

**HBL**

**ASSET MANAGEMENT LTD.**

**ايسيت مينجمنت لميٲٲ**

HBL Islamic Pension Fund

**Quarterly Report**  
**March 31, 2017**  
(Un- Audited)

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## FUND AND CORPORATE INFORMATION

**Management Company**  
HBL Asset Management Limited.

**Board of Directors**

|           |                           |                                      |
|-----------|---------------------------|--------------------------------------|
| Chairman  | Mr. Tawfiq Habib Chinoy   | (Independent Non-Executive Director) |
| Directors | Mr. Farid Ahmed Khan      | (Executive Director & CEO)           |
|           | Mr. Rizwan Haider         | (Non-Executive Director)             |
|           | Mr. Salahuddin Manzoor    | (Non-Executive Director)             |
|           | Mr. Nadeem Abdullah       | (Independent Non-Executive Director) |
|           | Ms. Ava Ardeshir Cowasjee | (Independent Non-Executive Director) |

**Audit Committee**

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

**Human Resource Committee**

|             |                         |                            |
|-------------|-------------------------|----------------------------|
| Chairperson | Mr. Tawfiq Habib Chinoy | (Non-Executive Director)   |
|             | Mr. Farid Ahmed Khan    | (Executive Director & CEO) |

**Risk Management Committee**

|          |                        |                            |
|----------|------------------------|----------------------------|
| Chairman | Mr. Rizwan Haider      | (Non-Executive Director)   |
| Members  | Mr. Salahuddin Manzoor | (Non-Executive Director)   |
|          | Mr. Farid Ahmed Khan   | (Executive Director & CEO) |

Company Secretary &  
Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,  
Member of Deloitte Touch Tohmastu Limited  
Cavish Court, A-35, block 7 & 8 KCHSU,  
Shahra-e-Faisal, Karachi-75350, 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 Shahra-e-Faisal, Karachi

Bankers

Habib Bank Limited  
Bank Al-Habib Limited  
MCB Bank Limited  
Habib Metropolitan Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Allied Bank Limited  
Soneri Bank Limited  
NIB Bank Limited  
Meezan Bank Limited  
Dubai Islami Bank Limited  
Bank Islami Pakistan 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.

## **REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENET COMPANY FOR THE QUARTER ENDED MARCH 31, 2017**

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The Board of Directors of HBL Asset Management Limited is pleased to present its report along with Financial Statements Report of HBL Pension Fund and HBL Islamic Pension Fund (the Funds) for the quarter ended March 31, 2017.

### **MARKET REVIEW**

#### **Economic & Money Market Review**

Pakistan's economic performance in 9MFY17 continued to post an improvement compared to the year before, albeit at a slower pace. Large-scale manufacturing (LSM) growth came in at 3.5% (7MFY17) vs. 4.5% in the same period last year, mainly due to slower growth in the textile, petroleum products, and automobile sectors. CPI inflation, though historically still very low, has surged to 4.0% in 9MFY17 compared to 2.6% in the same period last year; higher fuel and food prices were the primary contributors to acceleration in inflation. Pakistan's fiscal deficit shown a marked deterioration in 1HFY17 where the fiscal deficit-to-GDP ratio has risen to 2.4% from 1.7% in the comparable period last year due to meagre growth of 6.2% in tax revenues which could not keep pace with a 15.7% increase in development spending and 10.9% increase in defence spending. Concerns on the external accounts position have re-emerged as the current account deficit for 8MFY17 has increased to 2.6% of GDP vs. 1.3% in the same period last year on the back of falling textile exports, rising oil & machinery imports, and a decline in foreign remittance inflow especially from the Middle East. Foreign exchange reserves fell by 6.7% FY17TD; nevertheless, the SBP's foreign exchange reserves provide adequate import cover of 4.2 months, thus fending off any concerns of a major devaluation in the USDPKR rate. Challenges posed by the twin-deficit situation are likely to linger, however, with adequate support from strategic regional economies, the Pakistani economy looks set to overcome these. With GDP growth expected to accelerate to 5.0% this year, inflation likely to remain comfortably in single-digits, and pro-growth policy action in the run-up to general elections next year, Pakistan's economic outlook is positive.

The last GoP Ijara Sukuk auction was held in March 2016, and since then there has been no auction conducted, largely due to the lack of a suitable asset to back the issue. As a result, of this shortage of Shariah compliant investments, yields on the Ijara Sukuks continue to be unappealing to investors. However, during 3QFY17, some corporate Sukuks were brought to market, which were well-received by investors. The yield curve has steepened during the period as secondary market yields on 3, 5 and 10-year PIBs have increased by 46, 53 and 73 bps respectively. Meanwhile, yields on the 3, 6 and 12-month T-Bills rose by 9, 15 and 12 bps respectively. The SBP raised PKR 773 billion through PIBs compared to the cumulative target of PKR 650 billion and maturities of PKR 1.90 trillion. All PIB auctions held during 2QFY17 were scrapped. However, following the release of below-expected CPI data for the month of December 2016, the market anticipated that there would be no major hike in the discount rate, and thus placed bids at appropriate levels. The 5 and 10-year PIB cutoffs declined by 1 and 8 bps respectively FY17TD whereas the 3-year PIB cutoff remained unchanged. The large maturity of PIBs resulted in a net retirement of PKR 194 billion of government borrowing from commercial banks in FY17 till 24 March 2017, while government borrowing from the SBP came in at PKR 933 billion during the period vs. a net retirement of PKR 492 billion in the same period last year. Through T-Bills, the SBP raised PKR 5.67 trillion compared to the cumulative target of PKR 5.21 trillion and maturities of PKR 4.73 trillion. Going forward, it seems that the SBP is likely to continue its status-quo stance on monetary policy for longer than the market had expected, which will keep the market divided as to the timing of the first change in the policy rate.

#### **Stock Market Review**

Driven by strong inflow of domestic liquidity, rising oil prices and higher policy rate expectations, the KSE100 and the KMI30 Indices surged by 27.5% and 23.7% respectively in 9MFY17. However, most of the gains for the fiscal year were concentrated in the first half of the year and political turmoil and regulatory action stifled market performance in 3QFY17. Mutual funds emerged as the largest net buyers of USD 419 million, followed by insurance firms (USD 152 million) and companies (USD 131 million). This strong buying by local institutional investors was sufficient to absorb the steady selling of foreign investors, who offloaded USD 483 million of Pakistani equities. The rally was driven mainly by the banking sector, where investors expected that interest rates had bottomed-out, and selected scrips in the E&P, cement and fertilizer sectors which were expected to benefit from higher oil prices, strong growth in volumetric sales and new investment projects respectively. On the flip side, selected scrips in the textile and pharmaceutical sectors were the main drags on the market's performance.

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Furthermore, average daily trading volume shares posted a sizable improvement of 84% Y/Y in 9MFY17 to 369 million shares, while average turnover increased by 68% Y/Y to PKR 15.3 billion. M&A and IPO activity also remained robust in the period, particularly in the food & personal care, cement and automobile parts sectors. Going forward, we expect the market to continue its upward trajectory, given that Pakistan is still trading at a sizable discount to its Emerging Market peers in terms of P/E multiples and dividend yield. These attractive valuations should act as a catalyst for inflows from foreign investors, adding to the anticipated inflow from passive Emerging Market Index funds. The recent acquisition of a 40% stake in the PSX by Chinese investors should also pave the way for the introduction of new products and greater visibility of the Pakistani market on the global stage. Over the longer term, the gathering momentum of the China-Pakistan Economic Corridor (CPEC) projects are likely to stimulate investment-led GDP growth which bodes well for Pakistan's equity market as well.

#### **FUND'S PERFORMANCE**

##### **HBL ISLAMIC PENSION FUND**

The Fund comprises of three sub funds namely Equity sub-fund, Debt sub-fund and Money Market sub-fund.

The Fund as a whole earned total and net income of Rs. 46.64 million and Rs. 41.37 million respectively during the period ended March 31, 2017. The fund size increased from Rs 315.04 million as at June 30, 2016 to Rs. 378.30 million as at March 31, 2017 showing growth of 20.08%. Performance review for each sub Fund is given below:

##### **EQUITY SUB-FUND**

During the period, the Equity sub-fund earned total and net income of Rs. 38.029 million and Rs. 35.09 million respectively. The net assets of the Equity sub-fund was Rs. 207.12 million representing Net Asset Value (NAV) of Rs. 450.85 per unit as at March 31, 2017. The Fund yielded a return of 30.32% for the period ended March 31, 2017. The Sub Fund is invested to the extent of 93.87% in equities.

##### **DEBT SUB-FUND**

During the period, the Debt sub-fund earned total and net income of Rs. 4.83 million and Rs. 3.53 million respectively. The net assets of the Debt sub-fund was Rs. 93.11 million representing Net Asset Value (NAV) of Rs. 136.4889 per unit as at March 31, 2017. The Fund yielded annualized return of 3.09% for the period ended March 31, 2017. The Fund has major investment to the extent of 25.86% in Government Securities.

##### **MONEY MARKET SUB-FUND**

During the period, the Money Market sub-fund earned total and net income of Rs. 3.77 million Rs. 2.73 million respectively. The net assets of the Money Market sub-fund was Rs.78.07 million representing Net Asset Value (NAV) of Rs. 133.7821 per unit as at March 31, 2017. An annualized return of 3.69% was earned by the Fund for the period ended March 31, 2017.

#### **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 Pakistan 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

**Karachi**  
**Date: April 27, 2017**

**Farid Ahmed Khan**  
**Chief Executive Officer**

**HBL ISLAMIC PENSION FUND**  
**AS AT MARCH 31, 2017**  
**CONDENSED INTERIM BALANCE SHEET**

|   | March 31, 2017 (Un-Audited) |                 |                       |                 | June 30, 2016 (Audited) |                 |                       |               |                |
|---|-----------------------------|-----------------|-----------------------|-----------------|-------------------------|-----------------|-----------------------|---------------|----------------|
|   | Equity Sub-Fund             | Debt Sub-Fund   | Money Market Sub-Fund | Total           | Equity Sub-Fund         | Debt Sub-Fund   | Money Market Sub-Fund | Total         |                |
| Note  | (Rupees in '000)            |                 |                       |                 | (Rupees in '000)        |                 |                       |               |                |
| <b>ASSETS</b>   |                             |                 |                       |                 |                         |                 |                       |               |                |
| Bank balances   | 4                           | 11,219          | 59,936                | 76,795          | 147,950                 | 15,080          | 19,016                | 40,838        | 74,934         |
| Investments   | 5                           | 192,798         | 30,814                | -               | 223,612                 | 151,679         | 68,863                | 22,810        | 243,352        |
| Dividend receivable and accrued mark-up                                 |                             | 1,030           | 365                   | 319             | 1,714                   | 395             | 1,287                 | 602           | 2,284          |
| Advances, deposits and other receivables                                |                             | 5,702           | 3,108                 | 1,917           | 10,727                  | 100             | 100                   | -             | 200            |
| <b>Total assets</b>   |                             | <b>210,749</b>  | <b>94,223</b>         | <b>79,031</b>   | <b>384,003</b>          | <b>167,254</b>  | <b>89,266</b>         | <b>64,250</b> | <b>320,770</b> |
| <b>LIABILITIES</b>  |                             |                 |                       |                 |                         |                 |                       |               |                |
| Payable to the Pension Fund Manager                                     | 6                           | 301             | 134                   | 113             | 548                     | 232             | 125                   | 91            | 448            |
| Payable to the Central Depository Company of Pakistan Limited - Trustee |                             | 30              | 13                    | 11              | 54                      | 23              | 12                    | 9             | 44             |
| Payable to the Securities and Exchange Commission of Pakistan           |                             | 49              | 23                    | 18              | 90                      | 51              | 28                    | 20            | 99             |
| Accrued expenses and other liabilities                                  | 7                           | 3,250           | 944                   | 815             | 5,009                   | 3,331           | 916                   | 894           | 5,141          |
| <b>Total liabilities</b>  |                             | <b>3,630</b>    | <b>1,114</b>          | <b>957</b>      | <b>5,701</b>            | <b>3,637</b>    | <b>1,081</b>          | <b>1,014</b>  | <b>5,732</b>   |
| <b>NET ASSETS</b>   |                             | <b>207,119</b>  | <b>93,109</b>         | <b>78,074</b>   | <b>378,302</b>          | <b>163,617</b>  | <b>88,185</b>         | <b>63,236</b> | <b>315,038</b> |
| <b>PARTICIPANTS' SUB-FUNDS (as per statement attached)</b>              |                             | <b>207,119</b>  | <b>93,109</b>         | <b>78,074</b>   | <b>378,302</b>          | <b>163,617</b>  | <b>88,185</b>         | <b>63,236</b> | <b>315,038</b> |
| <b>Contingencies and commitments</b>                                    |                             |                 |                       |                 |                         |                 |                       |               |                |
| Number of units in issue  | 9                           | 459,402         | 682,171               | 583,588         | 1,725,161               | 472,936         | 672,201               | 488,681       | 1,633,818      |
| <b>Net asset value per unit</b>   |                             | <b>450.8445</b> | <b>136.4889</b>       | <b>133.7821</b> | <b>345.9646</b>         | <b>131.1891</b> | <b>129.4022</b>       |               |                |

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

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

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

\_\_\_\_\_  
**Director**

**HBL ISLAMIC PENSION FUND**  
**CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF**  
**COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2017**

|  | 2017             |               |                       |               | 2016             |               |                       |               |
|--|------------------|---------------|-----------------------|---------------|------------------|---------------|-----------------------|---------------|
|  | Equity Sub-Fund  | Debt Sub-Fund | Money Market Sub-Fund | Total         | Equity Sub-Fund  | Debt Sub-Fund | Money Market Sub-Fund | Total         |
| Note   | (Rupees in '000) |               |                       |               | (Rupees in '000) |               |                       |               |
| <b>Income</b>  |                  |               |                       |               |                  |               |                       |               |
| Dividend income  | 5,206            | -             | -                     | 5,206         | 4,532            | -             | -                     | 4,532         |
| Profit on bank deposits  | 445              | 1,546         | 2,745                 | 4,736         | 393              | 676           | 619                   | 1,688         |
| Mark-up / return on investments  | -                | 2,259         | 496                   | 2,755         | -                | 2,706         | 1,665                 | 4,371         |
| Capital gain on sale of investments  | 32,378           | 1,027         | 534                   | 33,939        | 18,594           | (770)         | (378)                 | 17,436        |
|  | <b>38,029</b>    | <b>4,832</b>  | <b>3,775</b>          | <b>46,636</b> | <b>23,509</b>    | <b>2,612</b>  | <b>1,906</b>          | <b>28,027</b> |
| <b>Expenses</b>  |                  |               |                       |               |                  |               |                       |               |
| Remuneration to the Pension Fund Manager   | 2,463            | 1,131         | 847                   | 4,441         | 2,242            | 1,216         | 892                   | 4,350         |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee                                       | 232              | 108           | 81                    | 421           | 190              | 103           | 75                    | 368           |
| Annual fee to the Securities and Exchange Commission of Pakistan   | 48               | 23            | 17                    | 88            | 38               | 20            | 15                    | 73            |
| Auditors' remuneration   | 84               | 84            | 84                    | 252           | 75               | 75            | 75                    | 225           |
| Settlement and bank charges  | 4                | -             | 51                    | 55            | 30               | 6             | 6                     | 42            |
| Other expenses   | 110              | 49            | 49                    | 208           | 8                | 4             | -                     | 12            |
|  | <b>2,941</b>     | <b>1,395</b>  | <b>1,129</b>          | <b>5,465</b>  | <b>2,583</b>     | <b>1,424</b>  | <b>1,063</b>          | <b>5,070</b>  |
| <b>Net income from operating activities</b>  | <b>35,088</b>    | <b>3,437</b>  | <b>2,646</b>          | <b>41,171</b> | <b>20,926</b>    | <b>1,188</b>  | <b>843</b>            | <b>22,957</b> |
| Provision for Workers' Welfare Fund and Sindh Workers' Welfare Fund  | 18               | 94            | 87                    | 199           | -                | -             | -                     | -             |
| <b>Net income for the period before taxation</b>   | <b>35,106</b>    | <b>3,531</b>  | <b>2,733</b>          | <b>41,370</b> | <b>20,926</b>    | <b>1,188</b>  | <b>843</b>            | <b>22,957</b> |
| Taxation   | -                | -             | -                     | -             | -                | -             | -                     | -             |
| <b>Net income for the period after taxation</b>  | <b>35,106</b>    | <b>3,531</b>  | <b>2,733</b>          | <b>41,370</b> | <b>20,926</b>    | <b>1,188</b>  | <b>843</b>            | <b>22,957</b> |
| <b>Other comprehensive income for the period</b>   |                  |               |                       |               |                  |               |                       |               |
| <b>Items that may be reclassified to income statement in subsequent periods</b>                                |                  |               |                       |               |                  |               |                       |               |
| Net unrealised appreciation / (diminution) in the market value of investments classified as available for sale | 14,956           | (100)         | -                     | 14,856        | (21,487)         | 353           | 75                    | (21,059)      |
| <b>Total comprehensive income for the period</b>   | <b>50,062</b>    | <b>3,431</b>  | <b>2,733</b>          | <b>56,226</b> | <b>(561)</b>     | <b>1,541</b>  | <b>918</b>            | <b>1,898</b>  |

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

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

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

\_\_\_\_\_  
**Director**

**HBL ISLAMIC PENSION FUND**  
**CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF**  
**COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2017**

|  | 2017             |               |                       |         | 2016             |               |                       |         |
|--|------------------|---------------|-----------------------|---------|------------------|---------------|-----------------------|---------|
|  | Equity Sub-Fund  | Debt Sub-Fund | Money Market Sub-Fund | Total   | Equity Sub-Fund  | Debt Sub-Fund | Money Market Sub-Fund | Total   |
| Note   | (Rupees in '000) |               |                       |         | (Rupees in '000) |               |                       |         |
| <b>Income</b>  |                  |               |                       |         |                  |               |                       |         |
| Dividend income  | 1,192            | -             | -                     | 1,192   | 1,688            | -             | -                     | 1,688   |
| Profit on bank deposits  | 160              | 649           | 1,232                 | 2,041   | 90               | 285           | 404                   | 779     |
| Mark-up / return on investments  | -                | 528           | -                     | 528     | -                | 814           | 297                   | 1,111   |
| Capital gain on sale of investments  | 10,352           | -             | -                     | 10,352  | (2,644)          | (770)         | (378)                 | (3,792) |
|  | 11,704           | 1,177         | 1,232                 | 14,113  | (866)            | 329           | 323                   | (214)   |
| Reversal of impairment loss into capital gain on investments - classified as available for sale                | -                | -             | -                     | -       | -                | -             | -                     | -       |
|  | 11,704           | 1,177         | 1,232                 | 14,113  | (866)            | 329           | 323                   | (214)   |
| <b>Expenses</b>  |                  |               |                       |         |                  |               |                       |         |
| Remuneration to the Pension Fund Manager   | 888              | 388           | 296                   | 1,572   | 741              | 421           | 301                   | 1,463   |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee                                       | 89               | 39            | 30                    | 158     | 63               | 36            | 25                    | 124     |
| Annual fee to the Securities and Exchange Commission of Pakistan   | 17               | 8             | 6                     | 31      | 13               | 7             | 5                     | 25      |
| Auditors' remuneration   | 25               | 25            | 25                    | 75      | 23               | 25            | 25                    | 73      |
| Settlement and bank charges  | -                | -             | -                     | -       | -                | -             | -                     | -       |
| Other expenses   | -                | -             | -                     | -       | -                | -             | 1                     | 1       |
|  | 1,019            | 460           | 357                   | 1,836   | 840              | 489           | 357                   | 1,686   |
| <b>Net income from operating activities</b>  | 10,685           | 717           | 875                   | 12,277  | (1,706)          | (160)         | (34)                  | (1,900) |
| Provision for Workers' Welfare Fund and Sindh Workers' Welfare Fund  | 9                | 18            | 94                    | 199.00  | -                | -             | -                     | -       |
| <b>Net income for the period before taxation</b>   | 10,703           | 811           | 962                   | 12,476  | (1,706)          | (160)         | (34)                  | (1,900) |
| Taxation   | -                | -             | -                     | -       | -                | -             | -                     | -       |
| <b>Net income for the period after taxation</b>  | 10,703           | 811           | 962                   | 12,476  | (1,706)          | (160)         | (34)                  | (1,900) |
| <b>Other comprehensive income for the period</b>   |                  |               |                       |         |                  |               |                       |         |
| <b>Items that may be reclassified to income statement in subsequent periods</b>                                |                  |               |                       |         |                  |               |                       |         |
| Net unrealised appreciation / (diminution) in the market value of investments classified as available for sale | (7,504)          | (114)         | -                     | (7,618) | 2,943            | 539           | 134                   | 3,616   |
| <b>Total comprehensive income for the period</b>   | 3,199            | 697           | 962                   | 4,858   | 1,237            | 379           | 100                   | 1,716   |

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

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

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

\_\_\_\_\_  
**Director**



**HBL ISLAMIC PENSION FUND  
CONDENSED INTERIM STATEMENT OF MOVEMENT IN  
PARTICIPANTS' SUB FUNDS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

|   | 2017               |                  |                             |          | 2016               |                  |                             |          |
|---|--------------------|------------------|-----------------------------|----------|--------------------|------------------|-----------------------------|----------|
|   | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money<br>Market<br>Sub-Fund | Total    | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money<br>Market<br>Sub-Fund | Total    |
|   | (Rupees in '000)   |                  |                             |          | (Rupees in '000)   |                  |                             |          |
| Net assets at beginning of the period   | 163,617            | 88,185           | 63,236                      | 315,038  | 151,736            | 74,923           | 58,291                      | 284,950  |
| Amount received on issuance of units  | 29,623             | 17,996           | 31,187                      | 78,806   | 8,948              | 12,055           | 6,000                       | 27,003   |
| Amount paid on redemption of units  | (36,109)           | (16,521)         | (19,138)                    | (71,768) | (6,712)            | (6,569)          | (3,112)                     | (16,393) |
| Reallocation among sub-funds  | (74)               | 18               | 56                          | -        | (3,211)            | 2,702            | 509                         | -        |
| Net income for the period   | 35,106             | 3,531            | 2,733                       | 41,370   | 20,926             | 1,188            | 843                         | 22,957   |
| Net unrealised appreciation / (diminution) in the market value of securities classified as available for sale | 14,956             | (100)            | -                           | 14,856   | (21,487)           | 353              | 75                          | (21,059) |
| Total comprehensive income for the period   | 50,062             | 3,431            | 2,733                       | 56,226   | (561)              | 1,541            | 918                         | 1,898    |
| Net assets at end of the period   | 207,119            | 93,109           | 78,074                      | 378,302  | 150,200            | 84,652           | 62,606                      | 297,458  |

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

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

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

\_\_\_\_\_  
Director

**HBL ISLAMIC PENSION FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2017**

|   | 2017             |               |                       |               | 2016             |               |                       |               |
|---|------------------|---------------|-----------------------|---------------|------------------|---------------|-----------------------|---------------|
|   | Equity Sub-Fund  | Debt Sub-Fund | Money Market Sub-Fund | Total         | Equity Sub-Fund  | Debt Sub-Fund | Money Market Sub-Fund | Total         |
| Note  | (Rupees in '000) |               |                       |               | (Rupees in '000) |               |                       |               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                  |               |                       |               |                  |               |                       |               |
| Net income for the period before taxation                           | 35,106           | 3,531         | 2,733                 | 41,370        | 20,926           | 1,188         | 843                   | 22,957        |
| <b>Adjustments for non-cash items:</b>                              |                  |               |                       |               |                  |               |                       |               |
| Dividend income   | (5,206)          | -             | -                     | (5,206)       | (4,532)          | -             | -                     | (4,532)       |
| Profit on bank deposits   | (445)            | (1,546)       | (2,745)               | (4,736)       | (393)            | (676)         | (619)                 | (1,688)       |
| Mark-up / return on investments                                     | -                | (2,259)       | (496)                 | (2,755)       | -                | (2,706)       | (1,665)               | (4,371)       |
| Capital (gain) / loss on sale of investments                        | -                | -             | -                     | -             | (18,584)         | (770)         | -                     | (19,354)      |
|   | 29,455           | (274)         | (508)                 | 28,673        | (2,583)          | (2,964)       | (1,441)               | (6,988)       |
| <b>(Increase) / decrease in assets</b>                              |                  |               |                       |               |                  |               |                       |               |
| Investments - net   | (26,887)         | 38,459        | 22,778                | 34,350        | (3,620)          | 14,868        | 29,679                | 40,927        |
| Advances, deposits and other receivables                            | (5,602)          | (3,008)       | (1,917)               | (10,527)      | -                | -             | -                     | -             |
|   | (32,489)         | 35,451        | 20,861                | 23,823        | (3,620)          | 14,868        | 29,679                | 40,927        |
| <b>Increase / (decrease) in liabilities</b>                         |                  |               |                       |               |                  |               |                       |               |
| Payable to the Pension Fund Manager                                 | 69               | 9             | 22                    | 100           | 10               | 21            | 4                     | 35            |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 7                | 1             | 2                     | 10            | 5                | 4             | (1)                   | 8             |
| Payable to the Securities and Exchange Commission of Pakistan       | (2)              | (5)           | (2)                   | (9)           | (5)              | (3)           | (5)                   | (13)          |
| Accrued expenses and other liabilities                              | (81)             | 28            | (79)                  | (132)         | 355              | 217           | 179                   | 751           |
|   | (7)              | 33            | (57)                  | (31)          | 365              | 239           | 177                   | 781           |
|   | (3,041)          | 35,210        | 20,296                | 52,465        | (5,838)          | 12,143        | 28,415                | 34,720        |
| Dividend income received  | 5,318            | -             | -                     | 5,318         | 2,753            | -             | -                     | 2,753         |
| Mark-up income received   | 422              | 4,217         | 3,556                 | 8,195         | 310              | 449           | 114                   | 873           |
| <b>Net cash (used in) / generated from operating activities</b>     | <b>2,699</b>     | <b>39,427</b> | <b>23,852</b>         | <b>65,978</b> | <b>(2,775)</b>   | <b>12,592</b> | <b>28,529</b>         | <b>38,346</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                  |               |                       |               |                  |               |                       |               |
| Amount received on issue of units                                   | 10               | 29,623        | 17,996                | 31,187        | 78,806           | 8,948         | 12,055                | 6,000         |
| Amount paid on redemption of units                                  | (36,109)         | (16,521)      | (19,138)              | (71,768)      | (6,712)          | (6,569)       | (3,112)               | (16,393)      |
| Reallocation among Sub-Funds  | (74)             | 18            | 56                    | -             | (3,211)          | 2,702         | 509                   | -             |
| <b>Net cash generated from / (used in) financing activities</b>     | <b>(6,560)</b>   | <b>1,483</b>  | <b>12,105</b>         | <b>7,038</b>  | <b>(975)</b>     | <b>8,188</b>  | <b>3,397</b>          | <b>10,610</b> |
| <b>Net (decrease) / increase in cash and cash equivalents</b>       | <b>(3,861)</b>   | <b>40,920</b> | <b>35,957</b>         | <b>73,016</b> | <b>(3,750)</b>   | <b>20,780</b> | <b>31,926</b>         | <b>48,956</b> |
| Cash and cash equivalents at beginning of the period                | 15,080           | 19,016        | 40,838                | 74,934        | 13,986           | 10,223        | 3,665                 | 27,874        |
| <b>Cash and cash equivalents at end of the period</b>               | <b>4</b>         | <b>11,219</b> | <b>59,936</b>         | <b>76,795</b> | <b>147,950</b>   | <b>10,236</b> | <b>31,003</b>         | <b>35,591</b> |
|   |                  |               |                       |               |                  |               |                       | <b>76,830</b> |

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

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

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

\_\_\_\_\_  
**Director**

**HBL ISLAMIC PENSION FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2017**

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

HBL Islamic Pension Fund ("the Fund") was established under a Trust Deed, dated August 17, 2011, between HBL Asset Management Limited as the Pension Fund Manager (the Pension Fund Manager) 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 pension fund on October 05, 2011.

The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (VPS Rules) through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A, Karachi, Pakistan.

The Fund is an unlisted pension scheme and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the offering document, no distribution of income or dividend is allowed from any of the sub-funds.

The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Pension Fund Manager has appointed Mufti Yahya Asim as Shariah Advisor to the Pension Fund to ensure that the activities of the Fund are in compliance with the principles of Shariah.

The Fund consists of three sub-funds namely, HBL Islamic Pension Fund - Equity Sub-Fund, HBL Islamic Pension Fund - Debt Sub-Fund and HBL Islamic Pension Fund - Money Market Sub-Fund (collectively the "Sub-Funds"). The investment policy for each of the sub-funds are as follows:

- The Equity sub-fund consists of a minimum 90% of net assets invested in Shariah compliant listed equity securities. Investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, subject to a maximum of 35% of NAV. Remaining assets of the Equity Sub-Fund may be invested in any government security having less than one year time to maturity, or be deposited with Islamic Commercial banks or Islamic window of a commercial bank having at least 'A' rating.
- The Debt Sub-Fund consist of tradable debt securities with weighted average duration of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the assets in the sub-fund shall be invested in debt securities issued by the Federal Government. Up to twenty five percent (25%) may be deposited with banks having not less than 'AA+' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Money Market Sub-Fund consists of short term debt instruments with weighted average time to maturity not exceeding one year. There is no restriction on the amount of investment in securities issued by the Federal Government and the commercial banks having 'A+' or higher rating provided that deposit with any one bank shall not exceed twenty (20%) of net assets. Investment in securities issued by provincial government, city government, government entity with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be made up to 10%, 5%, 5% and 5% of net assets of the sub-fund respectively.

The Fund offers five types of allocation schemes, as prescribed by the SECP under VPS Rules, to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility and Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. The allocation to the sub-funds has to be done at the date of opening of contributor's pension account and on an anniversary date thereafter. The contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis.

The Pension Fund Manager also offers a HBL Monthly Islamic Pension Plan ("the Income Plan") to the participants of the Fund or any other approved pension fund, at the retirement date of participants. The Income Plan intends to provide investors a monthly income stream based on investment according to the investor's desired risk exposure, within the prescribed allocation limits.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2' to the Pension Fund Manager while the Fund is currently not rated.

Title to the assets of the Fund are held in the name of CDC as the trustee of the Fund.

**2. BASIS OF PREPARATION**

**2.1 Statement of Compliance**

- 2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, technical releases

issued by the Institute of Chartered Accountants of Pakistan from time to time, the provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the VPS Rules or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the VPS Rules or the directives issued by the SECP shall prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. However, this condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2016.

2.1.3 This condensed interim financial information is being submitted to the participants as required under Regulation 7(f) of the VPS Rules.

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

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

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

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2016 except for the following:

International Accounting Standard (IAS) 1 Presentation of Financial Statements allows an entity to prepare either two performance statement i.e. income statement and statement of comprehensive income separately, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2016, has changed its policy with regard to preparation of statement of comprehensive income and opted to prepare one single performance statement i.e. "income statement and statement of comprehensive income" showing both income or loss for the period and items of other comprehensive income in it.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year/period except that items of other comprehensive income previously presented under 'other comprehensive income' in separate statement of comprehensive income are now presented within 'income statement and statement of comprehensive income' under 'other comprehensive income'.

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2016.

**4. BANK BALANCES**

|                              | March 31, 2017 (Un-audited) |               |                       |                | June 30, 2016 (Audited)     |               |                       |               |
|------------------------------|-----------------------------|---------------|-----------------------|----------------|-----------------------------|---------------|-----------------------|---------------|
|                              | Equity Sub-Fund             | Debt Sub-Fund | Money Market Sub-Fund | Total          | Equity Sub-Fund             | Debt Sub-Fund | Money Market Sub-Fund | Total         |
| Note                         | ------(Rupees in '000)----- |               |                       |                | ------(Rupees in '000)----- |               |                       |               |
| Balances in savings accounts | 11,219                      | 41,936        | 62,795                | 115,950        | 15,080                      | 19,016        | 40,838                | 74,934        |
| Term Deposit Receipts        | -                           | 18,000        | 14,000                | 46,000         | -                           | -             | -                     | -             |
|                              | <b>11,219</b>               | <b>59,936</b> | <b>76,795</b>         | <b>161,950</b> | <b>15,080</b>               | <b>19,016</b> | <b>40,838</b>         | <b>74,934</b> |

5. INVESTMENTS

|  | March 31, 2017 (Un-audited) |                |                       |          | June 30, 2016 (Audited) |                |                       |               |                |
|--|-----------------------------|----------------|-----------------------|----------|-------------------------|----------------|-----------------------|---------------|----------------|
|  | Equity Sub-Fund             | Debt Sub-Fund  | Money Market Sub-Fund | Total    | Equity Sub-Fund         | Debt Sub-Fund  | Money Market Sub-Fund | Total         |                |
| Note                                   | (Rupees in '000)            |                |                       |          | (Rupees in '000)        |                |                       |               |                |
| <b>Available for sale investments</b>  |                             |                |                       |          |                         |                |                       |               |                |
| Listed equity securities               | 5.1                         | 192,798        | -                     | -        | 192,798                 | 151,084        | -                     | -             | 151,084        |
| Unlisted equity securities             |                             | -              | -                     | -        | -                       | 595            | -                     | -             | 595            |
| Government of Pakistan - Ijarah Sukuks | 5.2                         | -              | 24,583                | -        | 24,583                  | -              | 64,914                | 19,810        | 84,724         |
| Sukuk certificates - Unlisted          | 5.3                         | -              | 6,231                 | -        | 6,231                   | -              | 3,949                 | 3,000         | 6,949          |
|  |                             | <b>192,798</b> | <b>30,814</b>         | <b>-</b> | <b>223,612</b>          | <b>151,679</b> | <b>68,863</b>         | <b>22,810</b> | <b>243,352</b> |

5.1 Listed equity securities

5.1.1 Held by Equity Sub-Fund

Fully paid up ordinary shares of Rs. 10 each except for K-Electric Limited which have face value of Rs. 3.5 each.

| Name of the investee company             | As at July 1, 2016 | Purchases during the period | Bonus / Right issue during the period | Sales during the period | As at March 31, 2017 | Market value as at March 31, 2017 | Market value as a % of net assets of the sub-fund | Market value as a % of total investment of the sub-fund | Holding as a % of paid-up capital of the investee company |
|--|--------------------|-----------------------------|---------------------------------------|-------------------------|----------------------|-----------------------------------|---|---|---|
|  |                    |                             |                                       |                         |                      |                                   |   |   |   |
| <b>Oil and Gas Exploration Companies</b> |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Pakistan Petroleum Limited               | 59,000             | 61,000                      | -                                     | 62,400                  | 57,600               | 8,923                             | 4.31%   | 4.63%   | 0.00%   |
| Mari Petroleum Company Limited           | 3,500              | 5,200                       | -                                     | 2,700                   | 6,000                | 9,123                             | 4.40%   | 4.73%   | 0.01%   |
| Oil & Gas Development Company Limited    | -                  | 117,000                     | -                                     | 58,000                  | 59,000               | 8,750                             | 4.22%   | 4.54%   | 0.91%   |
| Sui Northern Gas Pipelines Limited       | -                  | 118,500                     | -                                     | 73,500                  | 45,000               | 6,425                             | 3.10%   | 3.33%   | 0.01%   |
| Pakistan Oilfields Limited               | 15,900             | 27,800                      | -                                     | 23,200                  | 20,500               | 9,124                             | 4.41%   | 4.73%   | 0.01%   |
|  | <b>78,400</b>      | <b>329,500</b>              | <b>-</b>                              | <b>219,800</b>          | <b>188,100</b>       | <b>42,345</b>                     | <b>20.44%</b>                                     | <b>21.96%</b>   |   |
| <b>Oil and Gas Marketing Companies</b>   |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Shell Pakistan Limited                   | -                  | 8,500                       | -                                     | -                       | 8,500                | 5,544                             | 2.68%   | 2.88%   | 0.01%   |
| Sui Southern Gas Company Limited         | -                  | 85,000                      | -                                     | 85,000                  | -                    | -                                 | -   | -   | -   |
|  | <b>-</b>           | <b>93,500</b>               | <b>-</b>                              | <b>85,000</b>           | <b>8,500</b>         | <b>5,544</b>                      | <b>2.68%</b>                                      | <b>2.88%</b>  |   |
| <b>Refinery</b>                          |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Attock Refinery Limited                  | -                  | 7,500                       | -                                     | 7,500                   | -                    | -                                 | -   | -   | -   |
|  | <b>-</b>           | <b>7,500</b>                | <b>-</b>                              | <b>7,500</b>            | <b>-</b>             | <b>-</b>                          | <b>-</b>  | <b>-</b>  | <b>-</b>  |
| <b>Fertilizer</b>                        |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Engro Corporation Limited                | 33,000             | 24,700                      | -                                     | 23,200                  | 34,500               | 12,697                            | 6.13%   | 6.59%   | 0.01%   |
| Engro Fertilizers Limited                | 77,500             | 136,000                     | -                                     | 213,500                 | -                    | -                                 | 0.00%   | 0.00%   | -   |
| Fauji Fertilizer Bin Qasim Limited       | 35,000             | -                           | -                                     | 35,000                  | -                    | -                                 | -   | -   | -   |
| Fauji Fertilizer Company Limited         | -                  | 30,000                      | -                                     | 30,000                  | -                    | -                                 | -   | -   | -   |
|  | <b>145,500</b>     | <b>190,700</b>              | <b>-</b>                              | <b>301,700</b>          | <b>34,500</b>        | <b>12,697</b>                     | <b>6.13%</b>                                      | <b>6.59%</b>  |   |
| <b>Chemical</b>                          |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Akzonobel Pakistan Limited               | -                  | 10,000                      | -                                     | 10,000                  | -                    | -                                 | -   | -   | -   |
| ICI Pakistan Limited                     | -                  | 21,200                      | -                                     | 16,400                  | 4,800                | 5,356                             | 2.59%   | 2.78%   | 0.01%   |
| Sitara Chemical Industries Limited       | -                  | 7,950                       | -                                     | -                       | 7,950                | 4,412                             | 2.13%   | 2.29%   | 0.01%   |
| Dawood Hercules Corporation Limited      | -                  | 94,000                      | -                                     | 50,000                  | 44,000               | 5,830                             | -   | -   | -   |
|  | <b>-</b>           | <b>133,150</b>              | <b>-</b>                              | <b>76,400</b>           | <b>56,750</b>        | <b>15,598</b>                     | <b>4.72%</b>                                      | <b>5.07%</b>  |   |

| Name of the investee company               | As at July 1, 2016 | Purchases during the period | Bonus / Right issue during the period | Sales during the period | As at March 31, 2017 | Market value as at March 31, 2017 | Market value as a % of net assets of the sub-fund | Market value as a % of total investment of the sub-fund | Holding as a % of paid-up capital of the investee company |
|--|--------------------|-----------------------------|---------------------------------------|-------------------------|----------------------|-----------------------------------|---|---|---|
|  | Number of shares   |                             |                                       |                         | Rupees in '000       |                                   | %   |   |   |
| <b>Cement</b>                              |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Kohat Cement Company Limited               | 16,000             | -                           | -                                     | 16,000                  | -                    | -                                 | -   | -   | -   |
| Lucky Cement Limited                       | 20,900             | 15,500                      | -                                     | 18,600                  | 17,800               | 14,906                            | 7.20%   | 7.73%   | 0.01%   |
| Fauji Cement Company Limited               | -                  | 288,000                     | -                                     | 288,000                 | -                    | -                                 | 0.00%   | 0.00%   | -   |
| Maple Leaf Cement Factory Limited          | -                  | 34,000                      | -                                     | -                       | 34,000               | 4,218                             | 2.04%   | 2.19%   | 0.01%   |
| D.G. Khan Cement Company Limited           | 44,000             | -                           | -                                     | 15,000                  | 29,000               | 6,740                             | 3.25%   | 3.50%   | 0.01%   |
| Pioneer Cement Limited                     | 46,500             | 15,000                      | -                                     | 18,700                  | 42,800               | 6,120                             | 2.95%   | 3.17%   | 0.03%   |
| Cherat Cement Company Limited              | -                  | 43,500                      | -                                     | 12,000                  | 31,500               | 6,023                             | -   | -   | -   |
| Bestway Cement Limited                     | -                  | 5,900                       | -                                     | 5,900                   | -                    | -                                 | -   | -   | -   |
|  | <u>127,400</u>     | <u>401,900</u>              | <u>-</u>                              | <u>374,200</u>          | <u>155,100</u>       | <u>38,007</u>                     | <u>15.44%</u>                                     | <u>16.59%</u>   |   |
| <b>Engineering</b>                         |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Amrell Steels Limited                      | 123,000            | 22,500                      | -                                     | 123,000                 | 22,500               | 2,136                             | 1.03%   | 1.11%   | 0.02%   |
| Crescent Steel and Allied Products Limited | 61,700             | 8,500                       | -                                     | 70,200                  | -                    | -                                 | -   | -   | -   |
| International Steels Limited               | -                  | 24,000                      | -                                     | -                       | 24,000               | 3,095                             | 1.49%   | 1.61%   | 0.03%   |
| International Industries Limited           | -                  | 11,600                      | -                                     | -                       | 11,600               | 2,813                             | 1.36%   | 1.46%   | 0.01%   |
| Mughal Iron and Steel Industries           | 50,000             | -                           | -                                     | 50,000                  | -                    | -                                 | -   | -   | -   |
|  | <u>234,700</u>     | <u>66,600</u>               | <u>-</u>                              | <u>243,200</u>          | <u>58,100</u>        | <u>8,044</u>                      | <u>3.88%</u>                                      | <u>4.18%</u>  |   |
| <b>Pharmaceuticals</b>                     |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Glaxosmithkline Pakistan Limited           | 32,000             | -                           | -                                     | 32,000                  | -                    | -                                 | -   | -   | -   |
| Glaxo Healthcare Pakistan                  | 9,600              | -                           | -                                     | -                       | 9,600                | 835                               | -   | -   | 0.00%   |
| Abbott Lab (Pakistan) Limited              | -                  | 6,000                       | -                                     | -                       | 6,000                | 5,637                             | -   | -   | 0.01%   |
| The Searl Company Limited (Note 5.1.2)     | 9,460              | 6,300                       | 975                                   | 8,100                   | 8,635                | 5,457                             | 2.63%   | 2.83%   | 0.00%   |
|  | <u>51,060</u>      | <u>12,300</u>               | <u>975</u>                            | <u>40,100</u>           | <u>24,235</u>        | <u>11,929</u>                     | <u>2.63%</u>                                      | <u>2.83%</u>  |   |
| <b>Food and Personal Care Products</b>     |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Engro Foods Limited                        | 25,000             | 25,000                      | -                                     | 50,000                  | -                    | -                                 | -   | -   | -   |
| Treet Corporation Limited                  | -                  | 62,000                      | -                                     | 62,000                  | -                    | -                                 | -   | -   | -   |
|  | <u>25,000</u>      | <u>87,000</u>               | <u>-</u>                              | <u>112,000</u>          | <u>-</u>             | <u>-</u>                          | <u>-</u>  | <u>-</u>  | <u>-</u>  |
| <b>Power Generation and Distribution</b>   |                    |                             |                                       |                         |                      |                                   |   |   |   |
| The Hub Power Company Limited              | 116,500            | 72,500                      | -                                     | 70,900                  | 118,100              | 15,478                            | 7.47%   | 8.03%   | 0.01%   |
| K-Electric Limited                         | 865,000            | 610,000                     | -                                     | 1,475,000               | -                    | -                                 | -   | -   | -   |
| Kot Addu Power Company Limited             | -                  | 118,000                     | -                                     | 118,000                 | -                    | -                                 | -   | -   | -   |
|  | <u>981,500</u>     | <u>800,500</u>              | <u>-</u>                              | <u>1,663,900</u>        | <u>118,100</u>       | <u>15,478</u>                     | <u>7.47%</u>                                      | <u>8.03%</u>  |   |
| <b>Cable and Electrical Goods</b>          |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Pak Elektron Limited                       | 83,500             | 79,500                      | -                                     | 91,000                  | 72,000               | 6,631                             | 3.20%   | 3.44%   | 0.02%   |
|  | <u>83,500</u>      | <u>79,500</u>               | <u>-</u>                              | <u>91,000</u>           | <u>72,000</u>        | <u>6,631</u>                      | <u>3.20%</u>                                      | <u>3.44%</u>  |   |
| <b>Paper and Board</b>                     |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Packages Limited                           | 11,400             | 5,800                       | -                                     | 4,450                   | 12,750               | 11,067                            | 5.34%   | 5.74%   | 0.02%   |
|  | <u>11,400</u>      | <u>5,800</u>                | <u>-</u>                              | <u>4,450</u>            | <u>12,750</u>        | <u>11,067</u>                     | <u>5.34%</u>                                      | <u>5.74%</u>  |   |
| <b>Transport</b>                           |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Pakistan National Shipping Corporation     | 72,300             | -                           | -                                     | 72,300                  | -                    | -                                 | -   | -   | -   |
|  | <u>72,300</u>      | <u>-</u>                    | <u>-</u>                              | <u>72,300</u>           | <u>-</u>             | <u>-</u>                          | <u>-</u>  | <u>-</u>  | <u>-</u>  |
| <b>Textile Composite</b>                   |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Nishat Mills Limited                       | 30,000             | 69,000                      | -                                     | 49,900                  | 49,100               | 8,111                             | 3.92%   | 4.21%   | 0.02%   |
|  | <u>30,000</u>      | <u>69,000</u>               | <u>-</u>                              | <u>49,900</u>           | <u>49,100</u>        | <u>8,111</u>                      | <u>3.92%</u>                                      | <u>4.21%</u>  |   |
| <b>Balance carried forward</b>             |                    |                             |                                       |                         |                      | <u><u>175,451</u></u>             |   |   |   |

| Name of the investee company                 | As at July 1, 2016 | Purchases during the period | Bonus / Right issue during the period | Sales during the period | As at March 31, 2017 | Market value as at March 31, 2017 | Market value as a % of net assets of the sub-fund | Market value as a % of total investment of the sub-fund | Holding as a % of paid-up capital of the investee company |
|--|--------------------|-----------------------------|---------------------------------------|-------------------------|----------------------|-----------------------------------|---|---|---|
|  | Number of shares   |                             |                                       |                         | Rupees in '000       |                                   | %   |   |   |
| <b>Balance brought forward</b>               |                    |                             |                                       |                         |                      | <b>175,451</b>                    |   |   |   |
| <b>Automobile Assembler</b>                  |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Pak Suzuki Motor Company Limited             | -                  | 8,650                       | -                                     | 400                     | 8,250                | 5,115                             | 2.47%   | 2.65%   | 0.01%   |
| Honda Atlas Cars (Pakistan) Limited          | 12,200             | 6,500                       | -                                     | 16,200                  | 2,500                | 1,880                             | -   | -   | 0.00%   |
| Ghandhara Industries Limited                 | -                  | 8,050                       | -                                     | -                       | 8,050                | 6,929                             | -   | -   | 0.02%   |
| Millat Tractors Limited                      | -                  | 5,000                       | -                                     | 2,400                   | 2,600                | 3,423                             | 1.65%   | 1.78%   | 0.01%   |
|  | <u>12,200</u>      | <u>28,200</u>               | <u>-</u>                              | <u>19,000</u>           | <u>21,400</u>        | <u>17,347</u>                     | <u>4.12%</u>                                      | <u>4.43%</u>  |   |
| <b>Leather and Tanneries</b>                 |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Service Industries Limited                   | -                  | 6,600                       | -                                     | 6,600                   | -                    | -                                 | 0.00%   | 0.00%   | 0.01%   |
|  | <u>-</u>           | <u>6,600</u>                | <u>-</u>                              | <u>6,600</u>            | <u>-</u>             | <u>-</u>                          | <u>0.00%</u>                                      | <u>0.00%</u>  |   |
| <b>Glass and Ceramics</b>                    |                    |                             |                                       |                         |                      |                                   |   |   |   |
| Tariq Glass Industries Limited               | -                  | 71,000                      | -                                     | 71,000                  | -                    | -                                 | -   | -   | -   |
|  | <u>-</u>           | <u>71,000</u>               | <u>-</u>                              | <u>71,000</u>           | <u>-</u>             | <u>-</u>                          | <u>-</u>  | <u>-</u>  | <u>-</u>  |
| <b>Automobile Parts and Accessories</b>      |                    |                             |                                       |                         |                      |                                   |   |   |   |
| The General Tyre and Rubber Company Limited  | 24,000             | 25,100                      | -                                     | 49,100                  | -                    | -                                 | 0.00%   | 0.00%   | -   |
| Thal Limited                                 | -                  | 4,000                       | -                                     | 4,000                   | -                    | -                                 | 0.00%   | 0.00%   | -   |
|  | <u>24,000</u>      | <u>29,100</u>               | <u>-</u>                              | <u>53,100</u>           | <u>-</u>             | <u>-</u>                          | <u>0.00%</u>                                      | <u>0.00%</u>  |   |
|  | <u>1,876,960</u>   | <u>2,411,850</u>            | <u>975</u>                            | <u>3,491,150</u>        | <u>798,635</u>       | <u>192,798</u>                    | <u>79.97%</u>                                     | <u>85.95%</u>   |   |
| <b>Cost of investments at March 31, 2017</b> |                    |                             |                                       |                         |                      | <u><b>167,578</b></u>             |   |   |   |

5.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 had brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Pension Fund Manager of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption available to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having fair market value of Rs. 0.06 million at December 31, 2016 (June 30, 2016: Rs. 0.04 million) and not yet deposited on CDC account of department of Income tax. Pension Fund Manager is of the view that the decision will be in favor of the Fund and accordingly has recorded the bonus shares on gross basis at fair value in investments of the Fund at period end.

## 5.2 Government of Pakistan - Ijarah Sukuks

### 5.2.1 Held by Debt Sub-Fund

| GoP Ijarah Sukuk - having face value of Rs. 100 each | Issue date        | Face value         |                             |                                   |                      | Amortised cost as at March 31, 2017 | Market value as at March 31, 2017 | Market value as a percentage of   |                            |
|--|-------------------|--------------------|-----------------------------|-----------------------------------|----------------------|-------------------------------------|-----------------------------------|-----------------------------------|----------------------------|
|  |                   | As at July 1, 2016 | Purchases during the period | Sales / matured during the period | As at March 31, 2017 |                                     |                                   | Total investments of the sub-fund | Net assets of the sub-fund |
| (Rupees in '000)                                     |                   |                    |                             |                                   |                      |                                     |                                   |                                   |                            |
| GoP Ijarah Sukuk                                     | December 18, 2015 | 13,000             | -                           | -                                 | 13,000               | 13,118                              | 13,176                            | 42.76%                            | 14.15%                     |
| GoP Ijarah Sukuk                                     | March 29, 2016    | -                  | 5,000                       | -                                 | 5,000                | 5,099                               | 5,062                             |                                   |                            |
| GoP Ijarah Sukuk                                     | February 15, 2016 | 6,200              | -                           | -                                 | 6,200                | 6,219                               | 6,345                             | 20.59%                            | 6.81%                      |
|  |                   | <u>19,200</u>      | <u>5,000</u>                | <u>-</u>                          | <u>24,200</u>        | <u>24,436</u>                       | <u>24,583</u>                     | <u>63.35%</u>                     | <u>20.96%</u>              |

5.3 Sukuk certificates - Unlisted

5.3.1 Held by Debt Sub-Fund

| Name of the Investee company          | Number of certificates |                             |                                   | As at March 31, 2017 | Amortized cost as at March 31, 2017 | Market / Carrying value as at March 31, 2017 | Market value as a percentage of   |                            |
|---------------------------------------|------------------------|-----------------------------|-----------------------------------|----------------------|-------------------------------------|--|-----------------------------------|----------------------------|
|                                       | As at July 1, 2016     | Purchases during the period | Sales / matured during the period |                      |                                     |  | Total investments of the sub-fund | Net assets of the sub-fund |
| ------(Rupees in '000)-----%          |                        |                             |                                   |                      |                                     |  |                                   |                            |
| <b>Multi-utilities</b>                |                        |                             |                                   |                      |                                     |  |                                   |                            |
| Water and Power Development Authority | 474                    | -                           | -                                 | 474                  | 1,693                               | 1,769  | 5.74%                             | 1.90%                      |
| K-Electric                            | -                      | 400                         | -                                 | 400                  | -                                   | 2,097  | 6.81%                             | 2.25%                      |
|                                       | <u>474</u>             | <u>400</u>                  | <u>-</u>                          | <u>874</u>           | <u>1,693</u>                        | <u>3,866</u>                                 | <u>5.74%</u>                      | <u>1.90%</u>               |
| <b>Fertilizers</b>                    |                        |                             |                                   |                      |                                     |  |                                   |                            |
| Engro Fertilizers Limited             | 2                      | -                           | 2                                 | -                    | -                                   | -  | 0.00%                             | 0.00%                      |
| Fatima Fertilizers Limited            | -                      | 457                         | -                                 | 457                  | -                                   | 2,365  | 7.68%                             | 2.54%                      |
|                                       | <u>2</u>               | <u>457</u>                  | <u>2</u>                          | <u>457</u>           | <u>-</u>                            | <u>2,365</u>                                 | <u>-</u>                          | <u>-</u>                   |
| <b>Total</b>                          | <u>476</u>             | <u>857</u>                  | <u>2</u>                          | <u>1,331</u>         | <u>1,693</u>                        | <u>6,231</u>                                 | <u>5.74%</u>                      | <u>1.90%</u>               |

6. PAYABLE TO THE PENSION FUND MANAGER

|                             |     | March 31, 2017 (Un-audited) |               |                       |            | June 30, 2016 (Audited) |               |                       |            |
|-----------------------------|-----|-----------------------------|---------------|-----------------------|------------|-------------------------|---------------|-----------------------|------------|
|                             |     | Equity Sub-Fund             | Debt Sub-Fund | Money Market Sub-Fund | Total      | Equity Sub-Fund         | Debt Sub-Fund | Money Market Sub-Fund | Total      |
| ------(Rupees in '000)----- |     |                             |               |                       |            |                         |               |                       |            |
| <b>Not</b>                  |     |                             |               |                       |            |                         |               |                       |            |
| Management fee              | 6.1 | 266                         | 119           | 100                   | 485        | 200                     | 108           | 78                    | 386        |
| Sindh Sales Tax             | 6.2 | 35                          | 15            | 13                    | 63         | 32                      | 17            | 13                    | 62         |
|                             |     | <u>301</u>                  | <u>134</u>    | <u>113</u>            | <u>548</u> | <u>232</u>              | <u>125</u>    | <u>91</u>             | <u>448</u> |

6.1 As per rule 11 of the VPS Rules, the Pension Fund Manager is allowed to charge maximum annual management fee of 1.5% of the average of the values of the net assets of each of the Sub-Fund calculated during the period. Accordingly, the management fee has been accrued at 1.5% of the average annual net assets of each of the Sub-Fund.

6.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the services provided by the Pension Fund Manager as required by Sindh Sales Tax on Services Act, 2011.

7. ACCRUED EXPENSES AND OTHER LIABILITIES

|   |     | March 31, 2017 (Un-audited) |               |                       |              | June 30, 2016 (Audited) |               |                       |              |
|---|-----|-----------------------------|---------------|-----------------------|--------------|-------------------------|---------------|-----------------------|--------------|
|   |     | Equity Sub-Fund             | Debt Sub-Fund | Money Market Sub-Fund | Total        | Equity Sub-Fund         | Debt Sub-Fund | Money Market Sub-Fund | Total        |
| ------(Rupees in '000)-----               |     |                             |               |                       |              |                         |               |                       |              |
| <b>Note</b>                               |     |                             |               |                       |              |                         |               |                       |              |
| Auditors' remuneration                    |     | 158                         | 158           | 158                   | 474          | 74                      | 74            | 74                    | 222          |
| Payable to broker                         |     | -                           | -             | -                     | -            | 290                     | -             | -                     | 290          |
| Federal Excise Duty                       | 7.1 | 879                         | 488           | 383                   | 1,750        | 879                     | 488           | 383                   | 1,750        |
| Provision for Workers' Welfare Fund       | 9   | -                           | -             | -                     | -            | 1,397                   | 269           | 223                   | 1,889        |
| Provision for Sindh Workers' Welfare Fund | 11  | 1,379                       | 175           | 137                   | 1,691        | -                       | -             | -                     | -            |
| Others                                    |     | 834                         | 123           | 137                   | 1,094        | 691                     | 85            | 214                   | 990          |
|   |     | <u>3,250</u>                | <u>944</u>    | <u>815</u>            | <u>5,009</u> | <u>3,331</u>            | <u>916</u>    | <u>894</u>            | <u>5,141</u> |



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- 7.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Pension Fund Manager has been applied effective from June 13, 2013. The Pension Fund Manager is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax. Therefore, the Fund has discontinued making provision on account of FED from July 01, 2016.

However, since the appeal is pending in Supreme Court of Pakistan, the Pension Fund Manager, as a matter of abundant caution, has made a provision on FED on remuneration of Pension Fund Manager with effect from June 13, 2013, aggregating to Rs. 0.879 million, Rs. 0.488 million and Rs. 0.383 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not being made, the Net Asset Value per unit as at March 31, 2017 would have been higher by Rs. 1.85 (June 30, 2016: Rs. 1.86) per unit, Rs. 0.76 (June 30, 2016: Rs. 0.73) per unit and Rs. 0.78 (June 30, 2016: Rs. 0.78) per unit for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively.

## 8. CONTINGENCIES AND COMMITMENTS

### 9. WORKERS' WELFARE FUND (WWF) AND SINDH WORKERS' WELFARE FUND (SWWF)

The Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

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

Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014 till March 31, 2017; and
- Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the remaining provision of WWF should be carried forward unless further clarification is received from the MUFAP.

Subsequent to the period ended December 31, 2016, in the wake of the above developments i.e. decision of the SCP and communications took place with regard to SWWF, the MUFAP also, on behalf of Asset Management Companies (AMCs) and Collective Investment Schemes (CISs), obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members the following, effective from January 12, 2017:

- Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and
- As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017, which was also endorsed by the SECP through its letter dated February 01, 2017.

Considering the recommendation of the MUFAP, the Pension Fund Manager on January 12, 2017, reversed the excess provision of WWF of Rs. 0.232 million, Rs. 0.108 million and Rs. 0.104 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively.

As a matter of abundant caution, the Management Company has decided to retain the provision for SWWF amounting to Rs. 1.379 million, Rs. 0.175 million and Rs. 0.137 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively in these condensed interim financial statements.

- As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange Commission (SECP) through its letter dated January 12, 2017, which was also endorsed by the SECP through its letter dated February 01, 2017.

Considering the recommendation of the MUFAP, the Pension Fund Manager on January 12, 2017, reversed the excess provision of WWF of Rs. 0.232 million, Rs. 0.108 million and Rs. 0.104 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the excess been reversed as of December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 0.489, Rs. 0.169 and Rs. 0.215 for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively.

#### 10. TAXATION

No provision for taxation for the period ended December 31, 2016 has been made in the view of exemption available under clause 57 (3) (viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001.

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

"Connected persons / related parties comprise HBL Asset Management Limited being the Pension Fund Manager, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited being the Trustee of the Fund, collective investment schemes managed by the Pension Fund Manager, directors and officers of the Pension Fund Manager and of the connected persons. Transactions with connected persons / related parties are made in the normal course of business, at agreed/ contracted rates and terms determined in accordance with market rates. Remuneration payable to Pension Fund Manager and Trustee is determined in accordance with the provisions of the VPS Rules and the Trust Deed respectively.

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

#### 13.1 Transactions during the period

|   | Nine months ended March 31, 2017 (Un-audited) |               |                       |       | Nine months ended March 31, 2016 (Un-audited) |               |                       |       |
|---|---|---------------|-----------------------|-------|---|---------------|-----------------------|-------|
|   | Equity Sub-Fund                               | Debt Sub-Fund | Money Market Sub-Fund | Total | Equity Sub-Fund                               | Debt Sub-Fund | Money Market Sub-Fund | Total |
|   | (Rupees in '000)                              |               |                       |       | (Rupees in '000)                              |               |                       |       |
| <b>HBL Asset Management Limited - Pension Fund Manager</b>  |   |               |                       |       |   |               |                       |       |
| Management remuneration inclusive of sales tax              | 2,463   | 1,131         | 847                   | 4,441 | 2,242   | 1,216         | 892                   | 4,350 |
| <b>Habib Bank Limited - Sponsor</b>                         |   |               |                       |       |   |               |                       |       |
| Bank charges paid   | 2   | -             | 20                    | 22    | 9   | 4             | 3                     | 16    |
| Profit on bank deposits earned                              | 150   | 302           | 350                   | 802   | 326   | 168           | 194                   | 688   |
| <b>Directors and Executives of the Pension Fund Manager</b> |   |               |                       |       |   |               |                       |       |
| <b>Executives**</b>   |   |               |                       |       |   |               |                       |       |
|   | Number  |               |                       |       | Number  |               |                       |       |
| Redemption of units   | -   | -             | 2,581                 | 2,581 | -   | -             | -                     | -     |
| Reallocation of units                                       | (707)   | (475)         | 2,582                 | 1,400 | (70)  | 187           | (1)                   | 116   |

|   | Nine months ended March 31, 2017 (Un-audited) |               |                       |         | Nine months ended March 31, 2016 (Un-audited) |               |                       |       |
|---|---|---------------|-----------------------|---------|---|---------------|-----------------------|-------|
|   | Equity Sub-Fund                               | Debt Sub-Fund | Money Market Sub-Fund | Total   | Equity Sub-Fund                               | Debt Sub-Fund | Money Market Sub-Fund | Total |
|   | (Rupees in '000)                              |               |                       |         | (Rupees in '000)                              |               |                       |       |
| Amount of units redeemed  | -   | -             | 340                   | 340     | -   | -             | -                     | -     |
| Amount of units reallocated                                     | (275)   | (63)          | 338                   | -       | (24)  | 24            | -                     | -     |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |   |               |                       |         |   |               |                       |       |
| Remuneration  | 232   | 108           | 81                    | 421     | 190   | 103           | 75                    | 368   |
| CDC Charges   | -   | -             | -                     | -       | 16  | 3             | -                     | 19    |
| <b>Directors of connected persons</b>                           |   |               |                       |         |   |               |                       |       |
|   | Number  |               |                       |         | Number  |               |                       |       |
| Redemption of units   | 135   | 1,519         | 5,786                 | 7,440   | 286   | 1,844         | 4,843                 | 6,973 |
| Reallocation of units   | 2,334   | (19,302)      | 12,843                | (4,125) | (3,029)                                       | 5,112         | 2,997                 | 5,080 |
|   | (Rupees in '000)                              |               |                       |         | (Rupees in '000)                              |               |                       |       |
| Amount of units redeemed  | 53  | 203           | 760                   | 1,016   | 93  | 236           | 614                   | 943   |
| Amount of units reallocated                                     | 882   | (2,551)       | 1,669                 | -       | (1,028)                                       | 650           | 378                   | -     |

\*\*These include transactions in relation to those executives, who have resigned from the Pension Fund Manager during the period upto the date of their resignation.

### 13.2 Balances outstanding as at period / year end

|  | March 31, 2017 (Un-audited) |               |                       |         | June 30, 2016 (Audited) |               |                       |         |
|--|-----------------------------|---------------|-----------------------|---------|-------------------------|---------------|-----------------------|---------|
|  | Equity sub-fund             | Debt sub-fund | Money Market sub-fund | Total   | Equity sub-fund         | Debt sub-fund | Money Market sub-fund | Total   |
|  | (Rupees in '000)            |               |                       |         | (Rupees in '000)        |               |                       |         |
| <b>HBL Asset Management Limited - Pension Fund Manager</b> |                             |               |                       |         |                         |               |                       |         |
| Management fee payable                                     | 266                         | 119           | 100                   | 485     | 200                     | 108           | 78                    | 386     |
| Sindh Sales Tax payable                                    | 35                          | 15            | 13                    | 63      | 32                      | 17            | 13                    | 62      |
| Federal Excise Duty payable                                | 879                         | 488           | 383                   | 1,750   | 879                     | 488           | 383                   | 1,750   |
| <b>Habib Bank Limited - Sponsor</b>                        |                             |               |                       |         |                         |               |                       |         |
|  | Number                      |               |                       |         | Number                  |               |                       |         |
| Units held   | 300,000                     | 300,000       | 300,000               | 900,000 | 300,000                 | 300,000       | 300,000               | 900,000 |

|   | March 31, 2017 (Un-audited) |               |                       |         | June 30, 2016 (Audited) |               |                       |         |
|---|-----------------------------|---------------|-----------------------|---------|-------------------------|---------------|-----------------------|---------|
|   | Equity sub-fund             | Debt sub-fund | Money Market sub-fund | Total   | Equity sub-fund         | Debt sub-fund | Money Market sub-fund | Total   |
|   | (Rupees in '000)            |               |                       |         | (Rupees in '000)        |               |                       |         |
| Amount of units held  | 135,253                     | 40,947        | 40,135                | 216,335 | 103,789                 | 39,357        | 38,821                | 181,967 |
| Profit accrued on deposits with bank                            | 49                          | 67            | 52                    | 168     | 16                      | 3             | 8                     | 27      |
| Balance in savings account                                      | 9,759                       | 2,805         | 14,091                | 26,655  | 7,192                   | 4,385         | 4,072                 | 15,649  |
| <b>Directors and Executives of the Pension Fund Manager</b>     |                             |               |                       |         |                         |               |                       |         |
| <b>Executives**</b>   |                             |               |                       |         |                         |               |                       |         |
|   | Number                      |               |                       |         | Number                  |               |                       |         |
| Units held  | 910                         | 707           | 159                   | 1,776   | 909                     | 710           | 158                   | 1,777   |
|   | (Rupees in '000)            |               |                       |         | (Rupees in '000)        |               |                       |         |
| Amount of units held  | 410                         | 96            | 21                    | 527     | 314                     | 93            | 20                    | 427     |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |                             |               |                       |         |                         |               |                       |         |
|   | (Rupees in '000)            |               |                       |         | (Rupees in '000)        |               |                       |         |
| Remuneration payable  | 30                          | 13            | 11                    | 54      | 23                      | 12            | 9                     | 44      |
| Security deposit receivable                                     | 100                         | 100           | -                     | 200     | 100                     | 100           | -                     | 200     |
| <b>Directors of connected persons</b>                           |                             |               |                       |         |                         |               |                       |         |
|   | Number                      |               |                       |         | Number                  |               |                       |         |
| Units held  | 41,094                      | 61,147        | 105,576               | 207,817 | 14,527                  | 38,650        | 19,547                | 72,724  |
|   | (Rupees in '000)            |               |                       |         | (Rupees in '000)        |               |                       |         |
| Amount of units held  | 18,527                      | 8,346         | 14,124                | 40,997  | 5,026                   | 5,070         | 2,529                 | 12,625  |

\*\*These include transactions in relation to those executives, who have resigned from the Pension Fund Manager during the period upto the date of their resignation.

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date.

The quoted market price used for financial assets held by the Fund is current bid price.

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

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

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

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

|   |      | March 31, 2017 (Un-Audited) |                       |                             |                |                |               |          |                |
|---|------|-----------------------------|-----------------------|-----------------------------|----------------|----------------|---------------|----------|----------------|
|   |      | Carrying amount             |                       |                             | Fair Value     |                |               |          |                |
|   | Note | Available-for-sale          | 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 measured at fair value</b>                      |      |                             |                       |                             |                |                |               |          |                |
| Investments:  |      |                             |                       |                             |                |                |               |          |                |
| - Listed equity securities  |      | 192,798                     | -                     | -                           | 192,798        | 192,798        | -             | -        | 192,798        |
| - Government of Pakistan - Ijarah Sukuks                            |      | 24,583                      | -                     | -                           | 24,583         | -              | 24,583        | -        | 24,583         |
| - Sukuk certificates - Unlisted                                     |      | 6,231                       | -                     | -                           | 6,231          | -              | 6,231         | -        | 6,231          |
|   |      | <b>223,612</b>              | <b>-</b>              | <b>-</b>                    | <b>223,612</b> | <b>192,798</b> | <b>30,814</b> | <b>-</b> | <b>223,612</b> |
| <b>Financial assets not measured at fair value</b>                  |      |                             |                       |                             |                |                |               |          |                |
|   | 14.1 |                             |                       |                             |                |                |               |          |                |
| Bank balances   |      | -                           | 115,950               | -                           | 115,950        | -              | -             | -        | -              |
| Investments:  |      |                             |                       |                             |                |                |               |          |                |
| - Unlisted equity securities  |      | -                           | -                     | -                           | -              | -              | -             | -        | -              |
| Dividend receivable and accrued mark-up                             |      | -                           | 1,830                 | -                           | 1,830          | -              | -             | -        | -              |
| Advances, deposits and other receivables                            |      | -                           | 6,602                 | -                           | 6,602          | -              | -             | -        | -              |
|   |      | <b>-</b>                    | <b>124,382</b>        | <b>-</b>                    | <b>124,382</b> | <b>-</b>       | <b>-</b>      | <b>-</b> | <b>-</b>       |
| <b>Financial liabilities not measured at fair value</b>             |      |                             |                       |                             |                |                |               |          |                |
|   | 14.1 |                             |                       |                             |                |                |               |          |                |
| Payable to the Pension Fund Manager                                 |      | -                           | -                     | 548                         | 548            | -              | -             | -        | -              |
| Payable to Central Depository Company of Pakistan Limited - Trustee |      | -                           | -                     | 54                          | 54             | -              | -             | -        | -              |
| Payable to the Securities and Exchange Commission of Pakistan       |      | -                           | -                     | 90                          | 90             | -              | -             | -        | -              |
| Accrued expenses and other liabilities                              |      | -                           | -                     | 1,568                       | 1,568          | -              | -             | -        | -              |
| Participants' sub-funds   |      | -                           | -                     | 378,302                     | 378,302        | -              | -             | -        | -              |
|   |      | <b>-</b>                    | <b>-</b>              | <b>380,562</b>              | <b>380,562</b> | <b>-</b>       | <b>-</b>      | <b>-</b> | <b>-</b>       |
|   |      | June 30, 2016 (Audited)     |                       |                             |                |                |               |          |                |
|   |      | Carrying amount             |                       |                             | Fair Value     |                |               |          |                |
|   |      | Available-for-sale          | 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 measured at fair value</b>                      |      |                             |                       |                             |                |                |               |          |                |
| Investments:  |      |                             |                       |                             |                |                |               |          |                |
| - Listed equity securities  |      | 151,084                     | -                     | -                           | 151,084        | 151,084        | -             | -        | 151,084        |
| - Government of Pakistan - Ijarah Sukuks                            |      | 84,724                      | -                     | -                           | 84,724         | -              | 84,724        | -        | 84,724         |
| - Sukuk certificates - Unlisted                                     |      | 6,949                       | -                     | -                           | 6,949          | -              | 6,949         | -        | 6,949          |
|   |      | <b>242,757</b>              | <b>-</b>              | <b>-</b>                    | <b>242,757</b> | <b>151,084</b> | <b>91,673</b> | <b>-</b> | <b>242,757</b> |
| <b>Financial assets not measured at fair value</b>                  |      |                             |                       |                             |                |                |               |          |                |
|   |      |                             |                       |                             |                |                |               |          |                |
| Bank balances   |      | -                           | 74,934                | -                           | 74,934         | -              | -             | -        | -              |
| Investments:  |      |                             |                       |                             |                |                |               |          |                |
| -Unlisted Equity Securities   |      | 595                         | -                     | -                           | 595            | -              | -             | -        | -              |
| Dividend receivable and accrued mark-up                             |      | -                           | 2,284                 | -                           | 2,284          | -              | -             | -        | -              |
| Advances, deposits and other receivables                            |      | -                           | 200                   | -                           | 200            | -              | -             | -        | -              |
|   |      | <b>595</b>                  | <b>77,418</b>         | <b>-</b>                    | <b>78,013</b>  | <b>-</b>       | <b>-</b>      | <b>-</b> | <b>-</b>       |

|   | June 30, 2016 (Audited) |                       |                             |         |            |         |         |       |
|---|-------------------------|-----------------------|-----------------------------|---------|------------|---------|---------|-------|
|   | Carrying amount         |                       |                             |         | Fair Value |         |         |       |
|   | Available-for-sale      | Loans and receivables | Other financial liabilities | Total   | Level 1    | Level 2 | Level 3 | Total |
|   | (Rupees in '000)        |                       |                             |         |            |         |         |       |
| <b>Financial liabilities not measured at fair value</b>             |                         |                       |                             |         |            |         |         |       |
| Payable to the Pension Fund Manager                                 | -                       | -                     | 448                         | 448     | -          | -       | -       | -     |
| Payable to Central Depository Company of Pakistan Limited - Trustee | -                       | -                     | 44                          | 44      | -          | -       | -       | -     |
| Payable to the Securities and Exchange Commission of Pakistan       | -                       | -                     | 99                          | 99      | -          | -       | -       | -     |
| Accrued expenses and other liabilities                              | -                       | -                     | 1,502                       | 1,502   | -          | -       | -       | -     |
| Participants' sub-funds   | -                       | -                     | 315,038                     | 315,038 | -          | -       | -       | -     |
|   | -                       | -                     | 317,131                     | 317,131 | -          | -       | -       | -     |

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

**15. DATE OF AUTHORIZATION FOR ISSUE**

The condensed interim financial information was authorized for issue by the Board of Directors of the Pension Fund Manager on **27 April 2017**.

**16. GENERAL**

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

**16.2** This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2016 have not been reviewed.

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

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

\_\_\_\_\_  
Director

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 **Jama  
Punji**








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







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