



ASSET MANAGEMENT LTD.
ایسٹیت منیجمنٹ لمیٹڈ

HBL Pension Fund

Half Yearly Report
December 31, 2016
(Un- Audited)

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FUND AND CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq 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)
	Ms. Sima Kamil	(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.. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(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

Legal Advisors

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

Website

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 HALF YEAR ENDED DECEMBER 31, 2016

The Board of Directors of HBL Asset Management Limited is pleased to present its report along with Financial Statements Report of **HBL Pension Fund** (the Funds) for the half-year ended December 31, 2016.

MARKET REVIEW

Economic & Money Market Review

Following the accommodating monetary policy that was observed in FY16, the State Bank of Pakistan took a more cautious approach in the half-year ended December 2016. The policy rate was kept unchanged at 5.75% in view of increased risk of higher inflation in the upcoming quarters and a deteriorating current account deficit. Brent Crude oil prices were stagnant during 1QFY17, but rose by 16% in 2QFY17 due to the OPEC deal which was struck in late-November, thus pushing up the market's inflation expectations. CPI inflation clocked in at 3.88% for the half, compared to 2.08% in the same period last year, further stocking inflationary fears in the market. On the external front, the current account deficit for the half came in at 2.0% of GDP vs. 1.1% last year. The deterioration in the current account balance could be attributed to falling exports, increasing imports of machinery and waning foreign remittances, particularly from the Middle East. However, the country's foreign exchange reserves and USDPKR rate have been cushioned from the negative effects of the current account balance by the issuance of a USD 1.0 billion international Sukuk, which was floated in October 2016 at a profit rate of 5.50% p.a. Challenges on the external accounts side 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 yield curve has steepened during the period as secondary market yields on 3, 5 and 1-year PIBs have increased by 64, 86 and 93 bps respectively. Meanwhile, yields on the 3, 6 and 12-month T-Bills rose by 9, 15 and 15 bps respectively. The SBP raised PKR 646 billion through PIBs compared to the cumulative target of PKR 500 billion and maturities of PKR 1.72 trillion. All PIB auctions held during 2QFY17 were scrapped. The large maturity of PIBs resulted in a net retirement of PKR 478 billion of government borrowing from commercial banks in 1HFY17 while government borrowing from the SBP crossed the PKR 1.0 trillion mark during the period vs. a net retirement of PKR 436 billion in the same period last year. Through T-Bills, the SBP raised PKR 2.81 trillion compared to the cumulative target of PKR 2.66 trillion and maturities of PKR 2.22 trillion. Market sentiment has shifted slightly since the close of the previous year, mainly due to below-expected CPI data for the month of December and the release of the previous MPC meeting minutes which showed a close split between those members voting for status-quo and those voting for a cut in the policy rate. 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 Index surged by 26.5% in 1HFY17. Cumulatively, the KSE100 Index posted a gain of 45.6% for the full-year 2016, breaking its previous all-time highs and making Pakistan the 5th best performing equity market worldwide. Mutual funds emerged as the largest net buyers of USD 307 million, followed by NBFCs (USD 102 million) and companies (USD 61 million). This strong buying by local institutional investors was sufficient to absorb the steady selling of foreign investors, who offloaded USD 298 million of Pakistani equities. The rally was driven mainly by the banking sector, where investors expected that interest rates had bottomed-out, and the E&P sector, which would benefit from the surge in international oil prices. On the flip side, selected scripts in the textile, electricity and pharmaceutical sectors were the main drags on the KSE100 Index's performance. Furthermore, average daily trading volume in KSE100 Index shares posted a sizable improvement of 42% H/H to 154 million shares. 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.

**REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

FUND'S PERFORMANCE

HBL 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. 36.35 million and Rs. 31.44 million respectively during the year under review. The fund size increased from Rs 481.931 million as on June 30, 2016 to Rs. 519.755 million as at December 31, 2016 thereby showing a growth of 7.85% during the year under review. Performance review for each sub Fund is given below.

EQUITY SUB-FUND

During the period under review, the Equity sub-fund earned total and net income of Rs. 25.66 million and Rs 23.74 million respectively. The net assets of the Equity sub-fund was Rs. 194.200 million representing Net Asset Value (NAV) of Rs. 403.8477 per unit as at December 31, 2016. The Sub Fund earned a return of 26% for the period under review. The Fund is invested to the extent of 94.47% in equities.

DEBT SUB-FUND

During the period under review, the Debt sub-fund earned total and net income of Rs. 6.153 million and Rs. 4.713 million respectively. The net assets of the Debt sub-fund was Rs. 172.841 million representing Net Asset Value (NAV) of Rs. 149.6515 per unit as at December 31, 2016. The Fund yielded annualized return of 3.59% for the period under review. The Sub Fund is invested to the extent of 63.83% in Government securities.

MONEY MARKET SUB-FUND

During the period under review, the Money Market sub-fund earned total and net income of Rs. 4.535 million and Rs. 2.985 million respectively. The net assets of the Money Market sub-fund was Rs. 152.714 million representing Net Asset Value (NAV) of Rs. 138.0208 per unit as at December 31, 2016. An annualized return of 4.42% was earned by the Fund for the year under review. The Fund has major investment to the extent of 49.54% in Government Securities.

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.

Karachi
Date: February 24, 2017

For and on behalf of the Board
Farid Ahmed Khan
Chief Executive Officer

HBL PENSION FUND
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016

		December 31, 2016 (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)			
ASSETS									
Bank balances	4	9,835	8,690	56,722	75,247	12,682	8,171	42,240	63,093
Investments	5	187,127	146,381	97,584	431,092	146,084	170,010	111,909	428,003
Dividend receivable and accrued mark-up		431	5,046	522	5,999	274	2,098	47	2,419
Advances, deposits, prepayments and other receivables		100	14,725	-	14,825	100	100	-	200
Total assets		197,493	174,842	154,828	527,163	159,140	180,379	154,196	493,715
LIABILITIES									
Payable to the Pension Fund Manager	6	272	248	220	740	217	254	215	686
Payable to Central Depository Company of Pakistan Limited - Trustee		24	25	19	68	21	25	21	67
Payable to the Securities and Exchange Commission of Pakistan		29	29	26	84	45	52	47	144
Accrued expenses and other liabilities	7	2,968	1,699	1,849	6,516	6,750	1,826	2,311	10,887
Total liabilities		3,293	2,001	2,114	7,408	7,033	2,157	2,594	11,784
NET ASSETS		194,200	172,841	152,714	519,755	152,107	178,222	151,602	481,931
PARTICIPANTS' SUB-FUNDS (as per statement attached)									
		194,200	172,841	152,714	519,755	152,107	178,222	151,602	481,931
Contingencies and commitments									
	8								
Number of units in issue	9	480,875	1,154,959	1,106,457	2,742,291	474,557	1,212,480	1,122,870	2,809,907
Net asset value per unit	Rupees	403.8477	149.6515	138.0208		320.5217	146.9919	135.0112	

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 PENSION FUND
CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	2016				2015			
	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)			
Income								
Dividend income	3,835	-	-	3,835	2,281	-	-	2,281
Profit on bank deposits	240	108	611	959	181	70	121	372
Mark-up / return on investments	-	5,432	3,823	9,355	-	5,614	4,516	10,130
Capital gain on sale of investments - net	21,590	613	1	22,204	18,046	2,055	14	20,115
Unrealized appreciation in the market value of investments classified as fair value through profit or loss - held for trading	-	-	-	-	128	-	-	128
	25,665	6,153	4,535	36,353	20,636	7,739	4,651	33,026
Expenses								
Remuneration to the Pension Fund Manager	1,454	1,166	1,339	3,959	1,344	1,492	1,363	4,199
Remuneration of Central Depository Company of Pakistan Limited - Trustees	146	149	131	426	113	126	115	354
Annual fee to the Securities and Exchange Commission of Pakistan	29	29	26	84	23	25	23	71
Auditors' remuneration	59	69	50	178	51	50	50	151
Settlement and bank charges	8	4	4	16	26	13	9	48
	1,696	1,417	1,550	4,663	1,557	1,706	1,560	4,823
Net income from operating activities	23,969	4,736	2,985	31,690	19,079	6,033	3,091	28,203
Provision for Sindh Workers' Welfare Fund	11 (229)	(23)	-	(252)	-	-	-	-
Net income for the period before taxation	23,740	4,713	2,985	31,438	19,079	6,033	3,091	28,203
Taxation	12 -	-	-	-	-	-	-	-
Net income for the period after taxation	23,740	4,713	2,985	31,438	19,079	6,033	3,091	28,203
Other comprehensive income for the period								
Items that may be reclassified subsequently to income statement:								
Net unrealized appreciation / (diminution) in the market value of investments classified as available for sale	16,215	(1,928)	(22)	14,265	(16,375)	(23)	(59)	(16,457)
Total comprehensive income for the period	39,955	2,785	2,963	45,703	2,704	6,010	3,032	11,746

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 PENSION FUND
CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2016

	Note	2016				2015			
		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)			
Income									
Dividend income		3,079	-	-	3,079	1,300	-	-	1,300
Profit on bank deposits		172	9	171	352	101	21	42	164
Mark-up / return on investments		-	2,369	1,973	4,342	-	2,582	2,196	4,778
Capital gain on sale of investments - net		8,647	613	1	9,261	9,858	743	-	10,601
Unrealized appreciation in the market value of investments classified as fair value through profit or loss - held for trading		-	-	-	-	128	-	-	128
		11,898	2,991	2,145	17,034	11,387	3,346	2,238	16,971
Reversal of impairment loss into capital gain on investments - classified as available for sale		-	-	-	-	2,387	-	-	2,387
		11,898	2,991	2,145	17,034	13,774	3,346	2,238	19,358
Expenses									
Remuneration to the Pension Fund Manager		759	422	656	1,837	670	741	674	2,085
Remuneration of Central Depository Company of Pakistan Limited - Trustee		76	74	65	215	57	64	58	179
Annual fee to the Securities and Exchange Commission of Pakistan		15	14	13	42	12	12	12	36
Auditors' remuneration		34	44	25	103	26	25	25	76
Settlement and bank charges		8	4	4	16	17	7	3	27
		892	558	763	2,213	782	849	772	2,403
Net income from operating activities		11,006	2,433	1,382	14,821	12,992	2,497	1,466	16,955
Provision for Sindh Workers' Welfare Fund	11	(229)	(23)	-	(252)	-	-	-	-
Net income for the period before taxation		10,777	2,410	1,382	14,569	12,992	2,497	1,466	16,955
Taxation	12	-	-	-	-	-	-	-	-
Net income for the period after taxation		10,777	2,410	1,382	14,569	12,992	2,497	1,466	16,955
Other comprehensive income for the period									
Items that may be reclassified subsequently to income statement:									
Net unrealized appreciation / (diminution) in the market value of investments classified as available for sale		14,775	(750)	11	14,036	(6,886)	(443)	(54)	(7,383)
Total comprehensive income for the period		25,552	1,660	1,393	28,605	6,106	2,054	1,412	9,572

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 PENSION FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' FUNDS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Note	2016				2015			
		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)			
Net assets at beginning of the period		152,107	178,222	151,602	481,931	133,225	150,186	138,726	422,137
Amount received on issuance of units	10	10,525	11,133	21,047	42,705	6,906	10,291	7,176	24,373
Amount paid on redemption of units		(8,220)	(17,870)	(24,494)	(50,584)	(6,948)	(16,930)	(13,709)	(37,587)
Reallocation among sub-funds		(167)	(1,429)	1,596	-	(4,084)	1,505	2,579	-
Net income for the period		23,740	4,713	2,985	31,438	19,079	6,033	3,091	28,203
Net unrealized appreciation / (diminution) in the market value of securities classified as available for sale		16,215	(1,928)	(22)	14,265	(16,375)	(23)	(59)	(16,457)
Total comprehensive income for the period		39,955	2,785	2,963	45,703	2,704	6,010	3,032	11,746
Net assets at end of the period		194,200	172,841	152,714	519,755	131,803	151,062	137,804	420,669

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 PENSION FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	2016				2015			
	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)			
CASH FLOWS FROM OPERATING ACTIVITIES								
Net income for the period before taxation	23,740	4,713	2,985	31,438	19,079	6,033	3,091	28,203
Adjustments for non-cash items:								
Dividend income	(3,835)	-	-	(3,835)	(2,281)	-	-	(2,281)
Profit on deposits with bank	(240)	(108)	(611)	(959)	(161)	(70)	(121)	(372)
Mark-up / return on investments	-	(5,432)	(3,923)	(9,355)	-	(5,614)	(4,516)	(10,130)
Unrealized appreciation in the market value of investments classified as fair value through profit or loss - held for trading	-	-	-	-	(128)	-	-	(128)
Provision for Sindh Workers' Welfare Fund	229	23	-	252	-	-	-	-
	19,894	(804)	(1,549)	17,541	16,489	349	(1,546)	15,292
(Increase) / decrease in assets								
Investments - net	(24,828)	21,701	14,303	11,176	(17,464)	(7,982)	(6,801)	(32,247)
Advances, deposits, prepayments and other receivables	-	(14,629)	-	(14,629)	-	-	-	-
	(24,828)	7,076	14,303	(3,449)	(17,464)	(7,982)	(6,801)	(32,247)
Increase / (decrease) in liabilities								
Payable to the Pension Fund Manager	55	(6)	5	54	6	11	7	24
Payable to Central Depository Company of Pakistan Limited - Trustee	3	-	(2)	1	1	1	1	3
Payable to the Securities and Exchange Commission of Pakistan	(16)	(23)	(21)	(60)	(13)	(16)	(17)	(46)
Accrued expenses and other liabilities	(4,011)	(150)	(462)	(4,623)	315	257	222	794
	(3,969)	(179)	(480)	(4,628)	309	253	213	775
	(8,903)	6,093	12,274	9,464	(666)	(7,380)	(8,134)	(16,180)
Dividend income received	3,678	-	-	3,678	2,066	-	-	2,066
Mark-up income received	240	2,592	4,059	6,891	168	6,840	4,646	11,654
Net cash (used in) / generated from operating activities	(4,985)	8,685	16,333	20,033	1,568	(540)	(3,488)	(2,460)
CASH FLOWS FROM FINANCING ACTIVITIES								
Amount received on issue of units	10,525	11,133	21,047	42,705	6,906	10,291	7,176	24,373
Amount paid on redemption of units	(8,220)	(17,870)	(24,494)	(50,584)	(6,948)	(16,930)	(13,709)	(37,587)
Reallocation among Sub-Funds	(167)	(1,429)	1,596	-	(4,084)	1,505	2,579	-
Net cash generated from / (used in) financing activities	2,138	(8,166)	(1,851)	(7,879)	(4,126)	(5,134)	(3,954)	(13,214)
Net (decrease) / increase in cash and cash equivalents	(2,847)	519	14,482	12,154	(2,558)	(5,674)	(7,442)	(15,674)
Cash and cash equivalents at beginning of the period	12,662	8,171	42,240	63,093	9,950	9,281	10,124	29,355
Cash and cash equivalents at end of the period	9,815	8,690	56,722	75,247	7,392	3,607	2,682	13,681

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 PENSION FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Pension Fund ("the Fund") was established under a Trust Deed, dated August 17, 2011, between HBL Asset Management Limited as the Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorized 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 objective of the Fund is to provide individuals with a portable, individualized, funded and flexible pension scheme, assisting and facilitating them to plan and provide for their retirement.

The Fund consists of three sub-funds namely, HBL Pension Fund Equity Sub-Fund ("Equity Sub-Fund"), HBL Pension Fund Debt Sub-Fund ("Debt Sub-Fund") and HBL Pension Fund Money Market Sub-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 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 scheduled commercial banks 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 ninety days. There is no restriction on the amount of investment in securities issued by the Federal Government and the commercial banks having 'A+' 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 upto 10%, 5% and 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 Pension Plan ("the Income Plan") to the participants of the

HBL PENSION FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2016

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' (June 30, 2016: '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 for the investments which are stated at fair value.

2.3 Functional and presentation currency

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

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

3.1 The accounting policies adopted 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

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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 recognized 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

December 31, 2016 (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)			
Balance in savings accounts	4.1	9,835	8,690	31,722	50,247	12,682	8,171	42,240	63,093
Term Deposit Receipts (TDRs)	4.2	-	-	25,000	25,000	-	-	-	-
		9,835	8,690	56,722	75,247	12,682	8,171	42,240	63,093

- 4.1 This represents bank accounts held with various banks. Mark-up rates on these accounts ranges from 4% to 6.7% (June 30, 2016: 4% to 7%) per annum.
- 4.2 This represents TDRs placed with JS Bank Limited, carrying mark-up at the rate of 7% per annum and maturing on January 26, 2017.

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5. INVESTMENTS

December 31, 2016 (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)			
Investments by category									
Available for sale investments									
Listed equity securities	5.1	186,643	-	-	186,643	145,600	-	-	145,600
Unlisted equity securities	5.2	484	-	-	484	484	-	-	484
Government securities									
- Treasury Bills	5.3	-	-	77,584	77,584	-	49,665	104,909	154,574
- Pakistan Investment Bonds	5.4	-	111,909	-	111,909	-	115,561	-	115,561
Term Finance Certificates and Sukuk Bonds - Unlisted	5.5	-	14,472	-	14,472	-	4,784	7,000	11,784
		187,127	126,381	77,584	391,092	146,084	170,010	111,909	428,003
Loans and receivables									
Term Deposit Receipts	5.6	-	20,000	20,000	40,000	-	-	-	-
		187,127	146,381	97,584	431,092	146,084	170,010	111,909	428,003

5.1 Listed equity securities

5.1.1 Held by Equity Sub-Fund

Fully paid up ordinary shares of Rs. 10 each.

Sector and 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 December 31, 2016	Market value as at December 31, 2016	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
	Number of shares				(Rupees in '000)		%		
Oil and Gas Exploration Companies									
Oil and Gas Development Company Limited	44,000	-	-	-	44,000	7,275	3.75%	3.89%	0.0010%
Pakistan Petroleum Limited	20,000	12,000	-	-	32,000	6,022	3.10%	3.22%	0.0061%
Mari Petroleum Company Limited	2,000	4,200	-	2,000	4,200	5,775	2.97%	3.09%	0.0038%
Pakistan Oilfields Limited	7,000	23,200	-	13,500	16,700	8,928	4.60%	4.77%	0.0071%
	73,000	39,400	-	15,500	96,900	28,000	14.42%	14.97%	
Oil and Gas Marketing Companies									
Pakistan State Oil Company Limited	25,700	8,200	-	20,800	13,100	5,688	2.93%	3.04%	0.0048%
Sui Northern Gas Pipelines Limited	-	54,000	-	-	54,000	4,405	2.27%	2.35%	0.0085%
Sui Southern Gas Company Limited	-	65,000	-	65,000	-	-	-	-	-
Hi-Tech Lubricants Limited	-	67,500	-	67,500	-	-	-	-	-
	25,700	194,700	-	153,300	67,100	10,093	5.20%	5.39%	
Fertilizer									
Engro Corporation Limited	27,100	14,600	-	15,000	26,700	8,440	4.35%	4.51%	0.0051%
Enoro Fertilizers Limited	25,000	79,000	-	25,000	79,000	5,370	2.77%	2.87%	0.0059%
Fauji Fertilizer Bin Qasim Limited	-	87,500	-	-	87,500	4,481	2.31%	2.39%	0.0094%
Fauji Fertilizer Company Limited	-	30,000	-	-	30,000	3,131	1.61%	1.67%	0.0024%
	52,100	211,100	-	40,000	223,200	21,422	11.04%	11.44%	

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Sector and 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 December 31, 2016	Market value as at December 31, 2016	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
	Number of shares				(Rupees in '000)				
Chemical									
ICI Pakistan Limited	-	15,900	-	12,000	3,900	3,876	2.00%	2.07%	0.0042%
Akzo Nobel Pakistan Limited	-	10,000	-	10,000	-	-	-	-	-
	-	25,900	-	22,000	3,900	3,876	2.00%	2.07%	
Glass and Ceramics									
Tariq Glass Limited	-	66,000	-	66,000	-	-	-	-	-
Refinery									
Attock Refinery Limited	-	7,500	-	7,500	-	-	-	-	-
Cement									
Lucky Cement Limited	19,100	11,500	-	18,400	12,200	10,568	5.44%	5.65%	0.0038%
Bestway Cement Limited	-	5,400	-	5,400	-	-	-	-	-
Cherat Cement Company Limited	-	11,000	-	11,000	-	-	-	-	-
Fauji Cement Company Limited	40,000	200,000	-	150,000	90,000	4,057	2.09%	2.17%	0.0065%
Maple Leaf Cement Factory Limited	42,500	32,000	-	42,500	32,000	4,083	2.10%	2.18%	0.0061%
Pioneer Cement Limited	40,500	15,000	-	20,500	35,000	4,973	2.56%	2.66%	0.0154%
D.G. Khan Cement Company Limited	40,000	11,700	-	22,800	28,900	6,408	3.30%	3.42%	0.0066%
	182,100	286,600	-	270,600	198,100	30,089	15.49%	16.08%	
Transport									
Pakistan National Shipping - Corporation Limited	72,000	-	-	72,000	-	-	-	-	-
Food and Personal Care Products									
Treet Corporation Limited	-	50,000	-	20,000	30,000	1,961	1.01%	1.05%	0.0024%
Textile Composite									
Nishat Mills Limited	17,500	51,500	-	30,000	39,000	5,939	3.06%	3.17%	0.0111%
Gul Ahmed Textile Mills Limited	-	90,000	-	-	90,000	4,605	2.37%	2.46%	0.0065%
	17,500	141,500	-	30,000	129,000	10,544	5.43%	5.63%	
Pharmaceuticals									
Searle Pakistan Limited **	8,938	-	173	7,700	1,411	922	0.47%	0.49%	0.0010%
GlaxoSmithKline Pakistan Limited	26,000	-	-	26,000	-	-	-	-	-
	34,938	-	173	33,700	1,411	922	0.47%	0.49%	
Power Generation and Distribution									
Hub Power Company Limited	67,700	44,000	-	40,000	71,700	8,854	4.56%	4.73%	0.0062%
Kot Addu Power Company Limited	30,500	44,000	-	27,500	47,000	3,704	1.91%	1.98%	0.0053%
K-Electric Limited	625,000	-	-	625,000	-	-	-	-	-
	723,200	88,000	-	692,500	118,700	12,558	6.47%	6.71%	
Commercial Banks									
Askari Bank Limited	-	70,000	-	-	70,000	1,747	0.90%	0.93%	0.0056%
Habib Metropolitan Bank	-	55,000	-	-	55,000	2,035	1.05%	1.09%	0.0052%
United Bank Limited	34,500	28,500	-	9,500	53,500	12,781	6.58%	6.83%	0.0044%
National Bank of Pakistan	-	45,000	-	45,000	-	-	-	-	-
MCB Bank Limited	40,500	19,000	-	25,000	34,500	8,205	4.23%	4.38%	0.0031%
Bank Al Falah Limited	195,000	104,000	-	195,000	104,000	3,948	2.03%	2.11%	0.0065%
	270,000	321,500	-	274,500	317,000	28,716	14.79%	15.34%	

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Sector and 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 December 31, 2016	Market value as at December 31, 2016	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
	Number of shares				(Rupees in '000)		%		
Insurance									
Adanjee Insurance Company Limited	-	82,000	-	-	82,000	6,079	3.13%	3.26%	0.0234%
Automobile Assembler									
Millat Tractors Limited	-	4,600	-	-	4,600	4,161	2.14%	2.22%	0.0104%
Honda Atlas Cars Pakistan Limited	10,000	-	-	10,000	-	-	-	-	-
	10,000	4,600	-	10,000	4,600	4,161	2.14%	2.22%	
Paper and Board									
Cherat Packaging Limited	11,200	-	-	1,300	9,900	3,346	1.72%	1.79%	0.0334%
Packages Limited	-	13,050	-	1,400	11,650	9,903	5.10%	5.28%	0.0130%
	11,200	13,050	-	2,700	21,550	13,249	6.82%	7.08%	
Engineering									
Mughal Iron and Steel Industries Limited **	40,000	-	-	39,000	1,000	88	0.05%	0.05%	0.0008%
Amrel Steels Limited	66,500	34,000	-	48,500	52,000	3,463	1.78%	1.85%	0.0175%
Crescent Steel & Allied Products Limited	53,775	13,000	-	43,200	23,575	3,635	1.87%	1.94%	0.0304%
	160,275	47,000	-	130,700	76,575	7,186	3.70%	3.84%	
Automobile Parts & Accessories									
Thal Limited	-	22,500	-	22,500	-	-	-	-	-
General Tyre and Rubber Company of Pakistan Limited	24,100	-	-	24,100	-	-	-	-	-
	24,100	22,500	-	46,600	-	-	-	-	-
Leather & Tanneries									
Service Industries Limited	-	5,100	-	3,850	1,250	1,871	0.96%	1.02%	0.0104%
Cable and Electrical Goods									
Pak Elektron Limited	50,000	83,000	-	50,000	83,000	5,916	3.05%	3.16%	0.0167%
Miscellaneous									
Tri-Pack Films Limited	-	12,000	-	12,000	-	-	-	-	-
Total as at December 31, 2016	1,706,113	1,701,450	173	1,953,450	1,454,286	186,643	96.12%	99.74%	
Cost of investment as at December 31, 2016	161,489								

This represents gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Pension Fund Manager jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to pension funds under clause 57 (3) (viii) 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 having aggregate fair value of Rs 162,322 at December 31, 2016 (June 30, 2016: Rs. 115,680) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis.

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As at July 1, 2016	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at December 31, 2016	Market value as at December 31, 2016	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)	%		

5.2 Unlisted equity securities

GlaxoSmithKline Consumer Healthcare
Pakistan Limited (Note 5.2.1)

7,800	-	-	-	7,800	484	0.25%	0.26%	-
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Cost of investment as at December 31, 2016

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5.2.1 This represents shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited, a subsidiary of GlaxoSmithKline plc, which were received due to demerger of GlaxoSmithKline Pakistan Limited on April 01, 2016. These are stated at break up value of Rs. 62.00 per share as trading in shares has not yet commenced. The Company has submitted its listing application with the Pakistan Stock Exchange Limited which is currently pending.

5.3 Government securities - Treasury bills

5.3.1 Held by Debt Sub-Fund

Treasury bills - having face value of Rs. 100 each	Issue date	Face value				Amortized cost as at December 31, 2016	Market value as at December 31, 2016	Market value as a percentage of			
		As at July 1, 2016	Purchases during the period	Sales / matured during the period	As at December 31, 2016			Total investments of the sub-fund	Net assets of the sub-fund		
		(Rupees in '000)						%			
Treasury Bill - 3 months	May 12, 2016	22,000	-	22,000	-	-	-	-	-		
Treasury Bill - 3 months	May 26, 2016	28,000	-	28,000	-	-	-	-	-		
Treasury Bill - 3 months	September 1, 2016	-	35,000	35,000	-	-	-	-	-		
Treasury Bill - 3 months	November 10, 2016	-	7,000	7,000	-	-	-	-	-		
Treasury Bill - 6 months	May 12, 2016	-	105,000	105,000	-	-	-	-	-		
Treasury Bill - 12 months	October 15, 2015	-	35,000	35,000	-	-	-	-	-		
Treasury Bill - 6 months	August 18, 2016	-	29,000	29,000	-	-	-	-	-		
Treasury Bill - 6 months	July 21, 2016	-	4,000	4,000	-	-	-	-	-		
Treasury Bill - 6 months	June 23, 2016	-	75,000	75,000	-	-	-	-	-		
Treasury Bill - 3 months	September 29, 2016	-	4,000	4,000	-	-	-	-	-		
Treasury Bill - 6 months	March 31, 2016	-	4,000	4,000	-	-	-	-	-		
Treasury Bill - 6 months	August 4, 2016	-	17,000	17,000	-	-	-	-	-		
Treasury Bill - 3 months	August 4, 2016	-	25,000	25,000	-	-	-	-	-		
Treasury Bill - 6 months	June 9, 2016	-	100,000	100,000	-	-	-	-	-		
		50,000	440,000	490,000	-	-	-	-	-		

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5.3.2 Held by Money Market Sub-Fund

Treasury bills - having face value of Rs. 100 each	Issue date	Face value				Amortized cost as at December 31, 2016	Market value as at December 31, 2016	Market value as a			
		As at July 1, 2016	Purchases during the period	Sales / matured during the period	As at December 31, 2016			Total investments of sub-fund	Net assets of sub-fund		
		(Rupees in '000)									
								%			
Treasury Bill - 12 months	August 6, 2015	50,000	-	50,000	-	-	-	-	-		
Treasury Bill - 6 months	January 21, 2016	8,500	-	8,500	-	-	-	-	-		
Treasury Bill - 6 months	March 3, 2016	7,000	-	7,000	-	-	-	-	-		
Treasury Bill - 3 months	May 12, 2016	38,000	-	38,000	-	-	-	-	-		
Treasury Bill - 3 months	May 26, 2016	2,000	-	2,000	-	-	-	-	-		
Treasury Bill - 3 months	September 1, 2016	-	7,000	7,000	-	-	-	-	-		
Treasury Bill - 3 months	November 10, 2016	-	32,000	-	32,000	31,837	31,834	32.62%	20.85%		
Treasury Bill - 6 months	May 12, 2016	-	30,000	30,000	-	-	-	-	-		
Treasury Bill - 3 months	August 18, 2016	-	25,000	25,000	-	-	-	-	-		
Treasury Bill - 6 months	August 18, 2016	-	11,000	-	11,000	10,920	10,920	11.19%	7.15%		
Treasury Bill - 12 months	August 20, 2015	-	8,500	8,500	-	-	-	-	-		
Treasury Bill - 6 months	July 21, 2016	-	20,000	-	20,000	19,944	19,942	20.44%	13.06%		
Treasury Bill - 3 months	November 24, 2016	-	15,000	-	15,000	14,890	14,888	15.26%	9.75%		
Treasury Bill - 3 months	August 4, 2016	-	75,000	75,000	-	-	-	-	-		
		105,500	223,500	251,000	78,000	77,591	77,584	79.51%	50.81%		

5.3.2.1 These treasury bills having maturities ranging from January 2017 to February 2017.

5.4 Government securities - Pakistan Investment Bonds

5.4.1 Held by Debt Sub-Fund

	Issue date	Face value				Amortized cost as at December 31, 2016	Market value as at December 31, 2016	Market value as a			
		As at July 01, 2016	Purchases during the period	Sales / matured during the period	As at December 31, 2016			Total investments of the sub-fund	Net assets of the sub-fund		
		(Rupees in '000)						%			
Pakistan Investment Bonds- 3 years	March 26, 2015	50,000	100,000	125,000	25,000	25,319	25,766	17.60%	14.91%		
Pakistan Investment Bonds- 3 years	April 21, 2016	25,000	-	25,000	-	-	-	-	-		
Pakistan Investment Bonds- 5 years	April 21, 2016	35,000	-	35,000	-	-	-	-	-		
Pakistan Investment Bonds- 5 years	August 18, 2011	1,000	-	1,000	-	-	-	-	-		
Pakistan Investment Bonds- 5 years	July 18, 2013	-	80,000	-	80,000	86,115	86,143	58.85%	49.84%		
Pakistan Investment Bonds- 10 years	April 21, 2016	-	25,000	25,000	-	-	-	-	-		
		111,000	205,000	211,000	105,000	111,434	111,909	76.45%	64.75%		

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5.4.1.1 Pakistan Investment Bonds held as at December 31, 2016, carry coupon at the rate of 8.75% to 11.50% per annum (June 30, 2016: 7% to 11.50% per annum) and maturities ranging from March 2018 to July 2018.

5.5 Term Finance Certificates and Sukuk bonds - Unlisted

5.5.1 Held by Debt Sub-Fund

Sector and Name of the investee company	Number of certificates				Amortized cost as at December 31, 2016	Market value / Carrying value as at December 31, 2016	Market value as a percentage of	
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at December 31, 2016			Total investments of the sub-fund	Net assets of the sub-fund
					(Rupees in '000)		%	
Commercial Banks								
Standard Chartered Bank (Pakistan) Limited - TFC	300	-	-	300	1,500	1,503	1.03%	0.87%
JS Bank Limited - TFC	-	2,000	-	2,000	10,000	10,000	6.83%	5.79%
Multitiilities								
Water and Power Development Authority - Sukuk	798	-	-	798	2,850	2,969	2.03%	1.72%
Total	1,098	2,000	-	3,098	14,350	14,472	9.89%	8.38%

5.5.1.1 Significant terms and conditions of Term Finance Certificates and Sukuk Bonds outstanding as at December 31, 2016 are as follows:

Name of security	Remaining principal (per TFC) (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date
Term Finance Certificates and Sukuk Bonds - Unlisted				
Standard Chartered Bank (Pakistan) Limited - TFC	5,000	6 month KIBOR + 0.75%	29-Jun-12	29-Jun-22
JS Bank Limited - TFC	5,000	6 months KIBOR + 1.4%	14-Dec-16	14-Dec-23
Water and Power Development Authority - Sukuk	3,572	6 month KIBOR + 1%	14-Oct-13	14-Oct-21

5.6 This represents TDRs placed with Zarai Taraqiati Bank Limited and carrying mark-up at the rate of 6.50% per annum and maturing on May 2, 2017.

6. PAYABLE TO THE PENSION FUND MANAGER

		December 31, 2016 (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) -----			
Management fee	6.1	241	220	195	656	187	219	185	591
Sindh Sales Tax	6.2	31	28	25	84	30	35	30	95
		272	248	220	740	217	254	215	686

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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 average values of the net assets of each Sub-Fund calculated during the period. Accordingly, the management fee has been accrued at 1.5% of the average annual net assets of each 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 remuneration of the Pension Fund Manager as required by the Sindh Sales Tax on Services Act, 2011, effective from July 1, 2011.

7. ACCRUED EXPENSES AND OTHER LIABILITIES

		December 31, 2016 (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) -----			
Auditors' remuneration		121	131	112	364	62	62	62	186
Payable to broker		-	-	-	-	280	13	-	293
Federal Excise Duty	7.1	763	878	836	2,477	763	878	836	2,477
Provision for Workers' Welfare Fund	11	-	-	131	131	1,125	534	470	2,129
Provision for Sindh Workers' Welfare Fund	11	1,354	556	340	2,250	-	-	-	-
Others		730	134	430	1,294	4,520	339	943	5,802
		2,968	1,699	1,849	6,516	6,750	1,826	2,311	10,887

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.

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. 0.763 million, Rs. 0.878 million and Rs. 0.838 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 December 31, 2016 would have been higher by Rs. 1.59 (June 30, 2016: Rs. 1.61) per unit, Rs. 0.76 (June 30, 2016: Rs. 0.72) per unit and Rs. 0.76 (June 30, 2016: Rs. 0.75) per unit for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively.

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2016 and June 30, 2016.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2016

9. NUMBER OF UNITS IN ISSUE

	December 31, 2016 (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
Opening units in issue	474,557	1,212,480	1,122,870	2,809,907	452,883	1,104,116	1,070,215	2,627,214
Units issued during the period / year	30,263	75,225	152,669	258,157	75,570	292,140	205,572	573,282
Units redeemed during the period / year	(23,427)	(123,035)	(180,901)	(327,363)	(29,661)	(212,192)	(179,239)	(421,092)
Reallocation during the period / year	(518)	(9,711)	11,819	1,590	(24,235)	28,416	26,322	30,503
Total units in issue at the end of the period / year	480,875	1,154,959	1,106,457	2,742,291	474,557	1,212,480	1,122,870	2,809,907

10. CONTRIBUTION TABLE

Contributions received are as follows:

	For the half year ended December 31, 2016 (Un-Audited)							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
From:								
Individuals	30,263	10,525	75,225	11,133	152,669	21,047	258,157	42,705

	For the half year ended December 31, 2015 (Un-Audited)							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
From:								
Individuals	22,824	6,906	73,567	10,291	54,717	7,176	151,108	24,373

11. WORKERS' WELFARE FUND (WWF) AND SINDH WORKERS' WELFARE FUND (SWWF)

As disclosed in the annual audited financial of the Fund for the year ended June 30, 2016, the Fund had maintained provision of the Workers' Welfare Fund (WWF), which had been recognized till June 30, 2015, as the decision in the High Court of Sindh was pending with regard to applicability of WWF on Collective Investment Schemes (CISs), although the High Court of Sindh, in other case, had provided the judgement considering levy of WWF lawful whereas the Lahore High Court had provided different conclusion.

However, in the current period, the Supreme Court of Pakistan (SCP) passed a judgement 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.

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

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

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- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014 to December 31, 2016; and
- Provision computed for SWWF should be adjusted against provision of WWF and if any further provision is required, then it should be recognized in books of the Fund before December 31, 2016. If provision of WWF is in excess of provision required for SWWF, the excess provision of WWF should be carried forward unless further clarification is received from the MUFAP.

As a result, the Pension Fund Manager recognized additional provision of Rs. 229,108 and Rs. 22,517 for Equity Sub-Fund and Debt Sub-Fund respectively on December 31, 2016. Furthermore, the Pension Fund Manager assessed that in case of Money Market Fund no further provision is required for SWWF net of provision already made for WWF, and additional provision of WWF of Rs. 131,097, as available in case of Money Market Sub-Fund, should be carried forward till the matter is cleared.

Subsequent to the period end 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 Commission (SECP) through its letter dated January 12, 2017, which was also endorsed by the SECP through its letter dated February 1, 2017.

Considering the recommendation of the MUFAP, Pension Fund Manager, reversed the excess provision of WWF of Rs. 131,097 for Money Market Sub-Fund. Had such excess provision been reversed on December 31, 2016, the NAV per unit of the Money Market Sub Fund would have been higher by Rs. 0.1184.

12. 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.

13. 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 the concerned persons. Transactions with connected persons 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:

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FOR THE HALF YEAR ENDED DECEMBER 31, 2016

13.1 Transactions during the period

	Half Year ended December 31, 2016 (Un-Audited)				Half Year ended December 31, 2015 (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)			
HBL Asset Management Limited - Pension Fund Manager								
Management fee inclusive of sales tax	1,454	1,166	1,339	3,959	1,344	1,492	1,363	4,199
Habib Bank Limited - Sponsor								
Bank charges	6	2	4	12	8	3	4	15
Profit on bank deposits earned	169	108	150	427	180	70	79	329
Directors and Executives of the Pension Fund Manager								
Directors								
Mr. Salim Amlani								
Reallocation of units	-	-	-	-	-	(1,970)	2,068	98
Ms. Sima Kamil								
Reallocation of units	8	(83)	70	(5)	(189)	344	85	240
	(Rupees in '000)				(Rupees in '000)			
Mr. Salim Amlani								
Amount of units reallocated	-	-	-	-	-	(268)	268	-
Ms. Sima Kamil								
Amount of units reallocated	2,723	(12,208)	9,485	-	(58)	47	11	-
Executives*								
Reallocation of units	-	-	-	-	(1)	3	-	2
	(Rupees in '000)				(Rupees in '000)			
Amount of units reallocated	54	(54)	-	-	(1)	1	-	-
Central Depository Company of Pakistan Limited - Trustee								
Remuneration	146	149	131	426	113	126	115	354
Central Depository System Charges	-	-	-	-	14	3	-	17
Directors of connected persons**								
Reallocation of units	(3,514)	(8,730)	18,438	6,194	(2,662)	1,441	4,764	3,543
Redemption of units	(204)	(1,891)	(7,745)	(9,840)	428	2,329	6,318	9,075
	(Rupees in '000)				(Rupees in '000)			
Amount of units reallocated	(1,206)	(1,290)	2,496	-	(814)	196	618	-
Amount of units redeemed	73	281	1,058	1,412	128	324	827	1,279

* 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.

** These include transactions in relation to those directors of connected persons who have joined during the period from the date of their joining.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

13.2 Balances outstanding as at period / year end

	December 31, 2016 (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)			
HBL Asset Management Limited - Pension Fund Manager								
Management fee payable	241	220	195	656	187	219	185	591
Sindh Sales Tax payable	31	28	25	84	30	35	30	95
Federal Excise Duty payable	763	878	836	2,477	763	878	836	2,477
Front-end load payable	-	-	-	-	291	208	99	598
Habib Bank Limited - Sponsor								
	Number				Number			
Units held	300,000	300,000	300,000	900,000	300,000	300,000	300,000	900,000
	(Rupees in '000)				(Rupees in '000)			
Amount of units held	121,154	44,895	41,406	207,455	96,157	44,098	40,503	180,758
Balance in savings account	9,178	8,689	26,681	44,548	9,589	8,166	22,668	40,423
Directors and Executives of the Pension Fund Manager								
Directors								
	Number				Number			
Units held	7,854	13,782	3,754	25,390	7,845	13,865	3,684	25,394
	(Rupees in '000)				(Rupees in '000)			
Amount of units held	3,172	2,062	518	5,752	2,515	2,038	497	5,050
Executives***								
	Number				Number			
Units held	35	19	-	54	35	19	-	54
	(Rupees in '000)				(Rupees in '000)			
Amount of units held	14	3	-	17	11	3	-	14
Central Depository Company of Pakistan Limited - Trustee								
Remuneration payable	21	22	17	60	21	25	21	67
Sindh Sales Tax payable	3	3	2	8	-	-	-	-
Security deposit receivable	100	100	-	200	100	100	-	200
Directors of connected persons								
	Number				Number			
Units held	12,496	77,359	128,255	218,110	9,401	49,717	13,152	72,270
	(Rupees in '000)				(Rupees in '000)			
Amount of units held	5,046	11,577	17,702	34,325	3,013	7,308	1,776	12,097

*** These does not include balances in relation to those executives who have resigned from the Pension Fund Manager during the period.

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14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, carrying values may differ from their market values at reporting date.

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

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

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

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) (level3).

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

	Carrying Amount			December 31, 2016 (Un-Audited)				Fair Value	
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Note ----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- Listed equity securities	186,643	-	-	186,643	186,643	-	-	186,643	
- Treasury Bills	77,584	-	-	77,584	-	77,584	-	77,584	
- Pakistan Investment Bonds	111,909	-	-	111,909	-	111,909	-	111,909	
Term Finance Certificates and Sukuk Bonds - Unlisted	14,472	-	-	14,472	-	14,472	-	14,472	
	<u>390,608</u>	<u>-</u>	<u>-</u>	<u>390,608</u>	<u>186,643</u>	<u>203,965</u>	<u>-</u>	<u>390,608</u>	
Financial assets not measured at fair value 14.1									
Bank balances	-	75,247	-	75,247	-	-	-	-	
Investments									
- Unlisted equity securities	484	-	-	484	-	-	-	-	
- Term Deposit Receipts (TDRs)	-	40,000	-	40,000	-	-	-	-	
Dividend receivable and accrued mark-up	-	5,999	-	5,999	-	-	-	-	
Advances, deposits, prepayments and other receivables	-	14,825	-	14,825	-	-	-	-	
	<u>484</u>	<u>136,071</u>	<u>-</u>	<u>136,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

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		December 31, 2016 (Un-Audited)			Fair Value				
		Carrying Amount							
		Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)							
Financial liabilities not measured at fair value									
14.1									
Payable to the Pension Fund Manager	-	-	-	740	740	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	68	68	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	-	-	84	84	-	-	-	-
Accrued expenses and other liabilities	-	-	-	1,658	1,658	-	-	-	-
Participants' Sub Funds	-	-	-	519,755	519,755	-	-	-	-
	-	-	-	522,305	522,305	-	-	-	-
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)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- Listed equity securities	145,600	-	-	145,600	145,600	-	-	-	145,600
- Treasury Bills	154,574	-	-	154,574	-	154,574	-	-	154,574
- Pakistan Investment Bonds	115,561	-	-	115,561	-	115,561	-	-	115,561
Term Finance Certificates and Sukuk Bonds - Unlisted	11,784	-	-	11,784	-	11,784	-	-	11,784
	427,519	-	-	427,519	145,600	281,919	-	-	427,519
Financial assets not measured at fair value									
14.1									
Bank balances	-	63,093	-	63,093	-	-	-	-	-
Investments									
- Unlisted equity securities	484	-	-	484	-	-	-	-	-
Dividend receivable and accrued mark-up	-	2,419	-	2,419	-	-	-	-	-
Advances, deposits, prepayments and other receivables	-	200	-	200	-	-	-	-	-
	484	65,712	-	66,196	-	-	-	-	-
Financial liabilities not measured at fair value									
14.1									
Payable to the Pension Fund Manager	-	-	686	686	-	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	67	67	-	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	-	144	144	-	-	-	-	-
Accrued expenses and other liabilities	-	-	6,281	6,281	-	-	-	-	-
Participants' Sub Funds	-	-	481,931	481,931	-	-	-	-	-
	-	-	489,109	489,109	-	-	-	-	-

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

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

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 _____.

16. GENERAL

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

16.2 Corresponding figures have been arranged and reclassified, wherever necessary, for the purpose of comparison and more appropriate presentation.

16.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures presented in 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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