition government would be formed with SIFC playing a major role in economic policy making.

With regards to policy rate, we believe that interest rates have peaked. As inflation is expected to decline, interest rate will follow suit while ensuring real positive interest rate. However, escalation of Israel-Palestine conflict, resulting in increase in oil prices, imminent increase in energy tariffs, second round of effect of energy tariff hike and Ramadan effect pose risk to our assumptions.

FUND'S PERFORMANCE AND PAYOUTS

HBL Islamic Money Market Fund

The total income and net income of the Fund was Rs. 5.81 billion and Rs. 5.51 billion respectively during the period ended December 31, 2023. The Net Asset Value (NAV) of the Fund was Rs. 101.3418 per unit as on December 31, 2023 as compared to Rs. 101.3883 per unit as on June 30, 2023, after incorporating dividend of Rs. 10.3043 per unit, thereby giving an annualized return of 21.15%. During the period the benchmark return (3 Month bank deposit rates) was 9.37%. The size of Fund was Rs. 54.34 billion as on December 31, 2023 as compared to Rs. 44.53 billion at the start of the year.

JCR-VIS Credit Rating Company Limited has reaffirmed the Fund stability rating of AA+(f) to the Fund.

HBL Islamic Income Fund

The total income and net income of the Fund was Rs. 1.35 billion and Rs. 1.25 billion respectively during the period ended December 31, 2023. The Net Asset Value (NAV) of the Fund was Rs. 114.8819 per unit as on December 31, 2023 as compared to Rs. 103.2208 per unit as on June 30, 2023, thereby giving an annualized return of 22.41%. During the same period the benchmark return (6 Month bank deposit rates) was 9.10%. The size of Fund was Rs. 16.81 billion as on December 31, 2023 as compared to Rs. 7.74 billion at the start of the year.

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

HBL Islamic Stock Fund

The total and net income of the Fund was Rs. 54.07 million and Rs. 50.76 million respectively during the period ended December 31, 2023. The Net Asset Value (NAV) of the Fund was Rs. 116.7733 per unit as on December 31, 2023 as compared to Rs. 77.9684 per unit as on June 30, 2023, thereby giving a return of 49.77% during the period, against the benchmark return (KMI 30 Index) of 48.03%. The size of Fund was Rs. 0.11 billion as on December 31, 2023 as compared to Rs. 0.16 billion at the start of the year.

HBL Islamic Equity Fund

The total and net income of the Fund was Rs. 28.70 million and Rs. 26.45 million respectively during the period ended December 31, 2023. The Net Asset Value (NAV) of the Fund was Rs. 92.7296 per unit as on December 31, 2023 as compared to Rs. 65.8671 per unit as on June 30, 2023, thereby giving a return of 40.78% during the period, against the benchmark return (KMI 30 Index) of 48.03%. The size of Fund was Rs. 0.11 billion as on December 31, 2023 as compared to Rs. 0.11 billion at the start of the year.

HBL Islamic Asset Allocation Fund

Under HBL Islamic Asset Allocation Fund (HBL-IAAF), the HBL Islamic Asset Allocation Fund – Plan I (HBL IAAF-Plan-I) has been constituted on July 13, 2020 and HBL Islamic Asset Allocation Fund – Plan-II was launched on August 05, 2022.

The total and net income of the Fund including HBL IAAF Plans was Rs. 319.62 million and Rs. 309.81 million respectively during the period ended December 31, 2023. The Net Asset Value (NAV) of the HBL-IAAF increased from Rs. 101.6871 per unit as on June 30, 2023 to Rs. 153.3114 per unit as on December 31, 2023, thereby giving a return of 50.77% 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 43.20%. The Net Asset Value (NAV) of the HBL-IAAF Plan-I was Rs. 112.9358 per unit as on December 31, 2023 as compared to Rs. 101.3349 per unit as on June 30, 2023, thereby giving a return of 11.45% during the period against the benchmark return of 3.20%. The Net Asset Value (NAV) of the HBL-IAAF Plan-II was Rs. 112.4041 as on December 31, 2023 as compared to Rs. 100.9289 as on June 30, 2023, thereby giving a return of 11.37% while the benchmark return during the period was 3.20%. The collective size of Fund was Rs. 2.18 billion as on December 31, 2023 as compared to Rs. 2.52 billion at the start of the year.

HBL LiveStock Fund

During the period under review, the Fund earned a total and net income of Rs. 53.68 million and Rs. 17.81 million respectively. The net assets of the Fund stood at Rs. 111.43 million representing Net Asset Value (NAV) of Rs. 1,238.0947 per unit as on December 31, 2023 as against net assets of 93.62 million and Net Asset Value (NAV) of 1,040.1980 per unit as at June 30, 2023. The Fund earned a return of 19.02% for the period under review.

MANAGEMENT COMPANY RATING

The VIS Credit Rating Company Limited (VIS) has reaffirmed the management quality rating of HBL Asset Management Limited to 'AM-I' (AM-One) and the outlook on the assigned rating has been assessed at 'Stable'.

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 the Securities & Exchange Commission of Pakistan, the Central Depository Company of Pakistan and the Digital Custodian Company Limited as Trustees, the Pakistan Stock Exchange Limited and the 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

مالیت (NAV) کو ظاہر کرتے ہیں جبکہ خالص اثاثے 93.62 ملین روپے تھے اور اور 30 جون 2023 تک 1,040.1980 فی یونٹ خالص اثاثہ جات کی قیمت

(NAV) تھی۔ زیر غور مدت کے دوران فنڈ نے 19.02 فیصد منافع کمایا۔

مینجمنٹ کمپنی ریٹنگ:

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے ایچ بی ایل Asset مینجمنٹ لمیٹڈ کی مینجمنٹ کو الٹی ریٹنگ کو 'AM-I' (AM-One) میں تبدیل کر دیا ہے اور تفویض کردہ درجہ بندی پر آؤٹ لک کا اندازہ "مستحکم" طور پر کیا گیا ہے۔

اعتراف:

بورڈ اس موقع پر اپنے قابل قدر یونٹ ہولڈرز کے اعتماد اور سرپرستی کے لیے شکریہ ادا کرتا ہے۔

پاکستان سکیورٹیز اینڈ ایکسچینج کمیشن آف، سینٹرل ڈپازٹری کمپنی آف پاکستان اور ڈیجیٹل کسٹوڈین کمپنی لمیٹڈ کی جانب سے ٹریڈنگ، پاکستان اسٹاک ایکسچینج لمیٹڈ اور اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کی جانے والی مدد اور رہنمائی کو سراہتا ہے۔

بورڈ اپنے عملے کی سخت محنت اور لگن کی تعریف بھی ریکارڈ پر رکھنا چاہتا ہے۔

از طرف بورڈ آف ایچ بی ایل Asset مینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر

2023 کو 65.8671 روپے فی یونٹ تھی۔ اس طرح اس عرصے کے دوران 40.78 فیصد کا منافع ملا جبکہ بینچ مارک ریٹرن (کے ایم آئی 30 انڈیکس) 48.03 فیصد تھا۔ 31 دسمبر 2023ء تک فنڈ کا حجم 0.11 ارب روپے رہا جو سال کے آغاز میں بھی 0.11 ارب روپے ہی تھا۔

HBL اسلامک Asset ایلوکیشن فنڈ:

ایچ بی ایل اسلامک Asset ایلوکیشن فنڈ (HBL-IAAF) کے تحت ایچ بی ایل اسلامک Asset ایلوکیشن فنڈ پلان ون 13 ((HBL IAAF Plan-1)) جولائی 2020 کو تشکیل دیا گیا ہے اور ایچ بی ایل اسلامک Asset ایلوکیشن فنڈ - پلان ٹو کا آغاز 05 اگست 2022 کو کیا گیا تھا۔

31 دسمبر 2023ء کو ختم ہونے والی مدت کے دوران HBL-IAAF پلانز سمیت فنڈ کی کل اور خالص آمدنی بالترتیب 319.62 ملین روپے اور 319.81 ملین روپے رہی۔ HBL-IAAF کی خالص اثاثہ جات کی قیمت 30 (NAV) جون 2023 کو 101.6871 روپے فی یونٹ سے بڑھ کر 31 دسمبر 2023 کو 153.3114 روپے فی یونٹ ہو گئی۔ اس طرح اس عرصے کے دوران 50.77 فیصد کار ریٹرن دیا گیا جبکہ بینچ مارک ریٹرن (کے ایم آئی 30 انڈیکس کا اوسط یومیہ ریٹرن اور اے ریٹڈ یا اس سے اوپر کے بینکوں کی 6 ماہ کی ڈپازٹ ریٹ) 43.20 فیصد تھا۔ HBL-IAAF پلان ون کی خالص اثاثہ جات کی قیمت 31 (NAV) دسمبر 2023ء کو 112.9358 روپے فی یونٹ تھی جو 30 جون 2023ء کو 101.3349 روپے فی یونٹ تھی۔ اس طرح اس مدت کے دوران 3.20 کے بینچ مارک ریٹرن کے مقابلے میں 11.45 کا منافع مل رہا ہے۔ HBL-IAAF پلان ٹو کی خالص اثاثہ جات کی مالیت 31 (NAV) دسمبر 2023ء کو 112.4041 روپے تھی جبکہ 30 جون 2023ء کو یہ 100.9289 روپے تھی۔ اس طرح 11.37 فیصد کا منافع ملا جبکہ اس عرصے کے دوران بینچ مارک ریٹرن 3.20 فیصد رہا۔ 31 دسمبر 2023ء تک فنڈ کا مجموعی حجم 2.18 ارب روپے رہا جو سال کے آغاز میں 2.52 ارب روپے تھا۔

HBL لائیو اسٹاک فنڈ:

زیر غور مدت کے دوران فنڈ نے بالترتیب 53.68 ملین روپے اور 17.81 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ 31 دسمبر 2023ء تک فنڈ کے خالص اثاثہ جات 43.111 ملین روپے تھے جو 1,238.0947 روپے فی یونٹ کی خالص اثاثہ جات کی

2023ء کو 10.3043 روپے فی یونٹ کے منافع کے بعد یہ قیمت 101.3883 روپے فی یونٹ تھی۔ اس طرح سالانہ 21.15 فیصد کا منافع ملتا ہے۔ اس مدت کے دوران بینچ مارک ریٹرن (3 ماہ کے بینک ڈپازٹ ریٹ) 9.37 فیصد تھا۔ 31 دسمبر 2023ء تک فنڈ کا حجم 54.34 ارب روپے تھا جو سال کے آغاز میں 44.53 ارب روپے تھا۔ 31 دسمبر 2023ء تک فنڈ کا حجم 54.34 ارب روپے تھا جو سال کے آغاز میں 44.53 ارب روپے تھا۔

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ میں AA+(F) کی فنڈ استحکام کی درجہ بندی کی توثیق کی ہے۔

HBL اسلامک انکم فنڈ:

31 دسمبر 2023ء کو ختم ہونے والی مدت کے دوران فنڈ کی کل آمدنی اور خالص آمدن بالترتیب 1.35 ارب روپے اور 1.25 ارب روپے رہی۔ 31 دسمبر 2023ء کو فنڈ کے خالص اثاثہ جات کی قیمت (این اے وی) 114.8819 روپے فی یونٹ تھی جو 30 جون 2023ء کو 103.2208 روپے فی یونٹ تھی، اس طرح سالانہ 22.41 کا منافع ملتا ہے۔ اسی مدت کے دوران بینچ مارک ریٹرن (6 ماہ کی بینک ڈپازٹ شرح) 9.10 فیصد تھا۔ 31 دسمبر 2023ء تک فنڈ کا حجم 16.81 ارب روپے تھا جو سال کے آغاز میں 7.74 ارب روپے تھا۔

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ میں A+ (f) کی فنڈ اسٹیبلٹی ریٹنگ کی توثیق کی ہے۔

HBL اسلامک اسٹاک فنڈ:

31 دسمبر 2023ء کو ختم ہونے والی مدت کے دوران فنڈ کی کل اور خالص آمدنی بالترتیب 54.07 ملین اور 50.76 ملین روپے رہی۔ 31 دسمبر 2023ء کو فنڈ کی خالص اثاثہ جات کی قیمت 116.7733 (NAV) روپے فی یونٹ تھی جو 30 جون 2023ء کو 77.9684 روپے فی یونٹ تھی۔ اس طرح اس عرصے کے دوران 77.49 فیصد کا منافع ملا جبکہ بینچ مارک ریٹرن (کے ایم آئی 30 انڈیکس) 48.03 فیصد رہا۔ 31 دسمبر 2023ء تک فنڈ کا حجم 0.11 ارب روپے تھا جو سال کے آغاز میں 0.16 ارب روپے تھا۔

HBL اسلامک ایکویٹی فنڈ:

31 دسمبر 2023ء کو ختم ہونے والی مدت کے دوران فنڈ کی کل اور خالص آمدنی بالترتیب 28.70 ملین روپے اور 26.45 ملین روپے رہی۔ 31 دسمبر 2023ء کو فنڈ کی خالص اثاثہ جات کی قیمت 92.7296 (NAV) روپے فی یونٹ رہی جو 30 جون

مستقبل کا نقطہ نظر:

ہم بحالی کی رفتار کو جاری رکھتے ہوئے دیکھتے ہیں۔ مالی سال 24 میں جی ڈی پی کی شرح نمو 2 فیصد کے آس پاس رہے گی۔ اس بحالی کے باوجود، ترقی اب بھی پاکستان کی طویل مدتی اقتصادی ترقی سے بہت کم رہے گی۔ پاکستان مالی سال 24 میں سخت مانیٹری اور مالیاتی پالیسی اپنانا جاری رکھے گا کیونکہ آئی ایم ایف پروگرام انرجی پرائس ایڈجسٹمنٹ اور دیگر ٹیکس اصلاحات پر توجہ مرکوز کرے گا۔

ہم توقع کرتے ہیں کہ سی اے ڈی تاریخی اوسط کے مقابلے میں خاموش رہے گا کیونکہ اسٹیٹ بینک اور وفاقی حکومت کی جانب سے طلب میں کمی کے اقدامات درآمدات کو قابو میں رکھیں گے۔ مستقبل قریب میں آئی ایم ایف کے جائزے کی تکمیل، آئی ایم ایف کے نئے پروگرام پر مذاکرات اور کثیرالجہتی اور دو طرفہ اقدامات کی وجہ سے برابری کا نقطہ نظر سامنے آئے گا۔

انتخابات کے بعد آئی ایم ایف کی ٹیم ایس بی اے پروگرام کا حتمی جائزہ لینے کے لیے تیار ہے اور ایگزیکٹو بورڈ سے منظوری کے بعد پاکستان کو 1.1 بلین ڈالر ملیں گے۔ توانائی کے نرخوں میں اضافے سے توانائی کے مسلسل چیلنجز سے نمٹنے کے اقدامات کو تقویت ملے گی۔ مزید برآں، غیر ملکی سرمایہ کاری کے حصول میں اقتصادی ترقی اور مارکیٹ کی ڈائنکس کو فروغ دینے کی صلاحیت ہے۔ تاہم انتخابات کے بعد سیاسی غیر یقینی صورتحال نے معاشی استحکام پر اثر ڈال دیا ہے۔ امکان ہے کہ کمزور مخلوط حکومت تشکیل دی جائے گی جس میں SIFC معاشی پالیسی سازی میں اہم کردار ادا کرے گی۔

جہاں تک پالیسی ریٹ کا تعلق ہے تو ہمارا ماننا ہے کہ شرح سود عروج پر پہنچ چکی ہے۔ چونکہ افراط زر میں کمی کی توقع ہے، لہذا حقیقی مثبت شرح سود کو یقینی بناتے ہوئے شرح سود بھی اسی کی پیروی کرے گی۔ تاہم، اسرائیل فلسطین تنازعہ میں اضافہ، جس کے نتیجے میں تیل کی قیمتوں میں اضافہ، توانائی کے محصولات میں فوری اضافہ، توانائی کے ٹیرف میں اضافے کے اثرات کا دوسرا دور اور رمضان کے اثرات ہمارے مفروضوں کے لئے خطرہ ہیں۔

فنڈز کی کارکردگی اور ادائیگیاں

HBL اسلامک منی مارکیٹ فنڈ:

31 دسمبر 2023ء کو ختم ہونے والے عرصے کے دوران فنڈ کی کل آمدنی اور خالص آمدن بالترتیب 5.81 ارب روپے اور 5.51 ارب روپے رہی۔ 31 دسمبر 2023ء کو فنڈ کے خالص اثاثہ جات کی قیمت (این اے وی) 101.3418 روپے فی یونٹ تھی جبکہ 30 جون

ایم ایف کے ساتھ معاہدے تک پہنچنا (2) متعدد کثیرالجہتی اور دو طرفہ ذرائع سے سرمایہ کاری (3) FITCH کی طرف سے پاکستان کی درجہ بندی کو اپ گریڈ کرنا (4) ذخیرہ اندوزوں اور اسمگلروں کے خلاف کریک ڈاؤن (5) پاکستانی روپے کی مضبوطی (6) غیر ملکی سرمایہ کاروں کی دلچسپی کو از سر نو تقویت دینا اور (7) توانائی کے مسائل کو حل کرنے کی کوششیں ہیں۔

HFY232 کے مقابلے میں HFY241 میں KSE-All کا اوسط حجم اور قدر بالترتیب 192 فیصد اور 159 فیصد سے بڑھ کر M477 اور 14.4 ارب روپے ہو جانے کی وجہ سے سرمایہ کاروں کی تجدید دلچسپی اعلیٰ تجارتی سرگرمیوں کا باعث بنی۔

منی مارکیٹ جائزہ:

اسٹیٹ بینک نے HFY241 کے دوران چار مانیٹری پالیسیاں چلائیں جہاں اس نے پالیسی ریٹ کو 22 فیصد پر برقرار رکھا۔ اسٹیٹ بینک نے (1) توانائی کے نرخوں میں اضافے کے اثرات، (2) اجناس کی اونچی قیمتوں کو پالیسی ریٹ میں تبدیلی نہ کرنے کی بنیادی وجہ قرار دیا۔ اس کے ساتھ ہی اسٹیٹ بینک نے آگے کی رہنمائی کی بنیاد پر مثبت حقیقی شرح سود کے اپنے موقف کا اعادہ کیا کیونکہ وہ توقع کرتے ہیں کہ HFY242 میں افراط زر میں زبردست کمی واقع ہوگی۔

آنے والے مہینوں میں افراط زر میں خاطر خواہ کمی کی توقع کے پیش نظر، ثانوی مارکیٹ کی پیداوار میں HFY231 میں کمی کار جان دیکھا گیا۔ مختصر مدت کے M6 اور YTBills1 پر پیداوار بالترتیب bps128 اور bps161 سے کم ہو کر 21.37 فیصد اور 21.32 رہی۔ اسی طرح، Y3 اور Y PIB5 کی پیداوار بالترتیب bps293 اور bps18 سے کم ہو کر 16.54 فیصد اور 15.90 فیصد ہو گئی۔

HFY241 کے دوران حکومت نے 16.3 ٹریلین روپے کے ہدف کے مقابلے میں T-Bill نیلامی کے ذریعے 17.6 ٹریلین روپے کا قرضہ لیا۔ اسی طرح حکومت نے HFY241 کے دوران PIBs خاص طور پر فلوئنگ ریٹ (PIBs) کے ذریعے 6 ٹریلین روپے جمع کیے۔ فکسڈ ریٹ اجارہ سکوک کے ذریعے حکومت نے HFY241 کے دوران 780 بلین روپے کے ہدف کے مقابلے میں 735 بلین روپے بڑھائے۔ اسی طرح، فکسڈ ریٹ اجارہ سکوک کے ذریعے، حکومت نے HFY241 کے دوران 510 بلین روپے کے ہدف کے مقابلے میں 411 بلین روپے بڑھائے۔

یہ برابری جون 23 میں 286/ امریکی ڈالر کے مقابلے میں دسمبر 23 میں 282/ امریکی ڈالر پر بند ہوئی۔ انتظامی اقدامات کے علاوہ 23 اگست سے 23 دسمبر تک 90 ملین ڈالر کا نسبتاً متوازن کرنٹ اکاؤنٹ خسارے (HFY241 خسارہ USD831M) نے برابری کو سہارا فراہم کیا۔

مالی سال 24 کی پہلی سہ ماہی میں جی ڈی پی کی شرح نمو ایس پی ایل وائی میں 0.96 کے مقابلے میں 2.13 فی صد ریکارڈ کی گئی۔ گروتھ بنیادی طور پر صحت مند فصل کی پیداوار کی وجہ سے ہوتی ہے جیسا کہ زراعت میں 5.1 فی صد نمو کے ذریعے دکھایا گیا ہے۔ درآمدی پابندیوں میں نرمی کی وجہ سے صنعتی شعبے میں بھی 2.48 فی صد اضافہ ریکارڈ کیا گیا۔

فنانس، انشورنس، تعلیم، صحت، سوشل ورک اور جزل گورنمنٹ کی وجہ سے خدمات کے شعبے میں 0.82 فی صد کی کمی ریکارڈ کی گئی۔ دوسری جانب HFY241 میں پچھلے سال کی اسی مدت میں 2.0 فی صد کے مقابلے میں مالیاتی خسارہ جی ڈی پی کا 2.3 فی صد تھا۔ پرائمری بیلنس گذشتہ سال اسی مدت میں 890 ارب روپے (جی ڈی پی کے 1.1 فی صد) کے مقابلے میں اس سال 1,812 ارب روپے (جی ڈی پی کا 1.7 فی صد) سرپلس حاصل کیا گیا۔ اخراجات میں کمی اور زیادہ ٹیکس محصولات کی وجہ سے پرائمری بیلنس میں بہتری کے باوجود سود کی ادائیگیوں کی وجہ سے مالی خسارہ نسبتاً زیادہ رہا۔ آئی ایم ایف کے ساتھ معاہدے کے مطابق توانائی کی قیمتوں کو معقول رکھنے کے باعث مالیاتی محاذ پر افراط زر کا دباؤ جاری رہا۔ مزید یہ کہ روپے کے اتار چڑھاؤ اور روپے کی قدر میں کمی اور توانائی کے نرخوں میں اضافے کے دوسرے مرحلے کے اثرات نے بھی افراط زر کو بلند رکھنے میں مدد فراہم کی۔ HFY241 میں ہیڈ لائن افراط زر کی اوسط 28.8 سالانہ ہے۔ بنیادی افراط زر کی شرح 21.4 فی صد رہی جبکہ غذائی افراط زر 33.6 فی صد سالانہ رہی۔ افراط زر کے دباؤ کو دیکھتے ہوئے، اسٹیٹ بینک نے HFY241 میں پالیسی ریٹ کو 22 فی صد پر برقرار رکھا۔ گاڑیوں، تمباکو، فرنیچر، ٹیکسٹائل اور دیگر میں کمی کی وجہ سے بڑے پیمانے پر مینوفیکچرنگ میں سالانہ 0.4 فی صد کمی واقع ہوئی۔

اسٹاک مارکیٹ جائزہ:

HFY241 کے دوران KMI-30 انڈیکس میں 47 فی صد اضافہ ہوا اور انڈیکس 104.729 پوائنٹس پر بند ہوا۔ 12 دسمبر 2023 کو 112,183 پوائنٹس کی بلند ترین سطح پر پہنچنے کے بعد انڈیکس 7 فی صد کم ہو گیا ہے۔ اس کمی کی وجہ انتخابات سے قبل سیاسی غیر یقینی صورتحال اور غیر ملکی سرمایہ کاروں کی جانب سے فروخت کو قرار دیا جاسکتا ہے۔ مارکیٹ کے وسیع تر مثبت رجحان کی وجہ (1) آئی

مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ:

ایچ بی ایل Asset مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کو 31 دسمبر 2023 کو ختم ہونے والے سال کے لئے (فنڈز) ایچ بی ایل اسلامک منی مارکیٹ فنڈ، ایچ بی ایل اسلامک انکم فنڈ، ایچ بی ایل اسلامک اسٹاک فنڈ، ایچ بی ایل اسلامک ایکویٹی فنڈ، ایچ بی ایل اسلامک Asset ایلو کیشن فنڈ اور ایچ بی ایل لائیو اسٹاک فنڈ کے مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

اقتصادی جائزہ:

مالی سال کا آغاز مثبت انداز میں ہوا کیونکہ حکومت نے آئی ایم ایف کے ساتھ 3 ارب ڈالر کا SBA معاہدہ کیا۔ آئی ایم ایف کے ساتھ معاہدے سے کئی طرح کے اور دو طرفہ ثمرات سامنے آئے، 1.2 ارب ڈالر کی پہلی قسط، سعودی عرب سے 2 ارب ڈالر اور متحدہ عرب امارات سے 1 ارب ڈالر کی صورت میں جمع ہوئی، اور چین کے ایگزیم بینک سے 2.4 بلین ڈالر کے قرض کے رول اوور سے جولائی 23 میں اسٹیٹ بینک کے ذخائر کو 8.1 بلین ڈالر تک بڑھانے میں مدد ملی۔ پاکستان نے ایس بی اے معاہدے کا پہلا جائزہ کامیابی کے ساتھ مکمل کیا اور ایگزیکٹو بورڈ کی منظوری کے بعد جنوری 24 میں 700 ملین ڈالر وصول کیے۔ پاکستان نے ایس بی اے معاہدے کا پہلا جائزہ کامیابی کے ساتھ مکمل کیا اور ایگزیکٹو بورڈ کی منظوری کے بعد جنوری 24 میں 700 ملین ڈالر وصول کیے۔ مزید یہ کہ آئی ایم ایف سی کی جانب سے پاکستان میں قلیل اور طویل مدتی منصوبوں میں 1.5 ارب ڈالر کی سرمایہ کاری کا وعدہ کیا گیا، 3 ارب ڈالر کے سعودی فنڈ برائے ترقیاتی ڈپازٹس کارول اوور، مختلف اداروں سے 1.3 ارب ڈالر آنے کی منظوری، کثیر الجمشتی اور کٹرو ولڈ کرنٹ اکاؤنٹ بیلنس (23 جولائی 23) کی وجہ سے دسمبر 23 کے اختتام پر اسٹیٹ بینک کے پاس 8.2 ارب ڈالر کے ذخائر مستحکم رہے۔

مالی سال 24 کے پہلے چھ ماہی کے دوران ایکسیچینج ریٹ بہت غیر مستحکم رہا ہے۔ جولائی 24 میں درآمدی پابندیوں کے خاتمے کے نتیجے میں امریکی ڈالر کی طلب میں اضافہ ہوا جس کی وجہ سے جولائی اور اگست میں روپے کی قدر دباؤ میں رہی جس کی قدر 307 ڈالر تک گر گئی تھی۔ کرنسی کی گراوٹ پر قابو پانے کے لیے، اسٹیٹ بینک نے ایکسیچینج کمپنیوں کی نگرانی کو بڑھا دیا، ان کے سرمائے کی ضرورت میں اضافہ کیا جبکہ قانون نافذ کرنے والے اداروں نے اسمگلنگ، ذخیرہ اندوزوں اور بلیک مارکیٹ کے کاروبار کے خلاف کریک ڈاؤن کیا۔ ان اقدامات سے اکتوبر میں شرح مبادلہ کو 277/ امریکی ڈالر تک کم کرنے میں مدد ملی اور پاکستانی روپے کو استحکام فراہم کیا گیا۔

HBL

Islamic Money Market Fund

FUND INFORMATION

Name of Fund	HBL Islamic Money Market Fund
Name of Auditor	KPMG Taseer Hadi & Co., 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 Soneri bank limited United bank limited Dubai Islamic Bank MCB Soneri Bank Limited Bank Al Falah Islamic Bank Limited
Fund Rating	'AA+(f)' (JCR-VIS)



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Independent Auditors' Review Report to the unit holders of HBL Islamic Money Market Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Money Market Fund** ("the Fund") as at 31 December 2023 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cashflow and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended 31 December 2023 and 31 December 2022 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.




KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Zeeshan Rashid.

Date: 27 February 2024

Karachi

UDIN: RR202310188QsT2AmjZf


KPMG Taseer Hadi & Co.
Chartered Accountants

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC MONEY MARKET FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Money Market Fund (the Fund) are of the opinion that HBL Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2023 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 27, 2024



HBL Islamic Money Market Fund
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2023

		December 31, 2023 (Un-Audited)	June 30, 2023 (Audited)
	Note	----- (Rupees in '000') -----	
Assets			
Bank balances	6	38,206,195	40,290,208
Investments	7	15,647,170	4,797,000
Accrued mark-up		795,751	603,336
Advances, deposits and other receivables	8	25,836	22,019
Total assets		54,674,952	45,712,563
Liabilities			
Payable to the Management Company	9	48,602	38,775
Payable to the Trustee		2,644	2,140
Payable to Securities and Exchange Commission of Pakistan		3,173	7,495
Accrued expenses and other liabilities	10	282,625	1,131,413
Total liabilities		337,044	1,179,823
Net assets		54,337,908	44,532,740
Unit holders' fund (as per statement attached)		54,337,908	44,532,740
Contingencies and Commitments	11		
		----- (Number of units) -----	
Number of units in issue		536,184,407	439,229,606
		----- (Rupees) -----	
Net assets value per unit		101.3418	101.3883

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 Money Market Fund
Condensed Interim Income Statement (Un-Audited)
For the six and three months period ended December 31, 2023

	For six months period ended December 31,		For three months period ended December 31,	
	2023	2022	2023	2022
Note	----- (Rupees in '000') -----			
Income				
Profit on deposits with banks calculated using effective yield method	1,773,520	1,249,977	876,964	691,851
Return on investments calculated using effective yield method	4,034,123	1,067,952	1,899,277	755,078
Realised (loss)/gain on sale of investments	(251)	1,560	(66)	1,560
	5,807,392	2,319,489	2,776,175	1,448,489
Expenses				
Remuneration of the Management Company	206,429	47,650	101,082	32,264
Remuneration to the Trustee	16,995	9,398	8,110	5,824
Annual fee to Securities and Exchange Commission of Pakistan	20,453	3,024	9,760	1,874
Allocation of expenses related to registrar services, accounting, operation and valuation services	34,404	21,908	18,983	11,969
Selling and marketing expenses	20,520	21,908	5,099	11,969
Auditors' remuneration	183	399	92	118
Settlement and bank charges	2,091	2,526	1,077	2,333
Fee and subscription	394	345	261	197
Total expenses	301,469	107,158	144,464	66,548
Net income from operating activities	5,505,923	2,212,331	2,631,711	1,381,941
Net income for the period before taxation	5,505,923	2,212,331	2,631,711	1,381,941
Taxation	-	-	-	-
Net income for the period after taxation	5,505,923	2,212,331	2,631,711	1,381,941
Allocation of net income for the period:				
Net income for the period after taxation	5,505,923	2,212,331	2,631,711	1,381,941
Income already paid on redemption of units	-	-	-	-
Accounting income available for distribution	5,505,923	2,212,331	2,631,711	1,381,941
Accounting income available for distribution:				
- Relating to capital gains	-	1,560	-	1,560
- Excluding capital gains	5,505,923	2,210,771	2,631,711	1,380,381
	5,505,923	2,212,331	2,631,711	1,381,941

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 Money Market Fund**Condensed Interim Statement of Comprehensive Income (Un-Audited)***For the six and three months period ended December 31, 2023*

	Six months period ended		Three months period ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	----- (Rupees in '000') -----			
Net income for the period after taxation	5,505,923	2,212,331	2,631,711	1,381,941
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	5,505,923	2,212,331	2,631,711	1,381,941

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 Money Market Fund
Condensed Interim Statement Of Movement In Unit Holders' FUND (Un-Audited)
For the six months period ended December 31, 2023

	2023			2022		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	----- (Rupees in '000') -----					
Net assets at beginning of the period	44,418,371	114,369	44,532,740	15,513,483	26,980	15,540,463
Issuance of 863,175,559 units (2022: 718,811,286 units)						
- Capital value	87,515,902	-	87,515,902	72,755,994	-	72,755,994
- Element of (loss) / income	(184,633)	-	(184,633)	(30,693)	-	(30,693)
Total proceeds on issue of units	87,331,269	-	87,331,269	72,725,301	-	72,725,301
Redemption of 766,220,758 units (2022: 412,339,120 units)						
- Capital value	(77,685,820)	-	(77,685,820)	(41,735,770)	-	(41,735,770)
- Element of income / (loss)	163,895	-	163,895	17,607	-	17,607
Total payments on redemption of units	(77,521,925)	-	(77,521,925)	(41,718,163)	-	(41,718,163)
Total comprehensive income for the period		5,505,923	5,505,923	-	2,212,331	2,212,331
Interim distributions	-	(5,510,099)	(5,510,099)	-	(2,179,896)	(2,179,896)
Refund of capital	-	-	-	-	-	-
Net income for the period	-	(5,510,099)	(5,510,099)	-	(2,179,896)	(2,179,896)
less distribution	-	(4,176)	(4,176)	-	32,434	32,434
Net assets at end of the period	54,227,715	110,193	54,337,908	46,520,621	59,415	46,580,036
Undistributed income brought forward						
- Realised income		114,369			26,980	
- Unrealised income		-			-	
		114,369			26,980	
Accounting income available for distribution						
- Relating to capital gains		-			1,560	
- Excluding capital gains		5,505,923			2,210,771	
		5,505,923			2,212,331	
Interim distribution during the period		(5,510,099)			(2,179,897)	
Undistributed income carried forward		110,193			59,414	
Undistributed income carried forward						
- Relating to realised gain		110,193			59,414	
- Relating to unrealised gain		-			-	
		110,193			59,414	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period		101.3883			101.2171	
Net assets value per unit at end of the period		101.3418			101.2592	

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 Money Market Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the six months period ended December 31, 2023

	2023	2022
	----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	5,505,923	2,212,331
Adjustments		
Profit on deposits with banks calculated using effective yield method	(1,773,520)	(1,249,977)
Return on investments calculated using effective yield method	(4,034,123)	(1,067,952)
Realised (loss)/gain on sale of investments	251	1,560
	<u>(301,469)</u>	<u>(104,038)</u>
<i>(Increase) in assets</i>		
Advances, deposits and other receivables	(3,817)	(21,115)
Investments	(10,850,421)	(15,331,494)
	<u>(10,854,238)</u>	<u>(15,352,609)</u>
<i>(Decrease) / increase in liabilities</i>		
Payable to Management Company	9,827	28,665
Payable to Trustee	504	1,496
Payable to Securities and Exchange Commission of Pakistan	(4,322)	1,111
Accrued expenses and other liabilities	(848,788)	227,997
	<u>(842,779)</u>	<u>259,269</u>
	<u>(11,998,486)</u>	<u>(15,197,378)</u>
Profit received	5,615,228	1,847,175
Net cash used in operating activities	<u>(6,383,258)</u>	<u>(13,350,203)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	87,331,269	72,725,301
Payments against redemption of units	(77,521,925)	(41,718,163)
Cash dividend paid	(5,510,099)	(2,179,897)
Net cash generated from financing activities	<u>4,299,245</u>	<u>28,827,241</u>
Net increase in cash and cash equivalents	<u>(2,084,013)</u>	<u>15,477,038</u>
Cash and cash equivalents at beginning of the period	40,290,208	5,153,150
Cash and cash equivalents at end of the period	<u><u>38,206,195</u></u>	<u><u>20,630,188</u></u>

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 Money Market Fund

Notes to the Condensed Interim Financial Information (Un-Audited)

For the six months period ended December 31, 2023

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 fund has been categorised as a Shariah Compliant Money Market fund as per the criteria laid down by SECP for categorisation of open-end Collective Investment Scheme (CISs).
- 1.5** The objective 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.
- 1.6** VIS Credit Rating Company has assigned a management quality rating of 'AM1' (Stable) to the Management Company on 31 December 2023 (2022:AM1 dated on 31 December 2022)
- 1.7** 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** 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;
- 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) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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

- 2.1.2** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended June 30, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.
- 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, 2023.

.2 "Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current period:"

"The Fund has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from July 1, 2023. These amendments neither resulted in any changes to the accounting policies nor impacted the accounting policies' information disclosed in the annual audited financial statements for the year ended June 30, 2023.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on July 1, 2023 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information."

2.3 Basis of measurement

This condensed interim financial information have been prepared under going concern basis and under the historical cost convention except for the investments which are stated at fair value.

2.4 Functional and presentation currency

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted for the preparation of this 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, 2023. Further, accounting policies related to material class of accounts does not necessarily means it is material.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2023.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2023.

6. BANK BALANCES	<i>Note</i>	December 31,	June 30,
		2023	2023
		(Un-Audited)	(Audited)
		(Rupees in '000')	
Savings accounts	6.1	27,706,195	28,205,208
Certificate of Musharakah	6.2	10,500,000	12,085,000
		38,206,195	40,290,208

6.1 This represents bank accounts held with different banks. Profit rates on these accounts range between 6% - 21.35% (June 30, 2023: 5.5% - 20.85%) per annum.

6.2 This amount consists of Certificates of Musharakah placed with Bank Alfalah Limited -Islamic Banking and Askari Bank Limited - Islamic Banking of Rs. 7,500,000,000 (2023: Bank Alfalah Limited -Islamic Banking 5,785,000,000) and Rs. 3,000,000,000 (2023: United Bank Limited-Ameen Islamic Banking of Rs. 6,300,000,000) respectively which is due to be matured within three months of the current year-end and carries profit at the rate 21.20% and 21.00% respectively.

7.	INVESTMENTS		December 31,	June 30,
			2023	2023
			(Un-Audited)	(Audited)
	Investments by category	Note	(Rupees in '000')	
	Financial assets at amortised cost			
	Bai muajjal	7.1	13,697,170	-
	Sukuk certificates	7.2	1,950,000	4,797,000
			15,647,170	4,797,000

7.1 Bai muajjal - at amortised cost

	Maturity date	Rate of return	As at July 01, 2023	Placements made during the period	Income accrued	Matured / sold during the period	As at December 31, 2023	Carrying value as a percentage of	
								Total investments	Net Assets
			(Rupees in '000')					%	
Pak Oman Investment Company	August 7, 2023	21%	-	332,245	6,025	338,270	-	-	-
Pak Oman Investment Company	August 7, 2023	21%	-	801,973	14,542	816,515	-	-	-
Pak Oman Investment Company	August 10, 2023	21%	-	803,417	14,568	817,985	-	-	-
Pak Oman Investment Company	August 10, 2023	21%	-	332,822	6,035	338,857	-	-	-
Pak Kuwait Investment Company	August 11, 2023	21%	-	803,898	14,611	818,509	-	-	-
Pak Kuwait Investment Company	August 11, 2023	21%	-	333,014	6,053	339,066	-	-	-
Pak Kuwait Investment Company	August 15, 2023	21%	-	333,206	6,642	339,848	-	-	-
Pak Kuwait Investment Company	August 15, 2023	21%	-	804,379	16,035	820,414	-	-	-
Pak Oman Investment Company	September 7, 2023	21%	-	234,590	4,240	238,830	-	-	-
Pak Oman Investment Company	September 7, 2023	21%	-	816,891	14,764	831,655	-	-	-
Pak Brunei Investment Company*	August 9, 2023	23%	-	495,859	-	495,859	-	-	-
Pak Brunei Investment Company*	August 9, 2023	23%	-	330,573	-	330,573	-	-	-
Pak Oman Investment Company	September 11, 2023	21%	-	235,019	4,385	239,404	-	-	-
Pak Oman Investment Company	September 11, 2023	21%	-	818,335	15,267	833,602	-	-	-
Pak Kuwait Investment Company	September 12, 2023	21%	-	235,162	4,387	239,550	-	-	-
Pak Kuwait Investment Company	September 12, 2023	21%	-	818,816	15,276	834,092	-	-	-
Pak Kuwait Investment Company	September 15, 2023	21%	-	235,735	4,261	239,995	-	-	-
Pak Kuwait Investment Company	September 15, 2023	21%	-	820,741	14,834	835,575	-	-	-
Pak Kuwait Investment Company	October 19, 2023	21%	-	830,196	15,019	845,215	-	-	-
Pak Kuwait Investment Company	October 19, 2023	21%	-	970,575	17,558	988,133	-	-	-
Pak Kuwait Investment Company	October 19, 2023	21%	-	545,975	9,877	555,852	-	-	-
Pak Kuwait Investment Company	October 20, 2023	21%	-	834,092	15,089	849,181	-	-	-
Pak Kuwait Investment Company	October 20, 2023	21%	-	991,003	17,928	1,008,930	-	-	-
Pak Kuwait Investment Company	October 20, 2023	21%	-	971,149	17,568	988,717	-	-	-
Pak Kuwait Investment Company	October 20, 2023	21%	-	240,743	4,355	245,098	-	-	-
Pak Kuwait Investment Company	October 20, 2023	21%	-	546,297	9,883	556,180	-	-	-
Pak Brunei Investment Company	November 6, 2023	21%	-	980,329	18,264	998,593	-	-	-
Pak Kuwait Investment Company	November 6, 2023	21%	-	243,032	4,528	247,560	-	-	-
Pak Kuwait Investment Company	November 6, 2023	21%	-	551,441	10,273	561,715	-	-	-
Pak Brunei Investment Company	November 6, 2023	21%	-	980,903	17,703	998,606	-	-	-
Pak Brunei Investment Company	November 6, 2023	21%	-	243,175	4,389	247,564	-	-	-
Pak Brunei Investment Company	November 6, 2023	21%	-	551,763	9,958	561,721	-	-	-
Pak Kuwait Investment Company	November 10, 2023	21%	-	982,624	18,350	1,000,974	-	-	-
Pak Kuwait Investment Company	November 10, 2023	21%	-	243,604	4,549	248,154	-	-	-
Pak Kuwait Investment Company	November 10, 2023	21%	-	552,727	10,322	563,049	-	-	-
Pak Kuwait Investment Company	April 29, 2024	21%	-	920,795	-	-	920,795	5.88	1.69
Pak Kuwait Investment Company	April 29, 2024	21%	-	529,969	-	-	529,969	3.39	0.98
Pak Brunei Investment Company	May 6, 2024	21%	-	2,569,329	-	-	2,569,329	16.42	4.73
Pak Brunei Investment Company	May 6, 2024	21%	-	1,027,732	-	-	1,027,732	6.57	1.89
Pak Brunei Investment Company	May 6, 2024	21%	-	1,027,732	-	-	1,027,732	6.57	1.89
Pak Oman Investment Company	May 7, 2024	21%	-	4,629,051	-	-	4,629,051	29.58	8.52
Pak Brunei Investment Company	May 20, 2024	21%	-	2,992,563	-	-	2,992,563	19.13	5.51
			-	34,543,475	367,536	21,213,841	13,697,170	87.54	25.21

*These Investments were purchased and sold at the same time. Therefore no profit income is recognised.

7.2 Sukuk certificates - at amortised cost

	As at July 1, 2023	Placements made during the period	Matured / sold during the period	Amortised Cost as at December 31, 2023	Carrying value as a percentage of	
					Total investments	Net Assets
	------(Rupees in '000')-----				-----%	
K Electric Limited-Short Term Sukuk-13	304,000	-	304,000	-	-	-
K Electric Limited-Short Term Sukuk-15	750,000	-	750,000	-	-	-
The China Power Hub Company Limited - 28-March-23	890,000	-	890,000	-	-	-
Lucky Electric Power Company Limited - Sukuk-8	750,000	-	750,000	-	-	-
Lucky Electric Power Company Limited - Sukuk-10	500,000	-	500,000	-	-	-
Lucky Electric Power Company Limited - 13-June-23	480,000	-	480,000	-	-	-
Lucky Electric Power Company Limited - Sukuk-12	-	1,050,000	-	1,050,000	6.71	1.93
Hub Power Company Limited - 18 May 2023	900,000	-	900,000	-	-	-
Lucky Electric Power Company Limited - Sukuk-15	-	900,000	-	900,000	5.75	1.66
K Electric Limited-Short Term Sukuk-17	223,000	-	223,000	-	-	-
	4,797,000	1,950,000	4,797,000	1,950,000	12.46	3.59

Significant terms and conditions of sukuk bonds outstanding as at December 31, 2023 are as follows:

Name of security	Remaining Principal (Rupees in '000')	Mark-up rate (per annum)	Issue date	Maturity date
Lucky Electric Power Company Limited - Sukuk-12	1,050,000	6 month KIBOR + 0.5%	15-Aug-23	15-Feb-24
Lucky Electric Power Company Limited - Sukuk-15	900,000	6 month KIBOR +0.3%	28-Dec-23	28-Jun-24

8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES	Note	December 31, 2023 (Un-Audited)	June 30, 2023 (Audited)
		(Rupees in '000')	
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepaid annual rating fee		352	85
Advance tax	8.1	6,585	4,431
Annual Listing Fee		17	-
Other Receivable		18,782	17,403
		25,836	22,019

8.1. This pertains to tax collected by bank which will be claimed upon filing of tax return of the Fund.

9. PAYABLE TO MANAGEMENT COMPANY	Note	December 31, 2023 (Un-Audited)	June 30, 2023 (Audited)
		(Rupees in '000')	
Management fee		29,991	24,104
Sindh Sales Tax on management fee		3,899	3,134
Allocation of expenses related to registrar services, accounting, operation and valuation services		7,047	2,094
Sales load payable		2,566	1,115
Selling and Marketing expense payable		5,099	8,328
		48,602	38,775

10. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		200	387
Federal Excise Duty	10.1	2,185	2,185
Withholding tax payable		248,813	90,214
Other payable		31,118	1,038,269
Capital gain tax payable		2	51
Dividend payable		307	307
		282,625	1,131,413

10.1 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, 2023.

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, 2019 aggregating to Rs. 2.185 million. Had the provision not been retained, the Net Assets Value per unit of the Fund as on December 31, 2023 would have been higher by Rs. 0.17 per unit (June 30, 2023: Rs. 0.00497 per unit).

11. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2023 except those disclosed in the note 12 of the annual audited financial statements for the year ended June 30, 2023.

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 the 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 11 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, 2024 to its unit holders.

13. 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 / related parties during the period and balances with them at period end are as follows:

		Half year ended December 31,	
		2023	2022
		(Un-Audited) (Rupees in '000')	
13.1	Transactions during the period		
	HBL Asset Management Limited - Management Company		
	Management fee including sales tax thereon	182,681	42,168
	Sales tax on management fee	23,748	5,482
	Allocation of expenses related to registrar services, accounting, operation and valuation services	34,404	21,908
	Selling and marketing	20,520	21,908
	Issuance of Nil units (2022: Nil units)	-	-
	Habib Bank Limited - Sponsor		
	Bank charges paid	269	611
	Profit on bank deposits earned	23,940	2,084
	Executives and Key management personnel		
	Issuance of 213,044 units (2022: 102,926 units)	21,555	10,414
	Redemption of 122,774 units (2022: 59,017 units)	12,422	5,971
	Dividend Paid	2,548	-
	Central Depository Company of Pakistan Limited - Trustee		
	Trustee Remuneration	15,040	8,317
	Sales tax	1,955	1,081
	MCBFSL Trustee HBL Islamic Financial Planning Fund - Active Allocation Plan - Associate		
	Issuance of Nil units (2022: 1,574,697 units)	-	159,319
	Redemption of 10,414 units (2022: 2,465,493 units)	1,054	249,445
	Dividend	78	4,252
	MCBFSL Trustee HBL Islamic Financial Planning Fund - Conservative Allocation Plan - Associate		
	Redemption of 1,519 units (2022: 21 units)	154	2
	Dividend	11	1
	Archroma Pakistan Limited - Employees Gratuity Fund - Associate		
	Redemption of 364 units (2022: Nil units)	37	-
	Dividend	1	4,351
	HBL Asset Management Limited Employees Gratuity Fund - Associate		
	Issuance of Nil units (2022: 46,454 units)	-	4,700
	Dividend	555	61
	HBL Asset Management Limited Employees Provident Fund - Associate		
	Issuance of Nil units (2022: 158,143 units)	-	16,000
	Dividend	1,890	207

	(Un-Audited) December 31, 2023	(Audited) June 30, 2023
	----- (Rupees in '000') -----	
13.2 Amounts outstanding as at period end		
HBL Asset Management Limited - Management Company		
Management fee	29,991	24,104
Sales tax	3,899	3,134
Allocation of expenses related to registrar services, accounting, operation and valuation services	7,047	2,094
Sale load payable	2,566	1,115
Selling and marketing cost	5,099	8,328
Habib Bank Limited - Sponsor		
Bank balances	70,491	286,703
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	2,340	1894
Sales tax	304	246
Executives and key management personnel		
Investment held in the Fund: 291,075 units (June 30, 2023 : 176,439 units)	29,498	17,889
MCBFSL Trustee HBL Islamic Financial Planning Fund - Active Allocation Plan (Associate)		
Investment held in the Fund: Nil units units (June 30, 2023 : 9665 units)	-	980
MCBFSL Trustee HBL Islamic Financial Planning Fund - Conservative Allocation Plan (Associate)		
Investment held in the Fund: Nil units (June 30, 2023: 1410 units)	-	143
HBL Asset Management Limited Employees Gratuity Fund - Associate		
Investment held in the Fund: 56,691 units (June 30, 2023: 51,205 units)	5,745	5,192
HBL Asset Management Limited Employees Provident Fund - Associate		
Investment held in the Fund: 192,990 units (June 30, 2023: 174,313 units)	19,558	17,673
Archroma Pakistan Limited - Employees Gratuity Fund - Associate		
Investment held in the Fund: Nil units (June 30, 2023: 359 units)	-	36

* Investors who were reported as Connected Persons due to holding more than 10% units of Fund in the comparative year but does not hold at least 10% units of the Fund at the end of current year are not reported as related party.

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 off 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:

		December 31, 2023 (Unaudited)					
		Carrying amount			Fair value		
		Fair value	Amortised cost	Total	Level 1	Level 2	Level 3
		through profit or loss					
Financial instruments	<i>Note</i>	(Rupees in '000')					
Financial assets not measured at fair value	14.1						
Sukuk certificates		-	1,950,000	1,950,000			
Bai muajjal		-	13,697,170	13,697,170			
Bank balances		-	38,206,195	38,206,195			
Accrued mark-up		-	795,751	795,751			
Advances, deposits and other receivables		-	18,782	18,782			
		-	54,667,898	54,667,898			
Financial liabilities not measured at fair value	14.1						
Payable to the Management Company		-	48,602	48,602			
Payable to the Trustee		-	2,644	2,644			
Accrued expenses and other liabilities		-	31,625	31,625			
		-	82,871	82,871			

		June 30, 2023 (Audited)						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial instruments	<i>Note</i>	----- (Rupees in '000') -----						
Financial assets not measured at fair value	14.1							
Sukuk certificates			4,797,000	4,797,000				
Bank balances		-	40,290,208	40,290,208				
Accrued mark-up		-	603,336	603,336				
Advances, deposits and other receivables		-	21,934	21,934				
		-	45,712,478	45,712,478				
Financial liabilities not measured at fair value	14.1							
Payable to the Management Company		-	38,775	38,775				
Payable to the Trustee		-	2,140	2,140				
Accrued expenses and other liabilities		-	1,038,963	1,038,963				
		-	1,079,878	1,079,878				

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 reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

14.2 Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption and issuance respectively, calculated on a basis consistent with that used in this condensed interim financial information. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value.

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 half year ended December 31, 2023 is 0.56% (December 31, 2022: 0.36%) which includes 0.06% (December 31, 2022: 0.06%) representing government levy, and SECP fee.

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 16, 2024.

17. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

**For HBL Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Asset Allocation Fund

FUND INFORMATION

Name of Fund	HBL Islamic Asset Allocation Fund
Name of Auditor	KPMG Taseer Hadi & Co., Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Habib Bank Limited Bank Al-Habib Limited Dubai Islamic Bank Limited Askari Bank Limited Soneri Bank Limited Allied Bank Limited Bank Islamic Pakistan Limited Al Baraka Bank Pakistan Limited MCB Islamic Bank Limited The Bank of Khayber National Bank of Pakistan HMBL Bank Alfalah U Micro Bank Faysal Bank Meezan Bank



KPMG Taseer Hadi & Co.
Chartered Accountants
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**Independent Auditors' Review Report to the unit holders of
HBL Islamic Asset Allocation Fund**

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Asset Allocation Fund** ("the Fund") as at 31 December 2023 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cashflow and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended 31 December 2023 and 31 December 2022 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Zeeshan Rashid.

Date: 27 February 2024

Karachi

UDIN: RR202310188mLZeVIAq8



KPMG Taseer Hadi & Co.
Chartered Accountants

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC ASSET ALLOCATION FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Asset Allocation Fund (the Fund) are of the opinion that HBL Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2023 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 27, 2024



HBL Islamic Asset Allocation Fund

Condensed Interim Statement of Assets and Liabilities

As at December 31, 2023

December 31, 2023 (Un-Audited)					June 30, 2023 (Audited)				
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
	Note	(Rupees in '000')							
Assets									
Bank balances	6	26,856	296,517	80,279	403,652	18,906	256,273	104,454	379,633
Investments	7	139,176	1,143,942	458,758	1,741,876	83,648	1,611,016	371,399	2,066,063
Dividend receivable and accrued mark-up		188	31,505	11,280	42,973	350	52,502	10,880	63,732
Preliminary expenses and floatation costs	8	-	64	-	64	-	86	-	86
Receivable against reimbursement from Management Company		319	-	-	319	1,304	-	-	1,304
Advances, deposits and other receivables	9	3,107	5,549	100	8,756	4,095	10,886	7,800	22,781
Total assets		169,646	1,477,577	550,417	2,197,640	108,303	1,930,763	494,533	2,533,599
Liabilities									
Payable to the Management Company	10	360	496	495	1,351	331	531	450	1,312
Payable to the Trustee		28	125	41	194	19	143	34	196
Payable to Securities and Exchange Commission of Pakistan		12	142	43	197	26	446	80	552
Accrued expenses and other liabilities	11	8,335	462	150	8,947	7,251	639	398	8,288
Payable against purchase of investment		4,413	-	-	4,413	-	-	-	-
Total liabilities		13,148	1,225	729	15,102	7,627	1,759	962	10,348
Net assets		156,498	1,476,352	549,688	2,182,538	100,676	1,929,004	493,571	2,523,251
Unit holders' fund (as per statement attached)		156,498	1,476,352	549,688		100,676	1,929,004	493,571	
Contingencies and commitments									
(Number of units)									
Number of units in issue		1,020,797	13,072,484	4,890,279		990,052	19,035,929	4,890,279	
(Rupees)									
Net assets value per unit		153.3114	112.9358	112.4041		101.6871	101.3349	100.9289	

The annexed notes 1 to 18 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 six months period ended December 31, 2023

	For six months period ended December 31, 2023			Total	For six months period ended December 31, 2022		For the period from August 05, 2022 to December 31, 2022		Total
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2		
Note	(Rupees in '000')								
Income									
Net realised gain / (loss) on sale of investments	22,159	1,162	(52)	23,269	(2,335)	(7,514)	(61)	(9,910)	
Dividend income	4,050	-	-	4,050	4,366	-	-	4,366	
Return on investments calculated using effective yield method	165	169,153	47,200	216,518	732	141,741	21,928	164,401	
Profit on deposits with banks calculated using effective yield method	1,959	38,911	8,270	49,140	2,559	34,197	3,762	40,518	
Net Unrealised appreciation / (diminution) on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	22,457	176	2,959	25,592	(8,364)	(7,196)	(1,657)	(17,217)	
Other income	16	587	446	1,049	268	942	287	1,497	
	50,806	209,989	58,823	319,618	(2,774)	162,170	24,259	183,655	
Expenses									
Remuneration of Management Company	1,100	1,630	1,930	4,660	1,281	1,973	1,221	4,475	
Remuneration of Trustee	133	815	224	1,172	171	987	141	1,299	
Annual fee to Securities and Exchange Commission of Pakistan	56	913	248	1,217	15	233	33	281	
Allocation of expenses related to registrar services, accounting, operation and valuation services	444	-	-	444	567	-	-	567	
Selling and marketing expenses	235	-	-	235	491	-	-	491	
Auditors' remuneration	25	188	92	305	25	220	37	282	
Amortisation of preliminary expenses and floatation costs	-	22	-	22	-	22	108	130	
Settlement and bank charges	251	185	174	610	249	224	204	677	
Fees and subscription	7	2	6	15	7	12	2	21	
Charity expense	264	-	-	264	218	-	-	218	
Printing Expense	33	57	9	99	33	37	8	78	
Securities transaction cost	898	93	-	991	517	247	131	895	
Shariah advisory fee	18	92	21	131	18	92	10	120	
Reimbursement of expenses from the Management Company	(351)	-	-	(351)	-	-	-	-	
	3,113	3,997	2,704	9,814	3,592	4,047	1,895	9,534	
Net income / (loss) from operating activities	47,693	205,992	56,119	309,804	(6,366)	158,123	22,364	174,121	
Net income / (loss) for the period before taxation	47,693	205,992	56,119	309,804	(6,366)	158,123	22,364	174,121	
Taxation	-	-	-	-	-	-	-	-	
Net income / (loss) for the period after taxation	47,693	205,992	56,119	309,804	(6,366)	158,123	22,364	174,121	
Allocation of net income / (loss) for the period after taxation									
Net income for the period after taxation	47,693	205,992	56,119		-	158,123	22,364		
Income already paid on redemption of units	(2,784)	(70,070)	-		-	(24,929)	-		
Accounting income available for distribution	44,909	135,922	56,119		-	133,194	22,364		
Accounting income available for distribution:									
- Relating to capital gains / (loss)	41,933	876	2,907		-	-			
- Excluding capital gains / (loss)	2,976	135,046	53,212		-	133,194	22,364		
	44,909	135,922	56,119		-	133,194	22,364		

The annexed notes 1 to 18 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 three months period ended December 31, 2023

	For three months period ended December 31, 2023				For three months period ended December 31, 2022			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
(Rupees in '000')								
Income								
Net realised gain / (loss) on sale of investments	10,944	662	(52)	11,554	(1,305)	(8,288)	(61)	(9,654)
Dividend income	3,476	-	-	3,476	2,818	-	-	2,818
Return on investments calculated using effective yield method	-	76,624	24,257	100,881	(60)	76,200	14,869	91,009
Profit on deposits with banks calculated using effective yield method	1,054	24,442	3,749	29,245	1,396	12,725	2,631	16,752
Net Unrealised appreciation / (diminution) on remeasurement of investments at fair value through profit or loss classified as 'financial asset'	19,649	(462)	1,848	21,035	(5,485)	6,431	(284)	662
Other income	16	587	446	1,049	268	942	287	1,497
	35,139	101,853	30,248	167,240	(2,368)	88,010	17,442	103,084
Expenses								
Remuneration of Management Company	647	787	991	2,425	551	930	822	2,303
Remuneration of Trustee	73	394	116	583	74	465	95	634
Annual fee to Securities and Exchange Commission of Pakistan	31	441	127	599	6	110	22	138
Allocation of expenses related to registrar services, accounting, operation and valuation services	(200)	-	-	(200)	245	-	-	245
Selling and marketing expenses	270	-	-	270	210	-	-	210
Auditors' remuneration	223	(110)	(46)	67	13	110	36	159
Amortisation of preliminary expenses and floatation costs	25	177	92	294	-	11	67	78
Settlement and bank charges	(108)	(72)	(89)	(269)	150	130	189	469
Fees and subscription	239	133	127	499	(8)	(45)	2	(51)
Charity expense	(22)	2	6	(14)	141	-	-	141
Printing Expense	247	(14)	(9)	224	16	-	5	21
Securities transaction cost	(542)	54	9	(479)	286	61	-	347
Shariah advisory fee	898	93	-	991	18	92	10	120
Reimbursement of expenses from the Management Company	(351)	-	-	(351)	-	-	-	-
	1,781	1,885	1,324	4,990	1,702	1,864	1,248	4,814
Net income / (loss) from operating activities	33,358	99,968	28,924	162,250	(4,070)	86,146	16,194	98,270
Net income / (loss) for the period before taxation	33,358	99,968	28,924	162,250	(4,070)	86,146	16,194	98,270
Taxation	-	-	-	-	-	-	-	-
Net income / (loss) for the period after taxation	33,358	99,968	28,924	162,250	(4,070)	86,146	16,194	98,270
Allocation of net (loss) / income for the period after taxation								
Net income for the period after taxation	33,358	99,968	28,924		-	86,146	16,194	
Income already paid on redemption of units	(3,806)	(76,867)	-		-	(24,929)	-	
Accounting income available for distribution	29,552	23,101	28,924		-	61,217	16,194	
Accounting income available for distribution:								
- Relating to capital gains / (loss)	28,953	-	1,796		-	-	-	
- Excluding capital gains / (loss)	599	23,101	27,128		-	61,217	16,194	
	29,552	23,101	28,924		-	61,217	16,194	

The annexed notes 1 to 18 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 Six months period ended December 31, 2023

	For six months period ended December 31, 2023				For six months period ended December 31, 2022		For the period from August 05, 2022 to December 31, 2022	
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
	(Rupees in '000')							
Net income / (loss) for the period after taxation	47,693	205,992	56,119	309,804	(6,366)	158,123	22,364	174,121
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) income for the period	47,693	205,992	56,119	309,804	(6,366)	158,123	22,364	174,121

The annexed notes 1 to 18 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 three months period ended December 31, 2023

	For three months period ended December 31, 2023			Total	For three months period ended December 31, 2022			Total
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	
	----- (Rupees in '000') -----							
Net income / (loss) income for the period after taxation	33,358	99,968	28,924	162,250	(4,070)	86,146	16,194	98,270
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	33,358	99,968	28,924	162,250	(4,070)	86,146	16,194	98,270

The annexed notes 1 to 18 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 Movement in Unit holders' Fund (Un-audited)
For the six months period ended December 31, 2023

	HBL Islamic Asset Allocation Fund					
	2023			2022		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
----- (Rupees in '000') -----						
Net assets at the beginning of the period	(10,382)	111,058	100,676	84,444	117,701	202,145
Issuance of units: 247,220 units (2022: 23,315 units)						
- Capital value	25,139	-	25,139	2,531	-	2,531
- Element of income	10,259	-	10,259	8	-	8
Total proceeds on issuance of units	35,398	-	35,398	2,539	-	2,539
Redemption of units: 216,476 units (2022: 777,296 units)						
- Capital value	(22,016)	-	(22,016)	(84,366)	-	(84,366)
- Element of loss	(2,469)	(2,784)	(5,253)	(1,029)	-	(1,029)
Total payment on redemption of units	(24,485)	(2,784)	(27,269)	(85,395)	-	(85,395)
Total comprehensive income / (loss) for the period	-	47,693	47,693	-	(6,366)	(6,366)
Net assets at the end of the period	531	155,967	156,498	1,588	111,335	112,923
Undistributed income brought forward						
- Realised income		112,189			135,928	
- Unrealised (loss) / income		(1,131)			(18,227)	
		111,058			117,701	
Accounting income available for distribution						
- Relating to capital gains		41,933			-	
- Excluding capital gains		2,976			-	
		44,909			-	
Total comprehensive loss for the period		-			(6,366)	
Undistributed income carried forward		155,967			111,335	
Undistributed income carried forward comprises of:						
- Realised income		133,510			119,699	
- Unrealised Income		22,457			(8,364)	
		155,967			111,335	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		101.6871			112.6439	
Net assets value per unit at end of the period		153.3114			101.8735	

The annexed notes 1 to 18 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 Movement in Unit holders' Fund (Un-audited)

For the six months period ended December 31, 2023

	HBL Islamic Asset Allocation Fund Plan 1					
	2023			2022		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000')			(Rupees in '000')		
Net assets at beginning of the period	1,909,286	19,718	1,929,004	2,417,993	4,537	2,422,530
Issuance of units: 1,382,515 (2022: 938,463 Units)						
- Capital value	140,097	-	140,097	94,349	-	94,349
- Element of income	15,677	-	15,677	2,594	-	2,594
	155,774	-	155,774	96,943	-	96,943
Redemption of units: 7,345,959 (2022: 6,563,383 Units)						
- Capital value	(744,402)	-	(744,402)	(659,903)	-	(659,903)
- Element of loss	54	(70,070)	(70,016)	(2,594)	(24,929)	(27,523)
	(744,348)	(70,070)	(814,418)	(662,497)	(24,929)	(687,426)
Total comprehensive income for the period	-	205,992	205,992	-	158,123	158,123
Net assets at the end of the period	1,320,712	155,640	1,476,352	1,852,439	137,731	1,990,170
Undistributed income brought forward						
- Realised income		27,921			1,733	
- Unrealised income		(8,203)			2,804	
		19,718			4,537	
Accounting income available for distribution						
- Relating to capital gains		876			-	
- Excluding capital gains		135,046			133,194	
		135,922			133,194	
Undistributed income carried forward		155,640			137,731	
Undistributed income carried forward						
- Realised income		155,464			144,926	
- Unrealised income / (loss)		176			(7,196)	
		155,640			137,731	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		101.3349			100.5354	
Net assets value per unit at end of the period		112.9358			107.7464	

The annexed notes 1 to 18 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 Movement in Unit holders' Fund (Un-audited)
For the six months period ended December 31, 2023

HBL Islamic Asset Allocation Fund Plan 2						
	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000')			(Rupees in '000')		
Net assets at beginning of the period	489,091	4,480	493,571	-	-	-
Issuance of units: Nil (2022: 4,123,771)						
- Capital value	-	-	-	-	-	-
- Element of income	-	-	-	2	-	2
	-	-	-	2	-	2
Redemption of units: Nil (2022: Nil units)						
- Capital value	-	-	-	-	-	-
- Element of loss	-	-	-	-	-	-
	-	-	-	-	-	-
Total comprehensive income for the period	-	56,119	56,119	-	56,119	56,119
Net assets at the end of the period	489,091	60,599	549,688	2	56,119	56,121
Undistributed income brought forward						
- Realised income		5,539			-	
- Unrealised income		(1,059)			-	
		4,480			-	
Accounting income available for distribution						
- Relating to capital gains		2,907			2,907	
- Excluding capital gains		53,212			53,212	
		56,119			56,119	
Undistributed income carried forward		60,599			56,119	
Undistributed income carried forward						
- Realised income		57,640			57,776	
- Unrealised income		2,959			(1,657)	
		60,599			56,119	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			100.9289			100.0000
Net assets value per unit at end of the period			112.4041			109.6967

The annexed notes 1 to 18 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 Cash Flow (Un-audited)

For the six months period ended December 31, 2023

	For six months period ended December 31, 2023			Total	For six months period ended December 31, 2022		For the period from August 05, 2022 to December 31, 2022	Total
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	
(Rupees in '000')								
Cash flows from operating activities								
Net profit / (loss) for the period before taxation	47,693	205,992	56,119	309,804	(6,366)	158,123	22,364	174,121
Adjustments								
Net realised (gain) / loss on sale of investments	(22,159)	(1,162)	52	(23,269)	2,335	7,514	61	9,910
Profit on deposits with banks calculated using effective yield method	(1,959)	(38,911)	(8,270)	(49,140)	(2,559)	(34,197)	(3,762)	(40,518)
Return on investments calculated using effective yield method	(165)	(169,153)	(47,200)	(216,518)	(732)	(141,741)	(21,928)	(164,401)
Dividend income	(4,050)	-	-	(4,050)	(4,366)	-	-	(4,366)
Amortisation of preliminary expenses and floatation costs	-	22	-	22	-	22	108	130
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	(22,457)	(176)	(2,959)	(25,592)	8,364	7,196	1,657	17,217
Other (income)	(16)	(587)	(446)	(1,049)	(268)	(942)	(287)	(1,497)
	(3,113)	(3,975)	(2,704)	(9,792)	(3,592)	(4,025)	(1,787)	(9,404)
<i>(Increase) / Decrease in assets</i>								
Investments	(10,912)	468,412	(84,452)	373,048	63,781	(134,673)	(348,950)	(419,842)
Receivable against reimbursement from Management Company	985	-	-	985	-	-	-	-
Advances, deposits, other receivables and floatation cost	988	5,337	7,700	14,025	(1,175)	(9,493)	(7,843)	(18,511)
	(8,939)	473,749	(76,752)	388,058	62,606	(144,166)	(356,793)	(438,353)
<i>Increase / (Decrease) in liabilities</i>								
Payable to Management Company	29	(35)	45	39	(558)	(20)	463	(115)
Payable to Trustee	9	(18)	7	(2)	(26)	(10)	32	(4)
Payable to Securities and Exchange Commission of	(14)	(304)	(37)	(355)	(57)	(285)	33	(309)
Accrued expenses and other liabilities	1,084	(177)	(248)	659	(1,131)	177	203	(751)
Payable against purchase of investment	4,413	-	-	4,413	(471)	-	(471)	-
	5,521	(534)	(233)	4,754	(2,243)	(138)	731	(1,650)
Cash generated from / (used in) operating activities	(6,531)	469,240	(79,689)	383,020	56,771	(148,329)	(357,849)	(449,407)
Profit received on bank deposits	2,124	41,386	8,576	52,086	3,090	38,154	2,787	44,031
Dividend income received	4,046	-	-	4,046	4,361	-	-	4,361
Markup received on investments	182	188,262	46,938	235,382	1,872	145,188	16,525	163,585
Net cash generated from / (used in) operating activities	(179)	698,888	(24,175)	674,534	66,094	35,013	(338,537)	(237,430)
Cash flows from financing activities								
Amount received on issue of units	35,398	155,774	-	191,172	2,539	96,943	430,002	529,484
Payment against redemption of units	(27,269)	(814,418)	-	(841,687)	(85,395)	(578,000)	-	(663,395)
Net cash generated / (used in) from financing activities	8,129	(658,644)	-	(650,515)	(82,856)	(481,057)	430,002	(133,911)
Net increase / (decrease) in cash and cash equivalents	7,950	40,244	(24,175)	24,019	(16,762)	(446,044)	91,465	(371,341)
Cash and cash equivalents at beginning of the period	18,906	256,273	104,454	379,633	35,794	753,383	-	789,177
Cash and cash equivalents at end of the period	26,856	296,517	80,279	403,652	19,032	307,339	91,465	417,836

The annexed notes 1 to 18 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 (Un-Audited)

For the six months period ended December 31, 2023

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 authorised 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 VIS Credit Rating Company has upgraded a management quality rating to 'AM 1' (stable Outlook) of the Management Company on December 31, 2022 (2022: AM2++ dated on December 31, 2021).
- 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 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;
- 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) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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

- 2.1.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual audited financial statements of the Fund as at and for the year ended June 30, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last annual audited financial statements.

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, 2023.

2.2 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current period:

The Fund has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from July 1, 2023. These amendments neither resulted in any changes to the accounting policies nor impacted the accounting policies' information disclosed in the annual audited financial statements for the year ended June 30, 2023.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on July 1, 2023 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information."

2.3 Basis of measurement

This condensed interim financial information have been prepared under going concern basis and under the historical cost convention except for the investments which are stated at fair value.

2.4 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 POLICIES

The material accounting policies adopted for the preparation of this 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, 2023. Further, accounting policies related to material class of accounts does not necessarily means it is material.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2023.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the annual audited financial statements as at and for the year ended June 30, 2023.

6.	BANK BALANCES	Note	December 31, 2023 (Un-audited)				June 30, 2023 (Audited)			
			Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
			(Rupees in '000)							
			26,856	296,517	80,279	403,652	18,906	256,273	104,454	379,633
			26,856	296,517	80,279	403,652	18,906	256,273	104,454	379,633

6.1 This represents bank accounts held with different banks. Profit rates on these accounts ranges between 10% - 21.75% per annum (June 30, 2023: 7.25% - 20%) per annum.

7.	INVESTMENTS	Note	December 31, 2023 (Un-Audited)				June 30, 2023 (Audited)			
			Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
			(Rupees in '000)							
			139,176	-	-	139,176	83,648	-	-	83,648
			-	-	177,228	177,228	-	-	70,042	70,042
			-	1,143,942	281,530	1,425,472	-	1,566,016	301,357	1,867,373
			139,176	1,143,942	458,758	1,741,876	83,648	1,566,016	371,399	2,021,063
			-	-	-	-	-	45,000	-	45,000
			-	-	-	-	-	45,000	-	45,000
			139,176	1,143,942	458,758	1,741,876	83,648	1,611,016	371,399	2,066,063

7.1 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, 2023	Purchases during the period	Bonus / Rights issue (Note 7.1.2)	Sales during the period	As at December 31, 2023	Cost of holdings as at December 31, 2023	Market value as at December 31, 2023	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)					(Rupees in '000')		%		
Automobile Assembler										
Honda Atlas Cars (Pakistan) Limited	-	4,000	-	4,000	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	2,700	-	2,700	-	-	-	-	-	-
Millat Tractors Ltd	-	2,436	-	2,436	-	-	-	-	-	-
Sazgar Engineering Works Limited	-	30,300	-	3,500	26,800	4,784.16	4,766.65	2.81	3.05	0.44
	-	39,436	-	12,636	26,800	4,784.16	4,766.65			
Automobile Parts & Accessories										
Baluchistan Wheels Limited	-	19,500	-	2,000	17,500	2,582.65	3,421.08	2.02	2.19	1.31
	-	19,500	-	2,000	17,500	2,582.65	3,421.08			
Cement										
Cherat Cement Limited	8,600	35,900	-	32,300	12,200	1,772.90	1,988.36	1.17	1.27	0.06
D.G. Khan Cement Company Limited	93,500	274,400	-	286,900	81,000	6,198.12	6,269.40	3.70	4.01	0.18
Fauji Cement Company Limited	-	330,500	-	-	330,500	6,377.65	6,253.06	3.69	4.00	0.13
Kohat Cement Limited	-	10,392	-	10,392	-	-	-	-	-	-
Lucky Cement Limited	11,847	22,393	-	34,240	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	272,943	444,000	-	602,443	114,500	3,673.16	4,456.34	2.63	2.85	0.11
Pioneer Cement Limited	-	60,300	-	-	60,300	6,687.87	6,930.88	4.09	4.43	0.27
	386,890	1,177,885	-	966,275	598,500	24,709.70	25,898.04			

Name of the Investee Company	As at July 01, 2023	Purchases during the period	Bonus / Rights issue (Note 7.1.2)	Sales during the period	As at December 31, 2023	Cost of holdings as at December 31, 2023	Market value as at December 31, 2023	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)				(Rupees in '000')		%			
Commercial Banks										
Bank Islami Pakistan Limited	272,011	100,000	-	372,011	-	-	-	-	-	-
Faysal Bank Limited	-	242,000	-	242,000	-	-	-	-	-	-
Meezan Bank Limited	71,000	85,062	-	129,200	26,862	3,376.55	4,334.45	2.55	2.77	0.01
	343,011	427,062	-	743,211	26,862	3,376.55	4,334.45			
Engineering										
International Steels Limited	-	58,700	-	18,000	40,700	2,439.56	2,971.91	1.75	1.90	0.31
Mughal Iron & Steel Industries Limited	38,834	56,000	-	94,834	-	-	-	-	-	-
	38,834	114,700	-	112,834	40,700	2,439.56	2,971.91			
Fertilizer										
Engro Fertilizers Limited	12,528	98,038	-	106,566	4,000	430.52	448.92	0.26	0.29	-
Engro Corporation Limited	15,100	43,600	-	47,600	11,100	3,469.19	3,273.50	1.93	2.09	0.02
Fauji Fertilizer Bin Qasim Limited	-	73,500	-	-	73,500	2,179.28	2,344.65	1.38	1.50	0.06
Fauji Fertilizer Company Limited	-	9,000	-	-	9,000	1,084.50	1,018.71	0.60	0.65	0.01
	27,628	224,138	-	154,166	97,600	7,163.49	7,085.78			
Foods & Personal Care Products										
Unity Foods Limited	-	117,000	-	117,000	-	-	-	-	-	-
	-	117,000	-	117,000	-	-	-			
Oil & Gas Exploration Companies										
Mari Petroleum Company Limited	3,349	1,180	-	4,529	-	-	-	-	-	-
Oil & Gas Development Company Limited	103,300	247,200	-	196,651	153,849	14,931.05	17,300.32	10.20	11.05	0.04
Pakistan Petroleum Limited	153,462	245,700	-	255,475	143,687	10,425.93	16,528.32	9.74	10.56	0.05
	260,111	494,080	-	456,655	297,536	25,356.98	33,828.64			
Oil & Gas Marketing Companies										
Shell Pakistan Limited	-	29,750	-	24,700	5,050	762.55	759.87	0.45	0.49	0.02
Sui Southern Gas Company Limited	-	62,000	-	62,000	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	139,894	401,400	-	371,950	169,344	7,849.09	12,450.17	7.34	7.96	0.27
Attock Petroleum Limited	-	8,200	-	8,200	-	-	-	-	-	-
Pakistan State Oil Company Limited	503	96,400	-	35,500	61,403	7,683.97	10,850.52	6.40	6.93	0.13
	140,397	597,750	-	502,350	235,797	16,295.61	24,060.56			
Pharmaceuticals										
Ferozsons Laboratories Limited	-	15,300	-	-	15,300	2,902.41	3,375.79	1.99	2.16	0.35
AGP Limited	-	29,000	-	29,000	-	-	-	-	-	-
Highnoon Laboratories Limited	4,837	2,800	-	6,000	1,637	704.53	825.96	0.49	0.53	0.03
The Searle Company Limited	1,333	62,000	-	14,000	49,333	2,147.96	2,539.66	1.50	1.62	0.10
	6,170	109,100	-	49,000	66,270	5,754.90	6,741.41			
Power Generation & Distribution										
Nishat Power Limited	-	323,000	-	185,500	137,500	2,942.50	4,255.63	2.51	2.72	0.39
Nishat Chunian Power Limited	-	356,000	-	313,000	43,000	830.76	1,202.71	0.71	0.77	0.12
K-Electric Limited	-	270,000	-	-	270,000	1,258.20	1,420.20	0.84	0.91	0.01
The Hub Power Company Limited	137,000	92,369	-	170,700	58,669	6,095.71	6,869.55	4.05	4.39	0.05
	137,000	1,041,369	-	669,200	509,169	11,127.17	13,748.09			
Refinery										
Attock Refinery Limited	15,000	5,000	-	20,000	-	-	-	-	-	-
	15,000	5,000	-	20,000	-	-	-			
Technology & Communication										
Air Link Communication Limited	-	53,000	-	-	53,000	3,049.62	3,220.28	1.90	2.06	0.13
Systems Limited	10	14,400	-	14,410	-	-	-	-	-	-
Avanceon Limited	-	53,000	-	-	53,000	3,378.22	3,039.02	1.79	1.94	0.14
TPL Trakker Limited	513,500	-	-	-	513,500	4,539.34	4,041.25	2.38	2.58	2.74
	513,510	120,400	-	14,410	619,500	10,967.18	10,300.55			
Paper & Board										
Century Paper and Board Mills Limited	-	74,000	-	12,000	62,000	2,159.46	2,018.72	1.19	1.29	0.15
	-	74,000	-	12,000	62,000	2,159.46	2,018.72			
Glass & Ceramics										
Tariq Glass Industries Ltd.	-	139,614	-	139,614	-	-	-	-	-	-
Ghani Glass Limited	-	48,000	-	48,000	-	-	-	-	-	-
	-	187,614	-	187,614	-	-	-			
Miscellaneous										
Pakistan Hotels Developers Limited	-	1,500	-	1,500	-	-	-	-	-	-
Pakistan Aluminium Beverage Cans Limited	-	20,500	-	20,500	-	-	-	-	-	-
	-	22,000	-	22,000	-	-	-			
Total as at December 31, 2023	1,868,551	4,771,034	-	4,041,351	2,598,234	116,717	139,176			

7.1.1 The above investments include shares with market value aggregating to Rs. 35.37 million (June 30, 2023: Rs. 14.45 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.

7.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Previously due to amendments brought by the Finance Act, 2014 in the Income Tax Ordinance, 2001, the bonus shares received by the shareholders were to be treated as income and a tax at the rate of 5 percent was 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 was to be collected at source by the investee company which was 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 already withheld the shares (from Tax Year 2014 to Tax Year 2018) equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.16 million at December 31, 2023 (June 30, 2023: Rs. 0.11 million) and not yet deposited on CDC account of department of Income tax while during the period no tax on bonus shares is being withheld by the investee company(s) due to the amendments brought by the Finance Act, 2018 in the Income Tax Ordinance, 2001 which excluded the requirement of tax on bonus shares. 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.

7.2 Investment in Government Securities - Ijarah Sukuk - at fair value through profit or loss

Islamic Asset Allocation Fund

Issue Date	Tenor	Face value				Amortised cost as at December 31, 2023	Market value as at December 31, 2023	Market value as a percentage of	
		As at July 1, 2023	Purchased during the period	Sold during the period	As at December 31, 2023			Total investments of sub-fund	Net assets of sub-fund
		(Rupees in '000')						(%)	
23-Aug-23	1 Year	7,000	-	7,000	-	-	-	-	-
23-Aug-23	1 Year	3,000	-	3,000	-	-	-	-	-
23-Aug-23	1 Year	2,000	-	2,000	-	-	-	-	-
8-Sep-23	1 Year	5,000	-	5,000	-	-	-	-	-
		17,000	-	17,000	-	-	-	-	-

Islamic Asset Allocation Fund Plan 2

Islamic Asset Allocation Fund Plan 2									
Issue Date	Tenor	Face value				Amortised cost as at December 31, 2023	Market value as at December 31, 2023	Market value as a percentage of	
		As at July 1, 2023	Purchased during the period	Sold during the period	As at December 31, 2023			Total investments of sub-fund	Net assets of sub-fund
----- (Rupees in '000') -----					----- (%) -----				
18-Apr-23	1 Year	70,000	-	-	70,000	70,042	70,413	12.79	12.81
7-Aug-23	1 Year	-	50,000	-	50,000	49,203	51,540	9.36	9.38
4-Dec-23	1 Year	-	55,000	-	55,000	55,000	55,275	10.04	10.06
		70,000	105,000	-	175,000	174,245	177,228	32.19	32.25

7.2.1 These carry markup at the rate ranging between 15.75% to 23.60% (2022: 22.68%) per annum receivable semi-annually in arrears.

7.3 Sukuk Bonds - at fair value through profit or loss

Name of the Investee Company	As at July 01, 2023	Purchased during the period	Sold / Matured during the period	As at December 31, 2023	Amortised Cost as at December 31, 2023	Market value as at December 31, 2023	Market value as percentage of	
							Total investments	Net Assets
<u>Islamic Asset Allocation Fund Plan 1</u>	----- (Number of certificates) -----				----- (Rupees in '000') -----		----- % -----	
Commercial Banks								
Meezan Bank Limited - Perpetual	283	-	-	283	283,000	283,000	19.15	19.17
Dubai Islamic Bank Pakistan Limited - Perpetual	4,000	-	-	4,000	20,000	20,000	1.35	1.35
Al Baraka Bank Pakistan Limited	60	-	-	60	60,000	60,000	4.06	4.06
Al Baraka Bank Pakistan Limited	-	25	-	25	25,125	25,125	1.70	1.70
Dubai Islamic Bank Pakistan Limited- Tier II	39	-	-	39	39,234	39,234	2.66	2.66
	4,382	25	-	4,407	427,359	427,359	28.92	28.94

Name of the Investee Company	As at July 01, 2023	Purchased during the period	Sold / Matured during the period	As at December 31, 2023	Amortised Cost as at December 31, 2023	Market value as at December 31, 2023	Market value as percentage of	
							Total investments	Net Assets
	------(Number of certificates)-----				------(Rupees in '000')-----		------%-----	
Power Generation & Distribution								
Hub Power Company Limited	3,015	-	2,800	215	16,142	5,384	0.36	0.36
Pakistan Energy Sukuk - II	175,500	-	40,000	135,500	677,500	677,703	45.87	45.90
K-Electric Limited - Sukuk V	2,920	-	-	2,920	13,991	11,056	0.75	0.75
K-Electric Limited - Sukuk VI	1,000	-	1,000	-	-	-	-	-
Total	182,435	-	43,800	138,635	707,633	694,143	46.98	47.01

Name of the Investee Company	As at July 01, 2023	Purchases during the period	Sales / matured during the period	As at December 31, 2023	Amortised Cost as at December 31, 2023	Market value as at December 31, 2023	Market value as percentage of	
							Total investments	Net Assets
	------(Number of certificates)-----				------(Rupees in '000')-----		------%-----	
Miscellaneous								
Agha Steel Industries Limited	33	-	33	-	-	-	-	-
Agha Steel Industries Limited	-	22	-	22	22,440	22,440	1.52	1.52
Total	33	22	33	22	22,440	22,440	1.52	1.52

Islamic Asset Allocation Fund Plan 2

Commercial Banks								
Meezan Bank Limited - Perpetual	12	-	-	12	12,000	12,000	2.18	2.18
Dubai Islamic Bank Limited- Tier II	60	-	-	60	60,360	60,360	10.97	10.98
Total	72	-	-	72	72,360	72,360	13.15	13.16
Power Generation & Distribution								
Pakistan Energy Sukuk - II	12,000	-	-	12,000	60,018	60,018	10.90	10.92
K-Electric Limited - Sukuk V	12,000	-	-	12,000	57,496	45,437	8.26	8.27
Total	24,000	-	-	24,000	117,514	105,455	19.16	19.19
Miscellaneous								
Pakistan International Corporation Limited	12,000	-	-	12,000	62,015	55,823	10.14	10.16
Mughal Iron & Steel Industries Limited	85	-	-	85	69,160	47,892	8.70	8.71
Total	12,085	-	-	12,085	131,175	103,715	18.84	18.87
Total	36,157	-	-	36,157	321,049	281,530	51.15	51.22

Significant terms and conditions of Sukuk bonds outstanding as at December 31, 2023 are as follows:

Name of Security	Remaining Principle (per Sukuk)	Mark-up rate (per annum)	Date of Issue	Maturity Date
Meezan Bank Limited - Perpetual	1,000,000	3 months kibar + 1.75%	1-Aug-18	-
Dubai Islamic Bank Pakistan Limited - Perpetual	5,000	3-months kibar + 1.75%	31-Dec-18	-
Al Baraka Bank Pakistan Limited	1,000,000	6 months kibar + 0.75%	22-Aug-17	22-Aug-24
Al Baraka Bank Pakistan Limited	1,000,000	6 months kibar + 1.5%	22-Dec-21	22-Dec-23
Dubai Islamic Bank Limited - Tier II	1,000,000	6 months kibar + 0.70%	2-Dec-22	2-Dec-32
The Hub Power Company Limited	25,000	1 year kibar + 1.90%	19-Mar-20	19-Mar-24
Pakistan Energy Sukuk - II	5,000	6 months kibar - 0.1%	21-May-20	21-May-30
K-Electric Limited - Sukuk V	3,750	3 months kibar + 1.70%	3-Aug-20	3-Aug-27
Agha Steel Industries Limited	1,020,000	3 months kibar + 0.80%	20-Jul-23	9-Oct-25
Pakistan International Corporation Limited	4,740	1 months kibar + 1.00%	26-Jul-21	26-Jul-31
Mughal Iron & Steel Industries Limited	562,500	3 months Kibar + 1.30%	2-Mar-21	2-Mar-26

7.4 Sukuk Bonds - At amortised cost

Name of the Investee Company	Maturity date	As at July 1, 2023	Placements made during the period	Income accrued	Matured / Sale during the period	Market value as at December 31, 2023	Market value as a percentage of	
							Total investments	Net Assets
						(Rupees in'000')	%	
<u>Islamic Asset Allocation Fund Plan 1</u>								
K-Electric Limited - Short Term Sukuk XIII	9-Aug-23	15,000	-	331	15,000	-	-	-
K-Electric Limited - Short Term Sukuk-XV	21-Sep-23	30,000	-	1,522	30,000	-	-	-
		45,000	-	1,853	45,000	-	-	-
<u>Islamic Asset Allocation Fund Plan 2</u>								
The Hub Power Company Limited - Sukuk	18-Nov-23	-	32,000	204	32,000	-	-	-
Lucky Electric Limited - Sukuk	30-Oct-23	-	26,000	201	26,000	-	-	-
		-	58,000	405	58,000	-	-	-

8. PRELIMINARY EXPENSES AND FLOATATION COSTS

December 31, 2023					June 30, 2023			
(Un-Audited)					(Audited)			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
Note	----- (Rupees in '000') -----							
Opening balance	-	86	-	86	-	129	-	129
Less: amortised during the period	8.1	(22)	-	(22)	-	(43)	-	(43)
Closing balance	-	64	-	64	-	86	-	86

8.1 Preliminary expenses and floatation cost represent expenditure incurred prior to the commencement of operations of the IAAF Plan 1 and are being amortised over a period of five years commencing from the end of the initial offering year as per the requirements set out in the Trust Deed of the Fund and the NBFC regulations.

9. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	December 31, 2023 (Un-Audited)				June 30, 2023 (Audited)			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
Note	(Rupees in '000')							
Security deposit with National Clearing Company of Pakistan Limited (NCCPL)	2,500	4,074	-	6,574	3,674	9,494	7,700	20,868
Security deposit with Central Depository Company of Pakistan Limited	100	100	100	300	100	100	100	300
Other Receivables	84	-	-	84	84	-	-	84
Advance Tax	423	1,367	-	1,790	201	1,292	-	1,493
Prepaid Listing Fee	-	8	-	8	-	-	-	-
Receivable from Management Company	-	-	-	-	36	-	-	36
	3,107	5,549	100	8,756	4,095	10,886	7,800	22,781

10. PAYABLE TO THE MANAGEMENT COMPANY

Rumeration to the Management Company	212	222	301	735	125	253	261	639
Sindh sales tax on Management Company's rumeration	28	29	39	96	16	33	34	83
Selling and marketing expenses payable	24	-	-	24	128	-	-	128
Allocation of expenses related to registrar services, accounting, operation and valuation services	96	-	-	96	62	-	-	62
Formation cost payable	-	245	155	400	-	245	155	400
	360	496	495	1,351	331	531	450	1,312

11. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable		28	205	96	329	18	300	77	395
Charity payable	11.1	264	-	-	264	488	-	-	488
Federal excise duty	11.2	1,063	-	-	1,063	1,063	-	-	1,063
Withholding tax payable		1	-	-	1	-	-	248	248
Payable to brokers		262	56	-	318	351	88	8	447
Dividend payable		25	-	-	25	25	-	-	25
Payable to NCCPL		34	21	25	80	35	35	28	98
Payable to Shariah advisor		14	14	2	30	1	17	4	22
Other payable		6,644	166	27	6,837	5,270	199	33	5,502
		8,335	462	150	8,947	7,251	639	398	8,288

11.1 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.

11.2 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, 2023.

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, 2019 aggregating to Rs. 1.063 million. Had the provision not been retained, the Net Assets Value per unit of the Fund as on December 31, 2023 would have been higher by Rs. 0.959 per unit (June 30, 2023: 1.0737 per unit).

12. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2023 except those disclosed in the note 13 of the annual audited financial statements for the year ended June 30, 2023.

13. 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% of the accounting income for the year as reduced by the capital gains whether realised or unrealised is distributed to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11 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% of the Fund's accounting income (if by then it earns profit for HBL IAAF) as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2024 to its unit holders.

14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of 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, collective investment schemes managed by the Management Company, directors and officers of the Management Company. Trustee and unit holders holding 10 percent or more 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 / related parties during the period and balances with them outstanding as at period end are as follows:

14.1 Transactions during the period

	December 31, 2023 (Un-Audited)			December 31, 2022 (Un-Audited)		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2
	(Rupees in '000')					
HBL Asset Management Limited - Management Company						
Management fee	1,100	1,630	1,930	1,134	1,746	1,081
Sindh Sales Tax	143	212	251	147	227	140
Allocation of expenses related to registrar services, accounting, operation and valuation services	444	-	-	567	-	-
Selling and marketing expense	235	-	-	491	-	-
Habib Bank Limited - Sponsor						
Redemption of Nil units (2022: 531,283 units)	-	-	-	59,219	-	-
Bank charges	20	-	-	13	-	-
Profit earned during the period	189	-	-	41	-	-
Central Depository Company of Pakistan Limited - Trustee						
Remuneration	133	815	224	151	873	125
Sindh Sales Tax	17	106	29	20	114	16
Central Depository service charges	29	19	4	51	53	17
Executives and their relatives						
Issuance of 43,458 units (2023: Nil units)	6,635	-	-	-	-	-
Redemption of Nil (2023: Nil units)	-	-	-	-	-	-
HBL Islamic Asset Allocation Fund - Plan 1						
Sale of sukuk (Face value)	-	-	-	27,454	-	-
HBL Islamic Asset Allocation Fund						
Purchase of sukuk	-	-	-	-	27,454	-
Qatar Group (Private) Limited						
Purchase of sukuk	-	-	-	-	33,000	-
HBL Islamic Income Fund						
Sale of GOP Ijarah (Face Value)	10,000	-	-	-	-	-
Purchase of GOP Ijarah (Face Value)	7,000	-	-	-	-	-
HBL Financial Sector Income Fund Plan-I						
Purchase of GOP Ijarah (Face Value)	5,000	-	-	-	-	-
Connected person due to 10% holding or more						
Pak Qatar Investment Company Limited						
Redemption of 2,019,579 units (2022: Nil units)	-	222,500	-	-	-	-
Pak Qatar Individual Family Participant Investment Fund						
Redemption of 2,908,122 units (2022: 1,932,126 units)	-	322,500	-	-	200,000	-
Dawood Family Takaful Limited - Aggressive Fund						
Issuance of Nil units (2022: 536,946 units)	-	-	-	-	-	55,000
Dawood Family Takaful Limited - Balanced Fund						
Issuance of Nil units (2022: 1,865,149 units)	-	-	-	-	-	195,000
Dawood Family Takaful Limited - Income Fund						
Issuance of Nil units (2022: 1,243,433 units)	-	-	-	-	-	130,000
Dawood Family Takaful Limited						
Issuance of Nil units (2022: 478,243 units)	-	-	-	-	-	50,000
Purchase of sukuk	-	-	58,000	-	-	182,000

14.2 Amounts outstanding as at period end

	December 31, 2023 (Un-Audited)			June 30, 2023 (Audited)		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2
	(Rupees in '000')					
HBL Asset Management Limited - Management Company						
Management fee	212	222	301	125	253	261
Sindh Sales Tax	28	29	39	16	33	34
Sales load payable	-	-	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	96	-	-	62	-	-
Charging of selling and marketing expenses	24	-	-	128	-	-
Formation cost	-	245	155	-	245	155
Habib Bank Limited - Sponsor						
Investment held in the Fund: Nil units (June 30, 2023: Nil units)	-	-	-	-	-	-
Bank balances	1,604	-	-	929	-	-
HBL Asset Management Limited - Employees Gratuity Fund - Associate						
Investment held in the Fund: 4,909 units (June 30, 2023: 4,909 units)	753	-	-	499	-	-
HBL Asset Management Limited - Employees Provident Fund - Associate						
Investment held in the Fund: 14,169 units (June 30, 2023: 14,169 units)	2,172	-	-	1,441	-	-
Central Depository Company of Pakistan Limited - Trustee						
Remuneration payable	28	125	41	17	127	30
Sindh Sales Tax	4	16	5	2	16	4
Security deposit	100	100	100	100	100	100
Executives and their relatives						
Investment held in the Fund: 43,458 units (June 30, 2023: Nil units)	6,663					
Connected person due to 10% holding or more						
Tariq Mahmood Malik						
Investment held in the Fund: 187,104 units (June 30, 2023: 187,104 units)	28,685	-	-	19,026	-	-
Abdullah Farooq Azam						
Investment held in the Fund: 118,966 units (June 30, 2023: 118,966 units)	18,239	-	-	12,097	-	-
Pak-Qatar Individual Family Participant Investment Fund						
Investment held in the HBL IAAF Fund - Plan 1: 2,697,124 units (June 30, 2023: 5,605,246 units)	-	304,602	-	-	568,007	-
Pak-Qatar Investment Account						
Investment held in the HBL IAAF Fund - Plan 1: 8,992,846 units (June 30, 2023: 11,012,425 units)	-	1,015,614	-	-	1,115,943	-
Dawood Family Takaful Limited Aggressive Fund						
Investment held in the HBL IAAF Fund - Plan 2: 636,751 units	-	-	71,573	-	-	64,267
Dawood Family Takaful Limited Balanced Fund						
Investment held in the HBL IAAF Fund - Plan 2: 2,211,835 units	-	-	248,619			223,238
Dawood Family Takaful Limited Income Fund						
Investment held in the HBL IAAF Fund - Plan 2: 1,474,556 units	-	-	165,746			148,825
Dawood Family Takaful Limited						
Investment held in the HBL IAAF Fund - Plan 2: 567,137 units	-	-	63,749			57,241

* Investors who were reported as Connected Persons due to holding more than 10% units of Fund in the comparative period but does not hold at least 10% units of the Fund at the end of current period are not reported as related party.

15. 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.

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.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities traded.

Level 2: 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 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

Islamic Asset Allocation Fund								
December 31, 2023 (Un-Audited)								
	Carrying amount				Fair value			
	Mandatorily at fair value through profit or loss	Designated as at 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								
Listed equity securities	139,176	-	-	139,176	139,176	-	-	139,176
Sukuk bonds	-	-	-	-				
GoP Ijara Sukuks	-	-	-	-				
	139,176	-	-	139,176				
Financial assets not measured at fair value 15.1								
Bank balances	-	-	26,856	26,856				
Dividend receivable and accrued markup	-	-	188	188				
Recievable against reimbursement from AMC	-	-	319	319				
Advances, deposits and other receivables	-	-	3,107	3,107				
	-	-	30,470	30,470				
Financial liabilities not measured at fair value 15.1								
Payable to the Management Company	-	-	360	360				
Payable to the Trustee	-	-	28	28				
Accrued expenses and other liabilities	-	-	7,272	7,272				
	-	-	7,660	7,660				

Islamic Asset Allocation Fund Plan 1							
December 31, 2023 (Un-Audited)							
	Carrying amount			Total	Fair value		
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost		Level 1	Level 2	Level 3
							Total
Note ----- (Rupees in'000') -----							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Listed equity securities	-	-	-	-			
Sukuk bonds	1,143,942	-	-	1,143,942	-	1,143,942	-
GoP Ijara Sukuks	-	-	-	-			
	<u>1,143,942</u>	<u>-</u>	<u>-</u>	<u>1,143,942</u>			
Financial assets not measured at fair value							
15.1 Bank balances	-	-	296,517	296,517			
Dividend receivable and accrued markup	-	-	31,505	31,505			
Advances, deposits and other receivables	-	-	5,549	5,549			
	<u>-</u>	<u>-</u>	<u>333,571</u>	<u>333,571</u>			
Financial liabilities not measured at fair value							
15.1 Payable to Management Company	-	-	496	496			
Payable to Trustee	-	-	125	125			
Accrued expenses and other liabilities	-	-	462	462			
	<u>-</u>	<u>-</u>	<u>1,083</u>	<u>1,083</u>			

Islamic Asset Allocation Fund Plan 2							
December 31, 2023 (Un-Audited)							
	Carrying amount			Total	Fair value		
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost		Level 1	Level 2	Level 3
							Total
Note ----- (Rupees in'000') -----							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Listed equity securities	-	-	-	-			
Sukuk bonds	281,530	-	-	281,530	-	281,530	-
GoP Ijara Sukuks	177,228	-	-	177,228	-	177,228	-
	<u>458,758</u>	<u>-</u>	<u>-</u>	<u>458,758</u>			
Financial assets not measured at fair value							
15.1 Bank balances	-	-	80,279	80,279			
Dividend receivable and accrued markup	-	-	11,280	11,280			
Advances, deposits and other receivables	-	-	100	100			
	<u>-</u>	<u>-</u>	<u>91,659</u>	<u>91,659</u>			
Financial liabilities not measured at fair value							
15.1 Payable to Management Company	-	-	495	495			
Payable to Trustee	-	-	41	41			
Accrued expenses and other liabilities	-	-	150	150			
	<u>-</u>	<u>-</u>	<u>686</u>	<u>686</u>			

Islamic Asset Allocation Fund							
June 30, 2023 (Audited)							
	Carrying amount			Total	Fair value		
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost		Level 1	Level 2	Level 3
							Total
Note ----- (Rupees in'000') -----							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Listed equity securities	83,648	-	-	83,648	83,648	-	-
Sukuk bonds	-	-	-	-	-	-	-
GoP ijarah sukuks	-	-	-	-			
	<u>83,648</u>	<u>-</u>	<u>-</u>	<u>83,648</u>			

		Islamic Asset Allocation Fund							
		June 30, 2023 (Audited)							
		Carrying amount				Fair value			
	Note	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000')									
Financial assets not measured at fair value	15.1								
		-	-	18,906	18,906				
Dividend receivable and accrued mark-up		-	-	350					
Advances, deposits and other receivables		-	-	4,095	4,095				
Receivable against sale of investment		1,304	-	-	1,304				
Term finance certificates and sukuk bonds		-	-	-					
		-	-	-					
		1,304	-	23,351	24,655				
Financial liabilities not measured at fair value	15.1				331				
					19				
Payable to the Management Company		-	-	331					
Payable to the Trustee		-	-	19					
Accrued expenses and other liabilities		-	-	6,188	6,188				
		-	-	6,538	6,538				

		Islamic Asset Allocation Fund Plan 1							
		June 30, 2023 (Audited)							
		Carrying amount				Fair value			
	Note	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000')									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Sukuk bonds		1,566,016	-	45,000	1,611,016	-	1,611,016	-	1,611,016
GoP ijarah Sukuks		-	-	-	-	-	-	-	-
		1,566,016	-	45,000	1,611,016				
Financial assets not measured at fair value	15.1								
Bank balances		-	-	256,273	256,273				
Dividend receivable and accrued mark-up		-	-	52,502	52,502				
Preliminary expenses and flotation costs		-	-	-	-				
Advances, deposits and other receivables		-	-	10,886	10,886				
		-	-	319,661	319,661				
Financial liabilities not measured at fair value	15.1								
Payable to Management Company		-	-	531	531				
Payable to Trustee		-	-	143	143				
Accrued expenses and other liabilities		-	-	639	639				
		-	-	1,313	1,313				

		Islamic Asset Allocation Fund Plan 2							
		June 30, 2023 (Audited)							
		Carrying amount				Fair value			
	Note	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000')									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Sukuk bonds		301,357	-	-	301,357	-	301,357	-	
GoP ijarah sukuku		70,042	-	-	70,042	-	70,042	-	301,357
		371,399	-	-	371,399				70042
Financial assets not measured at fair value	15.1								
Bank balances		-	-	104,454	104,454				
Dividend receivable and accrued markup		-	-	10,880	10,880				
Advances, deposits and other receivables		-	-	115,334	115,334				
Financial liabilities not measured at fair value	15.1								
Payable to Management Company		-	-	450	450				
Payable to Trustee		-	-	34	34				
Accrued expenses and other liabilities		-	-	150	150				
		-	-	634	634				

15.1 Valuation techniques used in determination of fair values within level 2

Investments in GoP ijarah sukuks are valued on the basis of PKISRVs announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

15.2 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.

15.3 Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption and issuance respectively, calculated on a basis consistent with that used in these condensed interim financial information. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorised into level 2 of the fair value hierarchy.

16. 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 December 31, 2023 is 2.41%, 0.21% and 0.52% of IAAF, IAAF Plan-1 and IAAF Plan-2 (December 31, 2022: 2.25%, 0.18% and 0.93%) which includes 0.26%, 0.06% and 0.1% (December 31, 2022: 0.12%, 0.03% and 0.09%) representing government levy and SECP fee.

17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 16, 2024.

18. GENERAL

Figures have been rounded off to the nearest thousand rupees.

**For HBL Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Stock Fund

FUND INFORMATION

Name of Fund	HBL Islamic Stock Fund
Name of Auditor	A.F.Ferguson & Co., Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisors	AI - Hilal Shariah Advisors (Pvt.) Limited
Bankers	Habib Bank Limited Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Bank Al Baraka Limited



A.F. FERGUSON & CO.

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Stock Fund** (the Fund) as at December 31, 2023 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year ended December 31, 2023. The Management Company (HBL Asset Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.
A.F. Ferguson & Co.
Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 27, 2024

Karachi

UDIN: RR202310061f0qw1D6NU

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■ KARACHI ■ LAHORE ■ ISLAMABAD

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC STOCK FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Stock Fund (the Fund) are of the opinion that HBL Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2023 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 27, 2024



HBL Islamic Stock Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
AS AT DECEMBER 31, 2023

		(Un-Audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	22,221	15,902
Investments	5	100,033	148,169
Dividend and profit receivable	6	508	301
Receivable against sale of investments		-	4,854
Advance, deposits and prepayment	7	3,017	3,000
Receivable from HBL Asset Management Limited - Management Company	8	1,645	2,469
Total assets		127,424	174,695
LIABILITIES			
Payable to HBL Asset Management Limited - Management Company	9	614	895
Payable to Central Depository Company of Pakistan Limited - Trustee	10	26	29
Payable to the Securities and Exchange Commission of Pakistan	11	11	43
Payable against purchase of investments		9,601	6,645
Accrued expenses and other liabilities	12	8,570	8,398
Total liabilities		18,822	16,010
NET ASSETS		108,602	158,685
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		108,602	158,685
CONTINGENCIES AND COMMITMENTS	13		
----- (Number of units) -----			
NUMBER OF UNITS IN ISSUE		930,023	2,035,251
----- (Rupees) -----			
NET ASSET VALUE PER UNIT		116.7733	77.9684

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund

Condensed Interim Income Statement and Other Comprehensive Income (Un-Audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

		Half year ended December 31,		Quarter ended December 31,	
		2023	2022	2023	2022
Note		(Rupees in '000)			
INCOME					
		3,140	10,141	2,360	6,207
		1,659	1,611	914	993
		39,497	(2,221)	21,424	(5,314)
		9,778	(14,419)	9,435	(9,383)
		49,275	(16,640)	30,859	(14,697)
		54,074	(4,888)	34,133	(7,497)
EXPENSES					
		1,614	3,091	893	1,198
		417	1,436	82	556
		345	752	170	291
		137	309	65	120
		58	27	28	10
		249	204	39	102
		279	366	68	227
		1,454	1,526	697	765
		219	205	148	(2)
		186	507	147	310
		(1,645)	-	(1,645)	-
		3,313	8,423	692	3,577
		50,761	(13,311)	33,441	(11,074)
		-	-	-	-
		50,761	(13,311)	33,441	(11,074)
Earnings / (loss) per unit					
		50,761	-		
		(25,641)	-		
		25,120	-		
Accounting income available for distribution:					
		24,038	-		
		1,082	-		
		25,120	-		

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

**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 HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended December 31,		Quarter ended, December 31,	
	2023	2022	2023	2022
	----- (Rupees in '000) -----			
Net income / (loss) for the period after taxation	50,761	(13,311)	33,441	(11,074)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>50,761</u>	<u>(13,311)</u>	<u>33,441</u>	<u>(11,074)</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Statement of Movement in Unit Holders' Fund
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended December 31, 2023			Half year ended December 31, 2022		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
-----Rupees in '000-----						
Net assets at the beginning of the period (audited)	616,234	(457,549)	158,685	851,523	(440,485)	411,039
Issuance of 2,204,537 units (2022: 2,950,556 units)						
- Capital value (at net asset value per unit at the beginning of the period)	171,884	-	171,884	260,924	-	260,924
- Element of income / (loss)	54,995	-	54,995	(6,165)	-	(6,165)
Total proceeds on issuance of units	226,879	-	226,879	254,759	-	254,759
Redemption of 3,309,765 units (2022: 5,401,450 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(258,057)	-	(258,057)	(477,662)	-	(477,662)
- Element of (loss) / income	(44,025)	(25,641)	(69,666)	434	-	434
Total payments on redemption of units	(302,082)	(25,641)	(327,723)	(477,228)	-	(477,228)
Total comprehensive income / (loss) for the period	-	50,761	50,761	-	(13,311)	(13,311)
Net income / (loss) for the period less distribution	-	50,761	50,761	-	(13,311)	(13,311)
Net assets at the end of the period (un-audited)	541,031	(432,429)	108,602	629,054	(453,796)	175,259
Accumulated loss brought forward comprising of:						
- Realised loss		(452,577)			(358,392)	
- Unrealised loss		(4,972)			(82,093)	
		(457,549)			(440,485)	
Accounting income available for distribution						
- Relating to capital gains	24,038			-		
- Excluding capital gains	1,082			-		
	25,120			-		
Net loss for the period after taxation	-			(13,311)		
Accumulated loss carried forward		(432,429)			(453,796)	
Accumulated loss carried forward comprising of:						
- Realised loss		(442,207)			(439,377)	
- Unrealised income / (loss)		9,778			(14,419)	
		(432,429)			(453,796)	
	(Rupees)			(Rupees)		
Net asset value per unit at the beginning of the period	77.9684			88.4323		
Net asset value per unit at the end of the period	116.7733			79.7657		

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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 HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended December 31,	
	2023	2022
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before taxation	50,761	(13,311)
Adjustments for:		
(Gain) / loss on sale of investments - net	(39,497)	2,221
Dividend income	(3,140)	(10,141)
Profit on savings accounts with banks	(1,659)	(1,611)
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2 (9,778)	14,419
	(3,313)	(8,423)
Decrease / (increase) in assets		
Investments - net	105,221	221,433
Advance, deposits and prepayment	(17)	(14)
Receivable from HBL Asset Management Limited - Management Company	824	-
	106,028	221,419
(Increase) / decrease in liabilities		
Payable to HBL Asset Management Limited - Management Company	(281)	(1,820)
Payable to Central Depository Company of Pakistan Limited - Trustee	(3)	(50)
Payable to the Securities and Exchange Commission of Pakistan	(32)	(99)
Accrued expenses and other liabilities	172	(670)
	(144)	(2,639)
Profit received on savings accounts with banks	1,458	2,331
Dividend received	3,134	10,132
	4,592	12,463
Net cash generated from operating activities	107,163	222,820
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	226,879	254,759
Payment against redemption and conversion of units	(327,723)	(477,228)
Net cash used in financing activities	(100,844)	(222,469)
Net increase in cash and cash equivalents during the period	6,319	351
Cash and cash equivalents at the beginning of the period	15,902	14,593
Cash and cash equivalents at the end of the period	4 22,221	14,944

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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 HALF YEAR ENDED DECEMBER 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** HBL Islamic Stock Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on November 23, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 10, 2010. During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund was required to be registered under the "Sindh Trust Act, 2020". Accordingly, on September 8, 2021, the above-mentioned Trust Deed had been registered under the "Sindh Trust Act, 2020".
- 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 and has been categorised as 'Shariah Compliant Equity Scheme' 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** VIS Credit Rating Company Limited (VIS) has assigned the Management Quality Rating to 'AM1' (December 31, 2022: 'AM1' dated December 30, 2022) dated December 29, 2023 and the outlook on the rating has been assigned as 'Stable' (December 31, 2022: 'Stable').
- 1.6** The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2023.

2.2 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the Non-Banking Finance Companies (NBFC) and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2023.

3.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments 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. In preparing the condensed interim financial statements, the significant judgments made by the management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2023. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2023.

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

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2024. However, these are not expected to have any significant effects on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
4		----- (Rupees in '000) -----	

Balances with banks in:
Savings accounts

4.1 22,221 15,902

4.1 These include balances of Rs 7.815 million (June 30, 2023: Rs 2.794 million) with Habib Bank Limited (a related party) and carry profit at the rates ranging from 4.50% to 7.73% (June 30, 2023: 4.50% to 7.73%) per annum. Other profit and loss saving accounts of the Fund carry profit at the rates ranging from 19.00% to 21.75% (June 30, 2023: 14.00% to 19.00%) per annum.

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
5		----- (Rupees in '000) -----	

At fair value through profit or loss

- Quoted equity securities

5.1 100,033 148,169

5.1 Quoted 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, 2023	Purchases during the period	Bonus / Rights issue	Sold during the period	As at December 31, 2023	Carrying Value as at December 31, 2023	Market value as at December 31, 2023	paid up capital column missing	Market value as a percentage of		Holding as a percentage of Paid-up capital of investee company
									total market value of investments	net assets of the Fund	
				(Number of shares)			Rupees in '000'		(%)		
Engineering											
International Steels Limited	-	56,500		56,500	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	-	147,500		123,500	24,000	1,617	1,588	(29)	1.59%	1.46%	0.01%
						1,617	1,588	(29)	1.59%	1.46%	
Chemical											
Descon Oxychem Limited	-	113,000		113,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Cement											
D.G. Khan Cement Company Limited *	74,970	314,638		388,808	800	39	62	23	0.06%	0.06%	-
Lucky Cement Limited *	29,347	48,640		71,487	6,500	4,909	5,115	206	5.11%	4.71%	-
Maple Leaf Cement Factory Limited (note 5.1.1)	300,000	309,500		435,290	174,210	5,690	6,780	1,090	6.78%	6.24%	0.02%
Fauji Cement Company Limited	325,000	338,000		511,000	152,000	3,093	2,876	(217)	2.88%	2.65%	0.01%
Pioneer Cement Limited	37,000	102,000		103,500	35,500	3,626	4,080	454	4.08%	3.76%	0.02%
Kohat Cement Company Limited	-	58,486		40,600	17,886	3,942	4,190	248	4.19%	3.86%	0.01%
Cherat Cement Company Limited *	52,000	24,610		76,200	410	59	67	8	0.07%	0.06%	-
Gharibwal Cement Limited	-	130,500		130,500	-	-	-	-	-	-	-
						21,358	23,170	1,812	23.16%	21.33%	
Power generation & distribution											
The Hub Power Company Limited * (note 5.1.1)	164,000	83,500		203,500	44,000	4,596	5,152	556	5.15%	4.74%	-
Nishat Power Limited	-	342,056		342,056	-	-	-	-	-	-	-
						4,596	5,152	556	5.15%	4.74%	
Pharmaceuticals											
The Searle Company Limited * (note 5.1.2)	2,968	86,249		86,226	2,991	172	154	(18)	0.15%	0.14%	-
Ferozsons Laboratories Limited	-	56,000		46,100	9,900	2,191	2,184	(7)	2.18%	2.01%	0.02%
AGP Limited	-	103,500		103,500	-	-	-	-	-	-	-
Highnoon Laboratories Limited	-	19,300		12,700	6,600	2,494	3,330	836	3.33%	3.07%	0.01%
						4,857	5,668	811	5.67%	5.22%	
Miscellaneous											
Pakistan Aluminium Beverage Cans Limited	-	95,000		95,000	-	-	-	-	-	-	-
Pakistan Hotels Developers Limited	-	3,000		3,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Oil & gas exploration companies											
Oil & Gas Development Company Limited * (note 5.1.1)	198,300	155,000		281,500	71,800	7,110	8,074	964	8.07%	7.43%	-
Pakistan Petroleum Limited * (note 5.1.1)	219,920	290,767		443,500	67,187	5,503	7,729	2,226	7.73%	7.12%	-
Mari Petroleum Company Limited * (note 5.1.1)	6,169	7,863		12,700	1,332	2,306	2,792	486	2.79%	2.57%	-
						14,919	18,595	3,676	18.59%	17.12%	
Paper & board											
Century Paper & Board Mills Limited	-	161,000		36,500	124,500	4,321	4,054	(267)	4.05%	3.73%	0.03%
						4,321	4,054	(267)	4.05%	3.73%	
Glass & ceramics											
Tariq Glass Industries Limited	19,000	153,664		172,664	-	-	-	-	-	-	-
Ghani Glass Limited	-	205,500		151,000	54,500	1,601	1,597	(4)	1.60%	1.47%	0.01%
						1,601	1,597	(4)	1.60%	1.47%	
Oil & gas marketing companies											
Pakistan State Oil Company Limited * (note 5.1.2)	850	90,000		70,500	20,350	2,524	3,596	1,072	3.59%	3.31%	-
Shell Pakistan Limited	-	21,500		21,500	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited (note 5.1.1)	175,526	210,498		313,498	72,526	3,890	5,332	1,442	5.33%	4.91%	0.01%
Attock Petroleum Limited *	-	11,100		11,000	100	32	38	6	0.04%	0.03%	-
						6,446	8,966	2,520	8.96%	8.26%	
Refinery											
Attock Refinery Limited	21,500	30,000		51,500	-	-	-	-	-	-	-
						-	-	-	-	-	-
Commercial banks											
Faysal Bank Limited	-	314,000		314,000	-	-	-	-	-	-	-
Meezan Bank Limited * (note 5.1.1)	132,076	37,000		150,261	18,815	2,156	3,036	880	3.03%	2.80%	-
BankIslami Pakistan Limited	261,000	556,769		817,769	-	-	-	-	-	-	-
						2,156	3,036	880	3.03%	2.80%	
Balance carried forward						61,871	71,826	9,955			

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which were already pending or to be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to continue. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 the Honourable High Court of Sindh. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of CISs.

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

As at December 31, 2023, the following bonus shares of the Fund have been withheld by certain companies at the time of declaration of bonus shares.

Name of the Investee Company	(Un-audited)		(Audited)	
	December 31, 2023		June 30, 2023	
	Bonus shares			
	Number of shares withheld	Rupees in '000	Number of shares withheld	Rupees in '000
The Searle Company Limited	2,968	153	2,968	114
Pakistan State Oil Company Limited	850	150	850	94
	3,818	303	3,818	208

5.2	Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss	Note	(Un-Audited) December 31, 2023 ----- (Rupees in '000) -----	(Audited) June 30, 2023
	Market value of investments	5.1	100,033	148,169
	Less: carrying value of investments	5.1	<u>(90,255)</u>	<u>(153,141)</u>
			<u>9,778</u>	<u>(4,972)</u>
6	DIVIDEND AND PROFIT RECEIVABLE			
	Dividend receivable		44	38
	Profit receivable on bank balances	6.1	<u>464</u>	<u>263</u>
			<u>508</u>	<u>301</u>

6.1 This include receivables of Rs. 0.021 million (June 30, 2023: Rs. 0.019 million) from Habib Bank Limited (a related party).

		(Un-Audited) December 31, 2023	(Audited) June 30, 2023
7	ADVANCE, DEPOSITS AND PREPAYMENT		
		----- (Rupees in '000) -----	
	Security deposit with:		
	- National Clearing Company of Pakistan Limited	2,500	2,500
	- Central Depository Company of Pakistan Limited	100	100
	Advance tax	400	400
	Prepayment of KSE listing fee	17	-
		<u>3,017</u>	<u>3,000</u>

8 RECEIVABLE FROM HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per SECP's direction No. SCD/PRDD/Direction/18/2016 all AMCs are required to calculate the TER in respect of each CIS to ensure the TER is not in breach of the required maximum percentage. The AMCs are required to adjust the NAV of the CIS on the basis of TER at the end of each Quarter during the financial year for the amount of expenses in excess of the TER limit prescribed in regulation 60(5) of the NBFC Regulations.

During the period ended December 31, 2023, the Fund was in breach of the TER ratio of maximum 4.5% as prescribed under NBFC Regulations for a CIS categorised as equity scheme. As a result the Fund has recorded receivable from Management Company to comply with the TER.

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
9	PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		
		----- (Rupees in '000) -----	
	Remuneration payable	350	256
	Sindh Sales Tax payable on remuneration of the Management Company	45	33
	Sales load payable	67	119
	Selling and marketing expenses payable	82	417
	Allocated expenses related to registrar services, accounting, operation and valuation services payable	70	70
		<u>614</u>	<u>895</u>

9.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration of 2% to 3% (June 30, 2023: 2%) per annum of the daily net assets of the Fund during the period ended December 31, 2023. The remuneration payable to the Management Company monthly in arrears.

9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2023: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

9.3 In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate ranging from 0% to 1.05% (June 30, 2023: 1.05%) during the period ended December 31, 2023 while keeping in view the overall return and Total Expense Ratio limit of the Fund as defined under the NBFC Regulations.

9.4 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its discretion has charged at the rate ranging from 0.55% to 0.60% of the daily net assets of the Fund during the period ended December 31, 2023 (June 30, 2023: 0.55%).

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	----- (Rupees) -----	
Trustee fee payable	10.1	23	26
Sindh Sales Tax payable on trustee fee	10.2	3	3
		<u>26</u>	<u>29</u>

- 10.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the period, the tariff is as follows:

Tariff structure	
Net assets (Rs.)	Fee
- Up to Rs 1,000 million	0.20% p.a. of Net Assets
- Exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% p.a. of Net Assets, on amount exceeding Rs.1,000 million.

- 10.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2023: 13%) on the remuneration of Trustee through the Sindh Sales Tax on Services Act, 2011.

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	----- (Rupees in '000) -----	
Fee payable	11.1	<u>11</u>	<u>43</u>

- 11.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2023, the SECP vide SRO No. 592(I)/2023 dated May 17, 2023, has revised the rate of fee to 0.095% per annum of the daily net assets of the Fund, applicable to an "Equity Scheme". Previously, the rate of fee applicable on all categories of CISs was 0.02% per annum of the daily net assets of the Fund. Accordingly, the Fund has charged the SECP fee at the rate of 0.095% per annum of the daily net assets during the period.

Further, the Fund is required to pay the SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay the SECP fee within three months of the close of accounting year.

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
12	ACCRUED EXPENSES AND OTHER LIABILITIES	----- (Rupees in '000) -----	
Charity payable	12.1	186	882
Federal excise duty payable on the Management Company's remuneration	12.2	6,785	6,785
Withholding tax payable		10	33
Auditors' remuneration payable		266	316
Zakat payable		104	104
Securities transaction costs payable		611	225
Other payable		<u>608</u>	<u>53</u>
		<u>8,570</u>	<u>8,398</u>

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

During the period ended December 31, 2023, non-Shariah compliant income amounting to Rs 0.186 million (June 30, 2023: Rs 0.882 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of the Shariah Advisor. The dividend income is recorded net of amount given as charity.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 6.785 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV of the Fund would have been higher by Rs. 7.30 (June 30, 2023: Rs. 3.33)

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2023 and June 30, 2023.

14 EARNINGS / (LOSS) PER UNIT

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

15 TOTAL EXPENSE RATIO

The annualized total expense ratio (TER) of the Fund as at December 31, 2023 based on current period results is 5.51% (December 31, 2022: 5.84%), which includes 1.06% (December 31, 2022: 0.44%) representing government levies on the Fund such as sales tax and annual fee to SECP. The maximum ratio limit as prescribed under the NBFC Regulation for a collective Investment Scheme categorised as an 'Equity Scheme' is 4.5% which is required to be complied on an annual basis by the Fund. To comply with this breach, the Fund has made the reversal of expense amounting to Rs. 1645 million (December 31 2022: Nil).

16 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 available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders. 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. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2024 to the unit holders in the manner as explained above, therefore no provision for taxation has been made in these condensed interim financial statements.

17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, Trust Deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

Accounting and operational charges and selling and marketing charges are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

Details of transactions with connected persons during the period and balances with them at period / year end, if not disclosed elsewhere in these condensed interim financial statements are as follows:

17.1 Transactions during the period

	(Un-audited)	
	Half year ended 'December 31,	
	2023	2022
	----- (Rupees in '000) -----	
HBL Asset Management Limited - Management Company		
Management remuneration including Sales Tax thereon	1,614	3,091
Allocation of expenses related to registrar services, accounting, operation and valuation services	345	752
Selling and marketing expenses	417	1,436
Reimbursement from HBL Asset Management Limited - Management Company	1,645	-
Habib Bank Limited - Sponsor		
Bank charges	28	34
Bank profit	167	112
Redemption of Nil units (December 31, 2022: 1,319,805 units)	-	119,943

		(Un-audited)	
		Half year ended 'December 31,	
		2023	2022
		----- (Rupees in '000) -----	
Executives and their relatives			
Issuance of 39,063 units (December 31, 2022: Nil units)		4,074	-
Redemption 41,242 units (December 31, 2022: 45,211 units)		4,422	3,849
Central Depository Company of Pakistan Limited - Trustee			
Remuneration including Sales tax thereon		137	309
Central Depository services charges		34	57
DCCL Trustee - HBL Islamic Financial Planning Fund			
- Conservative Allocation Plan - Associate			
Redemption of 1,726 units (December 31, 2022: 57 units)		177	5
Pak Qatar Family Takaful Limited			
Issuance of Nil units (December 31, 2022: 293,086 units)		-	25,000
Redemption of 621,176 units (December 31, 2022: 216,541 units)		52,517	20,000
Pak Qatar General Takaful Limited			
Issuance of Nil units (December 31, 2022: 588,160 units)		-	50,000
Redemption of Nil units (December 31, 2022: 588,160 units)		-	51,943
IGI Life Insurance-TAF			
Issuance of 236,560 units (December 31, 2022: Nil units)		20,000	-
Redemption of 143,073 units (December 31, 2022: Nil units)		11,900	-
17.2	Balances outstanding as at period / year end	(Un-audited)	(Audited)
		December 31,	June 30,
		2023	2023
		----- (Rupees in '000) -----	
HBL Asset Management Limited - Management Company			
Remuneration payable including Sales Tax thereon		395	289
Sales load payable		67	119
Selling and marketing expense payable		82	417
Allocation of expenses related to registrar services, accounting, operation and valuation services		70	70
Receivable from HBL Asset Management Limited - Management Company		1,645	2,469
Habib Bank Limited - Sponsor			
Bank balances		7,815	2,794
Profit receivable		21	19
Central Depository Company of Pakistan Limited - Trustee			
Remuneration payable including Sales Tax thereon		26	29
Security deposit		100	100
Executives and their relatives			
Outstanding: 4,242 units (June 30, 2023: 6,422 units)		495	501

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
	----- (Rupees in '000) -----	
DCCL Trustee - HBL Islamic Financial Planning Fund		
- Conservative Allocation Plan - Associate		
Outstanding: Nil units (June 30, 2023: 1,726 units)	-	135
Pak Qatar Family Takaful Limited		
Outstanding: Nil units (June 30, 2023: 621,176 units)	-	48,432
IGI Life Insurance-TAF		
Connected person due to holding 10% or more units		
Outstanding: 105,550 units (June 30, 2023: 12,063 units)	12,325	941

18 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.

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

18.1 Fair value hierarchy

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

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

As at December 31, 2023 and June 30, 2023, the Fund held the following financial instruments measured at fair value:

	----- (Un-audited) -----			
	As at December 31, 2023			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets ' at fair value through profit or loss'				
Quoted equity securities	100,033	-	-	100,033

**Financial assets ' at fair value through
profit or loss'**

Quoted equity securities

----- (Audited) -----			
----- As at June 30, 2023 -----			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
148,169	-	-	148,169

19 GENERAL

19.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosures.

19.2 Figures have been rounded off to the nearest thousand Rupees.

19.3 Units have been rounded off to the nearest decimal place.

20 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 16, 2024.

**For HBL Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Income Fund

FUND INFORMATION

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	Bank Islami Pakistan Limited Bank Al Baraka Limited Faysal Bank Limited Habib Bank Limited Dubai Islamic Bank Limited Askari Bank Limited Bank Al-Habib Limited Soneri Bank Limited Summit Bank Limited MCB Islamic Bank Limited National Bank of Pakistan Bank of Khyber U Micro Finance Bank Limited Bank Al Falah Limited United Bank Limited

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS OF HBL ISLAMIC INCOME FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL ISLAMIC INCOME FUND ("the Fund") as at December 31, 2023 and the related 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 and a summary of significant accounting policies and other explanatory notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as "interim financial statements"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and fair presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the half year ended December 31, 2023 does not present fairly, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The condensed interim financial statements of the Fund for the year ended June 30, 2023 and condensed interim financial statements of the Fund for the half year ended December 31, 2022 were audited and reviewed by another firm of Chartered Accountants who have expressed an unmodified opinion and unmodified conclusion thereon vide their reports dated September 25, 2023 and February 24, 2023 respectively.

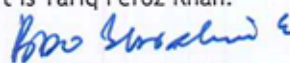
The figures for the quarter ended December 31, 2023 and December 31, 2022 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 26 FEB 2024

UDIN: RR202310166iRQZnGWKp


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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S.M.C.H.S., Main Shakra-e-Faisal
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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC INCOME FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Income Fund (the Fund) are of the opinion that HBL Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2023 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 27, 2024



HBL Islamic Income Fund
Condensed Interim Statement Of Assets And Liabilities (UnAudited)
AS AT DECEMBER 31, 2023

		December 31, 2023 (Audited) ----- (Rupees in '000) -----	June 30, 2023 (Audited) -----
	Note		
ASSETS			
Bank balances	4	11,046,450	2,045,477
Investments	5	5,679,883	5,575,761
Profit / markup receivable	6	124,092	255,625
Deposits and prepayments	7	193	319
Total Assets		16,850,617	7,877,182
LIABILITIES			
Payable to the Management Company	8	28,679	14,248
Payable to the Trustee	9	1,602	1,095
Payable to Securities and Exchange Commission of Pakistan		1,003	1,557
Dividend payable		-	5,137
Accrued expenses and other liabilities	10	9,820	119,444
Total Liabilities		41,104	141,481
NET ASSETS		16,809,513	7,735,701
UNIT HOLDERS' FUND (AS PER CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND)		16,809,513	7,735,701
CONTINGENCIES & COMMITMENTS			
	11	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		146,319,945	74,943,266
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		114.8819	103.2208

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

**For HBL Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUATERED ENDED DECEMBER 31, 2023

	Half year period ended December 31,		Three months period ended December 31,	
	2023	2022	2023	2022
Note	(Rupees in '000)			
Income				
Capital gain / (loss) on sale of investments - net	103,203	(3,822)	97,087	(3,259)
Income from corporate sukuk bonds	577,917	192,141	263,082	123,243
Income from placements	229,472	32,121	181,726	24,174
Profit on bank deposits	436,372	213,745	284,581	91,891
	1,346,964	434,185	826,476	236,049
Unrealised gain / (loss) on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	4,668	(3,176)	(43,889)	323
	1,351,632	431,009	782,587	236,372
Expenses				
Remuneration of the Management Company	50,497	11,283	31,476	5,113
Sindh Sales Tax on remuneration of the Management Company	6,565	1,467	4,092	665
Remuneration of the Trustee	4,408	2,079	2,350	968
Sindh Sales Tax on remuneration of the Trustee	573	270	573	270
Annual fee to Securities and Exchange Commission of Pakistan	4,397	554	2,580	292
Allocation of expenses related to registrar services, accounting, operation and valuation services	20,064	5,697	14,233	2,921
Selling and marketing expense	8,302	5,697	2,471	2,921
Auditor's remuneration	175	138	103	79
Fees and subscription	333	286	255	219
Security transaction costs and settlement	928	234	661	138
Bank charges	392	345	392	345
Shariah advisory charges	128	107	72	53
	96,761	28,157	59,258	13,984
Net income for the period from operating activities	1,254,871	402,852	723,329	222,388
Reversal for Sindh Workers' Welfare Fund	-	-	-	-
Net income for the period before taxation	1,254,871	402,852	723,329	222,388
Taxation	12	-	-	-
Net income for the period after taxation	1,254,871	402,852	723,329	222,388
Allocation of net income for the period				
Income already paid on redemption of units	267,081	101,534	182,132	78,863
Accounting income available for distribution:				
Relating to capital gains	86,445	-	40,510	-
Excluding capital gains	901,345	301,318	500,688	143,525
	987,790	301,318	541,197	143,525
	1,254,871	402,852	723,329	222,388
Earnings per unit	13			

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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 HALF YEAR AND QUATERED ENDED DECEMBER 31, 2023**

	Half year ended December 31,		Quatered ended December 31,	
	2023	2022	2023	2022
	----- (Rupees in '000) -----			
Net income for the period	1,254,871	402,852	723,329	222,388
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,254,871	402,852	723,329	222,388

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

**For HBL Asset Management Limited
(Management Company)**

Chief Financial Officer	Chief Executive Officer	Director
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HBL Islamic Income Fund

Condensed Interim Statement Of Movement In Unit Holders' Fund

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended December 31,					
	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period (Audited)	7,635,924	99,778	7,735,700	4,605,667	65,169	4,670,836
Issue of 167,951,411 units (Dec 2022: 66,536,143 units)						
Capital value	17,336,073	-	17,336,073	6,837,301	-	6,837,301
Element of income	938,216	-	938,216	335,608	-	335,608
Total proceeds on issuance of units	18,274,289	-	18,274,289	7,172,909	-	7,172,909
Redemption of 96,585,192 units (Dec 2022: 52,840,911 units)						
Capital value	(9,969,597)	-	(9,969,597)	(5,429,969)	-	(5,429,969)
Income already paid on redemption of units	-	(267,081)	(267,081)	-	(101,534)	(101,534)
Element of loss	(218,669)	-	(218,669)	(177,146)	-	(177,146)
Total payments on redemption of units	(10,188,266)	(267,081)	(10,455,347)	(5,607,115)	(101,534)	(5,708,649)
Total comprehensive income for the period	-	1,254,871	1,254,871	-	402,852	402,852
Net assets at end of the period (Un-Audited)	15,721,947	1,087,568	16,809,513	6,171,461	366,487	6,537,948
Undistributed income brought forward						
Realised income		96,511			55,463	
Unrealised income		3,267			9,706	
		99,778			65,169	
Accounting income available for distribution						
Relating to capital gains		86,445			-	
Excluding capital gains		901,345			301,318	
		987,790			301,318	
Undistributed income carried forward		1,087,568			366,487	
Undistributed income carried forward						
Realised income		1,082,900			369,663	
Unrealised gain		4,668			(3,176)	
		1,087,568			366,487	
			Rupees			Rupees
Net assets value per unit at beginning of the period			103.2208			103.2208
Net assets value per unit at end of the period			114.8819			73.7597

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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 HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended December 31,	
	2023	2022
Note	----- (Rupees in '000) -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	1,254,871	402,852
Adjustments for:		
Capital Gain on sale of investments - net	(103,203)	3,822
Income from corporate sukuk bonds	(577,917)	(192,141)
Income from placements	(229,472)	(32,121)
Profit on bank deposits	(436,372)	(213,745)
Unrealised loss / (gain) on re-measurement of investments classified as financial asset at fair value through profit or loss - net	(4,668)	3,176
	(96,760)	(28,156)
(Increase) / decrease in assets		
Investments - net	3,750	797,366
Deposits and prepayments	126	(735)
	3,876	796,631
Increase / (decrease) in liabilities		
Payable to the Management Company	14,431	(7,061)
Payable to the Trustee	507	(481)
Payable to Securities and Exchange Commission of Pakistan	(554)	(1,003)
Dividend Payable	(5,137)	(4,903)
Accrued expenses and other liabilities	(109,624)	(114,149)
	(100,377)	(127,597)
Net cash used in operations	(193,261)	640,878
Income from corporate sukuk bonds received	749,896	168,501
Income from placements received	229,472	32,121
Profit received on bank deposits	395,926	176,800
	1,375,294	377,422
Net cash used in operating activities	1,182,033	1,018,300
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	18,274,289	7,172,909
Amount paid on redemption of units	(10,455,347)	(5,637,309)
Dividend paid	-	-
Net cash generated from financing activities	7,818,942	1,535,600
Net decrease in cash and cash equivalents during the period	9,000,975	2,553,900
Cash and cash equivalents at beginning of period	2,045,477	2,045,477
Cash and cash equivalents at end of the period	4 11,046,450	4,599,377

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund

Notes To The Condensed Interim Financial Statements (Unaudited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** 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. The Fund is registered on August 17, 2021 with Assistant Director of Industries and Commerce (Trust Wing) Government of Sindh under Section 12A of the Sindh Trusts Act, 2020.
- 1.2** 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 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 Agha 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 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.4** The Fund has been categorised as a Shariah Compliant Income 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.
- 1.5** The objective of HBL Islamic Income 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.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.
- 1.7** VIS Credit Rating Company has assigned a management quality rating of 'AM1' (Stable outlook) to the Management Company as at December 29, 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** these condensed interim financial statements of the Fund 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 Standard 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 trust deed.

Wherever 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, differ from the IFRS, 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, the directives issued by the SECP and the requirements of the Trust Deed have been followed.

- 2.1.2** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS - 34. these condensed interim financial statements 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 audited financial statements of the Fund for the year ended June 30, 2023
- 2.1.3** The comparative statement of asset and liabilities presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2023, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the six months period ended December 31, 2022.

2.1.4 these condensed interim financial statements 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 December 31, 2023 and December 31, 2022 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 these condensed interim financial statements gives a true and fair view of the state of the Fund's affairs as at December 31, 2023.

2.2 Basis of measurement

these condensed interim financial statements has been prepared under the historical cost basis, unless stated otherwise.

2.3 Functional and presentation currency

these condensed interim financial statements 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, 2023.

3.2 The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan 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, 2023.

3.4 There are certain standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that became effective during the period under review and are mandatory for the Fund's accounting period. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on these condensed interim financial statements.

3.5 The fund's 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, 2023.

		(Unaudited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
4. BANK BALANCES			
Cash at bank			
In PLS savings accounts	4.1	11,046,401	2,045,427
In current accounts		50	50
		<u>11,046,450</u>	<u>2,045,477</u>
4.1	This represents bank accounts held with various banks. Profit rates on these accounts range between 20.25% to 21.30% (June 30, 2023: 8.70% to 20.25%) per annum. This includes a balance held by Habib Bank Limited (a related party), amounting to Rs. 394.284 million (June 30, 2023: Rs. 346.622 million) on which return is earned ranging between 15%-17.50% (June 30, 2023: 9.21% to 15%) per annum.		
5. INVESTMENTS			
Financial assets			
At fair value through profit or loss	5.1	840,439	4,164,005
At amortised cost	5.2	4,839,420	1,411,756
		<u>5,679,883</u>	<u>5,575,761</u>

5.1 Financial assets at fair value through profit or loss

Corporate Sukuk Bonds	5.1.1	749,900	1,302,865
GoP Ijara Sukuk Certificates	5.1.4	90,539	2,861,140
		<u>840,439</u>	<u>4,164,005</u>

Number of units				As at December 31, 2023			Market value as at percentage of	
As at July 1, 2023	Purchases during the period	Sales during the period	As at December 31, 2023	Carrying value	Market value	Un-realised gain / (loss)	Total investments	Net assets
				(Rupees in '000)			%	
	4,964	-	4,964	49,640	49,640	-	0.87%	0.30%
	-	73	-	-	-	-	0.00%	0.00%
	4,964		4,964	49,640	49,640	-	0.00%	0.00%
1,100	-	-	1,100	75,777	76,078	301	1.34%	0.45%
1,330	-	-	1,330	5,098	5,422	324	0.10%	0.03%
350	-	-	350	8,794	8,764	(30)	0.15%	0.05%
1,050	-	-	1,050	107,762	107,090	(672)	1.89%	0.64%
150	-	-	150	15,000	14,215	(785)	0.25%	0.08%
250	-	250	-	-	-	-	0.00%	0.00%
4,170	-	600	3,570	357,026	361,284	4,258	6.36%	2.15%
-	1,050	-	1,050	105,000	105,000	-	1.85%	0.62%
44	-	-	44	21,927	22,408	481	0.39%	0.13%
8,444	1,050	850	8,644	696,384	700,260	3,877		
8,517	6,014	850	13,608	746,024	749,900	3,877	49.00%	0.00%
8,868	6,983	7,334	8,517	1,302,082	1,302,865	609	49.00%	14.36%

5.1.2 These Sukuk carry mark-up at the rate ranging from 11.765% to 25.9% per annum. (June 30, 2023: mark-up at the rate of 11.90%-24.94% per annum)

5.1.3 Significant terms and conditions of Corporate Sukuk Bonds as at December 31, 2023 are as follows:

Name of company	Payment Term	Principal outstanding (per sukuk bond)	Mark-up rate (per annum)	Issue date	Maturity date
Corporate sukuk bonds - listed					
Agha Steel Industries Limited	Quarterly	49,640	3 Month Kibor + 0.80%	October 9, 2018	October 9, 2025
Corporate sukuk bonds - unlisted					
OBS AGP Private Limited	Quarterly	68,750	3 months KIBOR + 1.55%	July 15, 2021	July 15, 2026
Ghani Gases Limited	Quarterly	4,167	3 months KIBOR + 1%	February 2, 2017	February 2, 2024
Hub Power Company Limited 190320	Semi Annually	25,000	1 Year KIBOR + 1.9%	March 19, 2020	March 19, 2024
Hub Power Company Limited	Semi Annually	100,000	6 Month Kibor + 2.5	November 11, 2022	November 10, 2027
TPL Corporation Limited	Quarterly	100,000	3 months KIBOR + 2.25%	March 30, 2022	March 30, 2026
K-electric Sukuk (23-Nov-22)	Quarterly	100,000	3 Month Kibor + 1.7%	November 23, 2022	November 23, 2029
Lucky Electric Power Company Limited 16-08-23	Semi Annually	100,000	3 Month Kibor + 3%	August 16, 2023	February 16, 2024
TPL Trakker Limited	Quarterly	500,000	3 Month Kibor + 3%	March 30, 2021	March 30, 2026

**5.1.4 Financial assets at fair value through profit or loss
- GoP Ijara Sukuk Certificates**

Issue details	Issue Date	Face value				Carrying value as at December 31, 2023	Market value as at December 31, 2023	Un-realised gain / (loss) on re- measurement of investment	Market value as a percentage of total investments	Market value as a percentage of net assets
		As at July 1, 2023	Purchases during the period	Sales / matured during the period	As at December 31, 2023					
----- (Rupees in '000) -----										
GOPIS-VRR 26-10-27	26-Oct-22	616,500	-	616,500	-	-	-	-	-	-
GOPIS-VRR 17-04-24	25-May-23	2,135,500	4,833,300	6,968,800	-	-	-	-	-	-
GOPIS-VRR 22-05-24	17-Apr-23	109,500	923,700	1,033,200	-	-	-	-	-	-
GOPIS-VRR 07-08-24	07-Aug-23	-	3,000,000	3,000,000	-	-	-	-	-	-
GOPIS-VRR 04-12-28	12-Dec-23	-	100,000	100,000	-	-	-	-	-	-
GOPIS-VRR 26-06-24	26-Jun-23	-	11,200	11,200	-	-	-	-	-	-
GOPIS-FRR 09-10-24	09-Oct-23	-	7,545,000	7,545,000	-	-	-	-	-	-
GOPIS-VRR 04-12-24	04-Dec-23	-	25,000	9,800	15,200	15,200	15,276	76.00	0.27%	0.09%
GOPIS-FRR 04-12-28	04-Dec-23	-	100,000	100,000	-	-	-	-	-	-
GOPIS-FRR 04-12-26	04-Dec-26	-	75,000	-	75,000	75,000	75,263	262.50	1.33%	0.45%
GOPIS-VRR 04-12-26	04-Dec-26	-	75,000	75,000	-	-	-	-	-	-
Total - as at December 31, 2023		2,861,500	16,688,200	19,459,500	90,200	90,200	90,539	339	1.59%	0.54%
Total - as at June 30, 2023		-	20,432,000	17,570,500	2,861,500	2,857,655	2,861,140	3,485	51.31%	36.99%

5.1.5 These GOP Ijara Sukuk carry mark-up at the rate ranging from 16.19% to 20.3263% per annum. (June 30, 2023: 15.69%-22.68%per annum).

	December 31, 2023 (Un-Audited)	June 30, 2023 (Audited)
Note	----- (Rupees in '000) -----	

5.2 Financial assets at amortised cost

Tern Deposit Receipts (TDR's)

4,839,420	1,411,756
------------------	------------------

Name of investee company	As at July 1, 2023	Placement made during the period	Income accrued	Sales / matured during the period	As at December 31, 2023	Percentage of total of investments	Percentage of net assets
(Rupees in '000)							
UBL Ameen Islamic Banking	1,400,000	-	12,488	1412488	-	-	-
Bai Muajjal		1,674,016	60966		1,734,982	31%	10%
Bai Muajjal		2,052,180	49354		2,101,534	37%	13%
Bank Alfalah Limited		1,000,000	2904		1,002,904	18%	6%
Total - as at December 31, 2023	-	4,726,196	125,712	1,412,488	4,839,420	18%	6%
Total - as at June 30, 2023	-	1,400,000	11,756	-	1,411,756	25%	18.25%

5.2.1 These term deposit carry profits of 20.2% (June 30 2023:20.35%)

6 PROFIT/ MARKUP RECEIVABLE

Profit/ markup receivable on :

Bank deposits

Corporate sukuk bonds

GOP ijara sukuk certificates

	December 31, 2023 (Un-Audited)	June 30, 2023 (Audited)
Note	----- (Rupees in '000) -----	
	95,165	54,720
	27,758	74,202
	1,168	126,703
	124,092	255,625

7 ADVANCE, DEPOSITS AND PREPAYMENTS

Security deposits with :

Security Deposits- CDC	100	100
Prepaid Listing Fee of ISE	15	-
Prepaid Rating Fee	78	219
	193	319

8 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company	8.1	14,265	5,042
Sindh sales tax payable on Management Company's remuneration	8.2	1,854	655
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	7,562	1,483
Selling and marketing expenses payable	8.4	2,471	5,486
Sales load payable		2,527	1,582
		28,679	14,248

- 8.1** As per Regulation 61 of the amended NBFC regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document, further subject to the guidelines as may be issued by the Commission from time to time. During the period, the fee is being charged at the rate ranging from 0.875% to 1.125% (2023 : 0.35% to 0.70%) of the average annual net assets accordingly. The fee is payable monthly in arrears.
- 8.2** The Sindh Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2023: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 8.3** As per Regulation 60(3)(s) of the amended 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. During the period, the fee is being charged at the rate ranging from 0.2% to 0.625 % of the average annual net assets accordingly.
- 8.4** As per Regulation 60(3)(v) of the amended NBFC Regulations, selling and marketing expenses is allowed on all categories of open end mutual funds, except fund of funds. During the period, the fee is being charged at the rate ranging from 0.2% to 0.32% of the average annual net assets accordingly.

		(Unaudited) December 31, 2023	(Audited) June 30, 2023
Note		----- (Rupees in '000) -----	
9. PAYABLE TO THE TRUSTEE			
	9.1	1,005	969
Remuneration payable to the Trustee			
Sindh Sales Tax payable on Trustee's remuneration	9.2	131	126
CDS charges payable		466	-
		1,602	1,095

- 9.1** As per CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, Trustee fee shall be charged at the rate 0.075% of the average annual net assets of the Fund. During the year, Management Company has charged the Trustee fee accordingly.
- 9.2** Sindh Sales Tax at the rate of 13% (June 30, 2023: 13%) is applicable on Trustee fee as per Sindh Sales Tax on Services Act, 2011.

		December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
	Note	----- (Rupees in '000) -----	
10. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	10.1	1,344	1,344
Withholding tax payable		7,288	117,492
Brokerage payable		691	100
Auditors' remuneration		179	195
Other payables		318	314
		<u>9,820</u>	<u>119,445</u>

10.1 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 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2023, and the appeal filed by tax authorities with Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company 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 December 31, 2023 would have been higher by Rs. 0.01 per unit (June 30, 2023: Rs. 0.0179 per unit).

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2023 and June 30, 2023.

12. 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 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% of the Fund's accounting income as reduced by capital gains (whether realised or unrealized) for the year ending June 30, 2024 to its unit holders.

13. EARNINGS PER UNIT

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

14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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 / Related parties 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 related parties who were connected persons due to holding 10% or more units and directors and executives of the Management Company in the comparatives period and not in the current period are not disclosed in the comparative.

Details of the transactions with connected persons / Related parties and balances with them, are as follows:

	Half year ended December 31, 2023 (Un-Audited)	2022 (Un-Audited)
	----- (Rupees in '000) -----	
14.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	50,497	11,283
Sindh Sales Tax on remuneration of the Management Company	6,565	1,467
Allocation of expenses related to registrar services, accounting, operation and valuation services	20,064	5,697
Selling and Marketing expenses	8,302	5,697
Sales load paid	2,527	757
	Half year ended December 31, 2023 (Un-Audited)	2022 (Un-Audited)
	----- (Rupees in '000) -----	
Habib Bank Limited - Sponsor		
Bank charges	392	316
Profit on bank deposits earned	11,478	803
Executives of the Management Company		
Issue of 543,565(2022: 32,630) units	59,129	3,515
Redemption of 496,675(2022: 56,512) units	54,423	5,945
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	4,408	2,079
Sindh Sales Tax payable on the Trustee fee	573	270
Central Depository Service charges	337	120
HBL Islamic Financial Planning Fund-Active Allocation Plan		
Issue of 108,967 (2022: Nil) units	11,297	-
Redemption of 1,008,200(2022: Nil) units	112,825	-
MCBFSL Trustee HBL Islamic Financial Planning Fund-Conservative Allocation Plan		
Redemption of 4,418 (2022: 881) units	494	95
ZAHID RASHID SOORTY		
Redemption of Nil (2022: 48,375) units	-	5,000
ARCHROMA PAKISTAN LIMITED - EMPLOYEES GRATUITY FUND		
Issue of 351(2022: Nil) units	37	-
HBL ASSET MANAGEMENT LTD EMPLOYEES PROVIDENT FUND		
Issue of 34,861(2022: Nil) units	4,000	-
HBL ASSET MANAGEMENT LTD EMPLOYEES GRATUITY FUND		
Issue of 17,430(2022: Nil) units	2,000	-

		Half year ended December 31, 2023 (Un-Audited) ----- (Rupees in '000) -----	
		2022 (Un-Audited) (Un-Audited) ----- (Rupees in '000) -----	
CP MORE THAN 10%			
ROHTAS ASSOCIATES (PVT) LTD			
Redemption of 1,239,010 (2022: Nil) units		137,076	-
		December 31, 2023 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2023 (Audited) (Audited) ----- (Rupees in '000) -----
14.2	Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company			
Remuneration of the Management Company		14,265	5,042
Sindh Sales Tax payable on remuneration of the Management Company		1,854	655
Sales load payable		2,527	1,582
Allocation of expenses related to registrar services, accounting, operation and valuation services		7,562	1,483
Selling and marketing expenses		2,471	5,846
Central Depository Company of Pakistan Limited - Trustee			
Remuneration payable to the Trustee		1005	969
Sindh Sales Tax payable on remuneration of the trustee		131	-
Security deposit		-	126
Habib Bank Limited - Sponsor			
Bank balances		394,316	364,622
Accrued profit / markup receivable on bank balances		2,378	-
HBL Asset Management Limited - Employees' Gratuity Fund			
Units held: 24,392 (June 30, 2023: 6,962)		2805	719
HBL Asset Management Limited - Employees' Provident Fund			
Units held: 72,286 (June 30, 2023: 37,426)		8,294	3,863
		December 31, 2023 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2023 (Audited) (Audited) ----- (Rupees in '000) -----
Jubilee Life Insurance Company Limited			
Units held: 4,534,613 (June 30, 2023: 4,534,613)		521,533	468,066
MCBFSL Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan - Fund under common management			
Units held: Nil (June 30, 2023: 4,419)		-	456
ARCHROMA PAKISTAN LIMITED - EMPLOYEES GRATUITY FUND			
Units held: 653,434 (June 30, 2023: 653,084)		74,975	67,412
MCBFSL Trustee HBL Islamic Financial Planning Fund- Active Allocation Plan -Fund under common management			

	December 31, 2023 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2023 (Audited)
Units held: Nil (June 30, 2023: 899,234)	-	92,820
SYED FAYEZ ASAR		
Related party due to holding more that 10%		
Units held: Nil(June 30, 2023: 423,532)	-	579,729
ROHTAS ASSOCIATES (PVT) LTD		
Related party due to holding more that 10%		
Units held: Nil(June 30, 2023: 1,293,010)	-	133,466
Directors and executives of the Management Company		
Units held: 28,6253(June 30, 2022: 24,570) units	32,851	2,536

15 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.

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.

		December 31, 2023 (Un-Audited)					
		Carrying amount			Fair Value		
		At fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3
				Total			
Note		(Rupees in '000)					
Financial assets measured at fair value	15.1						
Corporate sukuk bonds		749,900	-	749,900	-	749,900	-
GoP Ijara sukuk Certificates		90,539	-	90,539	-	90,539	-
		840,439	-	840,439	-	840,439	-
Financial assets not measured at fair value	15.1						
Bank balances		-	11,046,450	11,046,450			
Term Deposit Receipts (TDR's)		-	4,839,420	4,839,420			
Profit receivable		-	124,092	124,092			
Deposits		-	100	100			
		-	16,010,062	16,010,062			
Financial liabilities not measured at fair value	15.1						
Payable to the Management Company		-	26,825	26,825			
Payable to the Trustee		-	1,005	1,005			
Dividend payable		-	-	-			
Accrued expenses and other liabilities		-	1,034	1,034			
		-	28,864	28,864			
		June 30, 2023 (Audited)					
		Carrying amount			Fair Value		
		At fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3
				Total			
Note		(Rupees in '000)					
Financial assets measured at fair value	15.1						
Corporate sukuk bonds		1,302,865	-	1,302,865	-	270,198	1,032,667
GoP Ijara sukuk Certificates		2,861,140	-	2,861,140	2,861,140		
		4,164,005	-	4,164,005	2,861,140	270,198	1,032,667
Financial assets not measured at fair value	15.1						
Bank balance		-	2,045,477	2,045,477			
Term Deposits		-	1,411,756	1,411,756			
Profit receivable		-	255,625	255,625			
Deposits		-	100	100			
		-	3,712,958	3,712,958			
Financial liabilities not measured at fair value	15.1						
Payable to the Management Company		-	13,593	13,593			
Payable to the Trustee		-	969	969			
Dividend payable		-	5,137	5,137			
Accrued expenses and other liabilities		-	609	609			
		-	20,308	20,308			

15.1 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.

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

16. 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 (annualised) of the Fund for the six months period ended December 31, 2023 is 1.45% (December 2022: 1.03%) which includes 0.20 % (December 2022: 0.04%) representing Government levy and SECP fee.

17. GENERAL

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

17.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, effect of which is not material.

18. DATE OF AUTHORISATION FOR ISSUE

these condensed interim financial statements was authorised for issue by the Board of Directors of the Management Company on February 16, 2024.

**For HBL Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Equity Fund

FUND INFORMATION

Name of Fund	HBL Islamic Equity Fund
Name of Auditor	Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Bank Islami Pakistan Limited Bank Al Baraka Limited MCB Bank Limited Faysal Bank Limited Habib Bank Limited

INDEPENDENT AUDITOR'S REVIEW REPORT

To the unit holders of HBL Islamic Equity Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Equity Fund** (the "Fund") as at December 31, 2023, and the related condensed interim income statement, the condensed interim statement of comprehensive income, the condensed interim statement of movement in unit holders' fund, and the condensed interim statement of cash flows and notes to the condensed interim financial information (here-in-after referred to as the 'condensed interim financial information') for the half year then ended. The Board of HBL Asset Management Limited (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended December 31, 2023 is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are only required to review the cumulative figures for the half year ended December 31, 2023.

The condensed interim financial information for the half year ended December 31, 2022 and the annual financial statements of the Fund for the year ended June 30, 2023 were audited by another firm of chartered accountants, whose review report dated February 23, 2023 and audit report dated September 25, 2023, expressed an unmodified opinion respectively.

The engagement partner on the engagement resulting in this independent auditor's review report is Hena Sadiq.


Chartered AccountantsPlace: Karachi
Date: February 26, 2024
UDIN: RR202310057VuRo2XYlv

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC EQUITY FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Equity Fund (the Fund) are of the opinion that HBL Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2023 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 27, 2024



HBL Islamic Equity Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
AS AT DECEMBER 31, 2023

		(Un-Audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	15,709	11,548
Investments	5	111,803	92,808
Dividend and profit receivable		679	667
Receivable against sale of investments		-	1,831
Receivable against reimbursement from Management Company		1,637	2,392
Advances, deposits and prepayments		2,616	2,600
TOTAL ASSETS		132,444	111,846
LIABILITIES			
Payable to the Management Company	6	389	486
Payable to the Trustee		19	18
Payable to Securities and Exchange Commission of Pakistan	7	8	24
Payable against purchase of investments		14,147	-
Accrued expenses and other liabilities	8	5,116	4,220
TOTAL LIABILITIES		19,679	4,748
NET ASSETS		112,765	107,098
UNIT HOLDERS' FUND (AS PER STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND)			
		112,765	107,098
Contingencies and commitments			
	9	-----Number of units-----	
Number of units in issue		1,216,060	1,625,967
Net assets value per unit			
		92.7296	65.8671

The annexed notes from 1 to 16 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

	Half year ended December 31,		Quarter ended December 31,	
	2023	2022	2023	2022
Note	(Rupees in '000)			
Income				
Capital gain / (loss) on sale of investment - net	18,750	(4,008)	5,939	(637)
Dividend income	2,330	4,618	976	2,130
Profit from bank deposits	1,055	1,000	690	(1,340)
	22,135	1,610	7,605	153
Unrealised gain / (loss) on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6,567	(5,047)	5,578	(2,019)
	28,702	(3,437)	13,183	(1,866)
Expenses				
Remuneration of the Management Company	995	1,417	491	681
Sindh sales tax on remuneration of the Management Company	129	184	64	88
Remuneration of the Trustee	86	142	36	59
Sindh sales tax on remuneration of the Trustee	11	18	4	18
Annual fee to Securities and Exchange Commission of Pakistan	41	14	17	7
Allocation of expenses related to registrar services, accounting, operation and valuation services	244	390	106	188
Selling and marketing expenses	314	744	50	358
Auditors' remuneration	164	138	95	79
Securities transaction cost	1,432	1,255	499	847
Settlement and bank charges	252	207	220	127
Printing charges	80	19	80	-
Fee and subscription	16	14	9	7
Shariah advisory services	128	107	74	53
Reversal against reimbursement from Management Company	(1,637)	-	(1,637)	-
	2,255	4,649	108	2,512
Net income / (loss) for the period from operating activities before taxation	26,447	(8,086)	13,075	(4,378)
Taxation	-	-	-	-
Net income / (loss) for the period after taxation	26,447	(8,086)	13,075	(4,378)
Allocation of net income for the period				
Income already paid on redemption of units	11,111	-	2,863	-
Accounting income available for distribution:				
Relating to capital gains	14,271	-	9,147	-
Excluding capital gains	1,065	-	1,065	-
	15,336	-	10,212	-
	26,447	-	13,075	-
Earnings per unit				

The annexed notes from 1 to 16 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

	Half year ended December 31,		Quarter ended December 31,	
	2023	2022	2023	2022
	----- (Rupees in '000) -----			
Net income / (loss) for the period after taxation	26,447	(8,086)	13,075	(4,378)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	26,447	(8,086)	13,075	(4,378)

The annexed notes from 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended December 31,					
	2023			2022		
	Capital value	Undistributed income / (loss)	Total	Capital value	Undistributed loss	Total
	(Rupees in '000)					
Net assets at beginning of the period	426,612	(319,515)	107,098	455,922	(309,984)	145,938
Issuance of 1,555,444 units (2022: 1,278,028 units)						
Capital value (at net asset value per unit at the beginning of the period)	102,453	-	102,453	89,436	-	89,436
Element of income	27,780	-	27,780	383	-	383
Total proceeds on issuance of units	130,233	-	130,233	89,819	-	89,819
Redemption of 1,965,352 units (2022: 1,759,853 units)						
Capital value (at net asset value per unit at the beginning of the period)	(129,452)	-	(129,452)	(123,154)	-	(123,154)
Income already paid on redemption of units		(11,111)	(11,111)	-	-	-
Element of income	(10,450)	-	(10,450)	2,715	-	2,715
Total payments on redemption of units	(139,902)	(11,111)	(151,013)	(120,438)	-	(120,439)
Total comprehensive income / (loss) for the period	-	26,447	26,447	-	(8,086)	(8,086)
Net assets at end of the period	416,943	(304,179)	112,765	425,303	(318,070)	107,232
Accumulated loss brought forward						
Realised loss		(316,947)			(278,691)	
Unrealised loss		(2,568)			(31,293)	
		(319,515)			(309,984)	
Total comprehensive loss for the period		-			(8,086)	
Accounting income available for distribution						
Relating to capital gains		14,271			-	
Excluding capital gains		1,065			-	
		15,336			-	
		(304,179)			(318,070)	
Accumulated loss carried forward						
Realised loss		(310,746)			(313,023)	
Unrealised income / (loss)		6,567			(5,047)	
		(304,179)			(318,070)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		65.8671			69.9797	
Net assets value per unit at end of the period		92.7296			66.8692	

The annexed notes from 1 to 16 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 Cash Flow Statement (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended December 31,	
	2023	2022
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before taxation	26,447	(8,086)
Adjustments for:		
Dividend income	(2,330)	(4,618)
Profit from bank deposits	(1,055)	(1,000)
Capital (gain) / loss on sale of investment	(18,750)	4,008
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss - net	(6,567)	5,047
	(2,255)	(4,649)
Decrease in assets		
Investments - net	6,322	35,080
Receivable against sale of investments	1,831	(2,814)
Receivable against reimbursement from Management Company	755	-
Advances, deposits and prepayments	(16)	(15)
	8,892	32,251
Increase / (decrease) in liabilities		
Payable to the Management Company	(97)	845
Payable to the Trustee	1	(5)
Payable to Securities and Exchange Commission of Pakistan	(16)	(53)
Payable against redemption of units	14,147	(11,896)
Accrued expenses and other liabilities	896	37
	14,931	(11,072)
Cash generated from operations	21,568	16,530
Dividend received and profit received	3,373	5,948
Net cash generated from operating activities	24,941	22,478
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	130,233	89,819
Amount paid on redemption of units	(151,013)	(120,438)
Net cash used in financing activities	(20,780)	(30,619)
Net increase / (decrease) in cash and cash equivalents	4,161	(8,141)
Cash and cash equivalents at beginning of the period	11,548	15,503
Cash and cash equivalents at end of the period	15,709	7,362

The annexed notes from 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Equity Fund ('the Fund') was established under a Trust Deed executed between PICIC Asset Management 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 and the Trust Deed was executed on February 20, 2014.

The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 24, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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 (the NBFC Rules) 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 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.

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.

VIS Credit Rating Company has assigned a long term management quality rating of 'AM1' (Stable outlook) to the Management Company as at December 29, 2023.

Title to 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 of the Fund 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 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
- The NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'Non-Banking Finance Companies Regulations') and the requirements of the Trust Deed.

Wherever 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, differ from the IFRS, 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, the directives issued by the SECP and the requirements of the Trust Deed have been followed.

- 2.1.2** 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 audited financial statements of the Fund for the year ended June 30, 2023.
- 2.1.3** 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 December 31, 2023 and December 31, 2022 have not been reviewed.
- 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, 2023.

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

- 3.1** The accounting policies adopted for the preparation of this 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, 2023, unless otherwise stated.
- 3.2** The preparation of this condensed interim financial information in conformity with accounting and reporting standards as applicable in Pakistan 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, 2023.
- 3.4** There are certain standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan, effective for the first time in this condensed interim financial information and are mandatory for the Fund's accounting period beginning on or after July 01, 2023. These standards, interpretations and amendments are either not relevant to the Fund's operations or did not have a significant effect on this condensed interim financial information.
- 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, 2023.
- 3.6** 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, 2023.

		(Un-Audited) December 31, 2023	(Audited) June 30, 2023
4	BANK BALANCES	Note	(Rupees in '000)
	- In profit or loss sharing account	4.1	15,699
	- In current account		11,547
			<u>10</u>
			<u>15,709</u>
			<u>11,548</u>

- 4.1** These accounts carry profit ranging from 20% to 21.75% (June 30, 2023: 14.5% to 19.75%) per annum. This includes an amount held in Habib Bank Limited (a related party) amounting to Rs. 3.894 million (June 30, 2023: Rs. 2.09 million) on which profit is earned at 14.50% (June 30, 2023: 9.5% to 14.5%) per annum.

5 INVESTMENTS

Listed equity securities

5.1	111,803	92,808
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Shares of listed companies - fully paid up ordinary shares of Rs. 10 each, unless stated otherwise.

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Name of investee companies	Number of shares				Carrying value as at December 31, 2023	Market value as at December 31, 2023	Unrealised gain / (loss)	Market value as a percentage of total investments	Market value as a percentage of net assets
	As at July 1, 2023	Purchases during the period	Sales during the period	As at December 31, 2023					
----- Rupees in 000 ----- % -----									
Oil and Gas Exploration Companies									
Mari Petroleum Company Limited	145	-	-	145	220	304	84	0.27%	0.27%
Oil and Gas Development Company Limited	141,500	284,500	360,500	65,500	6,821	7,365	544	6.59%	6.53%
Pakistan Petroleum Limited	186,000	454,000	565,500	74,500	6,387	8,570	2,182	7.67%	7.60%
					13,428	16,239	2,811	14.52%	14.40%
Oil and Gas Marketing Companies									
Pakistan State Oil Company Limited	38,849	267,900	264,749	42,000	6,092	7,422	1,330	6.64%	6.58%
Shell Pakistan Limited	-	37,000	37,000	-	-	-	-	0.00%	0.00%
Sui Northern Gas Pipelines Limited	106,000	734,105	728,605	111,500	6,281	8,197	1,916	7.33%	7.27%
					12,373	15,619	3,246	13.97%	13.85%
Power Generation & Distribution									
Hub Power Company Limited	99,000	220,500	257,350	62,150	6,769	7,277	508	6.51%	6.45%
Nishat Chunian Power Limited	-	467,500	467,500	-	-	-	-	0.00%	0.00%
Nishat Power Limited	-	162,000	162,000	-	-	-	-	0.00%	0.00%
					6,769	7,277	508	6.51%	6.45%
Pharmaceuticals									
The Searle Company Limited	1,985	-	-	1,985	76	102	26	0.09%	0.09%
					76	102	27	0.09%	0.09%
Technology & Communication									
Air Link Communication Limited	-	240,657	142,657	98,000	6,509	5,954	(554)	5.33%	5.28%
Systems Limited	6,898	-	-	6,898	2,782	2,922	140	2.61%	2.59%
TPL Trakker Limited	995,500	-	35,000	960,500	8,491	7,559	(932)	6.76%	6.70%
					17,782	16,435	(1,346)	14.70%	14.57%
Refinery									
Attock Refinery Limited	-	130,500	130,500	-	-	-	-	0.00%	0.00%
National Refinery Limited	-	122,500	102,000	20,500	6,533	6,583	50	5.89%	5.84%
					6,533	6,583	49	5.89%	5.84%
As at December 31, 2023 (Un-Audited)					105,237	111,803	6,565	100%	87%
As at June 30, 2023 (Audited)					95,378	92,808	(2,568)	100%	87%

5.1.1 As at 31 December, 2023 The Fund has pledged shares 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 of following companies;

- The Hub Power Company Limited (22,460 shares having market value of Rs. 2.630 million)
- Meezan Bank Limited (28,000 shares having market value of Rs. 4.518 million)
- Maple Leaf Cement Factory Limited (75,800 shares having market value of Rs. 2.950 million)
- Oil & Gas Development Company Limited (21,000 shares having market value of Rs. 2.361 million)
- Pakistan State Oil Company Limited (9,000 shares having market value of Rs. 1.590 million)
- Pakistan Petroleum Limited (38,200 shares having market value of Rs. 4.394 million)

5.1.2 These investments include 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 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) have withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 3.460 million at December 31, 2023 (June 30, 2023 Rs. 3.161 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 year end. Moreover the requirement to deduct tax on bonus shares has been withdrawn through Finance Act, 2018.

	December 31, 2023 (Un-Audited)	June 30, 2023 (Audited)
	----- (Rupees in '000) -----	
6 PAYABLE TO THE MANAGEMENT COMPANY		
Remuneration of the Management Company	255	160
Sindh Sales Tax on remuneration of the Management Company	33	21
Allocation of expenses related to registrar, accounting, operation and valuation services	51	44
Selling and marketing expenses	50	261
	389	486

7 Payable to Securities and Exchange Commission of Pakistan

In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) on annual basis at the rate of 0.02% of average Net Assets of Collective investment Scheme calculated on daily basis. Effective as of July 1, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.095% and introduced a shift in payment frequency, from annual to monthly basis.

		December 31, 2023 (Un-Audited)	June 30, 2023 (Audited)
		----- (Rupees in '000) -----	
8 ACCRUED EXPENSES AND OTHER LIABILITIES	Note		
Provision for Federal Excise Duty	8.1	3,268	3,268
Donation payable	8.2	137	607
Brokerage payable		774	156
Withholding tax		296	45
Auditors' remuneration		80	110
Payable against redemption of units		524	-
Others		37	34
		5,116	4,220

8.1 The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2023 and the appeal filed by tax authorities with Hon'ble Supreme Court of Pakistan is pending for decision. In view of the above, the Management Company, as a matter of prudence, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 3.27 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2023 would have been higher by Rs. 2.69 per unit (June 30, 2023: Rs. 2.01 per unit).

10.2 The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

In prior year, SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 5.543 million for the period from July 1, 2014 till August 12, 2021.

8.2 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 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2023 (June 30, 2023: Nil).

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 percent of its accounting income for the year, as reduced by the accumulated losses and 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 at least 90% of the Fund's accounting income, as reduced by the accumulated losses and capital gains, whether realised or unrealised, for the year ending June 30, 2024, to its unit holders.

11 EARNINGS PER UNIT

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

12 TRANSACTIONS AND BALANCES 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 and executives of the management company 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 financial statements are as follows:

	Half year ended December 31,	
	2023	2022
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	
12.1 Transactions during the period		
HBL Asset Management Limited - Management Company*		
Remuneration of the Management Company for the period	994	1,417
Sindh Sales tax on remuneration of the Management Company	129	184
Allocation of expenses related to registrar services, accounting, operation and valuation services	244	390
Selling and marketing expenses	314	744
Issue of 438,064 (2022: Nil) units	40,000	-
Habib Bank Limited - Sponsor		
Bank charges paid	-	21
Profit on bank deposits earned	111	48
Executives of the Management Company		
Issue of 46,721 (2022: 7,305) units	3,906	499
Redemption of 33,723 (2022: 95,369) units	2,964	6,477
MCBFSL Trustee HBL Islamic Financial Planning Fund		
Active Allocation Plan - Fund under common management		
Redemption of 154,559 (2022: Nil) units	14,332	-
MCBFSL Trustee HBL Islamic Financial Planning Fund		
Conservative Allocation Plan - Fund under common management		
Issue of Nil (2022: 150) units	-	10
Redemption of 292 (2022: Nil) units	27	-
CP due to more than 10% unit holdings - Muhammad Arshad*		
Issue of Nil (2022: 316,746) units	-	23,020
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	86	142
Sindh Sales tax on remuneration of the Trustee	11	18
CDS charges	37	33

	(Un-Audited) December 31, 2023	(Audited) June 30, 2023
	----- (Rupees in '000) -----	
12.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company*		
Remuneration payable to the Management Company	255	160
Sindh Sales Tax on Management Company's remuneration	33	121
Selling and marketing expenses	50	261
Allocation of expenses related to registrar services, accounting, operation and valuation services	51	44
Units held: 438,064 (June 2023: Nil) units	40,621	-
	(Un-Audited) December 31, 2023	(Audited) June 30, 2023
	----- (Rupees in '000) -----	
Habib Bank - Sponsor		
Bank balances	3,885	2,029
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	19	18
Security deposit held	100	100
Executives of the Management Company		
Units held: 3,850 (June 30, 2023: 7,727)	3,570	847
DCCL Trustee HBL Islamic Financial Planning Fund		
Active Allocation Plan - Fund under common management		
Units held: Nil (June 30, 2023: 154,588)	-	10,000
DCCL Trustee HBL Islamic Financial Planning Fund		
Conservative Allocation Plan - Fund under common management		
Units held: Nil (June 30, 2023: 292)	-	20
CP due to more than 10% unit holdings		
- Munira Amir Vasi		
Units held: Nil (June 30, 2023: 531,947)	-	35,038
- Muhammad Arshad		
Units held: Nil (June 30, 2023: 316,745)	-	23,020

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

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

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

The following table shows financial instruments recognised at fair value, based on:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

December 31, 2023 (Un-Audited)							
Carrying amount			Fair Value				
Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)							
Financial assets measured at fair value							
Equity investment	111,803	-	111,803	111,803	-	-	111,803
Financial assets not measured at fair value							
Bank balances	-	15,709	15,709				
Dividend and profit receivable	-	679	679				
Receivable against reimbursement from Management Company	-	1,637	1,637				
Advances and deposits	-	2,600	2,600				
	-	20,625	20,625				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	356	356				
Payable to the Trustee	-	17	17				
Payable against purchase of investments	-	14,147	14,147				
Accrued expenses and other liabilities	-	1,552	1,552				
	-	16,072	16,072				

13.1 Valuation techniques

For level 1 investments at fair value through profit or loss investment in respect of equity securities, Fund uses daily quotation shares which are taken from Pakistan Stock Exchange Limited at reporting date.

	June 30, 2023 (Audited)						
	Carrying amount			Fair Value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----						
Financial assets measured at fair value							
Equity investment	-	92,808	92,808	92,808	-	-	92,808
Financial assets not measured at fair value							
Bank balances	-	11,548	11,548				
Dividend and profit receivable	-	667	667				
Receivable against sale of investments	-	1,831	1,831				
Receivable against reimbursement from Management Company	-	2,392	2,392				
Advances and deposits	-	2,600	2,600				
	-	19,038	19,038				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	465	465				
Payable to the Trustee	-	16	16				
Accrued expenses and other liabilities	-	907	907				
	-	1,389	1,389				

During the period ended December 31, 2023, there were no transfers between levels fair value measurements, and no transfer into and out of level 3.

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 December 31, 2023 is 5.24% (December 31, 2022: 3.31%) which includes 0.80% (December 31, 2022: 0.26%) representing government levy and SECP fee.

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 16, 2024 by the Board of Directors of the Management Company.

16 GENERAL

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

16.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, effect of which is not material.

**For HBL Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

HBL

HBL LiveStock Fund

FUND INFORMATION

Name of Fund	HBL LiveStock Fund
Name of Auditor	BDO Ebrahim & Co., Chartered Accountants
Name of Trustee	Digital Custodiam Company Limited
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Habib Bank Limited Al Baraka Bank

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS OF HBL LIVESTOCK FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL LIVESTOCK FUND ("the Fund") as at December 31, 2023 and the related 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 and a summary of significant accounting policies and other explanatory notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as "interim financial statements"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and fair presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

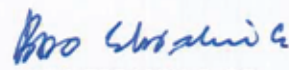
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the half year ended December 31, 2023 does not present fairly, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 26 FEB 2024

UDIN: AR202310166TmP1pKRdS


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS



REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

HBL LIVESTOCK FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

HBL Livestock Fund, a closed-end Shariah Compliant Livestock scheme established under a Trust Deed dated November 29th, 2022 executed between HBL Asset Management Company Limited, as the Management Company and Digital Custodian Company Limited, as the Trustee. The Fund commenced its operations from April 14, 2023.

1. HBL Asset Management Company Limited, the Management Company of HBL Livestock Fund has, in all material respects, managed HBL Livestock Fund during the period ended December 31st, 2023 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement.
2. Statement on the shortcoming(s) that may have impact on the decision of the existing or the potential unit holders remaining or investing in the Collective Investment Scheme; and

Statement

No short coming has been addressed during the period ended December 31st, 2023.

D.K.

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3. Disclosure of the steps taken to address the shortcoming(s) or to prevent the recurrence of the shortcoming(s).

Disclosure of the steps

We have critically examine the fund in accordance with circular, directives, NBFC Regulations 2008 and its constitutive documents. However, no shortcoming has been addressed.

4. Trustee's opinion regarding the calculation of the management fee, CIS Monthly Fee Payable to the Commission and other expenses in accordance with the applicable regulatory framework.

Trustee Opinion

"The Management fee, CIS monthly fee payable to the Commission and other expenses has been accurately calculated in accordance with the NBFC Regulations, 2008 and its constitutive documents".

Dabeer Khan
Manager Compliance
Digital Custodian Company Limited

Karachi: February 26, 2024

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HBL LiveStock Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
AS AT DECEMBER 31, 2023

		December 31 2023 (Unaudited)	June 30 2023 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	2,308	12,832
Investments	5	121,845	50,000
Formation cost		218	1,101
Other receivable	6	184	28,203
Advances, deposits and prepayments	7	10,173	4,362
TOTAL ASSETS		134,728	96,498
LIABILITIES			
Payable to the Management Company	8	2,266	635
Payable to the Trustee	9	211	159
Payable to Securities and Exchange Commission of Pakistan	10	5	4
Other liabilities		20,816	2,082
TOTAL LIABILITIES		23,298	2,880
NET ASSETS		111,429	93,618
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		111,429	93,618
CONTINGENCIES AND COMMITMENTS			
	12	Number of units	
Number of units in issue	13	90,000	90,000
		(Rupees)	
Net assets value per unit		1,238.0947	1,040.1980

The annexed notes from 1 to 21 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL LiveStock Fund
Condensed Interim Income Statement (Un-Audited)
FOR THE HALF YEAR AND QUATER ENDED DECEMBER 31, 2023

		For the half year ended December 31, 2023 ----- (Rupees in '000) -----	For the quarter ended December 31, 2023
	Note		
Income			
Capital (Loss)/ gain on sale of investments - net		(3,640)	873
Profit on bank deposits		1,929	503
		(1,711)	1,376
Unrealized gain on valuation of livestock investments classified as financial assets at 'fair value through profit or loss'	5.1	55,395	55,803
		53,684	57,179
Expenses			
Remuneration of the Management Company	8.1	1,452	1,097
Sindh Sales Tax on remuneration of the Management Company	8.2	189	143
Remuneration of the Trustee	9.1	363	275
Sindh Sales Tax on remuneration of the Trustee	9.2	47	36
Annual fee to Securities and Exchange Commission of Pakistan	10.1	10	8
Formation cost		871	649
Auditors' remuneration		240	169
Insurance fee		294	482
Shariah advisory services		109	95
Bank charges		0	0
Cost of feed		26,176	29,732
Testing and inspection cost		571	359
Livestock manager fee		1,350	1,426
Travelling expense		1,424	956
Printing expense		80	80
Livestock overheads		2,699	2,852
		35,873	38,357
Net income for the period		17,811	18,822
Taxation	14	-	-
Net income for the period		17,811	18,822
Allocation of net income for the period			
Income already paid on redemption of units		-	-
Accounting income available for distribution:			
Relating to capital gains		17,811	18,822
Excluding capital gains		-	-
		17,811	18,822
Earnings per unit	15		

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For HBL Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

HBL LiveStock Fund**Condensed Interim Statement of Comprehensive Income (Un-Audited)*****FOR THE HALF YEAR AND QUATER ENDED DECEMBER 31, 2023***

	For the half year ended December 31, 2023	For the quarter ended December 31, 2023
	----- (Rupees in '000) -----	
Net income for the period	17,811	18,822
Other comprehensive income	-	-
Total comprehensive income for the period	<u>17,811</u>	<u>18,822</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For HBL Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

HBL LiveStock Fund
Condensed Interim Statement of Movement in Unit Holders' Fund
FOR THE HALF YEAR AND QUATER ENDED DECEMBER 31, 2023

	December 31, 2023		
	Capital value	Undistributed income	Total
	Rupees in '000		
Net assets at beginning of the period (Audited)	90,000	3,618	93,618
Issuance of Nil units			
Capital value (at net asset value per unit at the beginning of the period)	-	-	-
Element of income	-	-	-
Total proceeds on issuance of units	-	-	-
Total comprehensive income for the period	-	17,811	17,811
Net assets at end of the period (Unaudited)	90,000	21,429	111,429
Undistributed income brought forward			
Realised loss		(12,452)	
Unrealised income		16,070	
		3,618	
Accounting income available for distribution			
Relating to capital gain		17,811	
Excluding capital gain		-	
		17,811	
Distributions during the period:		-	
Undistributed income carried forward		21,429	
Undistributed income carried forward			
Realised loss		(33,966)	
Unrealised income		55,395	
		21,429	
			(Rupees)
Net assets value per unit at beginning of the period			1,040.1980
Net assets value per unit at end of the period			1,238.0947

The annexed notes from 1 to 21 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL LiveStock Fund
Condensed Interim Statement of Cash Flows (Unaudited)
FOR THE HALF YEAR AND QUATER ENDED DECEMBER 31, 2023

	Note	December 31, 2023 --- (Rupees in '000) ---
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period		17,811
Adjustments for:		
Capital loss on sale of investments - net		3,640
Profit on bank deposits		(1,929)
Formation cost		871
Unrealized gain on valuation of livestock investments		(55,395)
		<u>(35,003)</u>
Decrease / (increase) in assets		
Investments - net		(20,090)
Formation cost		12
Advances, deposits and prepayments		(5,811)
Other receivables		27,870
		<u>1,982</u>
(Decrease) / increase in liabilities		
Payable to the Management Company		1,631
Payable to the Trustee		53
Payable to Securities and Exchange Commission of Pakistan		1
Other liabilities		18,734
Cash generated from operations		20,419
Profit received on bank deposits		2,078
Net cash flows used in operating activities		<u>(10,524)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units		-
Net cash generated from financing activities		-
Net increase/(decrease) in cash and cash equivalents during the period		<u>(10,524)</u>
Cash and cash equivalents at beginning of the period (Audited)		12,832
Cash and cash equivalents at end of the period (Un-Audited)	4	<u>2,308</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL LiveStock Fund

Notes to the Condensed Interim Financial Information (Unaudited)

FOR THE HALF YEAR AND QUATER ENDED DECEMBER 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

The HBL Livestock Fund (the Fund) was established through a Trust Deed (the Deed) dated 29th November, 2022 under the Sindh Trust Act, 2020 (the Trust) between HBL Asset Management Limited, the Management Company, and Digital Custodian Company Limited (DCCL) the Trustee. The fund was approved by the Securities and Exchanges Commission of Pakistan (SECP) vide letter no. SCD/AMCW/HBLLSF/159/2022 dated December 20, 2022.

The fund has commenced its operations from April 14, 2023. Hence the comparative figures for half year ended 31 December 2022 are not being presented in the condensed interim financial statement.

The Fund has been categorised as a Shariah Compliant Lifestock scheme being a specialized trust as defined under section 2(u-i) of the Sindh Trusts Act, 2020, as amended vide Sindh Trusts (Amendment) Act, 2021. SECP has approved the fund for Sandbox testing under 3rd COHORT 2022 as a Livestock Collective Investment Scheme (CIS). It is not listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription at the start of the fund. The units are only transferable at the time of maturity.

The investment objective of HBL Livestock Fund is to provide shariah compliant returns to its investors by investing in cattle for fattening, overheads and expenses related to this activity within a closed-end period of Ten (10) months from the strike date of the Fund.

VIS Credit Rating company has assigned a management quality rating of 'AM1' (Positive outlook) to the HBL Asset Management Company Limited as at December 30, 2023 respectively.

Title to the assets of the Fund is held in the name of Digital Custodian Company Limited as trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These condensed interim financial statements 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;
- Provisions of and directives issued under the Companies Act, 2017,
- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), directives issued by the SECP and requirements of the Trust Deed.

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

2.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention, unless otherwise stated.

2.3 Functional and presentation currency

These interim condensed financial statements are presented in Pakistani Rupees, which is the Fund's functional currency.

2.4 Use of judgments and estimates

The preparation of these condensed interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets and liabilities and Income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying accounting policies and the key sources of estimation uncertainty were the same as those applied to the Financial Statements as at and for the year ended June 30, 2023

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the fund for the year ended June 30, 2023.

		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		----- Rupees in '000 -----	
4 BANK BALANCES			
In savings accounts	4.1	2,308	12,832
		<u>2,308</u>	<u>12,832</u>

4.1. These bank accounts carries profit at the rate ranging between 6.5% to 20.9% (June 2023: 6.5% to 19%) . This includes an amount held in Habib Bank Limited (a related party) amounting to Rs. 203,884 which carry profit at rate of 6.5% per annum.

		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		----- Rupees in '000 -----	
5. INVESTMENTS			
Financial assets at fair value through profit or loss			
Livestock	5.1	121,845	50,000

5.1 Financial assets at 'fair value through profit or loss' - Livestock

Particulars	Kgs				Carrying value as at December 31, 2023	Market value as at December 31, 2023	Unrealised appreciation on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total investments
	As At July 01, 2023	Purchases during the period	Sales during the period	As at December 31, 2023					
----- Rupees in '000 -----									
Livestock	100,603	156,243	(122,743)	134,103	66,450	121,845	55,395	60%	100%
Total - as at December 31, 2023	100,603	156,243	(122,743)	134,103	66,450	121,845	55,395	60%	100%
Total - as at June 30, 2023	-	139,332	(50,838)	100,603	33,929	50,000	16,070	36%	100%

		December 31 2023 (Un-audited)	June 30 2023 (Audited)
		Rupees in '000	
5.1.2	Net unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	Note	
	Market value of investments		121,845
	Less: Carrying value of investments		50,000
			66,450
			33,929
			55,395
			16,070
6	OTHER RECEIVABLE		
	Profit receivable -Al Baraka Bank Limited		55
	Profit receivable - Habib Bank Limited		203
	Receivable from SK Farm		-
	Receivable against sale of investments - net		30
	Receivable against insurance claim		4
			-
			27,816
			99
			180
			184
			28,203
7	ADVANCES, DEPOSITS & PREPAYMENTS		
	Livestock manager fee		661
	LSM - overheads		195
	Insurance		466
	Stock of feed		390
			212
			169
			8,833
			3,608
			10,173
			4,362
8	PAYABLE TO THE MANAGEMENT COMPANY		
	Remuneration payable to Management Company	8.1	745
	Sindh Sales Tax payable on Management fee	8.2	562
	Reimbursement of expenses to Management Company		97
			73
			1,424
			2,266
			635
8.1	As per the amendment in Regulation 61 of the NBFC Regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document. The maximum limit disclosed in the Offering Document (OD) is 3% per annum of average annual net assets.		
8.2	The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.		
		December 31 2023 (Un-audited)	June 30 2023 (Audited)
		Rupees in '000	
9	PAYABLE TO THE TRUSTEE		
	Trustee fee payable	9.1	186
	Sindh Sales Tax payable on Trustee Fee	9.2	141
			24
			18
			211
			159

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified at the rate 0.75%, based on the daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual fee payable	10.1	5	4
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10.1 Under the regulation 62 of the NBFC Regulations, an Asset Management Company managing a collective investment scheme, shall pay SECP an annual fee of 0.02% of the average annual net assets. During the year, Management Company has charged the fee accordingly. The fee is payable annually in arrears.

11	OTHER LIABILITIES	Note	December 31 2023 (Un-audited)	June 30 2023 (Audited)
			Rupees in '000	
	Audit fee payable		348	356
	Shariah advisory fee payable		103	56
	Other charges of trustee		-	111
	Other payable		-	119
	Payable to SGS - testing and inspection		365	87
	Formation cost payable to			
	HBL Asset management company		-	1,353
	Advance against Sale of LiveStock		20,000	-
			20,816	2,082

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2023 and June 30, 2023.

13 NUMBER OF UNITS IN ISSUE

Number of units

Units at the beginning of the period	90,000	-
Units issued during the period	-	90,000
Total units in issue at the end of the period	90,000	90,000

14 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 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 % of the fund's accounting income as reduced by capital gains (whether realized or unrealized) for the year ending June 30, 2024 to its unit holders.

15 EARNINGS PER UNIT

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

16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties / connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Digital Custodian Company 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 Rules, 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 are as follows:

	December 31, 2023 (Un-audited) (Rupees in '000)
16.1 Transactions during the year	
HBL Asset Management Limited - Management Company	
Remuneration of the Management Company	1,452
Sindh Sales Tax on remuneration of the Management Company	189
DCCL - Trustee	
Remuneration of the Trustee	363
Sindh Sales Tax on remuneration of the Trustee	47
Habib Bank Limited - Sponsor	
Profit on Bank Deposits	8
Bank charges	-
Balance outstanding as at the year end	

	December 31 2023 (Un-audited)	Jun-23 2023 (Audited)
	Rupees in '000	
16.2 HBL Asset Management Limited - Management Company		
Remuneration payable to the Management Company	745	562
Sindh Sales Tax payable on Management Company's remuneration	97	73
Formation cost Payable	-	1,353
Reimbursement to Management Company	1,424	-
DCCL		
Trustee fee payable	186	141
Sindh Sales Tax on remuneration of the Trustee	24	18
Other charges payable to trustee	-	111
Habib Bank Limited - Sponsor		
Bank balances	204	128
Profit receivable	-	1
Ivan N Johns - Directors & Executive		
Units Held of 1,000 (June 2023: 1,000) units	1,238	1,000

17 UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units.

The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total fund size at the end of each period.

The Fund has maintained and complied with the requirements of minimum fund size during the current period.

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price)

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

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

- 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.

Particulars	December 31, 2023						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments							
Financial assets measured at fair value - Livestock	121,845	-	121,845	-	121,845	-	121,845
	121,845	-	121,845	-	121,845	-	121,845

Particulars	June 30, 2023						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments							
Financial assets measured at fair value - Livestock	50,000	-	50,000	-	50,000	-	50,000
	50,000	-	50,000	-	50,000	-	50,000

19 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 Dec 31, 2023 is 37.77% which includes 0.26% representing government levy and SECP fee.

20 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 16, 2024 by the Board of Directors of the Management Company.

21 GENERAL

21.1 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

**For HBL Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer








Director










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