

**HBL**

**ASSET MANAGEMENT**

**ايسيت مينجمنت**

**HBL** Islamic Money Market Fund

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**Annual Report 2016**

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# VISION / MISSION / VALUES

## OUR VISION

Enabling people to advance with confidence and success.

## OUR MISSION

To make our Investor(s) prosper, our staff excel and create value for our stakeholders.

## OUR VALUES

Our values are based upon the fundamental principles that define our culture and are brought to life in our attitude and behavior. It is our values that make us unique and stem from five basic principles

- **Excellence**

The markets in which we operate are becoming increasingly competitive and our investors now have an abundance of choice. Only through being the very best - in terms of the service we offer, our product and premises - can we hope to be successful and grow.

- **Integrity**

We are an Asset Management Company in Pakistan and our success depends upon the performance of the Fund(s) which are under management and our investors and society in general expects us to possess an steadfastly adhere to high moral principle and professional standards.

- **Customer Focus**

We need to understand fully the need of our investors and to adopt our product and services to meet these. We must strive always to put the satisfaction of our investors first.

- **Meritocracy**

We believe in giving opportunities and advantage to our employees on the basis of their ability. We believe in rewarding achievement and in providing first class career opportunities for all.

- **Progressiveness**

We believe in the advancement of society through the adoption of enlightened working practice, innovative new products and processes and a sprit of enterprise.

## FUND AND CORPORATE INFORMATION

### Management Company

HBL Asset Management Limited.

### Board of Directors (As of August 26, 2016)

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Rehan N. Shaikh	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

### Audit Committee (As of August 26, 2016)

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Ava A. Cowasjee	(Independent Non-Executive Director)

### Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Rehan N. Shaikh	(Executive Director & CEO)

### Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Rehan N. Shaikh	(Executive Director & CEO)

Company Secretary &  
Chief Financial Officer

Mr. Noman Qurban

External Auditors

KPMG Taseer Hadi & Co., Chartered Accountants,  
Sheikh Sultan Trust Building No 02  
Beaumont Road, Karachi-75530, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder  
Progressive Plaza, Beaumont Road, 75530,  
Karachi, Pakistan.

Trustee

Central Depository Company of Pakistan Limited (CDC)  
CDC House, 99- B, Block "B", S.M.C.H.S, Main Shakra-e-Faisal, Karachi

Bankers

Habib Bank Limited  
National Bank of Pakistan  
Bank Al-Habib Limited  
Habib Metro Bank  
Meezan Bank Limited

Legal Advisors

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

Website

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

Head Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

## DIRECTORS REPORT

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** for the year ended June 30, 2016.

### Market Review

During the year State Bank Pakistan reduced the Discount Rate twice, from 7.00% to 6.50% in September 2015 and then 6.25% in May 2016 on the back of lower inflationary pressure and strong external accounts position. Due to decrease in Discount Rate, the T-bills secondary market yields decreased by a total of 105, 107 and 107 bps for 3,6 and 12 months respectively. After a lag of about 1.5 years, the GoP issued an Ijarah Sukuk in December 2015 - approximately PKR 273 billion was offered via the Ijarah Sukuk, of which PKR 117 billion was accepted at a cutoff of 50 basis points below the 6-month T-Bill cutoff. The lack of fresh Sukuk offerings in the primary market and maturity of previously auctioned instruments has created serious shortage of risk free instruments in the market. This shortage has pushed down GIS trading yields well below its conventional counterparts.

Pakistan's economy continued to maintain its growth momentum for the 3rd year in a row with real GDP growing at 4.71% in FY16 which is the highest in eight years. CPI inflation for FY16 clocked in at 2.86% compared to 4.53% in the previous year, driven by lower oil and food prices. The current account deficit reduced by 6.8%, while as a % of GDP, the current account deficit stood at 0.9% of GDP in FY16 vs. 1.0% in the previous fiscal year. The country's foreign exchange reserves increased by 23% to USD 23 billion, driven by sizable inflows from the IMF and other lenders, combined with savings via low international oil prices. The surge in foreign exchange reserves resulted in relative stability in the exchange rate with PKR depreciating by a mere 2.8% against USD in the interbank market.

### FUND'S PERFORMANCE

The total income and net income of the Fund was Rs. 28.84 million and Rs.20.28 million respectively during the year ended June 30, 2016. The Net Asset Value (NAV) of the Fund increased from Rs 100.4237 per unit as on June 30, 2015 to Rs 100.6132 per unit (after incorporating interim dividends at Rs 4.10 per unit) as on June 30, 2016; thereby giving an annualized return of 4.29%. During the same year the benchmark return (3 Month bank deposit rates) was 5.40%.

### INCOME DISTRIBUTION

During the year under review the Fund has distributed a Cash dividend of Rs. 4.10 per unit on June 22, 2016.

### RATING UPDATE

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has harmonised asset manager rating at "AM2" to the Management Company and assigned Fund stability rating of AA(f) to the Fund.

### AUDITORS

The existing Auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants retired. The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s Deloitte Yousaf Adil., Chartered Accountants as Auditors of Fund for the next term.

### PATTERN OF UNIT-HOLDERS

The pattern of Unit-holding as on June 30, 2016 is given in respective notes to the financial statements.

### DIRECTORS' STATEMENT IN COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This part of the Directors' report to unit-holders is given as required under section 236 of the Companies Ordinance 1984:

1. The financial statements, prepared by the management company of the Funds, present fairly the state of affairs of the Funds, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of Funds have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Funds' ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A summary of key financial data/performance table for 4 years is annexed.
9. The Directors, CEO, Executives and their spouses have made no transactions in the Fund's units during the year except as disclosed in respective notes to the financial statements of the Fund.
10. The Board of Directors of HBL Asset Management Limited held five meetings during the current financial year. The attendance of all directors is given in the following table:

Sr. No.	Name of Director	Number of meetings	
		Held	Attended
1	Mr. Towfiq H. Chinoy	5	4
2	Mr. Rehan N. Shaikh	5	5
3	Mr. Rizwan Haider	5	4
4	Mr. Salahuddin Manzoor	5	3
5	Mr. Salim Amlani	2	2
6	Ms. Sadia Khan	5	1
7	Ms. Sima Kamil	5	3
8	Mr. Ayaz Ahmed	3	3

11. The Board of Directors of HBL Asset Management Limited held the following board committee meetings during the current financial year with the attendances given in the following table:

a) **Audit Committee**

Sr. No.	Name of Director	Number of meetings	
		Held	Attended
1	Mr. Salim Amlani	2	2
2	Mr. Rizwan Haider	4	3
3	Mr. Salahuddin Manzoor	4	1
4	Mr. Ayaz Ahmed	1	1

b) **Risk Management Committee**

Sr. No.	Name of Director	Number of meetings	
		Held	Attended
1	Mr. Rizwan Haider	1	1
2	Mr. Salahuddin Manzoor	1	1
3	Mr. Rehan N. Shaikh	1	1

c) **Human Resource Committee**

Sr. No.	Name of Director	Number of meetings	
		Held	Attended
1	Ms. Sima Kamil	1	1
2	Mr. Rehan N. Shaikh	1	1
3	Mr. Salahuddin Manzoor	1	1
4	Ms. Sadia Khan	1	1

  
**BOARD OF DIRECTORS**

During the year Mr. Salim Amlani resigned from the Board of Directors of the company on November 03, 2015. The Board in its meeting held on February 09, 2016 co-opted Mr. Ayaz Ahmed as Director on the Board to fill the casual vacancy arising on resignation of Mr. Salim Amlani. The appointment of Mr. Ayaz Ahmed has been approved by SECP as required under NBFC Regulations, 2008.

The Board places on record their thanks and appreciation to Mr. Salim Amlani for his valuable contributions in the progress of the Company.

**Acknowledgement**

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

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

For and on behalf of the Board of  
HBL Asset Management Limited

**Rehan N. Shaikh**  
Chief Executive Officer  
Date: August 26, 2016  
Place: Karachi

## اسلامک منی مارکیٹ فنڈ ڈائریکٹرز رپورٹ :

### ہیڈ لائن : مجموعہ کمپنی کے ڈائریکٹرز کی رپورٹ :

انجینیئر ایل ایس ایٹسٹ منجمنٹ لمیٹڈ کا بورڈ 30 جون 2016ء کو ختم ہونے والے سال کے لئے انجینیئر ایل ایٹسٹ منی مارکیٹ فنڈ کی رپورٹ مع اسکے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

### مارکیٹ کا جائزہ :

سال کے دوران اسٹیٹ بینک پاکستان نے افراط زر کے کم ہوتے ہوئے دباؤ اور مستحکم بیرونی کھاتوں کی صورت حال کو مد نظر رکھتے ہوئے شرح سود دوبارہ کم کی ہیں، 6 ستمبر 2015ء میں 7% سے 6.5% اور مئی میں 6.25%۔ شرح سود میں کمی کی وجہ سے ٹی بلز سیکنڈری مارکیٹ نے 6، 3، 12 اور 105، 107 اور 107 بی بی ایس کی کمی حاصل کی۔ تقریباً ڈیڑھ سال کے وقفے کے بعد، حکومت پاکستان نے ستمبر 2015ء میں اجارہ وصولی جاری کئے، لگ بھگ 273 ارب روپے اجارہ وصولی کے ذریعے پیش کئے ہیں، جس میں 117 ارب روپے 50 پوائنٹس کے کٹ آف نرخ پر قبول کئے گئے جو کہ 6 ماہ ٹی بل کٹ آف سے نیچے ہے، پرائمری مارکیٹ میں تازہ وصولی کی پیشکش اور پہلے سے نیلام کئے گئے، انسٹر وٹمنٹس کی پختگی میں کمی نے مارکیٹ میں خطرے سے آزاد انسٹر وٹمنٹس کی سنجیدہ قلت پیدا کر دی ہے۔ اس قلت نے خطرے سے آزاد انسٹر وٹمنٹس کی سنجیدہ قلت پیدا کر دی ہے۔ اس قلت نے جی آئی ایس ٹریڈنگ یا فٹوں (آمدن) کو اسکے روایتی خریدوں سے نیچے دھکیل دیا ہے۔

پاکستانی معیشت نے اپنی پیداواری رفتار مسلسل تیسرے سال میں بھی برقرار رکھتے ہوئے مالی سال 2016 میں حقیقی مجموعی ملکی پیداوار 4.71% تک برقرار رہی جو کہ گذشتہ 8 سالوں میں سب سے زیادہ ہے۔ مالی سال 2016 کے لئے گزشتہ پندرہ برسوں میں افراترزیچھ سال کے 4.53% کے مقابلے میں 2.86% پر گھوم گیا جس کی وجہ تیل اور اجناس / غذائی اشیاء کی قیمتوں میں کمی ہے۔ کرنٹ اکاؤنٹ ڈیفیسیٹ (جاری کھاتے میں کمی) 6.8% کی شرح سے کم ہو گیا۔ مجموعی ملکی پیداوار کے فیصد کے مطابق پچھلے مالی سال میں 1% کے مقابلے میں مالی سال 2016 میں کرنٹ اکاؤنٹ ڈیفیسیٹ مجموعی ملکی پیداوار کا 0.9% ہے۔ ملکی زرمبادلہ کے ذخائر 23 ارب امریکی ڈالر 23% زیادہ رہے جسکی وجہ آئی ایم ایف کے عطف سے خصوصی رقم اور دیگر قرضے دینے والوں کی طرف سے رقم کی فراہمی مع عالمی سطح پر تیل کی قیمتوں میں کمی کے ذریعے ہونے والی بچت ہے۔ زرمبادلہ کے ذخائر میں اضافے کا نتیجہ انٹرنیشنل مارکیٹ میں ڈالر کے مقابلے میں پاکستانی روپے کے شرح مبادلے میں صرف 2.8% کی کمی دیکھی گئی۔

### فنڈ کی کارکردگی :

فنڈ کی مجموعی آمدن اور خالص آمدن 30 جون 2016 کو ختم ہونے والے سال کے دوران 28.84 ملین روپے اور 20.28 ملین روپے رہے ہیں۔ 30 جون 2016 کے مطابق فنڈ کے اثاثہ جات کی خالص مالیت (NAV) 100.4237 روپے فی یونٹ سے بڑھ کر 30 جون 2016ء کو 100.6132 روپے فی یونٹ (4.10 روپے فی یونٹ عبوری منافع جات کی شمولیت کے بعد) تھی؛ اس طرح دیا جانے والا سالانہ منافع 4.29% رہا۔ اسی سال کے دوران فنڈ مارک منافع (سہ ماہی بینک ڈپازٹ کی شرحیں) 5.40% تھی۔

### تقسیم آمدن :

زیر جائزہ سال کے دوران فنڈ 22 جون 2016 پر 4.10 روپے فی یونٹ کا نقد منافع تقسیم کر چکا۔

### تازہ ترین درجہ بندی :

جے سی آر-وی آئی ایس کرڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے مجموعہ کمپنی کو ایم 2 (AM2) کی ایسٹیمینٹ ریٹنگ سے سہم آہنگ کیا ہے اور فنڈ کے لئے اے اے (ایف) AA(F) فنڈ اسٹیٹیمینٹ ریٹنگ نامزد کی ہے۔

### آڈیٹرز :

موجودہ آڈیٹرز میسرز کے پی ایم جی ٹاٹیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس فارغ ہو رہے ہیں۔ آڈٹ کمیٹی کی نظر رشات پر بورڈ آف ڈائریکٹرز نے آئندہ مدت کے لئے فنڈ کے آڈیٹرز کے طور پر میسرز ڈی بی بیٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس کو مقرر کیا ہے۔



## یونٹ ہولڈرز کے اسلوب :

30 جون 2016ء کے مطابق یونٹ رکھنے کے اسلوب مالیاتی گوشواروں کے متعلقہ ملاحظات یعنی یادداشت میں دیئے گئے ہیں۔

### ادارہ جاتی نظم کے ضابطے سے ہم آہنگ ڈائریکٹران کا بیان:

یونٹ ہولڈرز کی طرف ڈائریکٹرز رپورٹ کا یہ حصہ کمپنیز آرڈیننس 1984 کی سیکشن 236 کی شرط کے تحت دیا گیا:

- 1- فنڈز کی انتظام کارکنی کی جانب سے تیار کردہ مالیاتی گوشوارے فنڈز کے امور کی حالت، اسکی کارگزاری کا نتیجہ، نقد کا بہاؤ اور فنڈ کے یونٹ ہولڈرز میں نقلی و حرکت کے تذکرے کو منصفانہ طور پر پیش کرتے ہیں۔
- 2- فنڈز کے اکاؤنٹس کی بگس مناسب طور پر قائم رکھی گئی ہیں۔
- 3- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیز کو مسلسل استعمال میں لایا گیا ہے۔ اکاؤنٹنگ تخمینہ جات معقول اور محتاط فیصلوں پر مبنی ہیں
- 4- انٹرنیشنل اکاؤنٹنگ اسٹیڈی رڈز جیسا کہ پاکستان میں لاگو ہیں، مالیاتی گوشواروں کی تیاری میں انکی پیروی کی جاتی ہے۔
- 5- انٹرنل کنٹرول کا نظام بالحاظ ڈیزائن مستحکم ہے اور اسے موثر طور پر نافذ کیا جاتا ہے اور اسکی نگرانی کی جاتی ہے۔
- 6- فنڈز کو جاری ساری رکھے جانے کی صلاحیت جیسا کہ حالیہ توثیق ہے پر کوئی قابل ذکر شک و شبہ موجود نہیں ہے۔
- 7- ادارہ جاتی نظم و نسق کی بہترین طور طریقوں پر کوئی اصولی انحراف، جیسا کہ درج ضوابط میں مفصل موجود ہے، نہیں ہے۔
- 8- کارگزاریوں کے 6 سالوں تک کے لئے، جہاں بھی اسکا اطلاق ہے، کلیدی مالیاتی ڈیٹا/ کارکردگی جدول کا خلاصہ منسلک ہے۔
- 9- ڈائریکٹرز، سی ای او، اور اسکے زوج سال کے دوران فنڈ کے یونٹس میں سوائے اسکے کہ وہ فنڈ مالیاتی گوشواروں کے متعلقہ ملاحظات (یونٹس) میں مذکور ہیں، ان میں کوئی لین دین نہیں کر چکے ہیں۔
- 10- ایچ بی یال ایسیٹ منجٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز نے رواں مالی سال کے دوران پانچ اجلاس منعقد کئے ہیں۔ تمام ڈائریکٹرز کی حاضری درج ذیل جدول میں دی گئی ہے:

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد	
		منعقدہ	حاضری
1	جناب توفیق ایچ چنائی	5	4
2	جناب رحمان این شیخ	5	5
3	جناب رضوان حیدر	5	4
4	جناب صلاح الدین منظور	5	3
5	جناب سلیم عالمانی	2	2
6	جناب سعید یہ خان	5	1
7	جناب سہما کامل	5	3
8	جناب ایاز احمد	3	3

11- انجی بی ایل ایسیٹ مینجٹ لمیٹڈ کے بورڈ آف ائریکٹرز نے رواں مالی سال کے دوران درج ذیل بورڈ کمیٹی اجلاس منعقد کئے، حاضری درج ذیل جدول میں درج ہے:

(الف) آڈٹ کمیٹی

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد	منعقدہ	حاضری
1	جناب سلیم عالمانی	2	2	2
2	جناب رضوان حیدر	3	4	3
3	جناب صلاح الدین منظور	3	4	3
4	جناب ایاز احمد	1	1	1

(ب) رسک مینجٹ کمیٹی (خطرات کی نظم کار کمیٹی)

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد	منعقدہ	حاضری
1	جناب رضوان حیدر	1	1	1
2	جناب صلاح الدین منظور	1	1	1
3	جناب ریحان این- شیخ	1	1	1

(ج) ہیومن ریسورس کمیٹی (انسانی وسائل کمیٹی)

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد	منعقدہ	حاضری
1	جناب سیمہ کامل	1	1	1
2	جناب ریحان این شیخ	1	1	1
3	جناب صلاح الدین منظور	1	1	1
4	جناب سعدیہ خان	1	1	1

## بورڈ آف ڈائریکٹرز:

رواں سال کے دوران مورخہ 3 نومبر 2015ء جناب سلیم عالمانی کمپنی کے بورڈ آف ڈائریکٹرز سے استعفیٰ دے دیا۔ بورڈ نے اپنے اجلاس منعقدہ 9 فروری 2016ء جناب ایاز احمد کو بطور ڈائریکٹر ترقی کر دی تاکہ جناب سلیم عالمانی کے استعفیٰ سے خالی ہونے والی عارضی نشست پر کر دی جائے۔ جناب ایاز احمد کی ترقی این بی ایف سی ریگولیشنز 2008ء کے تحت درکار کے مطابق ایس ای سی پی سے منظور کرائی گئی ہے۔

بورڈ نے جناب سلیم عالمانی سے انکی کمپنی کی ترقی و کامرانی کے لئے گراں قدر خدمات پر اظہار تشکر و اعتراف ریکارڈ کرایا ہے۔

## اعتراف:

بورڈ اس موقع کو غنیمت جانتے ہوئے قابل قدر یونٹ ہولڈرز سے انکے اعتماد اور سرپرستی کے لئے اظہار تشکر کرتا ہے۔ بورڈ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سنٹرل ڈپارٹری کمپنی آف پاکستان بطور ٹریڈ لاہور سٹاک ایکسچینج اور اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کردہ معاونت اور رہنمائی کا بھی دل کی گہرائی سے اعتراف کرتا ہے۔ بورڈ عملے (اسٹاف) کی جانب سے جانفشانی اور لگن کا قدرداں ہے۔

برائے دیکھنا

ایچ بی ایل ایس ایف منجمنٹ لمیٹڈ

ریحان این شیخ

منتظم اعلیٰ

مورخہ 26 اگست 2016ء

بمقام کراچی۔

## FUND MANAGER REPORT

### Type and Category of Fund

Open end Islamic Money Market Fund

### Investment Objective and Accomplishment of Objective

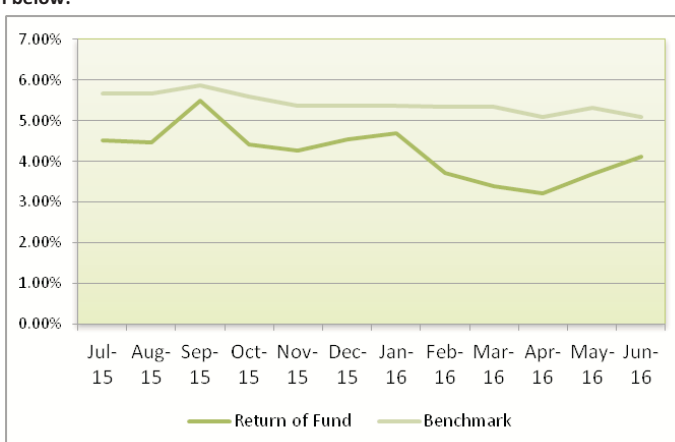
The investment objective of the Fund is to seek high liquidity, competitive return and maximum possible preservation of Capital for investors by investing in low risk Shariah Compliant securities.

### Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is average 3 Months deposit rates offered by any three Islamic Banks.

The comparison of the fund return with benchmark is given below:

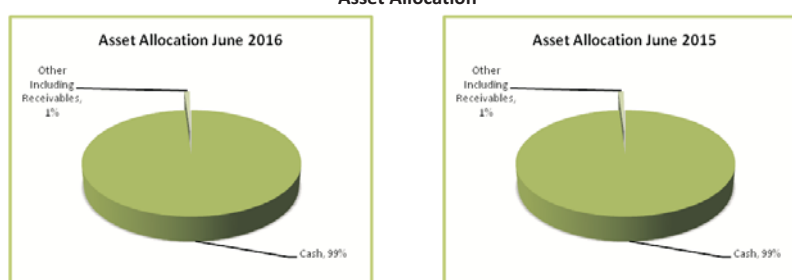
Month	Return of Fund	Benchmark
Jul-15	4.52%	5.66%
Aug-15	4.47%	5.66%
Sep-15	5.49%	5.86%
Oct-15	4.43%	5.60%
Nov-15	4.26%	5.36%
Dec-15	4.54%	5.36%
Jan-16	4.69%	5.36%
Feb-16	3.72%	5.35%
Mar-16	3.39%	5.35%
Apr-16	3.21%	5.09%
May-16	3.68%	5.32%
Jun-16	4.11%	5.09%



### Strategies and Policies employed during the Period

The Fund continued to invest in bank deposit due to absence of investment opportunities in Islamic investments.

### Asset Allocation



### Fund Performance

The total income and net income of the Fund was Rs. 28.84 million and Rs.20.28 million respectively during the year ended June 30, 2016. The Net Asset Value (NAV) of the Fund increased from Rs 100.4237 per unit as on June 30, 2015 to Rs 100.6132 per unit (after incorporating interim dividends at Rs 4.10 per unit) as on June 30, 2016; thereby giving an annualized return of 4.29%. During the same year the benchmark return (3 Month bank deposit rates) was 5.40%.

### Review of Market invested in

During the year State Bank Pakistan reduced the Discount Rate twice, from 7.00% to 6.50% in September 2015 and then 6.25% in May 2016 on the back of lower inflationary pressure and strong external accounts position. Due to decrease in Discount Rate, the T-bills secondary market yields decreased by a total of 105, 107 and 107 bps for 3,6 and 12 months respectively. After a lag of about 1.5 years, the GoP issued an Ijarah Sukuk in December 2015 - approximately PKR 273 billion was offered via the Ijarah Sukuk, of which PKR 117 billion was accepted at a cutoff of 50 basis points below the 6-month T-Bill cutoff. The lack of fresh Sukuk offerings in the primary market and maturity of previously auctioned instruments has created serious shortage of risk free instruments in the market. This shortage has pushed down GIS trading yields well below its conventional counterparts.

Pakistan's economy continued to maintain its growth momentum for the 3rd year in a row with real GDP growing at 4.71% in FY16 which is the highest in eight years. CPI inflation for FY16 clocked in at 2.86% compared to 4.53% in the previous year, driven by lower oil and food prices. The current account deficit reduced by 6.8%, while as a % of GDP, the current account deficit stood at 0.9% of GDP in FY16 vs. 1.0% in the previous fiscal year. The country's foreign exchange reserves increased by 23% to USD 23 billion, driven by sizable inflows from the IMF and other lenders, combined with savings via low international oil prices. The surge in foreign exchange reserves resulted in relative stability in the exchange rate with PKR depreciating by a mere 2.8% against USD in the interbank market.

#### Distribution

The Fund has distributed cash dividend at Rs. 4.10 per unit for the year ended June 30, 2015.

#### Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the period under review.

#### Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	649	11,476
101 – 500	31	6,663
501 – 1,000	15	11,375
1,001 – 10,000	71	291,109
10,001 – 100,000	26	543,197
100,001 – 500,000	3	488,541
500,001 – 1,000,000	-	-
1000,0001 – 5,000,000	1	3,684,164
5,000,001 and above	-	-
<b>Total</b>	<b>796</b>	<b>5,036,525</b>

#### Unit Splits

There were no unit splits during the year.

#### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

#### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

## HBL ISLAMIC MONEY MARKET FUND PERFORMANCE TABLE

	For the period ended June 30,2016	For the period ended June 30,2015	For the period ended June 30,2014	For the period ended June 30,2013	For the period ended June 30,2012
<b>NET ASSETS AND PRICES</b>					
Net assets at the period end(Rs'000)	506,741	457,348	446,142	439,246	343,438
Net asset value per unit at the period end/period end(Rs)	100.6132	100.4237	100.1872	100.9840	103.0235
Selling price/repurchasing price	100.6132	100.4237	100.1872	100.9840	103.0235
Earning per unit(Rs) (note 3.10 )					
Highest selling price per unit(Rs)	104.615	106.5827	100.9653	102.2988	103.4576
Lowest selling price per unit(Rs)	100.4203	100.3186	100.0852	100.1753	100.2278
Highest repurchase price per unit(Rs)	104.615	100.9653	100.9653	102.2988	103.4576
Lowest repurchasing price per unit(Rs)	100.4203	100.0852	100.0852	100.1753	100.2278
<b>RETURN ( % )</b>					
Total return	4.29%	6.70%	6.86%	8.45%	10.33%
Income distribution	4.37%	6.55%	7.46%	8.16%	10.00%
Capital growth	-0.08%	0.15%	-0.60%	0.29%	0.33%
<b>DISTRIBUTION</b>					
First Interin dividend distribution	-	-	0.56	2.20	2.25
Second Interin dividend distribution	-	-	0.54	0.73	-
Third Interin dividend distribution	-	-	0.54	0.72	-
Fourth Interin dividend distribution	-	-	0.54	0.69	2.25
Fifth Interin dividend distribution	-	-	0.53	0.62	-
Sixth Interin dividend distribution	-	-	0.56	0.52	-
Seventh Interin dividend distribution	-	-	0.55	0.54	2.50
Eighth Interin dividend distribution	-	-	0.47	0.60	-
Ninth Interin dividend distribution	-	-	0.47	0.59	-
Tenth Interin dividend distribution	-	-	0.45	-	-
Eleventh Interin dividend distribution	-	-	0.44	-	-
Twelveth Interin dividend distribution	-	-	0.86	-	-
Final dividend distributation	4.1	6.50	0.95	0.95	3.00
Total dividend distribution for the year/ period	4.10	6.50	7.46	8.16	10.00
<b>AVERAGE RETURNS ( % )</b>					
Average annual return 1 year	4.29%	6.70%	6.86%	8.45%	10.33%
Average annual return 2 year	5.50%	6.78%	7.66%	9.39%	10.40%
Average annual return 3 year	5.95%	7.34%	8.55%	9.75%	10.40%
Average return since inception	8.62%	9.27%	9.46%	9.99%	10.40%
Weighted average portfolio during (No. of days)	1	1	1	63	45

**Disclaimer:**

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S. Main Shakra-e-Faisal,  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ISLAMIC MONEY MARKET FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Money Market Fund (the Fund) are of the opinion that HBL Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

  
**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited  
Karachi, September 29, 2016



## REVIEW REPORT OF THE SHARIH ADVISOR

As a shariah adviser of the **HBL Islamic Money Market Fund**. I am issuing this report in accordance with clause 829 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of HBL Asset Management Limited, the management company of the fund, to establish and maintain a system on internal controls to ensure compliance with the Shariah guidelines. As a Shariah Adviser my responsibility is to express an opinion, based on my review of the representations made by the management, to the extent where such compliance can be objectively verified.

As part of my mandate as the Shariah Adviser to the Fund, I have reviewed the following , during the period:

- " The modes of investment of Fund's property and its compliance with Shariah guidelines.
- " The process of deployment of Fund's property and its compliance with Shariah guidelines.
- " The process of purification o income and its compliance with Shariah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by the Fund for the period ended June 30, 2016 are in compliance with the Shariah principles.

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**Mufti Yahya Asim**  
( Shariah Advisor )



## STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPALES

**HBL Islamic Money Market Fund** (the fund) has fully complied with the Shariah principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during for the year ended June 30,2016.This has been duly confirmed by the Shariah Advisor of the Fund.

**Rehan N. Shaikh**  
Chief Executive Officer  
Dated: August 26,2016



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847  
Fax + 92 (21) 3568 5095  
Internet www.kpmg.com.pk

## **Independent Assurance Report to the Unit Holders on the Statement of Compliance with the Shariah Principles**

We were engaged by the Board of directors of HBL Asset Management Limited, Management Company of HBL Islamic Money Market Fund (the Fund), to report on Fund's Compliance with the Shariah principles as set out in the annexed statement prepared by the management company for the year ended June 30, 2016 in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly, in all material respects, the status of the Fund's compliance with Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor as required under clause 8.3.1 of the Trust Deed of the Fund.

### **Management Company's Responsibilities**

The management company of the fund is responsible for preparing the annexed statement that is free from material misstatement in accordance with the Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor. This responsibility includes designing, implementing and maintaining internal control relevant to the operations of the Fund in accordance with the Shariah principles and to ensure that Fund's investments and placements are made in compliance with Shariah principles.

The management company is also responsible for preventing and detecting fraud and for identifying and ensuring that the Fund complies with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Fund's compliance with the Shariah principles are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

### **Our Responsibilities**

Our responsibility is to examine the annexed statement prepared by the Management Company and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE 3000) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement fairly presents the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the International Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance with Shariah principles whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the operations of the Fund in accordance with the Shariah principles in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal control. Reasonable assurance is less than absolute assurance.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the statement of the management assessment of compliance with the Shariah principles nor of the underlying records or other sources from which the annexed statement was extracted.

The procedures performed included:

1. Checking compliance of specific guidelines issued by the Shariah Advisor relating to charity, maintaining bank accounts and for making investments of the Fund.
2. Check that the Shariah Advisor has certified that investments made by the Fund during the year ended June 30, 2016 are in compliance with the Shariah principles and where required purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

#### **Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor for the year ended June 30, 2016.

**Date: 26 August 2016**

**Karachi**

*KPMG Taseer Hadi & Co.*  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No 5.19 of Listing Regulations of the Pakistan Stock Exchange for the purpose of establishing a framework of good Governance, whereby a listed Company is managed in compliance with the best practice of corporate governance.

HBL Asset Management Limited, the Management Company, is not listed and hence, the Code is not applicable to it. However, **HBL - Islamic Money Market Fund** (the Fund) being listed at the Pakistan Stock Exchange comes under the ambit of the Code. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary of the Management Company and other necessary personnel to manage its affairs.

HBL - Income Fund is an open ended mutual fund and was listed on Lahore Stock Exchange (now Pakistan Stock Exchange) on March 26, 2007. The units of the Fund have been offered for public subscription on a continuous basis from March 15, 2007.

1. The Management Company encourages representation of independent non-executive directors. As on June 30, 2016 the Board include following members:

Category	Names
Independent Directors	1. Mr. Nadeem Abdullah 2. Ms. Ava Ardeshir Cowasjee
Executive Director	1. Mr. Rehan N. Shaikh
Non-Exec utive Directors	1. Mr. Towfiq Habib Chinoy 2. Ms. Sima Kamil 3. Mr. Rizwan Haider 4. Mr. Muhammad Salahuddin Manzoor

The independent directors meet the criteria of independence under clause 5.19.1.(b) of CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Management Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the Board on November 03, 2015 which was filled up by the directors within 90 days thereof.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures. Further; it has also been placed on the Management Company's website.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of the particulars along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Five Directors have acquired formal training under "Directors' Training Program" duly approved by SECP during the year ended June 30, 2016. Two Directors had acquired the formal training in previous years.
10. The performance evaluation of the members of the Board including the chairman and chief executive was undertaken. A questionnaire for this purpose was approved by the BOD and circulated among the members of Board of Directors to complete.
11. Directors Report for the year ended June 30, 2016 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold units of the Fund other than those disclosed in note 17 to the financial statements "Transactions with Connected Persons / related parties".
14. The Company has complied with all the corporate and financial reporting requirements of the Code.

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016.

15. The Board has formed an Audit Committee which comprises of three members (however due to casual vacancy at the Board a meeting held on February 08, 2016 was attended by only two members) all of whom are non-executive directors. The Chairman of the Committee is also non-executive director. At present the Committee has no independent Director.
16. The meetings of the Audit Committee were held at least once every quarter. The meeting of Audit Committee was held prior to approval of interim and final results of the Fund, as required by the CCG. The term of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR Committee. It comprises of three members, of whom 2 are non-executive directors and the Chairman of the HR committee is a non-executive Director.
18. The Company has outsourced its internal audit function to a reputable firm of Chartered Accountants who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company. The Company still has to designate Head of Internal Audit for coordination between the firm and the Audit Committee of the Board.
19. The Statutory Auditors of the fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the net asset value per unit of the Fund's units, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with while the Code of Corporate Governance requires that where any director, CEO or executive of a Fund or their spouses sell, buy or transact, whether directly or indirectly, in units of the Fund of which he is a director, CEO or executive, as the case may be, he shall immediately notify in writing to the Company Secretary of such transaction. During the year, no such transactions were notified to the Company Secretary in writing.

**Rehan N. Shaikh**  
Chief Executive Officer

Date:  
Place: Karachi





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

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Fax + 92 (21) 3568 5095  
Internet www.kpmg.com.pk

### Review Report to the Unit Holders on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **HBL Asset Management Limited** ("the Management Company") for and on behalf of HBL Islamic Money Market Fund ("the Fund") for the year ended June 30, 2016, to comply with the Listing Regulation No. 5.19 (Chapter 5) of Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2016.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S.No.	Paragraph reference	Description
1	15	Audit Committee composition

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KPMG Taseer Hadi & Co.

S.No.	Paragraph reference	Description
2	18	Appointment of Head of Internal Audit
3	23	Notification of transactions in units to Company Secretary from related parties

Date: 26 August 2016

Karachi

*KPMG Taseer Hadi*  
KPMG Taseer Hadi & Co.  
Chartered Accountants



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847  
Fax + 92 (21) 3568 5095  
Internet www.kpmg.com.pk

## Independent Auditors' Report to the Unit Holders

### *Report on the Financial Statements*

We have audited the accompanying financial statements of **HBL Islamic Money Market Fund** ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2016 and the related income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in Unit Holders' fund for the year then ended and a summary of significant accounting policies and other explanatory notes.

### *Management's responsibility for the financial statements*

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

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2016 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.





KPMG Taseer Hadi & Co.

*Report on Other Legal and Regulatory Requirements*

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: 26 August 2016

Karachi

*KPMG Taseer Hadi & Co.*  
KPMG Taseer Hadi & Co.  
Chartered Accountants  
Syed Iftikhar Anjum

**HBL ISLAMIC MONEY MARKET FUND**  
**Statement of Assets and Liabilities**  
*As at June 30, 2016*

	Note	2016 (Rupees in '000)	2015
<b>Assets</b>			
Bank balances	4	514,268	464,049
Accrued mark-up	5	2,157	2,363
Preliminary expenses and flotation costs	6	-	197
Advances, prepayments and other receivables	7	2,114	325
<b>Total assets</b>		<u>518,539</u>	<u>466,934</u>
<b>Liabilities</b>			
Payable to HBL Asset Management Limited - Management Company	8	511	470
Payable to Central Depository Company of Pakistan Limited - Trustee	9	71	55
Payable to Securities and Exchange Commission of Pakistan	10	352	358
Accrued expenses and other liabilities	11	10,864	8,703
<b>Total liabilities</b>		<u>11,798</u>	<u>9,586</u>
<b>Net assets</b>		<u>506,741</u>	<u>457,348</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>506,741</u>	<u>457,348</u>
		(Number of units)	
<b>Number of units in issue</b>		<u>5,036,525</u>	<u>4,554,184</u>
		(Rupees)	
<b>Net assets value per unit</b>		<u>100.6132</u>	<u>100.4237</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## HBL ISLAMIC MONEY MARKET FUND

### Income Statement

As at June 30, 2016

	Note	2016 (Rupees in '000)	2015
<b>Income</b>			
Mark-up on deposits with banks	12	28,381	39,877
<b>Expenses</b>			
Remuneration of HBL Asset Management Limited - Management Company		6,230	6,363
Remuneration of Central Depository Company of Pakistan Limited - Trustee		802	358
Annual fee to Securities and Exchange Commission of Pakistan		352	
Allocation of Expenses related to registrar services, accounting, operation and valuation services	13	286	-
Auditors' remuneration	14	368	328
Settlement and bank charges		38	39
Amortisation of preliminary expenses and floatation costs	6	197	230
Other expenses		287	251
		8,560	8,285
		<u>19,821</u>	<u>31,592</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		454	(2,257)
Provision for Workers' Welfare Fund	11.2	-	(581)
<b>Net income for the year before taxation</b>		<u>20,275</u>	<u>28,754</u>
<b>Taxation</b>	15	-	-
<b>Net income for the year after taxation</b>		<u><u>20,275</u></u>	<u><u>28,754</u></u>

The annexed notes 1 to 24 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL ISLAMIC MONEY MARKET FUND**  
**Statement of Comprehensive Income**  
*As at June 30, 2016*

	2016	2015
	(Rupees in '000)	
Net income for the year	20,275	28,754
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>20,275</u>	<u>28,754</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL ISLAMIC MONEY MARKET FUND**  
**Distribution Statement**  
*As at June 30, 2016*

	2016	2015
	(Rupees in '000)	
<b>Undistributed income brought forward - realised</b>	<b>1,815</b>	816
Net income for the year	<b>20,275</b>	28,754
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (loss) that form part of the unit holder's fund	<b>185</b>	2
Interim distribution: Year ended June 30, 2016: Rs. 4.10 per unit (Date of distribution: June 22, 2016) [(Year ended June 30, 2015: Rs. 6.50 per unit) (Date of distribution: June 26, 2015)] - Cash distribution	<b>(19,099)</b>	(27,757)
<b>Undistributed income carried forward - realised</b>	<u><b>3,176</b></u>	<u>1,815</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL ISLAMIC MONEY MARKET FUND**  
**Statement of Movement in Unit Holders' Fund**  
*As at June 30, 2016*

	2016 (Rupees in '000)	2015
<b>Net assets at beginning of the year</b> [Rs.100.4237 per unit (2015: Rs.100.1872 per unit)]	457,348	446,142
Issue of 1,430,980 units (2015: 2,892,057 units)	146,076	299,694
Redemption of 948,639 units (2015: 2,790,960 units)	(97,405)	(291,742)
	48,671	7,952
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement	(454)	2,257
Net income for the year	20,275	28,754
Interim distribution: Year ended June 30, 2016: Rs. 4.10 per unit (Date of distribution: June 22, 2016) [(Year ended June 30, 2015: Rs. 6.50 per unit) (Date of distribution: June 26, 2015)] - Cash distribution	(19,099)	(27,757)
<b>Net assets at end of the year</b> [Rs.100.6132 per unit (2015: Rs.100.4237 per unit)]	<b>506,741</b>	<b>457,348</b>

The annexed notes 1 to 24 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## HBL ISLAMIC MONEY MARKET FUND

### Cash Flow Statement

As at June 30, 2016

	Note	2016 (Rupees in '000)	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year		20,275	28,754
<b>Adjustments</b>			
Amortisation of preliminary expenses and floatation costs	6	197	230
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		(454)	2,257
		<u>20,018</u>	<u>31,241</u>
<b>(Increase) / decrease in assets</b>			
Accrued mark-up		206	(1,800)
Advances, prepayments and other receivables		(1,789)	(252)
		<u>(1,583)</u>	<u>(2,052)</u>
<b>Increase / (decrease) in liabilities</b>			
Payable to HBL Asset Management Limited - Management Company		41	39
Payable to Central Depository Company of Pakistan Limited - Trustee		16	5
Payable to Securities and Exchange Commission of Pakistan		(6)	9
Accrued expenses and other liabilities		2,161	5,516
		<u>2,212</u>	<u>5,569</u>
<b>Net cash generated from operating activities</b>		<u>20,647</u>	<u>34,758</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Amount received on issue of units		146,076	299,694
Payment against redemption of units		(97,405)	(291,742)
Cash dividend paid		(19,099)	(27,757)
<b>Net cash generated from / (used in) financing activities</b>		<u>29,572</u>	<u>(19,805)</u>
<b>Net increase in cash and cash equivalents</b>		<u>50,219</u>	<u>14,953</u>
Cash and cash equivalents at beginning of the year		464,049	449,096
<b>Cash and cash equivalents at end of the year</b>	4	<u><u>514,268</u></u>	<u><u>464,049</u></u>

The annexed notes 1 to 24 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

# HBL ISLAMIC MONEY MARKET FUND

## Notes to the Financial Statements

As at June 30, 2016

### 1. LEGAL STATUS AND NATURE OF BUSINESS

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.

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 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A, Karachi, Pakistan.

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.

The principal activity of the Fund is to seek high liquidity and comparative Shariah Compliant return for investors by investing in low risk securities of shorter duration and maturity.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2' to the Management Company and the fund stability rating of AA(f) to the Fund.

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

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

#### 2.2 Standards, interpretations and amendments to approved accounting standards, that are not yet effective:

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 01, 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Fund's financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after January 01, 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Fund's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after January 01, 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Fund's financial statements.
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after January 01, 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Fund's financial statements.



- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after January 01, 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after January 01, 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after January 01, 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 01, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Fund's financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after January 01, 2016). The new cycle of improvements contain amendments to the following standards:
  - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
  - IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
  - IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
  - IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on Fund's financial statements.

### 2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise their judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to provision for taxation (note 15).

### 2.4 Accounting convention

These financial statements have been prepared under the historical cost convention.

### 2.5 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied except for following:

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from January 01, 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statements of the Fund.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Fund, except certain additional disclosures.

### **3.1 Cash and cash equivalents**

Cash and cash equivalents include bank balances and demand deposits with banks.

### **3.2 Financial assets**

#### **3.2.1 Classification**

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement', at the time of initial recognition.

The Fund classifies its financial assets in the following categories:

#### **a) Financial assets at fair value through profit or loss**

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

#### **b) Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### **c) Available for sale**

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

#### **3.2.2 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

#### **3.2.3 Initial recognition and measurement**

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

#### **3.2.4 Subsequent measurement**

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

#### **a) Basis of valuation of Debt Securities (other than government)**

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

## **b) Basis of valuation of Government Securities**

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

Net gains and losses arising from changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

### **3.2.5 Impairment of financial assets**

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Provision for non-performing debt securities and other exposures is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of Management Company.

### **3.2.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Fund has transferred substantially all risks and rewards of ownership.

### **3.2.7 Offsetting of financial assets and liabilities**

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

### **3.3 Financial liabilities**

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

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

### **3.4 Preliminary expenses and floatation costs**

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are amortised over a period of five years starting from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

### **3.5 Provisions**

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

### **3.6 Taxation**

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year in the form of cash.

### 3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on the date on which the funds are actually realized against application. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors / Management company receive redemption requests during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

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

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

The element of income and capital gains included in the prices of units issued less those in units redeemed to the extent that it is represented by distributable income earned during the year is recognised in the income statement and the element of income and capital gains represented by distributable income carried forward from prior years is included in the distribution statement.

### 3.9 Net Assets Value per unit

The Net Assets Value per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

### 3.10 Earnings per unit (EPU)

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

### 3.11 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Mark-up on deposits with banks and mark-up / return on debt securities and government securities is recognised using the effective interest method.

### 3.12 Proposed distributions

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

## 4. BANK BALANCES

<i>Note</i>	<b>2016</b>	2015
	<b>(Rupees in '000)</b>	
Balances with banks in:		
PLS saving deposit accounts under shariah arrangements	<u>4.1</u> <b>514,268</b>	<u>464,049</u>

4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 3.00% - 6.50% p.a (2015: 5.75% - 8.00% p.a).

5. ACCRUED MARK-UP		2016	2015
		(Rupees in '000)	
Mark-up accrued on deposits with banks		<u>2,157</u>	<u>2,363</u>
<b>6. PRELIMINARY EXPENSES AND FLOATATION COSTS</b>			
Opening balance		197	427
Less: amortised during the year		<u>(197)</u>	<u>(230)</u>
Closing balance		<u>-</u>	<u>197</u>
<b>6.1</b>	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.		
<b>7. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>	<i>Note</i>	2016	2015
		(Rupees in '000)	
Prepaid annual rating fee		55	62
Receivable against issuance of units		1,060	-
Receivable from HBL Islamic Asset Allocation Fund against conversion of units		999	-
Other receivables		<u>-</u>	<u>263</u>
		<u>2,114</u>	<u>325</u>
<b>8. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Management fee	8.1	406	400
Sindh Sales Tax	8.2	65	70
Allocation of expenses related to registrar services, accounting, operation and valuation services		<u>40</u>	<u>-</u>
		<u>511</u>	<u>470</u>
<b>8.1</b>	Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of 1% per annum for the current year (2015: 1% per annum).		
<b>8.2</b>	The Sindh Government has levied Sindh Sales Tax at the rate of 14% on the remuneration of the Management Company through Finance Act, 2015 effective from July 1, 2015.		
<b>9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>	<i>Note</i>	2016	2015
		(Rupees in '000)	
Trustee's remuneration	9.1	63	55
Sindh Sales Tax	9.2	<u>8</u>	<u>-</u>
		<u>71</u>	<u>55</u>
<b>9.1</b>	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 therein, based on the daily Net Asset Value (NAV) of the Fund.		
Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2016 is as follows:			
<b>Amount of Funds Under Management (Average NAV)</b>	<b>Tariff per annum</b>		
Upto Rs. 1,000 million	0.15% of NAV, w.e.f 1st April 2013,		
On an amount exceeding Rs. 1,000 million and upto Rs. 10,000 million	Rs. 1.5 million plus 0.075% p.a. of NAV, exceeding Rs. 1,000 million		
On an amount exceeding Rs. 10,000 million	Rs. 8.25 million plus 0.06% p.a. of NAV, on amount exceeding Rs. 10,000 million		

9.2 The Sindh Government has levied Sindh Sales Tax at the rate of 14% on the remuneration of the Central Depository Company of Pakistan through Finance Act, 2015 effective from July 1, 2015.

10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	<i>Note</i>	2016	2015
		(Rupees in '000)	
Annual fee	10.1	<u>352</u>	<u>358</u>

10.1 Under the provisions of the NBFC Regulations, 2008 a collective investment scheme categorised as money market scheme is required to pay annual fee to the SECP, at an amount equal to 0.075% (2015: 0.075%) of the average annual net assets of the scheme. HBL Islamic Money Market Fund has been classified as a money market scheme by the Management Company.

11. ACCRUED EXPENSES AND OTHER LIABILITIES	<i>Note</i>	2016	2015
		(Rupees in '000)	
Auditors' remuneration		307	301
Federal Excise Duty	11.1	2,185	1,430
Advance against units to be issued		310	-
Payable to HBL Money Market Fund against conversion of units		-	2,972
Payable to HBL Islamic Stock Fund against conversion of units		3,364	-
Payable to unit holders against redemption		988	-
Withholding tax payable		743	834
Provision for Workers' Welfare Fund	11.2	2,802	2,802
Other payable		<u>165</u>	<u>364</u>
		<u>10,864</u>	<u>8,703</u>

11.1 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The Honourable Sindh High Court (SHC) through its recent order dated June 02, 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) on services, other than shipping agents and related services, is ultra vires to the Constitution from July 01, 2011. The Honourable Sindh High Court in its decision dated July 16, 2016 in respect of constitutional petition filed by the management companies of mutual funds has also granted relief to the management companies of mutual funds based on its order dated June 02, 2016.

Sindh revenue Board and Federal Board of Revenue have filed appeals before Honourable Supreme Court against the Sindh High Court's decision of June 01, 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 2.363 million out of which 0.178 million have been paid to Management Company. Had the provision not been made, the Net Assets Value (NAV) per unit of the Fund as at June 30, 2016 would have been higher by Rs. 0.4692 per unit (June 30, 2015: 0.7728 per unit). However, after the exclusion of the mutual funds from federal statute on FED from July 01, 2016, the Fund has discontinued making the provision in this regard.

11.2 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, various constitutional petitions have been filed by certain CISs through their trustees and other affected entities in the Honourable High Court of Sindh (the Court) and Honourable Lahore High Court (LHC), challenging the applicability of WWF to the CISs.

In 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of SHC in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. The appeals against both the decisions have been filed and the matter is pending adjudication.

Pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has maintained the provision for WWF amounting to Rs. 2.802 million.

However, after the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1 July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Asset Value (NAV) per unit of the Fund as at June 30, 2016 would have been higher by Rs. 0.5563 per unit (June 30, 2015: Rs. 0.6153 per unit).

**12. MARK-UP ON DEPOSITS WITH BANKS**

2016                      2015  
(Rupees in '000)

Mark-up on savings accounts	<b>28,381</b>	39,877
	<b>28,381</b>	39,877

**13. ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES**

Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated November 25, 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulation, 2008. In the revised regulations a new clause 60(3)(s) has been introduced allowing the management company to charge "fees and expense related to registrar services, accounting, operation and valuation services related to CIS maximum upto 0.1% of average annual net assets of the Scheme or actual whichever is less" from the mutual funds managed by it.

The expenses represent the allocation of expenses relating to registrar services, accounting, operation and valuation services at 0.1% of average net annual assets of the fund with effect from November 25, 2015.

**14. AUDITORS' REMUNERATION**

2016                      2015  
(Rupees in '000)

Statutory audit fee	250	250
Half yearly review fee	40	40
Reporting on compliance with the Code of Corporate Governance	5	5
Shariah Compliance Audit fee	3	3
Out of pocket expenses	70	30
	<b>368</b>	328

**15. TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distribute through bonus shares, units or certificates as the case may be, shall not be taken into account. 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 accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current year as the Management Company has distributed at least 90 percent of the Fund's accounting income for the year ending June 30, 2016 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

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

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee to the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and directors of connected persons.

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

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

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

**16.1 Transactions during the year**

2016                      2015  
(Rupees in '000)

**HBL Asset Management Limited - Management Company**

Management Fee	6,230	6,363
Allocation of expenses related to registrar services accounting, operation and valuation services	286	-

**Habib Bank Limited - Sponsor**

Issue of 144,387 units (2015: 215,376 units)	14,513	21,609
Mark-up earned during the year	3,995	20,481
Mark-up received during the year	4,738	19,885
Bank charges paid	26	35

	2016	2015
	(Rupees in '000)	
<b>Executives of the Management Company and their relatives</b>		
Issue of 85,415 units (2015: 8,028 units)	8,870	850
Redemption of 85,296 units (2015: 8,028 units)	8,871	851
Profit earned on units redeemed	14	1
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	802	716
<b>Directors of connected persons</b>		
Redemption of 622 units (2015: Nil units)	63	-
Profit earned on units redeemed	9	-

#### 16.2 Amounts outstanding as at year end

<b>HBL Asset Management Limited - Management Company</b>		
Management fee	406	400
Allocation of Expenses related to registrar services, accounting, operation and valuation services	40	-
Sindh Sales tax	65	70
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund: 3,684,164 units (2015: 3,539,777 units)	370,676	355,477
Bank balances	25,768	17,979
Mark-up receivable on bank deposits	28	772
<b>Executives of the Management Company and their relatives</b>		
Investment held in the Fund: 119 units (June 30, 2015: Nil units)	12	-
<b>HBL Money Market Fund - Associate</b>		
Payable against conversion of units	-	2,972
<b>HBL Islamic Asset Allocation Fund - Associate</b>		
Receivable against conversion of units	999	-
<b>HBL Islamic Stock Fund - Associate</b>		
Payable against conversion of units	3,364	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	63	55
Sindh Sales Tax	8	-

#### 17. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follow:

Name	Designation	Qualification	Experience in years
1 Mr. Rehan N. Shaikh	Chief Executive Officer	B.Com	21
2 Mr. Amir Khan	Head of Research & Business Development	MBA	23
3 Mr. Fahad Aziz	Fund Manager	MBA	11



17.1 Mr. Fahad Aziz is the Fund Manager of the HBL Islamic Money Market Fund. He has obtained a Masters Degree in Business Administration. He is also the Fund Manager of HBL Income Fund and HBL Money Market Fund.

#### 18. PATTERN OF UNIT HOLDING

	2016		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment
Individuals	787	74,191	14.64%
Associated companies	1	370,676	73.15%
Retirement funds	4	28,676	5.66%
Others	4	33,198	6.55%
	<b>796</b>	<b>506,741</b>	<b>100.00%</b>

	2015		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment
Individuals	735	74,615	16.31%
Associated companies	1	355,477	77.73%
Retirement funds	1	2,143	0.47%
Others	3	25,113	5.49%
	<b>740</b>	<b>457,348</b>	<b>100.00%</b>

#### 19. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 52nd, 53rd, 54th, 55th, and 56th board meetings were held on September 30, 2015, October 30, 2015, February 09, 2016, April 08, 2016 and April 29, 2016 respectively. Information in respect of attendance by Directors in the meetings is as follows:

Name of Director	Number of meetings			Meeting not attended
	Held	Attended	Leave granted	
1 Mr. Towfiq Habib Chinoy	5	4	1	53rd Meeting
2 Mr. Rehan N. Shaikh	5	5	-	
3 Mr. Rizwan Haider Rizvi	5	4	1	52nd Meeting
4 Mr. Mohammad Salahuddin Manzoor	5	3	2	52nd and 55th Meeting
5 Mr. Salim Amlani	2	2	-	
6 Ms. Sadia Khan	5	1	4	52nd, 55th, 54th and 56th Meeting
7 Ms. Sima Kamil	5	3	2	52nd and 54th Meeting
8 Mr. Ayaz Ahmed	3	3	-	

#### 20. FINANCIAL RISK MANAGEMENT

The Fund has invested only in Shariah Compliant saving bank accounts as permitted by Shariah Advisor(s). These investments are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

##### 20.1 Market risk

This risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

#### 20.1.1 Currency risk

This risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

#### 20.1.2 Interest rate risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

##### a) Sensitivity analysis for variable rate instruments

As at June 30, 2016, the Fund does not hold any variable rate instrument that could expose the Fund to interest rate risk.

##### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2016, the Fund does not hold any financial instruments which are classified as available for sale, exposing the Fund to fair value interest rate risk.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Markets Association is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2016 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

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

Yield / Interest rate (%)	2016				
	Total	Exposed to Yield / Interest rate risk			Not exposed to Yield / Interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	3.00 - 6.50	514,268	514,268	-	-
Accrued mark-up		2,157	-	-	2,157
Advances, prepayments and other receivables		2,059	-	-	2,059
		518,484	514,268	-	4,216
<b>Financial liabilities</b>					
Payable to HBL Asset Management Limited - Management Company		511	-	-	511
Payable to Central Depository Company of Pakistan Limited - Trustee		71	-	-	71
Payable to Securities and Exchange Commission of Pakistan		352	-	-	352
Accrued expenses and other liabilities		5,877	-	-	5,877
		6,811	-	-	6,811
<b>On-balance sheet gap</b>		511,673	514,268	-	(2,595)
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-

Yield / Interest rate (%)	2015				
	Total	Exposed to Yield / Interest rate risk			Not exposed to Yield / Interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	464,049	464,049	-	-	-
Accrued mark-up	2,363	-	-	-	2,363
	466,412	464,049	-	-	2,363
<b>Financial liabilities</b>					
Payable to HBL Asset Management Limited - Management Company	470	-	-	-	470
Payable to Central Depository Company of Pakistan Limited - Trustee	55	-	-	-	55
Payable to Securities and Exchange Commission of Pakistan	358	-	-	-	358
Accrued expenses and other liabilities	4,471	-	-	-	4,471
	5,354	-	-	-	5,354
<b>On-balance sheet gap</b>	461,058	464,049	-	-	(2,991)
<b>Off-balance sheet financial instruments</b>	-	-	-	-	-
<b>Off-balance sheet gap</b>	-	-	-	-	-

### 20.1.3 Price Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Fund is no exposed to price risk as at June 30, 2016.

### 20.2 Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from the inability of the counter party to fulfil its obligations.

The Fund's credit risk is primarily attributable to balances with banks and advances, deposits and other receivables. The credit risk of the Fund is limited as the balances are maintained with counter parties that are financial institutions and companies with reasonably high credit ratings.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

The maximum exposure to credit risk is as follow:

Bank balances by rating category	2016	2015
	(Rupees in '000)	
A-1+ (JCR-VIS)	26,007	18,161
A1+ (PACRA)	488,261	445,888
	<u>514,268</u>	<u>464,049</u>
Accrued mark-up	2,157	2,363
Other receivables	2,059	-

The maximum exposure to credit risk before any credit enhancement is the carrying amount of these financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

#### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Almost 99% (2015: 99%) of the Fund's Financial assets are placed with various banks. Owing to strong financial position of the banks, Fund does not foresee any credit risk on this balance.

### 20.3 Liquidity risk

This risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of units. The Management Company manages the liquidity risk by monitoring maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2016			
	Total	Upto three months	Over three months and upto one year	Over one year
	----- (Rupees in '000) -----			
<b>Financial liabilities</b>				
<b>(excluding unit holders' fund)</b>				
Payable to HBL Asset Management Limited - Management Company	511	511	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	71	71	-	-
Payable to Securities and Exchange Commission of Pakistan	352	352	-	-
Accrued expenses and other liabilities	5,877	5,877	-	-
	<b>6,811</b>	<b>6,811</b>	-	-
Unit holders' fund	<b>506,741</b>	<b>506,741</b>	-	-
	2015			
	Total	Upto three months	Over three months and upto one year	Over one year
	----- (Rupees in '000) -----			
<b>Financial liabilities</b>				
<b>(excluding unit holders' fund)</b>				
Payable to HBL Asset Management Limited - Management Company	470	470	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	55	55	-	-
Payable to Securities and Exchange Commission of Pakistan	358		-	-
Accrued expenses and other liabilities	4,471	4,471	-	-
	<b>5,354</b>	<b>5,354</b>	-	-
Unit holders' fund	<b>457,348</b>	<b>457,348</b>	-	-

## 21. UNITS HOLDERS' FUND RISK MANAGEMENT

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable on the Fund.

The Fund's objectives when managing unit holders' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings arrangements (which can be entered if necessary) or disposal of investments where necessary.

## 22. 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.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Note	June 30, 2016						
	Carrying amount			Fair Value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>							
<b>Financial assets not measured at fair value</b>							
22	Bank balances	514,268	-	514,268			
	Accrued mark-up	2,157	-	2,157			
	Advances, prepayments and other receivables	2,059	-	2,059			
		<u>518,484</u>	<u>-</u>	<u>518,484</u>			
<b>Financial liabilities not measured at fair value</b>							
22	Payable to HBL Asset Management Limited - Management Company	-	511	511			
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	71	71			
	Payable to Securities and Exchange Commission of Pakistan	-	352	352			
	Accrued expenses and other liabilities	-	5,877	5,877			
		<u>-</u>	<u>6,811</u>	<u>6,811</u>			

		June 30, 2015						
		Carrying amount			Fair Value			
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>		----- (Rupees in '000) -----						
<b>Financial assets not measured at fair value</b>		22						
Bank balances		464,049	-	464,049				
Accrued mark-up		2,363	-	2,363				
Other Receivables		263	-	263				
		<u>466,675</u>	<u>-</u>	<u>466,675</u>				
<b>Financial liabilities not measured at fair value</b>		22						
Payable to HBL Asset Management Limited - Management Company		-	470	470				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	55	55				
Payable to Securities and Exchange Commission of Pakistan		-	358	358				
Accrued expenses and other liabilities		-	4,471	4,471				
		<u>-</u>	<u>5,354</u>	<u>5,354</u>				

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

**23. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 26, 2016**.

**24. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director