



**ASSET MANAGEMENT LTD.**  
ایسٹ مینجمنٹ لمیٹڈ

July 02, 2018

HBL AML/CN/052

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

**Subject: Material Information – Conversion of PICIC Investment Fund**

Dear Sir,

In accordance with Part X of the Securities Act, 2015 (formerly Section 15D of the Securities & Exchange Ordinance, 1969) and Clause 5.19.13(c) (Code of Corporate Governance) of the Rule Book of the Pakistan Stock Exchange Limited ("PSX"), we hereby convey the following information:-

*In continuation of our previous letter no. HBLAML/CS/2404/2018 dated April 25, 2018 relating to Book Closure for Conversion of the Fund from Closed-end Scheme to Open-end Scheme. The Fund is now converted into open ended scheme effective from July 02, 2018. Accordingly as per the Conversion Plan approved by the Certificate holders of the Fund:*

*Class-A Units of converted Fund have been allotted in the ratio of 1:1 to the existing Certificate Holders of Fund based on the market value of the Frozen Portfolio and related assets and liabilities as at June 30, 2018;*

*Class-B Units of converted Fund have been allotted to the Certificate Holders in ratio of 1:1 to the existing certificate holders of the Fund based on the NAV per unit of the assets and liabilities other than those attributed to Class-A units as at June 30, 2018.*

*The existing certificates of the converted Fund would continue to be listed on Pakistan Stock Exchange as Class-A units and will be tradable in the same manner as that of certificates of close ended fund. The market value of the certificate (on the stock exchange) will be adjusted downwards by weight of assets and liabilities of Class-B units in total assets and liabilities of the Fund as at June 30, 2018;*

*Issuance, redemption and other transactions of Class B units would be based on NAV per unit and back-end load (in case of redemption requests) as per approved Conversion Plan.*

*Attached is the calculation certified by the external auditors of the Fund M/s Deloitte Yousuf Adil & Co, Chartered Accountants to adjust the last closing market price of the certificate of the Fund. Accordingly the carved-out portion of Class - A Unit of the Fund is 47.52% of last closing market price.*

HBL Asset Management Limited  
Head Office  
7th Floor  
Emerald Tower  
G-19 Block-5,  
Main Clifton Road,  
Clifton, Karachi

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A Disclosure Form is enclosed herewith (Annexure "A")

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours truly,

Noman Qurban  
Company Secretary

CC: Head of Trustee & Custodial Operations  
Central Depository Company of Pakistan Ltd  
CDC House, 99-B, Block B, S.M.C.H.S. Main  
Shahra-e-Faisal, Karachi  
Head of Operations  
National Clearing Company of Pakistan Ltd  
8<sup>th</sup> Floor, Pakistan Stock Exchange Building,  
Stock Exchange Road, Karachi.

Head of Operations  
Central Depository Company of Pakistan Ltd  
CDC House, 99-B, Block B, S.M.C.H.S. Main  
Shahra-e-Faisal, Karachi  
Chief Executive Officer  
THK Associates (Private) Ltd  
1st Floor, 40-C, Block-6, P.E.C.H.S.,  
Karachi

Ms. Zonish Inayat, Deputy Director,  
Specialized Companies Division  
Policy, Regulation and Development  
Securities & Exchange Commission of  
Pakistan,  
NIC Building, Jinnah Avenue, Blue Area,  
Islamabad.



HBL ASSET MANAGEMENT LIMITED  
DISCLOSURE FORM

July 02, 2018

Name of the Company	PICIC Investment Fund under management of HBL Asset Management Limited.
Date of Report (Date of earliest event reported if applicable)	July 02, 2018
Exact Name of the Company as specified in its Memorandum	PICIC Investment Fund under management of HBL Asset Management Limited.
Registered address of the Company	7 <sup>th</sup> Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi.
Contact Information	Mr. Noman Qurban CFO & Company Secretary Tel: 021- 111-425-262 Fax: 021- 35240630
Material Information in accordance with Part X of the Securities Act, 2015 (formerly Section 15D of the Securities & Exchange Ordinance, 1969) and Clause 5.19.13(c) (Code of Corporate Governance) of the Rule Book of the Exchange	<p>We hereby convey the following information:</p> <p><i>In continuation of our previous letter no. HBLAML/CS/2404/2018 dated April 25, 2018 relating to Book Closure for Conversion of the Fund from Closed-end Scheme to Open-end Scheme. The Fund is now converted into open ended scheme effective from July 02, 2018. Accordingly as per the Conversion Plan approved by the Certificate holders of the Fund:</i></p> <p><i>Class-A Units of converted Fund have been allotted in the ratio of 1:1 to the existing Certificate Holders of Fund based on the market value of the Frozen Portfolio and related assets and liabilities as at June 30, 2018;</i></p> <p><i>Class-B Units of converted Fund have been allotted to the Certificate Holders in ratio of 1:1 to the existing certificate holders of the Fund based on the NAV per unit of the assets and liabilities other than those attributed to Class-A units as at June 30, 2018.</i></p> <p><i>The existing certificates of the converted Fund would continue to be listed on Pakistan Stock Exchange as Class-A units and will be tradable in the same manner as that of certificates of close ended fund. The market value of the certificate (on the stock exchange) will be adjusted downwards by weight of assets and liabilities of Class-B</i></p>



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	<p><i>units in total assets and liabilities of the Fund as at June 30, 2018;</i></p> <p><i>Issuance, redemption and other transactions of Class B units would be based on NAV per unit and back-end load (in case of redemption requests) as per approved Conversion Plan.</i></p> <p><i>Attached is the calculation certified by the external auditors of the Fund M/s Deloitte Yousuf Adil &amp; Co, Chartered Accountants to adjust the last closing market price of the certificate of the Fund. Accordingly the carved-out portion of Class - A Unit of the Fund is 47.52% of last closing market price.</i></p>
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Yours truly,

  
Norman Qurban  
Company Secretary





16 - 85 / 0063  
June 30, 2018

Farid Ahmed Khan  
Chief Executive Officer  
HBL Asset Management Limited  
7<sup>th</sup> floor, Emerald Tower  
Block 5, Clifton  
Karachi

**Deloitte Yousuf Adil**  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Shahrah-e-Faisal  
Karachi-75350  
Pakistan

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Dear Sir,

## **AUDITORS' CERTIFICATE AS STATUTORY AUDITOR IN RELATION TO CONVERSION OF HBL INVESTMENT FUND (FORMERLY PICIC INVESTMENT FUND) FROM CLOSE END FUND TO OPEN END SCHEME**

We refer to our engagement letter no. 16-85 / 0045 dated June 25, 2018 and are pleased to provide you with a Certificate in relation to conversion of HBL Investment Fund (formerly PICIC Investment Fund / the fund) from a close end fund to an open end scheme.

### **Background**

To ensure compliance with Regulation 65 of the NBFC Regulations, all closed end funds were required to be converted into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. Closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has a Frozen Portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, it was not converted into an open end scheme.

The Board of the Management Company (HBL Asset Management Limited) of the Fund in its meeting held on November 23, 2017 decided to proceed with the conversion of the Fund into an Open End Scheme with the approval of the Certificate Holders of the Fund under the provisions of the NBFC Regulations. For this purpose, Conversion Plan (the plan) has been approved by the Certificate Holders of the Fund vide its General Meeting dated January 10, 2018. The plan was approved by Securities and Exchange Commission of Pakistan (the Commission) on February 16, 2018.

As per the approved scheme, this conversion would necessitate issuance of Units to the Certificate Holders in the following manner on July 2, 2018;

- Class-A Units of Fund to be issued to the Certificate Holders of Fund based on the market value of the Frozen Portfolio and related assets and liabilities applicable on June 30, 2018; and
- Class-B Units of Fund to be issued to the Certificate Holders of Fund based on the NAV of the Portfolio other than those attributed to Class-A units on June 30, 2018, in lieu of the Certificates held by them.

As per the approved scheme, the certificates of the HBL Investment Fund before conversion will continue to be listed on Pakistan Stock Exchange as Class-A units and will be tradeable in the same manner as that of certificates of close end fund. The market value of the certificate (on the stock exchange) will be adjusted downwards by weight of Class-B units.

In this respect, we have been required by management to provide this certificate which is to be submitted by them to Pakistan Stock Exchange Limited (PSX) in relation to downward adjustment of market value of the closed-end certificates by the weight of Net Assets Value per unit of Class-B Segment as at June 30, 2018.

### **Scope of certificate**

The Certificate is required by management which is to be submitted by them to Pakistan Stock Exchange Limited (PSX) in relation to downward adjustment of market value of the closed-end certificates by the weight of Net Assets Value per unit of Class-B Segment as at June 30, 2018.

### **Management responsibility**

Management Company of the Fund is responsible for preparation of statement containing calculation of class-wise net asset value per certificate/unit of the fund in compliance with requirement of the Plan.

### **Auditor's responsibility**

Our responsibility is to certify overall and class-wise net asset value per certificate/unit of the fund for onward submission by the management to PSX. Our certificate is being issued in accordance with the Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedure as mentioned below:

- We checked downward adjustment of Market Value per certificate of the closed end fund as at May 14, 2018 (last trading day) by the weight of Class-B units of the Fund which comprise portfolio other than frozen portfolio and related assets and liabilities as at June 30, 2018. Frozen portfolio comprise shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, which relates to Class A units as per plan. For this purpose;
  1. We traced the amount of bank balance as per the net asset schedule (schedule) with the general ledgers and the bank statement(s) of the Fund. We further tested reconciling items (if any) on sample basis.
  2. For investments reported in the schedule, we compared the holdings of investments of the fund as at June 30, 2018 as per books and records of the fund with statement from Central Depository Company Pakistan Limited and confirmation of CDC Trustee relating to physical securities held by them.
  3. We rechecked that the investments held by the fund are marked to market as at June 30, 2018.
  4. We checked dividend receivable on investments on sample basis by tracing it to dividend warrants.
  5. We checked net amount due to National Clearing Company of Pakistan Limited (NCCPL) by comparing it with purchase and sales summary report of NCCPL.
  6. We traced the amount of unclaimed dividend payable with the general ledger.
  7. We recomputed the expense for the month of June as per the offering documents. NAV based expense payables represents expense for the month of June.

## **Certificate**

Based on procedures performed including review of books of accounts of HBL Investment Fund, we certify that the NAV per certificate/unit of Class-A segment and Class-B segment as stated in the annexed Statement is as per books and records of the Fund as at June 30, 2018.

## **Restriction on use and distribution**

This certificate is issued in relation to requirement of submission of this certificate to Pakistan Stock Exchange Limited and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein and the attachments.

Yours truly,

*Deloitte Yousuf Adil*

**Chartered Accountants**

**Place:** Karachi





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HBL Investment Fund (Formerly: PICIC Investment Fund)

NAV per Share (Certificate / Unit)

Calculation of Opening Price of "Class A" Segment for PSX after Conversion	Before Conversion on June 30, 2018	Class A Segment	Class B Segment
Net Asset Value (NAV) per Certificate in PKR	19.13	9.09	10.04
Ratio (%) of Net Assets:		47.52%	52.48%
Market price on last traded day on PSX in PKR	13.47		
Adjusted / Ex price of Class - A Segments post conversion based on ratio of net assets on June 30, 2018 in PKR		6.40	

  
Norman Qurban

CFO & Company Secretary





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