

HBL

ASSET MANAGEMENT LTD.

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**QUARTERLY
REPORT 2017**

For the period ended September 30, 2017

**MOVING TOWARDS
EXCELLENCE**

TABLE OF CONTENTS

<i>Corporate Information</i>	02
<i>Report of the Directors of the Management Company</i>	03-05
HBL ISLAMIC MONEY MARKET FUND	
<i>Fund Information</i>	07
<i>Condensed Interim Statement of Assets and Liabilities</i>	08
<i>Condensed Interim Income Statement and Statement of Comprehensive Income</i>	09
<i>Condensed Interim Distribution Statement</i>	10
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	11
<i>Condensed Interim Cash Flow Statement</i>	12
<i>Notes to the Condensed Interim Financial Information</i>	13-18
HBL ISLAMIC ASSET ALLOCATION FUND	
<i>Fund Information</i>	20
<i>Condensed Interim Statement of Assets and Liabilities</i>	21
<i>Condensed Interim Income Statement and Statement of Comprehensive Income</i>	22
<i>Condensed Interim Distribution Statement</i>	23
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	24
<i>Condensed Interim Cash Flow Statement</i>	25
<i>Notes to the Condensed Interim Financial Information</i>	26-34
HBL ISLAMIC STOCK FUND	
<i>Fund Information</i>	36
<i>Condensed Interim Statement of Assets and Liabilities</i>	37
<i>Condensed Interim Income Statement and Statement of Comprehensive Income</i>	38
<i>Condensed Interim Distribution Statement</i>	39
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	40
<i>Condensed Interim Cash Flow Statement</i>	41
<i>Notes to the Condensed Interim Financial Information</i>	42-51
HBL ISLAMIC INCOME FUND (PICIC ISLAMIC INCOME FUND)	
<i>Fund Information</i>	53
<i>Condensed Interim Statement of Assets and Liabilities</i>	54
<i>Condensed Interim Income Statement and Statement of Comprehensive Income</i>	55
<i>Condensed Interim Distribution Statement</i>	56
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	57
<i>Condensed Interim Cash Flow Statement</i>	58
<i>Notes to the Condensed Interim Financial Information</i>	59-66
HBL ISLAMIC EQUITY FUND (PICIC ISLAMIC STOCK FUND)	
<i>Fund Information</i>	68
<i>Condensed Interim Statement of Assets and Liabilities</i>	69
<i>Condensed Interim Income Statement and Statement of Comprehensive Income</i>	70
<i>Condensed Interim Distribution Statement</i>	71
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	72
<i>Condensed Interim Cash Flow Statement</i>	73
<i>Notes to the Condensed Interim Financial Information</i>	74-83
HBL ISLAMIC FINANCIAL PLANNING FUND	
<i>Fund Information</i>	85
<i>Condensed Interim Statement of Assets and Liabilities</i>	86
<i>Condensed Interim Income Statement and Statement of Comprehensive Income</i>	87
<i>Condensed Interim Distribution Statement</i>	88
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	89
<i>Condensed Interim Cash Flow Statement</i>	90
<i>Notes to the Condensed Interim Financial Information</i>	91-100

CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Non-Executive Director)
	Mr. Rayomond Kotwal	(Non-Executive Director)

Audit Committee

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

Human Resource Committee

Chairman	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Mr. Farid Ahmed Khan	(Executive Director)
	Mr. Rayomond Kotwal	(Non-Executive Director)

Risk Management Committee

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

**Company Secretary &
Chief Financial Officer**

Mr. Noman Qurban

AMC Rating

'AM2' (Positive Outlook)

Legal Advisors

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

Website

www.hblasst.com

Head Office

7th Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi.

Registered Office

7th Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi.

REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with the financial statements for the quarter ended September 30, 2017 of the following funds:

1. HBL Islamic Money Market Fund
2. HBL Islamic Income Fund (Formerly : PICIC Islamic Income Fund)
3. HBL Islamic Stock Fund
4. HBL Islamic Equity Fund (Formerly : PICIC Islamic Stock Fund)
5. HBL Islamic Asset Allocation Fund
6. HBL Islamic Financial Planning Fund

Economic Review

During 1QFY18, major economic indicators have sustained positive trend with manageable inflation levels, high LSM growth, strong private sector credit growth and lower fiscal deficit. However, import growth significantly outpaced exports which worsened trade account and increase in Current Account deficit. Import growth was primarily led by petroleum products, CPEC driven machinery and steel products which is encouraging as it suggests stronger economic growth in FY18.

Average inflation for 1QFY18 clocked in at 3.39% as compared to 3.86% in 1QFY17. Headline inflation remained muted on the back of adequate food supplies and stable local and international commodity prices. However, core inflation (measured by non-food-non-energy CPI) was recorded higher at 5.5%, reflecting underlying demand pressures. With adequate stocks of major food commodities (wheat and sugar) and no major disruption expected during the remaining months of FY18, inflation is likely to remain at manageable levels and thus FY18 average CPI would likely settle in a range of 4.5-5.0%.

Lower inflation & interest rates, increased private sector credit and domestic consumption led to strong growth in manufacturing output. Large-scale manufacturing (LSM) posted 12.98%YoY growth in Jul-17 primarily led by Iron & Steel Products (+46%), Automobiles (+42%), Non-metallic Mineral Products (+38%), Engineering (+22%) and Food (+19%). Promising growth of the manufacturing sector along with an encouraging initial assessment of major crops is likely to bode well for the overall economy which would likely sustain GDP growth momentum in FY18. Despite election year, the Government has maintained fiscal discipline during 1QFY18 as fiscal deficit was recorded at 10-year low of 0.9% of GDP (PKR324bn) as compared to 1.3% of GDP (PKR438bn) in 1QFY17. Improvement in fiscal account was driven by improved tax collection (+22% YoY) while total expenditures remained restricted (-2% YoY).

However, there are concerns on the external account front with 2MFY18 current account deficit soaring to USD2.6bn (4.6% of GDP) as compared to USD1.3bn (2.5% of GDP) during 2MFY17. Surge in Current Account deficit was driven by 27.9% YoY growth in imports against 17.9% YoY growth in exports which resulted in a trade deficit of USD 5.1bn. In this regard, government's efforts to maintain FX reserves (currently at 3.4 months of import cover) would be an important determinant of macroeconomic stability.

During the quarter, SBP kept the policy rate unchanged at 5.75% in the monetary policy announcements. Going forward, policy rate is likely to remain unchanged as the central bank would have to balance the need for GDP growth amid worsening current account deficit.

Money Market Review

During 1QFY18, GoP did not conduct any IjarahSukuk auction, though they have planned to issue US\$1,000mn Sukuk in the International Market. However, few Sukuks were issued by local Corporates which were heavily oversubscribed, resultantly absorbing excess liquidity to some extent. Yields on the existing GoPIjarahSukuks increased from 4.5% to 5%p.a. since June'17 as market expectation of interest rate have bottom out.

On the Fixed Income front, yield curve steepened with secondary market yields on 3, 5 and 10-year PIBs increasing by 45, 56 and 13 bps respectively. The GoP raised PKR54bn through PIBs compared to the cumulative target of PKR300bn and against maturities of PKR772bn. Participation in auctions of PIBs was also limited and amounted to only PKR107bn (14% of maturity amount). PIB auctions held in Aug'17 and Sep'17 were scrapped. Cut-off yields remained almost flat and stood at 6.4091%, 6.8961% and 7.9360% p.a. for 3, 5 and 10-year PIBs respectively. Trading activity in the secondary market of PIBs remained subdued during the quarter.

During the period government borrowing from scheduled banks increased by PKR219bn against net retirement of PKR260bn during the same period last year. Meanwhile, government borrowing from the SBP increased by PKR201bn lower than PKR580bn during 1QFY17. GoP raised PKR4,214bn (excluding NCB) through T-Bills, against target of PKR3,900bn and maturities of PKR3,264bn. Cut-off yields was unchanged during the period at 5.9910%, 6.0109% and 6.0386% p.a. for 3, 6 and 12-month T-Bills respectively. Major amount was accepted in the 3-month tenor. Going forward, since policy rate is likely to remain unchanged yield curve would likely remain sticky at current levels.

Stock Market Review

During 1QFY18, KMI30 index declined by 9.1% to close at 71,443 points. Political noise continued to dent overall sentiment with concerns over future post indictment of ex-PM, his family and the Finance Minister by the accountability court. On the international political front, US administration expressed concerns over Pakistan's contribution to war on terror which led to expectations of cut in Coalition Support Fund payments to Pakistan. Sector specific news flow was also negative during the quarter. Cement sector (~13.3% weight in KMI30 index) further added to market woes following price cut (~PKR 20-25/bag) by manufacturers in the North region with rumors over possibility of a price war. Fertilizer sector also remained weak due to demand-supply imbalances although sharp reversal in global urea prices and allowance of export quota by government provided some support to the stock prices towards quarter-end. During Sep-17, FTSE announced inclusion of five Pakistani stocks (MCB, SNGP, BAFL, MTL and THALL) in its Asia Pacific ex-Japan Index which led to net foreign buying of USD27.7mn within the week of index rebalancing (week ending on September 15, 2017). However, overall net foreign outflow was recorded at USD90mn during the quarter. Sectors with currency-hedged revenues (oil and gas exploration & production, IPPs and textiles) emerged as outperformers whereas sectors bearing inverse relationship with currency (autos/pharmaceuticals) reflecting market expectation of PKR depreciation. We expect market to remain range bound in near term while returns should improve over the medium term as valuations are attractive in comparison to regional markets.

FUNDS' PERFORMANCE

HBL Islamic Money Market Fund

The total income and net income of the Fund was Rs. 10.78 million and Rs.7.60 million respectively during the quarter ended September 30, 2017. The Net Asset Value (NAV) of the Fund increased from Rs100.6277 per unit as on June 30, 2017 to Rs101.6330 per unit as on September 30, 2017; thereby giving an annualized return of 3.96%. During the same period the benchmark return (3 Month bank deposit rates) was 2.56%.

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

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)

The total income and net income of the Fund was Rs. 55.37 million and Rs.43.33 million respectively during the quarter ended September 30, 2017. The Net Asset Value (NAV) of the Fund increased from Rs101.0691 per unit as on June 30, 2017 to Rs102.0787 per unit as on September 30, 2017; thereby giving an annualized return of 3.96%. During the same period the benchmark return (6 Month bank deposit rates) was 2.35%.

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

HBL Islamic Stock Fund

The total income and net income of the Fund was Rs(24.62) million and Rs(31.36) million respectively during the quarter ended September 30, 2017. The Net Asset Value (NAV) of the Fund decreased from Rs130.0225 per unit as on June 30, 2017 to Rs113.1046 per unit as on September 30, 2017 giving a negative return of 13.01% during the period against the benchmark return (KMI 30 Index) of negative 9.10%.

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)

The total income and net income of the Fund was Rs(114.38) million and Rs(122.05) million respectively during the quarter ended September 30, 2017. The Net Asset Value (NAV) of the Fund decreased from Rs105.4755 per unit as on June 30, 2017 to Rs93.1630 per unit as on September 30, 2017 giving a negative return of 11.67% during the period against the benchmark return (KMI 30 Index) of negative 9.10%.

HBL Islamic Asset Allocation Fund

The total income and net income of the Fund was Rs33.09 million and Rs 20.53 million respectively during the quarter ended September 30, 2017. The Net Asset Value (NAV) of the Fund decreased from Rs105.5962 per unit as on June 30, 2017 to Rs102.7472 per unit as on September 30, 2017 thereby giving a negative return of 2.70% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) of negative 1.78%.

HBL Islamic Financial Planning Fund

HBL Islamic Financial Planning Fund is a Shariah Complaint Fund of Funds scheme. The Fund comprises of three sub funds (plans) namely Active allocation plan, Conservative allocation plan and Strategic allocation plan.

The Fund as a whole earned total and net income of Rs. (17.76) million and Rs. (21.74) million respectively during the period under review. The fund size of the fund stood at Rs. 4.54 billion. Performance review for plan is given below.

Active Allocation Plan

During the period under review, the Active allocation plan earned total and net income of Rs. (2.82) million and Rs(3.03) million respectively. The net assets of the Active allocation plan stood at Rs. 288million representing Net Asset Value (NAV) of Rs. 98.3826 per unit as at September 30, 2017. The plan earned a negative return of 1.63% for the period under review.

Conservative Allocation Plan

During the period under review, the Conservative allocation plan earned total and net income of Rs. (0.73) million and Rs(0.77) million respectively. The net assets of the Conservative allocation plan stood at Rs. 42 million representing Net Asset Value (NAV) of Rs. 98.6466 per unit as at September 30, 2017. The plan earned a negative return of 1.37% for the period under review.

Strategic Allocation Plan

During the period under review, the Strategic allocation plan earned total and net income of Rs. (14.21) million and Rs(17.97) million respectively. The net assets of the Strategic allocation plan stood at Rs. 4.21 billion representing Net Asset Value (NAV) of Rs. 99.5891 per unit as at September 30, 2017. The plan earned a negative return of 0.55% for the period under review.

MANAGEMENT COMPANY RATING

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has maintained management quality rating of 'AM2 (positive outlook)' to the Management Company.

Acknowledgement

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

Chief Executive Officer

Director



HBL

Islamic Money Market Fund



FUND INFORMATION

Name of Fund	HBL Islamic Money Market Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al-Hilal Shariah Advisors (Pvt.) Ltd
Banks	Bank Al-Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited National Bank of Pakistan Askari Bank Limited Allied Bank Limited Faysal Bank Limited
Fund Rating	'AA(f)' (JCR-VIS)

HBL Islamic Money Market Fund
Condensed Interim Statement Of Assets And Liabilities
as at September 30, 2017

	Note	September 30, 2017 (Un-Audited) (Rupees in '000)	June 30, 2017 (Audited)
Assets			
Bank balances	5	720,231	839,601
Investments	6	58,000	-
Accrued profit		3,863	3,265
Prepayment and Other receivables		-	59
Total assets		782,094	842,925
Liabilities			
Payable to Management Company	7	708	791
Payable to Trustee		96	112
Payable to Securities and Exchange Commission of Pakistan		144	471
Accrued expenses and other liabilities	8	4,681	6,269
Total liabilities		5,629	7,643
Net assets		776,465	835,282
Unit holders' fund (as per statement attached)		776,465	835,282
Contingencies and commitments			
	9		
		(Number of units)	
Number of units in issue		7,639,896	8,300,721
		(Rupees)	
Net assets value per unit		101.6330	100.6277

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Income Statement And Statement Of
Comprehensive Income (Un-audited)
For The Three Months Ended September 30, 2017

	Note	Three months ended	
		September 30,	
		2017	2016
		----- (Rupees in '000) -----	
Income			
Mark-up on deposits with banks		10,424	7,636
Mark-up on TDR		359	-
		10,784	7,636
Expenses			
Remuneration of Management Company		2,176	1,483
Remuneration of Trustee		315	224
Annual fee to the Securities and Exchange Commission of Pakistan		144	98
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	193	140
Auditors' remuneration		95	91
Amortisation of preliminary expenses and Fee and Subscription		82	46
Printing and stationary		29	32
		3,034	2,115
Net income from operating activities		7,750	5,522
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		-	574
Provision for Workers' Welfare Fund	8.2	(155)	-
Net income for the period before taxation		7,595	6,096
Taxation	11.	-	-
Net income for the period after taxation		7,595	6,096
Allocation of net income for the period:	4		
Income already paid on redemption of units		(547)	
Accounting income available for distribution:			
-Relating to capital gains		-	
-Excluding capital gains		7,048	
		7,048	
Net income / (loss) for the period after taxation		7,595	
Other comprehensive income for the period		-	-
Total comprehensive income for the period		7,595	6,096

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Distribution Statement (Un-audited)
For The Three Months Ended September 30, 2017

	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
Undistributed income brought forward - realised	5,099	3,176
Accounting income available for distribution:		
-Relating to capital gains	-	
-Excluding capital gains	7,048	
	7,048	6,096
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income that form part of unit holders' fund	-	168
Undistributed income carried forward - realised	<u>12,147</u>	<u>9,440</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Statement Of Movement In Unit Holders' Fund (Un-audited)
For The Three Months Ended September 30, 2017

	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
Net assets at beginning of the period	835,282	506,741
Issue of 1,048,533 units (2016: 517,372 units)	108,364	52,392
Redemption of 1,709,358 units (2016: 251,544 units)	(174,775)	(25,466)
	(66,411)	26,926
Income already paid on redemption of units	547	-
Accounting income available for distribution	7,048	6,096
Net assets at end of the period	776,465	539,189
Net assets value per unit at the beginning of the period	100.6277	100.6132
Net assets value per unit at the end of the period	101.6330	101.6884

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Cash Flow Statement (Un-audited)
For The Three Months Ended September 30, 2017

	Three months ended	
	September 30, 2017	2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	7,595	6,096
Adjustments		
Amortisation of preliminary expenses and floatation costs	-	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	(574)
	<u>7,595</u>	<u>5,522</u>
(Increase) / decrease in assets		
Accrued profit	(598)	(386)
Prepaid expenses	59	1,977
	<u>(539)</u>	<u>1,591</u>
Increase / (decrease) in liabilities		
Payable to Management Company	(83)	(21)
Investments	(58,000)	-
Payable to Trustee	(16)	(50)
Payable to Securities and Exchange Commission of Pakistan	(327)	(270)
Accrued expenses and other liabilities	(1,588)	(3,532)
	<u>(60,014)</u>	<u>(3,873)</u>
Net cash (used in) / generated from operating activities	<u>(52,958)</u>	<u>3,240</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	108,364	33,345
Payment against redemption of units	(174,775)	(26,302)
Net cash (used in) / generated from financing activities	<u>(66,411)</u>	<u>7,043</u>
Net increase in cash and cash equivalents	<u>(119,370)</u>	<u>10,283</u>
Cash and cash equivalents at beginning of the period	839,601	464,049
Cash and cash equivalents at end of the period	<u><u>720,231</u></u>	<u><u>474,332</u></u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Notes To The Condensed Interim Financial Information (Un-audited)
For The Three Months Ended September 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Money Market Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (the SECP) as a unit trust scheme on December 10, 2010.

HBL Asset Management Limited is the Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at par from May 9, 2011 to May 10, 2011.

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

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2' (Positive Outlook) to the Management Company.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. STATEMENT OF COMPLIANCE

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations 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 IAS - 34. 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, 2017."

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2017.

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, 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, 2017.

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, 2017."

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, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2017.

4. **AMENDMENTS IN THE NBFC REGULATIONS:**

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

5. BANK BALANCES	Note	(Un-Audited) September 30, 2017	(Audited) June 30, 2017
(Rupees in '000)			
Savings accounts	5.1	<u>720,231</u>	<u>839,601</u>

5.1 This represents bank accounts held with defferent banks. Mark up rates on these accounts range between 4% - 6.10% p.a (June 30, 2017 : 4.2% - 6.5% p.a).

6 INVESTMENTS	Note	(Un-Audited) September 30, 2017	(Audited) June 30, 2017
(Rupees in '000)			
Investment			
-Term deposit receipts (TDRs)	6.1	<u>58,000</u>	<u>-</u>
		<u>58,000</u>	<u>-</u>

6.1 This represents TDRs placed with Faysal Bank limited carrying mark-up at the rate of 5.95% (June 30, 2017: Nil) per annum.

7. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	(Un-Audited) September 30, 2017	(Audited) June 30, 2017
(Rupees in '000)			
Management fee	7.1	563	643
Sindh Sales Tax	7.2	84	84
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	<u>61</u>	<u>64</u>
		<u>708</u>	<u>791</u>

7.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of one percent per annum (June 30, 2017: one percent per annum) of the average annual net assets of the Fund for the current year.

7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

7.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS,

maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the year.

		(Un-Audited) September 30, 2017	(Audited) June 30, 2017
(Rupees in '000)			
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		395	300
Federal Excise Duty	8.1	2,185	2,185
Provision for Sindh Workers' Welfare Fund	8.2	1,650	1,496
Withholding tax payable		-	1,898
Other payable		450	390
		<u>4,681</u>	<u>6,269</u>

8.1 PROVISION FOR FEDERAL EXCISE DUTY

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results 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 along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 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.

The finance act 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company, aggregating to Rs. 2.18 million (June 30, 2017: Rs.2.18 million). Had the provision not been made, the Net Asset Value per unit as at september 30, 2017 would have been higher by Re. 0.29 (June 30, 2017: Re. 0.26) per unit.

8.2 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, 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.

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 the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 1.65 million (June 30, 2017 Rs. 1.49 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.22 (June 30, 2017 Re. 0.18) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2017.

10. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.42% (0.08% representing Government Levies, and SECP Fee).

11. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

12. EARNINGS PER UNIT (EPU)

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

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

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

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

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

13.1 Transactions during the period	(Un - Audited)	
	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee	2,176	1,483
Allocation of expenses related to registrar services, accounting, operation and valuation services	193	140
Habib Bank Limited - Sponsor		
Mark-up earned during the period	422	138
Mark-up received during the period	418	119
Bank charges paid	6	6
Executive and Key management personnel		
Issue of 11,902 units (2016: Nil units)	1,200	-
Redemption of 17,152 units (2016: 119 units)	1,729	12
MCBFSL Trustee HBL IFPF -Strategic Allocation Plan		
Redemption of 785,072 units (2016: nil units)	79,275	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	315	224

13.2 Amounts outstanding as at period end	(Un-Audited) September 30, 2017	(Audited) June 30, 2017
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	563	643
Sindh Sales Tax	84	84
Allocation of expenses related to registrar services, accounting, operation and valuation services	61	64
Habib Bank Limited - Sponsor		
Investment held in the Fund: 3,838,107 units (June 30, 2017: 3,838,107 units)	390,048	386,220
Mark up receivable	57	53
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	96	112
Executives of the Management Company and their relatives		
Units held in the Fund: Nil units (June 30, 2017: 5250 units)	-	530,096
MCBFSL Trustee HBL IFPF -Strategic Allocation Plan		
Nil units held (June 30, 2017 : 785,072 units)	-	79,000

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.

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

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

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

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

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

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

September 30, 2017							
Carrying amount			Fair Value				
Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
On-balance sheet financial instruments (Rupees in '000)							
Financial assets not measured at fair value							
Bank balances	720,231	-	720,231	-	-	-	-
Accrued mark-up	3,863	-	3,863	-	-	-	-
Term Deposit Receipt	58,000	-	58,000	-	-	-	-
	<u>782,094</u>	<u>-</u>	<u>782,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Payable to Management Company	-	624	624	-	-	-	-
Payable to Trustee	-	84	84	-	-	-	-
Accrued expenses and other liabilities	-	845	845	-	-	-	-
	<u>-</u>	<u>1,553</u>	<u>1,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2017							
Carrying amount			Fair Value				
Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
On-balance sheet financial instruments (Rupees in '000)							
Financial assets not measured at fair value							
Bank balances	839,601	-	839,601	-	-	-	-
Accrued mark-up	3,265	-	3,265	-	-	-	-
	<u>842,866</u>	<u>-</u>	<u>842,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Payable to HBL Asset Management Limited - Management Company	-	707	707	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	97	112	-	-	-	-
Accrued expenses and other liabilities	-	2,186	2,186	-	-	-	-
Unit Holders' Fund	-	835,282	835,282	-	-	-	-
	<u>-</u>	<u>838,272</u>	<u>838,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

15. **DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **October 27, 2017**.

16. **GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director



HBL

Islamic Asset Allocation Fund



FUND INFORMATION

Name of Fund	HBL Islamic Asset Allocation Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al-Hilal Shariah Advisors (Pvt.) Ltd
Banks	Bank Al-Habib Limited Habib Bank Limited Askari Bank Limited Allied Bank Limited Dubai Islamic Bank Limited Soneri Bank Limited Bank Islami Pakistan Limited Summit Bank Limited

HBL Islamic Asset Allocation Fund
Condensed Interim Statement Of Assets And Liabilities
as at September 30, 2017

	September 30, 2017 (Un-Audited)	June 30, 2017 (Audited)
	(Rupees in '000)	
Assets		
Bank balances	5 1,606,888	1,962,227
Investments	6 940,064	740,627
Dividend receivable and accrued mark-up	17,501	10,715
Preliminary expenses and flotation cost	710	758
Advances, deposits and other receivables	2,600	2,600
Total assets	2,567,763	2,716,927
Liabilities		
Payable to Management Company	7 4,618	6,113
Payable to Trustee	331	310
Payable to Securities and Exchange Commission of Pakistan	626	1,344
Accrued expenses and other liabilities	8 24,462	85,842
Total liabilities	30,037	93,609
Net assets	2,537,726	2,623,318
Unit holders' fund (as per statement attached)	2,537,726	2,623,318
Contingencies and commitments	9	
	(Number of units)	
Number of units in issue	24,698,736	24,842,911
	(Rupees)	
Net assets value per unit	102.7472	105.5962

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Income Statement And Statement Of Comprehensive Income (Un-audited)
For The Three Months Ended September 30, 2017

	Three months ended September 30,	
	2017	2016
	(Rupees in '000)	
Income		
Dividend Income	5,553	1,466
Return on Investment	4,842	11,590
Mark-up on deposits with banks	23,397	1,681
Capital gain on sale of investments - net	(49)	23,091
	33,743	37,828
Unrealised appreciation /(diminution) on re-measurement of investments at "fair value through profit or loss - held-for-trading" - net	(654)	-
	33,089	37,828
Expenses		
Remuneration of Management Company	11,162	4,413
Remuneration of Trustee	1,029	944
Annual fee of Securities and Exchange Commission of Pakistan	626	233
Allocation of expenses related to registrar services, accounting, operation and valuation services	659	273
Selling and Marketing Expense	(1,821)	-
Settlement and Bank Charges	129	-
Auditors' remuneration	95	171
Fee and Subscriptions	64	-
Printing Charges	30	11
Amortisation of preliminary expenses and floatation costs	48	54
Securities Transaction Costs	102	-
Charity Expense	19	-
	12,142	6,099
	20,947	31,729
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	-	(5,208)
Provision for Workers' Welfare Fund	(415)	-
Net income for the period before taxation	20,532	26,521
Taxation	-	-
Net income for the period after taxation	20,532	26,521
Allocation of net income for the period:		
Income already paid on redemption of units	(1,050)	-
Accounting income available for distribution:		
-Relating to capital gains	(667)	-
-Excluding capital gains	20,149	-
	19,482	26,521
Net income / (loss) for the period after taxation	20,532	26,521
Other comprehensive income for the period		
Items to be reclassified to income statement in subsequent periods:		
Net unrealised diminution on re-measurement of investments classified as available for sale	(93,131)	(4,575)
Total comprehensive income for the period	72,599	21,946
Earning Per Unit		

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Distribution Statement (Un-audited)
For The Three Months Ended September 30, 2017

	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
Undistributed income brought forward - realised	105,876	10,329
Accounting income available for distribution:		
-Relating to capital gains	(667)	-
-Excluding capital gains	20,149	-
	19,482	26,521
Element of income / (loss) and capital gains / (losses) included in the price of units issued less those in units redeemed, amount representing income / (loss) that form part of the unit holders' fund	-	(3,269)
Undistributed income carried forward - realised	<u>125,358</u>	<u>33,581</u>
Undistributed income carried forward comprising of:		
Realised Income	126,012	33,581
Unrealised Income	(654)	-
	<u>125,358</u>	<u>33,581</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Statement Of Movement In Unit Holders' Fund (Un-audited)
For The Three Months Ended September 30, 2017

	Note	Three months ended September 30,	
		2017	2016
(Rupees in '000)			
Net assets at beginning of the period		2,623,318	1,349,890
Issue of 1,486,108 units (2016: 1,697,279 units)		156,211	176,587
Redemption of 1,630,283 units (2016: 5,863,417 units)		(169,204)	(610,318)
		(12,993)	(433,731)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement	4	-	5,208
Income already paid on redemption of units	4	1,050	-
Accounting Income available for distribution	4	19,482	26,521
Net unrealised (diminution) on re-measurement of investments classified as available for sale		(93,131)	(4,575)
Net assets at end of the period		2,537,726	943,313
Net assets value per unit at the beginning of the period		105.5962	102.5411
Net assets value per unit at the end of the period		102.7472	104.8332

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Cash Flow Statement (Un-audited)
For The Three Months Ended September 30, 2017

	Three months ended September 30,	
	2017	2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	20,532	26,521
Adjustments		
Amortisation of preliminary expenses and floatation costs	48	54
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	5,208
	<u>20,580</u>	<u>31,783</u>
(Increase) / decrease in assets		
Investments - net	(292,568)	(15,860)
Accrued mark-up	(6,786)	3,356
Advances, deposits and other receivables	-	1,918
	<u>(299,354)</u>	<u>(10,586)</u>
Increase / (decrease) in assets		
Payable to HBL Asset Management Limited - Management Company	(1,495)	(825)
Payable to Central Depository Company of Pakistan Limited - Trustee	21	(64)
Payable to Securities and Exchange Commission of Pakistan	(718)	(144)
Accrued expenses and other liabilities	(61,380)	1,157
	<u>(63,572)</u>	<u>124</u>
Net cash used in operating activities	<u>(342,346)</u>	<u>21,321</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	156,211	176,587
Payment against redemption of units	(169,204)	(610,318)
Net cash (used in) financing activities	<u>(12,993)</u>	<u>(433,731)</u>
Net (decrease) in cash and cash equivalents	<u>(355,339)</u>	<u>(412,410)</u>
Cash and cash equivalents at beginning of the period	1,962,227	608,618
Cash and cash equivalents at end of the period	<u><u>1,606,888</u></u>	<u><u>196,208</u></u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Notes To The Condensed Interim Financial Information (Un-audited)
For The Three Months Ended September 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed, dated September 07, 2015, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on October 28, 2015.

HBL Asset Management Limited is the Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The initial public offer period was from January 07, 2016 to January 08, 2016 (both days inclusive). The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange.

The primary objective of the Fund is to provide superior returns through investments in Shari'ah Compliant Equity Securities and Shari'ah Compliant Income/ Money Market Instruments.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2' (Positive outlook) to the Management Company.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. STATEMENT OF COMPLIANCE

- 2.1** This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

"The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. 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, 2017."

In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2017.

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** This represents TDRs placed with Bank Alfalah Limited carrying mark-up at the rate of 6.50% per annum and matures on July 13, 2016.

2.4 Functional and presentation currency

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

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

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, 2017.

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.

"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, 2017."

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, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2017.

4. **Amendments in the NBFC Regulations:**

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

5. Bank Balances	Note	September 30, 2017	June 30, 2017
(Rupees in '000)			
Savings accounts	5.1	1,606,888	1,962,227
		<u>1,606,888</u>	<u>1,962,227</u>

5.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 3.75%-6.4% per annum (2016:3.75% - 6.75%) p.a).

6. INVESTMENTS	Note	September 30, 2017	June 30, 2017
(Rupees in '000)			
Available for sale			
- Government of pakistan - Ijarah sukuk	6.1	-	-
- Listed equity Securities	6.2	558,091	685,184
- Term Finance Certificate	6.3	45,172	55,443
Held for Trading			
- Listed equity Securities	6.4	65,801	-
- Term Finance Certificate	6.5	271,000	-
		<u>940,064</u>	<u>740,627</u>

6.1 **Government of pakistan - Ijarah sukuk**

Issue Date	Tenor	Face value			Market Value as at September 30, 2017	Market value as a percentage of	
		As at July 1, 2017	Purchases during the year	Sales / Matured during the year		Total Investments	Net Assets
----- (Rupees in '000) -----							
June 30, 2017	10 Years	-	3,000,000	3,000,000	-	0.00%	0.00%
Total		-	3,000,000	3,000,000	-	0.00%	0.00%

Cost of investments at September 30, 2017

-

6.2 Listed equity securities - Available for sale

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of shares				As at September 30, 2017	Market value as at September 30, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
Textile composite									
Nishat Mills Limited	201,500	10,000	-	-	211,500	30,689	4.59%	1.21%	0.06%
	201,500	10,000	-	-	211,500	30,689	4.59%	1.21%	
Cement									
D.G. Khan Cement Company Limited	149,000	7,500	-	-	156,500	22,984	3.44%	0.91%	0.04%
Lucky Cement Limited	52,850	-	-	-	52,850	29,870	4.46%	1.18%	0.02%
Pioneer Cement Limited	236,400	-	-	10,000	226,400	20,362	3.04%	0.80%	0.10%
Cherat Cement Company Limited	121,400	-	-	-	121,400	14,566	2.18%	0.57%	0.07%
	559,650	7,500	-	10,000	557,150	87,782	13.12%	3.46%	
Leather and tanneries									
Service Industries Ltd	7,460	-	-	-	7,460	6,804	1.02%	0.27%	0.06%
	7,460	-	-	-	7,460	6,804	1.02%	0.27%	
Power generation & distribution									
The Hub Power Company Limited	323,100	93,700	-	-	416,800	46,602	6.97%	1.84%	0.04%
	323,100	93,700	-	-	416,800	46,602	6.97%	1.84%	
Oil and gas exploration companies									
Mari Petroleum Company Limited	18,360	-	-	-	18,360	27,632	4.13%	1.09%	0.02%
Oil & Gas Development Co. Ltd	233,300	-	-	-	233,300	34,678	5.18%	1.37%	0.01%
Pakistan Oilfields Limited	39,400	-	-	-	39,400	20,962	3.13%	0.83%	0.02%
Pakistan Petroleum Limited	183,400	-	-	-	183,400	32,038	4.79%	1.26%	0.01%
	474,460	-	-	-	474,460	115,310	17.23%	4.55%	
Oil and gas Marketing companies									
Hascol Petroleum Ltd	62,200	15,000	-	10,000	67,200	18,889	2.82%	0.74%	0.05%
Pakistan State Oil Company Ltd	62,000	-	-	27,100	34,900	15,417	2.30%	0.61%	0.01%
Sui Northern Gas Pipeline Ltd	207,500	17,000	-	25,000	199,500	26,705	3.99%	1.05%	0.03%
	331,700	32,000	-	62,100	301,600	61,011	9.11%	2.40%	
Fertilizers									
Engro Fertilizer	394,000	-	-	40,000	354,000	22,270	3.33%	0.88%	0.03%
Engro Corporation Limited	141,700	11,000	-	-	152,700	46,282	6.92%	1.82%	0.03%
	535,700	11,000	-	40,000	506,700	68,552	10.25%	2.70%	
Chemicals									
Engro Polymer & Chemicals Ltd	432,000	-	-	125,000	307,000	10,257	1.53%	0.40%	0.05%
	432,000	-	-	125,000	307,000	10,257	1.53%	0.40%	
Paper & board									
Packages Limited	21,350	-	-	-	21,350	12,319	1.84%	0.49%	0.02%
	21,350	-	-	-	21,350	12,319	1.84%	0.49%	
Cable and electrical goods									
Pak Elektron Limited	282,000	20,000	-	-	302,000	22,937	3.43%	0.90%	0.06%
	282,000	20,000	-	-	302,000	22,937	3.43%	0.90%	
Pharmaceuticals									
The Searle Company Limited	56,810	8,000	-	-	64,810	26,178	3.91%	1.03%	0.04%
	56,810	8,000	-	-	64,810	26,178	3.91%	1.03%	
Automobile Assembler									
Pak Suzuki Motor Company Limited	18,900	3,000	-	-	21,900	10,023	1.50%	0.39%	0.03%
Millat Tractors Ltd	13,500	-	-	-	13,500	16,852	2.52%	0.66%	0.03%
Honda Atlas Cars (Pakistan) Limited	18,900	-	-	18,900	-	-	0.00%	0.00%	0.00%
	51,300	3,000	-	18,900	35,400	26,875	4.02%	1.05%	
Automobile Parts & Accessories									
Thal Limited	10,800	-	-	10,800	-	-	0.00%	0.00%	-
	10,800	-	-	10,800	-	-	0.00%	0.00%	
Transport									
Pakistan National Shipping Corporation	68,600	-	-	-	68,600	8,905	1.33%	0.35%	0.05%
	68,600	-	-	-	68,600	8,905	0.01	0.35%	
Engineering									
Amreli Steels Limited	122,000	-	-	122,000	-	-	0.00%	0.00%	0.00%
Crescent Steel & Allied Products Limited	73,300	-	-	-	73,300	11,595	1.73%	0.46%	0.09%
International Industries Ltd	25,000	-	-	-	25,000	7,255	1.08%	0.29%	0.02%
International Steels Limited	220,000	-	-	96,000	124,000	15,020	2.24%	0.59%	0.03%
	440,300	-	-	218,000	222,300	33,870	5.05%	1.34%	
	3,796,730	185,200	-	484,800	3,497,130	558,091	83.07%	21.99%	
Cost of investments at September 30, 2017						628,428			

6.3 Term Finance Certificates - Available for Sale

Name of the Investee Company	Number of certificates			As at June 30, 2017	Market value as at June 30,	Carrying value as a percentage of Net Asset
	As at July 1,	Purchases during the	Sale during the			
	(Rupees in '000)					
Fatima Fertilizer Company Limited	11,791	-	2,065	9,726	45,172	1.78%
	11,791	-	2,065	9,726	45,172	1.78%
Cost of investments at September 30, 2017					46,004	

6.4 Listed equity securities - Held for trading

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of shares				As at September 30, 2017	Market value as at September 30, 2017		Par value as a percentage of issued capital of the
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets	
	(Rupees in '000)							
Textile composite								
Nishat Mills Limited	-	54,000	-	-	54,000	7,835	1.17%	0.31%
	-	54,000	-	-	54,000	7,835	1.17%	0.31%
Cement								
D.G. Khan Cement Company Limited	-	50,000	-	-	50,000	7,343	1.10%	0.29%
	-	50,000	-	-	50,000	7,343	1.10%	0.29%
Power generation & distribution								
The Hub Power Company Limited	-	67,200	-	-	67,200	7,514	1.12%	0.30%
	-	67,200	-	-	67,200	7,514	1.12%	0.30%
Oil and gas exploration companies								
Mari Petroleum Company Limited	-	3,000	-	-	3,000	4,515	0.67%	0.18%
Oil & Gas Development Co. Ltd	-	71,200	-	-	71,200	10,583	1.58%	0.42%
Pakistan Oilfields Limited	-	13,750	-	-	13,750	7,316	1.09%	0.29%
Pakistan Petroleum Limited	-	67,400	-	-	67,400	11,774	1.76%	0.46%
	-	155,350	-	-	155,350	34,188	5.10%	1.35%
Oil and gas Marketing companies								
Sui Northern Gas Pipeline Ltd	-	20,000	-	-	20,000	2,677	0.40%	0.11%
	-	20,000	-	-	20,000	2,677	0.40%	0.11%
Fertilizers								
Engro Fertilizer	-	15,000	-	-	15,000	944	0.14%	0.04%
	-	15,000	-	-	15,000	944	0.14%	0.04%
Chemicals								
Engro Polymer & Chemicals Ltd	-	60,000	-	-	60,000	2,005	0.30%	0.08%
	-	60,000	-	-	60,000	2,005	0.30%	0.08%
Paper & board								
Packages Limited	-	4,000	-	-	4,000	2,308	0.34%	0.09%
	-	4,000	-	-	4,000	2,308	0.34%	0.09%
Cable and electrical goods								
Pak Elektron Limited	-	13,000	-	-	13,000	987	0.15%	0.04%
	-	13,000	-	-	13,000	987	0.15%	0.04%
	-	438,550	-	-	438,550	65,801	9.82%	2.61%
Cost of investments at September 30, 2017						66,454		

6.5 Term Finance Certificates - Held for Trading

Name of the Investee Company	Number of certificates			As at June 30, 2017	Market value as at June 30, 2017	Carrying value as a percentage of Net Assets
	As at July 1, 2016	Purchases during the year	Sale during the year			
	(Rupees in '000)					
Dubai Islamic Bank	271	-	-	271	271,000	10.68%
	271	-	-	271	271,000	10.68%
Cost of investments at September 30, 2017					271,000	

6.5.1. Significant Terms And Conditions of Term Finance Certificate and Sukuk bonds outstanding as at June 30, 2017 are as follow:

Name Of Security	Remaining Principles (Per TFC)	Markup Rate (Per Annum)	Issue Date	Maturity Date
Term Finance Certificate - Listed				
Fatima Fertilizer Company Limited	4,500	6 month KIBOR+ 1.10%	28-Nov-16	28-Nov-21
Dubai Islamic Bank	1,000,000	6 month KIBOR+ 0.50%	14-Jul-17	14-Jul-27

6.6 Investments include shares having market value aggregating to Rs. 60.3793 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

7. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		2017	2016
		(Rupees in '000)	
Management fee	7.1	3,160	2,889
Sindh Sales Tax	7.2	411	375
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	211	192
Selling and Marketing Expense	7.4	836	2,657
		4,618	6,113

7.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of one percent per annum for the current year (2015: one percent per annum).

7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

7.3 ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard, the Management Company has started charging these expenses effective from November 25, 2015.

7.4 SELLING AND MARKETING EXPENSES

The Securities and Exchange Commission of Pakistan (SECP) vide its circular No. SCD/PRDD/Circular/361/2016 dated December 30, 2016 has allowed Asset Management Companies (AMCs) to charge selling and marketing expenses to open end equity, asset allocation and index funds subject to a maximum cap of 0.4% per annum of net assets of fund or actual expenses whichever is lower. Management Company of the Fund started accruing these charges effective from March 1, 2017. During the period a clarification was received from the SECP on September 19, 2017 as a result expenses charged to the fund amounting to 4.394 have been reversed during the period. Subsequent to period ended September 30, 2017 another clarification was received from SECP according to which expenses reversed during the period can be charged back to the Fund.

8. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		395	300
Charity payable		121	103
Withholding tax payable		4,706	22,100
Sales Load Payable		1,732	12,984
Payable againsts redemption of units		1,178	1,178
Provision for Sindh Workers Welfare Fund	8.2	4,923	4,508
Federal Excise Duty	8.1	1,063	1,063
Payable againsts purchase of investments		9,635	42,320
Payable to Broker		78	685
Dividend Payable		189	459
Other payable		442	142
		24,462	85,842

8.1 PROVISION FOR FEDERAL EXCISE DUTY

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results 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 along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 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.

The finance act 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company, aggregating to Rs. 1.06 million (June 30, 2017: Rs.1.06 million). Had the provision not been made, the Net Asset Value per unit as at september 30, 2017 would have been higher by Re. 0.04 (June 30, 2017: Re. 0.04) per unit.

8.2 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, 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.

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 the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 4.92 million (June 30, 2017 Rs. 4.50 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.20 (June 30, 2017 Re. 0.18) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2017.

10. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

11. EARNINGS PER UNIT (EPU)

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

12. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.39% (0.48% representing Government Levies, and SECP Fee).

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Remuneration payable to Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in

		Three months ended September 30,	
		2017	2016
		(Rupees in '000)	
these financial statements are as follows:			
13.1	Transactions during the period		
	HBL Asset Management Limited - Management Company		
	Management fee	11,162	4,413
	Allocation of expenses related to registrar services, accounting, operation and valuation services	659	273
	Charging of Selling and marketing expenses	(1,821)	-
	Habib Bank Limited - Sponsor		
	Bank charges paid	13	4
	Mark-up earned during the period	795	315
	Mark-up received during the period	983	309
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration	1,029	944
	International Steels limited - Common Directorship		
	Dividend Received	124	-
13.2	Amounts outstanding as at period end	September 30, 2017	June 30, 2017
		(Rupees in '000)	
	HBL Asset Management Limited - Management Company		
	Management Fee	3,160	2,889
	Sindh Sales Tax	411	375
	Allocation of expenses related to registrar services, accounting, operation and valuation services	211	192
	Charging of Selling and marketing expenses	836	2,657
	Sales load payable	197	-
	Preliminary expenses and flotation costs	710	-
	Habib Bank Limited - Sponsor		
	Investment held in the Fund : 1,074,932 units (June 30, 2017: 1,074,932 units)	110,441	113,508
	Bank balances	11,546	501,362
	Mark-up receivable on deposits with bank	111	299
	Sales load payable	1,535	12,984
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable	293	275
	Sindh Sales Tax	38	36
	Security Deposit	100	100
	HBL Asset Management Limited Employees Gratuity Fund		
	Investment held in the Fund 4,508 units (2017: Nil units)	463	-
	HBL Asset Management Limited Employees Gratuity Fund		
	Investment held in the Fund 13,013 units (2017: Nil units)	1,337	-
	Al-Mizan Foundation - Connected person due to holding more than 10% units		
	Investment held in the Fund 4,208,255 units (2017: 4,208,255 units)	432,365	444,373

	Three months ended September 30,	
	2017	2016
	(Rupees in '000)	
Sheikh Khalid Zaheer Siddiqui - Connected person due to holding more than 10% units		
Investment held in the Fund 3,079,217 units (2017: Nil units)	316,366	-
SIUT Trust - Connected person due to holding more than 10% units		
Investment held in the Fund 2,798,347 units (2017: 2,798,347 units)	287,508	295,493
Executives of the Management Company and their relatives		
Investment held in the fund Nil units (2017: 584 units)	-	62

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.

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.

	September 30, 2017				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 Equities Securities	623,892	-	-	623,892	623,892	-	-	623,892
- Term finance certificate - unlisted	316,172	-	-	316,172	-	316,172	-	316,172
	<u>940,064</u>	<u>-</u>	<u>-</u>	<u>940,064</u>	<u>623,892</u>	<u>316,172</u>	<u>-</u>	<u>940,064</u>
Financial assets not measured at fair value 14.1								
Bank balances	-	1,606,888	-	1,606,888				
Accrued mark-up	-	17,501	-	17,501				
Advances, deposits and other receivables	-	2,600	-	2,600				
	<u>-</u>	<u>1,626,989</u>	<u>-</u>	<u>1,626,989</u>				
Financial liabilities not measured at fair value 14.1								
Payable to Management Company	-	-	4,207	4,207				
Payable to Trustee	-	-	293	293				
Accrued expenses and other liabilities	-	-	13,770	13,770				
	<u>-</u>	<u>-</u>	<u>18,270</u>	<u>18,270</u>				

	June 30, 2017							
	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 Equities Securities	685,184	-	-	685,184	685,184	-	-	685,184
- Government of Pakistan - Ijarah sukuk	55,443	-	-	55,443	-	55,443	-	55,443
	<u>740,627</u>	<u>-</u>	<u>-</u>	<u>740,627</u>	<u>685,184</u>	<u>55,443</u>	<u>-</u>	<u>740,627</u>
Financial assets not measured at fair value 14.1								
Bank balances	-	1,962,227	-	1,962,227				
Accrued mark-up	-	10,715	-	10,715				
Advances, deposits and other receivables	-	2,600	-	2,600				
	<u>-</u>	<u>1,975,542</u>	<u>-</u>	<u>1,975,542</u>				
Financial liabilities not measured at fair value 14.1								
Payable to Management Company	-	-	5,738	5,738				
Payable to Trustee	-	-	275	275				
Accrued expenses and other liabilities	-	-	58,171	58,171				
	<u>-</u>	<u>-</u>	<u>64,184</u>	<u>64,184</u>				

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

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **October 27, 2017**.

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Stock Fund

FUND INFORMATION

Name of Fund	HBL Islamic Stock Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al-Hilal Shariah Advisors (Pvt.) Ltd
Banks	Habib Bank Limited Dubai Islamic Bank Limited Bank Islami Pakistan Limited National Bank of Pakistan

HBL Islamic Stock Fund
Condensed Interim Statement Of Assets And Liabilities
as at September 30, 2017

	Note	September 30, 2017 (Un-Audited)	June 30, 2017 (Audited)
(Rupees in '000)			
Assets			
Bank balances	5	213,125	67,149
Investments	6	908,179	1,046,359
Dividend receivable and accrued mark-up		6,902	3,559
Advance, deposits and other receivables		6,295	24,737
Total assets		1,134,500	1,141,804
Liabilities			
Payable to Management Company	7	2,383	3,547
Payable to Trustee		186	194
Payable to Securities and Exchange Commission of Pakistan		248	882
Payable against redemption of units		5,958	70,418
Accrued expenses and other liabilities	8	20,572	23,219
Total liabilities		29,347	98,260
Net assets		1,105,153	1,043,544
Unit holders' fund (as per statement attached)		1,105,153	1,043,544
Contingencies and Commitments			
	9		
		(Number of units)	
Number of units in issue		9,771,078	8,025,872
		(Rupees)	
Net assets value per unit		113.1046	130.0225

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Income Statement And
Statement Of Comprehensive Income (Un-audited)
For The Three Months Ended September 30, 2017

	Note	Three months ended September 30,	
		2017	2016
------(Rupees in '000)-----			
Income			
Dividend income		6,443	8,007
Mark-up on deposits with banks		1,901	751
Unrealized diminution on re-measurements of investments - HFT		(14,502)	-
Capital (loss) / gain on sale of investments - net		(18,461)	47,911
		(24,619)	56,669
Expenses			
Remuneration of Management Company		5,891	4,819
Remuneration of Trustee		619	486
Annual fee to Securities and Exchange Commission of Pakistan		248	203
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	261	217
Selling & Marketing Expense	7.4	(1,021)	-
Settlement & Bank Charges		112	8
Auditors' remuneration		94	88
Fees & Subscription		1	-
Printing Charges		48	-
Securities Transaction Cost		407	30
Legal Fee		36	8
Haram Income Expense		40	13
		6,735	5,872
Net (loss) / income from operating activities		(31,355)	50,796
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	4	-	(617)
Provision for Workers' Welfare Fund	8.2	-	-
Net (loss) / income for the period before taxation		(31,355)	50,179
Taxation	11	-	-
Net (loss) / income for the period after taxation		(31,355)	50,179
Earning per unit	12		
Allocation of net income for the period:			
Income already paid on redemption of units	4	-	-
Accounting (loss) / income available for distribution:	4		
-Relating to capital gains		(32,963)	-
-Excluding capital gains		1,609	-
		(31,355)	-
Net (loss) / income for the period after taxation		(31,355)	50,179
Other comprehensive income for the period			
Items to be reclassified to income statement in subsequent periods			
Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale		(116,497)	3,675
Total comprehensive (loss) / income for the period		(147,852)	53,854

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Distribution Statement (Un-audited)
For The Three Months Ended September 30, 2017

	Note	Three months ended	
		2017	2016
		September 30, (Rupees in '000)	
Accumulated income brought forward - realised		78,478	28,260
Accounting (loss) / income available for distribution:	4		50,179
-Relating to capital gains		(32,963)	-
-Excluding capital gains		1,609	-
		(31,355)	-
Element of income / (loss) and capital gains / (losses) included in the price of units issued less those in units redeemed - amount representing income / (loss) that form part of the unit holders' fund	4	-	(591)
Accumulated income carried forward - realised		<u>47,123</u>	<u>77,848</u>
Undistributed income carried forward comprising of:			
- realised income		61,625	77,848
- un-realised (loss)		(14,502)	-
		<u>47,123</u>	<u>77,848</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Statement Of Movement In Unit Holders' Fund (Un-audited)
For The Three Months Ended September 30, 2017

	Note	Three months ended	
		September 30,	
		2017	2016
		(Rupees in '000)	
Net assets at beginning of the period		1,043,544	784,634
Issue of 2,563,589 units (2016: 1,420,078 units)		319,956	194,354
Redemption of 818,383 units (2016: 1,543,559 units)		(110,495)	(210,713)
		209,461	(16,359)
Income already paid on redemption of units	4	-	-
Accounting income available for distribution	4	(31,355)	50,179
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	4	-	617
Net unrealised appreciation on remeasurement of investments classified as available for sale		(116,497)	3,675
Net assets at end of the period		1,105,153	<u>822,746</u>
Net assets value per unit at the beginning of the period		130.0225	<u>128.0108</u>
Net assets value per unit at the end of the period		113.1046	<u>136.9885</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Cash Flow Statement (Un-audited)
For The Three Months Ended September 30, 2017

	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / income for the period	(31,355)	50,179
Adjustments		
Unrealized diminution on re-measurements of investments	14,502	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	617
	(16,853)	50,796
(Increase) / decrease in assets		
Investments - net	7,182	(10,896)
Dividend receivable and accrued mark-up	(3,343)	(6,665)
Advances, deposits, prepayments and other receivables	18,442	3,776
	22,281	(13,785)
Increase / (decrease) in liabilities		
Payable to Management Company	(1,164)	262
Payable to Trustee	(8)	(6)
Payable against redemption of units	(634)	-
Dividend payable	(64,460)	-
Payable to Securities and Exchange Commission of Pakistan	-	(530)
Accrued expenses and other liabilities	(2,647)	(6,938)
	(68,912)	(7,212)
Net cash used in / (generated from) operating activities	(63,484)	29,799
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	319,956	194,354
Payment against redemption of units	(110,495)	(210,713)
Net cash generated from / (used in) financing activities	209,461	(16,359)
Net increase in cash and cash equivalents	145,976	13,440
Cash and cash equivalents at beginning of the period	67,149	48,402
Cash and cash equivalents at end of the period	213,125	61,842

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Notes To The Condensed Interim Financial Information (Un-audited)
For The Three Months Ended September 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Stock Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on December 10, 2010.

HBL Asset Management Limited is the Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi Pakistan.

The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at par from May 09, 2011 to May 10, 2011.

The principal activity of the Fund is to provide long-term capital growth by investing primarily in a diversified pool of equities and equities related instruments.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2' (Positive outlook) to the Management Company and.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. 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 financial statements of the Fund for the year ended June 30, 2017.

2.1.3 This condensed interim financial information is unaudited. In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2017.

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, 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, 2017.

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.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2017.

4. **AMENDMENTS IN THE NBFC REGULATIONS:**

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

5	BANK BALANCES	Note	September 30, 2017	June 30, 2017
	Savings accounts		213,125	67,033
	Current accounts		-	116
			213,125	67,149

6	INVESTMENTS	Note	September 30, 2017	June 30, 2017
			(Rupees in '000)	
	Available for sale			
	- Listed equity securities	5.1	674,890	1,046,359
	Held For Trading			
	- Listed equity securities	5.2	233,289	-
			908,179	1,046,359

6.1 **Listed equity securities - Available for sale**

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of shares				As at September 30, 2017	Market value as at September 30, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Commercial Banks									
Meezan Bank Limited	278,000	16,680	-	4,500	290,180	20,690	2.28%	1.87%	0.03%
	278,000	16,680	-	4,500	290,180	20,690	2.28%	1.87%	
Textile Composite									
Nishat Mills Limited	386,800	-	-	161,000	225,800	32,764	3.61%	2.96%	0.06%
	386,800	-	-	161,000	225,800	32,764	3.61%	2.96%	
Cement									
D. G. Khan Cement Limited	201,600	-	-	35,000	166,600	24,467	2.69%	2.21%	0.04%
Lucky Cement Limited	95,050	-	-	13,750	81,300	45,949	5.06%	4.16%	0.05%
Pioneer Cement Limited	317,300	-	-	135,000	182,300	16,396	1.81%	1.48%	0.06%
Cherat Cement Limited	178,300	-	-	28,000	150,300	18,033	1.99%	1.63%	0.03%
	792,250	-	-	211,750	580,500	104,845	11.54%	9.48%	
Power Generation & Distribution									
The Hub Power Company Limited	527,900	-	-	20,000	507,900	56,788	6.25%	5.14%	0.04%
	527,900	-	-	20,000	507,900	56,788	6.25%	5.14%	
Oil and Gas									
Oil and Gas Development Company Lir	307,000	-	-	20,000	287,000	42,660	4.70%	3.86%	0.07%
Pakistan Oilfields Limited	59,800	-	-	5,000	54,800	29,156	3.21%	2.64%	0.04%
Pakistan Petroleum Limited	171,800	-	-	-	171,800	30,012	3.30%	2.72%	0.11%
Pakistan State Oil Company Limited	74,000	14,000	-	41,000	47,000	20,763	2.29%	1.88%	0.01%
Hascol Petroleum Limited	125,500	-	-	45,000	80,500	22,628	2.49%	2.05%	0.04%
Sui Northern Gas Pipelines Limited	355,000	-	-	55,000	300,000	40,158	4.42%	3.63%	0.11%
Mari Petroleum Limited	27,210	-	-	3,500	23,710	35,684	3.93%	3.23%	0.02%
	1,120,310	14,000	-	169,500	964,810	221,059	24.34%	20.00%	

Name of the Investee Company	Number of shares				As at September 30, 2017	Market value as at September 30, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Automobile Assembler									
Pak Suzuki Motor Company Limited	39,200	-	-	-	39,200	17,941	1.98%	1.62%	0.02%
Millat Tractors Limited	15,000	-	-	-	15,000	18,724	2.06%	1.69%	0.03%
Honda Atlas Cars Pakistan Limited	12,050	-	-	12,050	-	-	-	-	-
	66,250	-	-	12,050	54,200	36,665	4.04%	3.32%	

Name of the Investee Company	Number of shares				As at September 30, 2017	Market value as at September 30, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Chemicals									
Engro Corporation Limited	167,900	-	-	-	167,900	50,889	5.60%	4.60%	0.03%
Engro Fertilizers Limited	483,000	-	-	483,000	-	-	-	-	-
Engro Polymer & Chemicals Limited	557,000	-	-	557,000	-	-	-	-	-
	1,207,900	-	-	1,040,000	167,900	50,889	5.60%	4.60%	
Household Goods									
Pak Elektron Limited	496,500	-	-	34,000	462,500	35,127	3.87%	3.18%	0.12%
	496,500	-	-	34,000	462,500	35,127	3.87%	3.18%	
Pharmaceuticals									
Searle Company Limited	97,201	-	-	10,000	87,201	35,222	3.88%	3.19%	0.08%
	97,201	-	-	10,000	87,201	35,222	3.88%	3.19%	
Automobile Parts and Accessories									
Thal Limited	16,400	-	-	16,400	-	-	-	-	-
	16,400	-	-	16,400	-	-	-	-	-

Name of the Investee Company	Number of shares				As at September 30, 2017	Market value as at September 30, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Engineering									
Amreli Steels Limited	125,000	-	-	125,000	-	-	-	-	-
Crescent Steel and Allied Products Lim	83,300	-	-	-	83,300	13,177	1.45%	1.19%	0.03%
International Steels Limited	440,500	-	-	273,800	166,700	20,192	2.22%	1.83%	0.06%
International Industries Limited	62,500	-	-	5,000	57,500	16,687	1.84%	1.51%	0.02%
	711,300	-	-	403,800	307,500	50,056	5.51%	4.53%	
General Industrials									
Packages Limited	34,850	-	-	6,500	28,350	16,358	1.80%	1.48%	0.03%
	34,850	-	-	6,500	28,350	16,358	1.80%	1.48%	
Leather and Tanneries									
Services Industries Limited	7,150	-	-	-	7,150	6,521	0.72%	0.59%	0.01%
	7,150	-	-	-	7,150	6,521	0.72%	0.59%	
Sugar and Allied Industries									
Faran Sugar Mills Ltd	59,700	-	-	59,700	-	-	-	-	-
	59,700	-	-	59,700	-	-	-	-	-
Transport									
Pakistan National Shipping Corporation	85,900	-	-	25,000	60,900	7,905	0.87%	0.72%	0.02%
	85,900	-	-	25,000	60,900	7,905	0.87%	0.72%	
	5,888,411	30,680	-	2,174,200	3,744,891	674,890	74.31%	61.06%	
Cost of investments at September 30, 2017						740,542			

6.2 Listed equity securities - Held for Trading

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of shares				As at September 30, 2017	Market value as at September 30, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Cement									
D. G. Khan Cement Limited	-	127,000	-	-	127,000	18,651	2.05%	1.69%	0.03%
Kohat Cement Limited	-	138,000	-	-	138,000	20,694	2.28%	1.87%	0.03%
Lucky Cement Limited	-	8,000	-	-	8,000	4,521	0.50%	0.41%	0.01%
	-	273,000	-	-	273,000	43,867	4.83%	3.97%	
Engineering									
Amreli Steels Limited	-	147,500	-	-	147,500	15,041	1.66%	1.36%	0.03%
Crescent Steel and Allied Products Lim	-	47,000	-	-	47,000	7,435	0.82%	0.67%	0.02%
International Industries Limited	-	15,700	-	-	15,700	4,556	0.50%	0.41%	0.01%
International Steels Limited	-	15,000	-	-	15,000	1,817	0.20%	0.16%	0.00%
	-	225,200	-	-	225,200	28,849	3.18%	2.61%	
General Industrials									
Packages Limited	-	8,650	-	-	8,650	4,991	0.55%	0.45%	0.00%
	-	8,650	-	-	8,650	4,991	0.55%	0.45%	
Chemicals									
Engro Corporation Limited	-	10,000	-	-	10,000	3,031	0.33%	0.27%	0.00%
Fauji Fertilizers Limited	-	250,000	-	-	250,000	20,785	2.29%	1.88%	0.06%
	-	260,000	-	-	260,000	23,816	2.62%	2.15%	
Transport									
Pakistan National Shipping Corporation	-	6,300	-	-	6,300	818	0.09%	0.07%	0.00%
	-	6,300	-	-	6,300	818	0.09%	0.07%	
Oil and Gas									
Mari Petroleum Company Limited	-	5,000	-	-	5,000	7,525	0.83%	0.68%	0.00%
Oil & Gas Development Ltd	-	157,000	-	-	157,000	23,336	2.57%	2.11%	0.05%
Pakistan Oilfields Limited	-	32,500	-	-	32,500	17,291	1.90%	1.56%	0.01%
Pakistan Petroleum Limited	-	210,000	-	-	210,000	36,685	4.04%	3.32%	0.07%
Sui Northern Gas Pipelines Ltd	-	45,000	-	-	45,000	6,024	0.66%	0.55%	0.02%
	-	449,500	-	-	449,500	90,861	10.00%	8.22%	
Automobile Assembler									
Pak Suzuki Motor Company Limited	-	10,800	-	-	10,800	4,943	0.54%	0.45%	0.00%
	-	10,800	-	-	10,800	4,943	0.54%	0.45%	
Chemicals									
Engro Polymer & Chemicals Limited	-	265,000	-	265,000	-	-	-	-	-
	-	265,000	-	265,000	-	-	-	-	-
Chemicals									
Hub Power Company Ltd	-	173,000	-	-	173,000	19,343	2.13%	1.75%	0.04%
	-	173,000	-	-	173,000	19,343	2.13%	1.75%	
Textile Composite									
Nishat Mills Ltd	-	108,900	-	-	108,900	15,801	1.74%	1.43%	0.02%
	-	108,900	-	-	108,900	15,801	1.74%	1.43%	
	-	1,780,350	-	265,000	1,515,350	233,289	25.69%	21.11%	
Cost of investments at September 30, 2017						<u>247,791</u>			

6.3 Investments include shares having market value aggregating to Rs. 68.5354 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

6.4 Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale	Note	September 30, 2017	June 30, 2017
(Rupees in '000)			
Market value of investments	6.1	674,890	1,046,359
Cost of investments	6.1	740,542	995,514
Provision against equity securities	6.4.1	(9,365)	(9,365)
		731,177	986,149
		<u>(56,287)</u>	<u>60,210</u>

6.4.1 Movement in impairment against investments

Opening balance	9,365	10,525
Add: Charge for the period / year	-	9,365
Less: Reversals made during the period / year (capital gain)	-	(10,525)
Net charge / (reversal)	-	(1,160)
Closing balance	<u>9,365</u>	<u>9,365</u>

7. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	September 30, 2017	June 30, 2017
(Rupees in '000)			
Management fee	7.1	1,682	1,783
Sindh Sales Tax	7.2	219	232
Sales load payable		26	51
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	84	89
Selling & Marketing payable	7.4	372	1,392
		<u>2,383</u>	<u>3,547</u>

7.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2016: two percent per annum) of the average net assets of the Fund for the current period.

7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

7.3 ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard, the Management Company has started charging these expenses effective from November 25, 2015.

7.4 ALLOCATION OF EXPENSES RELATED TO SELLING AND MARKETING

The Securities and Exchange Commission of Pakistan (SECP) vide its circular No. SCD/PRDD/Circular/361/2016 dated December 30, 2016 has allowed Asset Management Companies (AMCs) to charge selling and marketing expenses to open end equity, asset allocation and index funds subject to a maximum cap of 0.4% per annum of net assets of fund or actual expenses whichever is lower. Management Company of the Fund started accruing these charges effective from March 1, 2017. During the period a clarification was received from the SECP on September 19, 2017 as a result expenses charged to the fund amounting to 2.063 have been reversed during the period. Subsequent to period ended September 30, 2017 another clarification was received from SECP according to which expenses reversed during the period can be charged back to the Fund.

8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30, 2017	June 30, 2017
(Rupees in '000)			
Auditors' remuneration		394	300
Payable against purchase of investments		5,930	-
Federal Excise Duty	8.1	6,793	6,793
Provision for Sindh Workers' Welfare Fund	8.2	6,312	6,312
Payable to brokers		489	989
Charity Payable		195	155
Withholding tax payable		247	8,464
Other payables		212	206
		20,572	23,219

8.1 PROVISION FOR FEDERAL EXCISE DUTY

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results 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 along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 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.

The finance act 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company, aggregating to Rs. 6.793 million (June 30, 2017: Rs. 6.793 million). Had the provision not been made, the Net Asset Value per unit as at september 30, 2017 would have been higher by Re. 0.70 (June 30, 2017: Re. 0.85) per unit.

8.2 PROVISION WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, 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.

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 the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 6.312 million (June 30, 2017 Rs. 6.312 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.65 (June 30, 2017 Re. 0.79) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2017.

9.1 COMMITTED CREDIT LINES

"The Securities and Exchange Commission of Pakistan Vide Direction No. 2 of 2017 dated January 13, 2017 as amended by Direction No. 7 of 2017 dated March 3, 2017, has directed all asset management companies to arrange committed credit lines from banks / DFIs for the equity funds equivalent to 10% of its net assets for redemption purposes. Accordingly, the Management Company of the fund has obtained committed credit lines of PKR 50 million at rate of 1 year KIBOR plus 1.50%. Further, the management company has applied to enhance the committed credit line by PKR 100 million. The management company is required to review the committed credit at least on a quarterly basis against the net assets of the Fund."

10. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.65% (0.09% representing Government Levies, and SECP Fee).

11. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

12. EARNINGS PER UNIT (EPU)

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

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

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

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

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

13.1 Transactions during the period	Three Months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee	5,891	4,819
Allocation of expenses related to registrar services, accounting, operation and valuation services	261	217
Selling & Marketing Expense	(1,021)	-
Habib Bank Limited - Sponsor		
Bank charges paid	8	9
Profit on bank deposits earned	871	290
Profit on bank deposits received	922	117
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	619	486
Directors, Executives and their relatives		
Issuance of 18,763 units (2016: Nil Units)	2,250	-
Redemption of 8,272 units (2016: Nil Units)	1,050	-

	Three Months ended September 30,	
	2017	2016
	(Rupees in '000)	
HBL IFPF Strategic Allocation Plan		
Issuance of 1,179,911 units (2016: Nil Units)	135,000	-
HBL IFPF Active Allocation Plan		
Issuance of 132,034 units (2016: Nil Units)	15,000	-
13.2 Balances outstanding as at period end	September 30,	June 30,
	2017	2017
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Investment held in fund of 215,061 units (June 30, 2017: 215,061 units)	24,325	27,963
Management fee	1,682	1,783
Sindh Sales Tax	219	232
Sales load payable	26	51
Selling & Marketing Expense	372	1,392
Allocation of expenses related to registrar services, accounting, operation and valuation services	84	89
Habib Bank Limited - Sponsor		
Investment held in the Fund: 6,198,853 units (June 30, 2017: 6,198,853 units)	701,138	805,990
Bank balances	73,045	50,608
Mark-up accrued on deposits with bank	167	218
Packages Limited		
Ordinary Shares held: 37,000 shares	21,350	24,240
International Steels Limited		
Ordinary Shares held: 181,700 shares	22,010	56,340
HBL IFPF Strategic Allocation Plan		
Investment held in the Fund: 1,179,911 units (June 30, 2017: Nil units)	133,457	-
HBL IFPF Active Allocation Plan		
Investment held in the Fund: 132,034 units (June 30, 2017: Nil units)	14,934	-
Directors, Executives and their relatives		
Investment held in the Fund: 27,519 units (June 30, 2017: 16,066 units)	3,113	2,089
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	165	172
Sindh Sales Tax	21	22
Security deposit	100	100
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.		
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.

	September 30, 2017							
	Carrying amount				Fair Value			
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	----- (Rupees in '000) -----							
Financial assets measured at fair value								
Investments								
- Listed equity securities	908,179	-	-	908,179	908,179	-	-	908,179
	908,179	-	-	908,179	908,179	-	-	908,179
Financial assets not measured at fair value								
Bank balances	-	213,125	-	213,125				
Investments								
- Un-Listed equity securities	-	-	-	-				
Dividend receivable and accrued mark-up	-	6,902	-	6,902				
Advances, deposits and other receivables	-	6,295	-	6,295				
	-	226,321	-	226,321				
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	2,383	2,383				
Payable to Trustee	-	-	186	186				
Accrued expenses and other liabilities	-	-	7,220	7,220				
	-	-	9,789	9,789				
	June 30, 2017							
	Carrying amount				Fair Value			
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	----- (Rupees in '000) -----							
Financial assets measured at fair value								
Investments								
- Listed equity securities	1,046,359	-	-	1,046,359	1,046,359	-	-	1,046,359
	1,046,359	-	-	1,046,359	1,046,359	-	-	1,046,359
Financial assets not measured at fair value								
Bank balances	-	67,149	-	67,149				
Investments								
- Un-Listed equity securities	-	-	-	-				
Dividend receivable and accrued mark-up	-	3,559	-	3,559				
Advances, deposits, prepayments and other receivables	-	24,737	-	24,737				
	-	95,445	-	95,445				
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	3,547	3,547				
Payable to Trustee	-	-	194	194				
Accrued expenses and other liabilities	-	-	10,114	10,114				
	-	-	13,855	13,855				

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 AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 27, 2017.

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Income Fund
(Formerly: PICIC ISLAMIC INCOME FUND)

FUND INFORMATION

Name of Fund HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund)

Name of Auditor Deloitte Yousuf Adil Chartered Accountants

Name of Trustee Central Depository Company of Pakistan Limited (CDC)

Name of Shariah Advisor Al-Hilal Shariah Advisors (Pvt.) Ltd

Banks
Habib Bank Limited
Dubai Islamic Bank Limited
Bank Islami Pakistan Limited
Al Baraka Bank Pakistan Limited
United Bank Limited
Burj Bank Limited
Faysal Bank Limited
Allied Bank Limited
Askari Bank Limited
Soneri Bank Limited
Summit Bank Limited
Bank Al-Habib Limited

Rating 'A+(f)'

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)
Condensed Interim Statement Of Assets And Liabilities
As at September 30, 2017

	Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
(Rupees in 000's)			
ASSETS			
Bank balances	5	2,717,937	3,192,747
Investments	6	1,360,500	1,803,410
Profit receivable		23,089	7,576
Deposits and prepayments and Others		292	102
Deferred formation cost		1,351	1,557
Total assets		4,103,169	5,005,392
LIABILITIES			
Payable to the Management Company	7	2,779	1,320
Payable to the Trustee		409	265
Annual fee payable to Securities and Exchange			
Commission of Pakistan		828	353
Redemption Payable		38,224	533,432
Dividend payable		-	1,796
Accrued expenses and other liabilities	8	4,290	6,981
Total liabilities		46,530	544,147
NET ASSETS		4,056,640	4,461,245
UNIT HOLDERS' FUND		4,056,640	4,461,245
CONTINGENCIES AND COMMITMENTS			
	9	(Number of units)	
Number of units in issue		39,740,323	44,140,526
		(Rupees)	
Net assets value per unit		102.0787	101.0691

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)
Condensed Interim Income Statement And
Other Comprehensive Income (Un-audited)
For The Three Months Ended September 30, 2017

		Three months ended September 30,	
	Note	2017	2016
		(Rupees in '000')	
INCOME			
Capital gain on sale of investments - net		4,700	-
Profit from bank deposits		33,003	3,544
Profit from Sukuks		15,527	669
Profit from TDRs		13,382	-
Advance against IPO		530	-
Net unrealised (diminution) / appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		(11,773)	48
		55,369	4,261
EXPENSES			
Remuneration to the Management Company		6,470	427
Sindh Sales Tax on remuneration of management company on management fee		841	56
Remuneration to the Trustee		1,302	130
Annual fee to Securities and Exchange Commission of Pakistan		828	51
Fund operations, accounting and related costs	7.2	1,104	77
Shahriah Advisory Charges		34	35
Amortisation of preliminary expenses and floatation costs		206	206
Auditors' remuneration		48	79
Fees and subscription		61	52
Securities transaction, settlement and bank charges		187	7
Printing charges		76	76
Provision for Sindh Workers' Welfare Fund	8.1	884	-
		12,041	1,196
Net income from operating activities		43,328	3,065
Element of income and capital gains included in prices of units issued less those in units redeemed	4	-	534
Net income for the period before taxation		43,328	3,599
Taxation	10	-	-
Net income for the period after taxation		43,328	3,599
Allocation of net income for the period:			
Income already paid on redemption of units	4	(4,523)	-
Accounting income available for distribution:			
-Relating to capital gains		(6,335)	-
-Excluding capital gains		45,140	-
		38,805	3,599
Net income / (loss) for the period after taxation		43,328	3,599
Other comprehensive income for the period		-	-
Total comprehensive income for the period		43,328	3,599
Earnings per unit	11		

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)
Condensed Interim Distribution Statement (Un-audited)
For The Three Months Ended September 30, 2017

	Three months ended September 30,	
	2017	2016
	(Rupees in '000')	
Undistributed income brought forward:		
Realised income	5,848	1,146
Unrealised income	48	522
	5,896	1,668
Accounting income available for distribution:		
-Relating to capital gains	(6,335)	
-Excluding capital gains	45,140	
	38,805	3,599
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to the distribution statement	-	629
Undistributed income at the end of the period	44,701	5,896
Undistributed income at the end of the period		
Realised income	56,474	5,848
-Unrealised (loss) / income	(11,773)	48
Undistributed income at the end of the period	44,701	5,896

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)
Condensed Interim Statement Of Movement In
Unit Holders' Fund (Un-audited)
For The Three Months Ended September 30, 2017

	Note	Three months ended	
		2017	2016
		(Rupees in '000')	
Net assets at beginning of the period		4,461,245	226,967
Issuance of 4,821,511 (2016: 1,222,963) units		365,503	123,960
Redemption of 9,221,714 (2016: 372,993) units		(813,437)	(37,800)
		(447,933)	86,160
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	4		
- transferred to the Income Statement		-	(534)
- transferred to the Distribution Statement		-	(629)
Income already paid on redemption of units	4	4,523	
Accounting income available for distribution for the period:	4	38,805	3,599
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to the distribution statement	4	-	629
Net assets at the end of the period		<u>4,056,640</u>	<u>316,192</u>
Net asset value per unit at the beginning of the period		<u>101.0691</u>	<u>100.7401</u>
Net asset value per unit at the end of the period		<u>102.0787</u>	<u>101.9004</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)
Condensed Interim Cash Flow Statement (Un-audited)
For The Three Months Ended September 30, 2017

	Three months ended September 30,	
	2017	2016
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	43,328	3,599
Adjustments for non cash charges and other items:		
Amortisation of deferred formation cost	206	206
Capital loss on sale of investments - net	(4,700)	-
Unrealize appreciation on re-measurement of investments classified as 'financial assets at fair value through profit of loss' - net	11,773	(48)
Element of loss / (income) and capital losses / (income) included in prices of units issued less those in units redeemed	-	(534)
	7,279	(376)
Decrease / (increase) in assets		
Investments - net	435,837	1,766,081
Profit receivable	(15,513)	5,567
Deposits and prepayments	(190)	(208)
	420,134	1,771,440
Increase / (Decrease) in liabilities		
Payable to the Management Company	1,459	(1,125)
Payable to the Trustee	144	(215)
Annual fee payable to Securities and Exchange Commission of Pakistan	475	(302)
Accrued expenses and other liabilities	(2,691)	(4,723)
	(613)	(6,365)
Net cash used in operating activities	470,128	1,768,298
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issuance of units	365,503	123,960
Cash paid on redemption of units	(1,308,645)	(571,232)
Dividend paid	(1,797)	(2,040)
Net cash used in financing activities	(944,939)	(449,312)
Net (decrease) / increase in cash and cash equivalents	(474,810)	1,318,986
Cash and cash equivalents at the beginning of the period	3,192,747	3,192,747
Cash and cash equivalents at the end of the period	5 2,717,937	4,511,733

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)
Notes To The Condensed Interim Financial Information (Un-audited)
For The Three Months Ended September 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

The HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund) (the Fund) was established under a trust deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PIIF/949/2014 dated April 4, 2014 and the trust deed was executed on February 20, 2014.

SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. Effective from September 1, 2016 HBL Asset Management Limited became Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. After the merger, trust deed was revised on February 17, 2017.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The office of the Management Company located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund has been categorised as a Shariah Compliant Income Scheme as per the criteria laid down by the SECP for categorization of open-end Collective Investment Schemes (CISs) and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking into account liquidity considerations.

Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

JCR-VIS Credit Rating Company has assigned an asset management rating of 'AM2 (positive outlook)' to the Management Company and a stability rating 'A+(f)' to 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 (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. 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 financial statements of the Fund for the year ended June 30, 2017.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2017.

2.20 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."

2.30 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, 2017.

- 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, 2017.
- 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, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2017.

4. **Amendments in the NBFC Regulations:**

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

	Note	(Unaudited) September 30, 2017 (Rupees in 000's)	(Audited) June 30, 2017
5 BANK BALANCES			
In savings accounts	5.1	<u>2,717,937</u>	<u>3,192,747</u>
5.1 Mark-up rates on these accounts range between 1% to 5.60% per annum (June 30, 2017: 1% to 5.60% per annum).			
6 INVESTMENTS			
Financial Assets at fair value through profit & loss:			
Corporate Sukuk	6.1	410,500	102,755
GOP Ijara Sukuk	6.2	1,000	1,661,055
Loan and receivable			
Advance against initial offering	6.3	949,000	39,600
		<u>1,360,500</u>	<u>1,803,410</u>

6.1 **Corporate Sukuks:**

Entity	Long Term Rating	Number of Units				Market value	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2017	Purchases during the period	Sales / matured during the year	As at September 30, 2017			
		No. of Certificates				Rupees in '000'	%	
Corporate Sukuks								
Fatima Fertilizer Sukuk	A	10,943	-	-	10,943	50,823	1.25%	3.74%
Ghani Gases Sukuk	A	530	-	-	530	49,057	1.21%	3.61%
AGP Limited Sukuk (6.1.2)		-	396	-	396	37,620	0.93%	2.77%
Bank Albaraka Limited (6.1.2)		-	24	-	24	24,000	0.59%	1.76%
Dubai Islamic Bank (Sukuk) (6.1.2)		-	249	-	249	249,000	6.14%	18.30%
Meezan Bank Limtied		-	-	25	-	-	-	-
Total - September 30, 2017		11,473	669	25	12,142	410,500	10.12%	30.17%
Total - September 30, 2017						<u>409,106</u>		

6.1.1 These Sukuk carry semi annual mark-up at the rate of 7.14% & 7.25% per annum. (June 30, 2016: semi annual mark-up at the rate of 8.21% per annum) respectively.

6.1.2 This represents advance amount paid in relation to IPO of sukuk certificates to be issued by AGP Limited, Bank Albaraka Limited and Dubai Islamic Bank.

6.2 Corporate Sukuks:

Entity	Long Term Rating	Number of Units				Balance as at Market value	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2017	Purchases during the period	Sales / matured during the year	As at September 30, 2017			
		-----No. of Certificates-----				-----Rupees in '000'-----		-----%-----
GOP Ijara Sukuk		16,500	-	6,500	10,000	1,000	0.02%	0.07%
Total - September 30, 2017		16,500	-	6,500	10,000	1,000	0	0
Total - September 30, 2017						1,051		

	Note	September 30, 2017 (Un-Audited)	June 30, 2017 (Audited)
7. PAYABLE TO MANAGEMENT COMPANY			
Management fee		2,038	858
Sindh Sales Tax	7.1	265	111
Sales load payable		134	233
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.2	342	117
		2,779	1,320

7.1 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

7.2 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operation charges amounting to Rs 0.095 million (2016: Rs 0.080 million) to the Fund during the year.

	Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
(Rupees in 000's)			
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	8.1	2,061	1,177
Provision for Federal Excise Duty	8.2	1,344	1,344
Payable to brokers		118	97
Withholding tax payable		373	4,127
Auditors' remuneration		188	140
Printing Charges		156	80
Payable to Shariah Advisor		9	
Others		41	16
		4,290	6,981

8.1 PROVISION FOR SINDH WORKERS' WELFARE FUND

'The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

'During the year ended June 30, 2017, 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.

'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 the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

'In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 2.061 million (June 30, 2017 Rs. 1.177 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.05 (June 30, 2017 Rs 0.03) per unit.

8.2 PROVISION FOR FEDERAL EXCISE DUTY

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results 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 along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 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.

The finance act 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company, aggregating to Rs. 1.344 million (June 30, 2017: Rs. 1.344 million). Had the provision not been made, the Net Asset Value per unit as at september 30, 2017 would have been higher by Re. 0.03 (June 30, 2017: Re. 0.03) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2017 and June 30, 2017.

10. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

11. EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

12. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the three months ended September 30, 2017 is 0.60% which includes 0.1% representing government levy and SECP fee.

13. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include the HBL Asset Management Limited being the Management Company, Habib Bank Limited being the holding company of the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, other associated companies of the Management Company and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and term determined in accordance with the market rates.

Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

Details of transactions carried out by the Fund with connected persons and balances with them other than those disclosed elsewhere in these financial statements, as at year end, are as follows:

	(Unaudited) Three months ended September 30, 2017	(Unaudited) Three months ended September 30, 2016
	(Rupees in '000)	
13.1 Transactions during the year		
HBL Asset Management Company Limited		
Remuneration of the Management Company for the period	6,470	427
Sindh Sales tax on remuneration of the Management Company	841	56
Habib Bank Limited - Sponsors		
Profit on bank deposits	556	-
Bank charges paid	8	-
Central Depository Company of Pakistan Limited-Trustee		
Trustee fee	1,302	130
CDS charges	8	-
Directors and executives of the Management Company		
Issue of 100,293 units (September 30, 2016: 11,890 units)	10,196	1,200
Redemption of 54,971 units (September 30, 2016: 2,710 units)	5,595	275
HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management		
Redemption of 6,581,778 (September 30, 2016: Nil) units	668,800	-
HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management		
Investment of 1,143,122 (September 30, 2016: Nil) units	116,100	-
Redemption of 542,144 (September 30, 2016: Nil) units	54,900	-

	(Unaudited) Three months ended September 30, 2017	(Unaudited) September 30, 2016
	(Rupees in '000)	
HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management		
Investment of 202,776 (September 30, 2016: Nil) units	20,500	-
Redemption of 278,465 (September 30, 2016: Nil) units	28,170	-
Jubilee Life Insurance Company Limited. Associated company due to common Directorship		
Sale of GOP Ijara Sukuk	700,000	-
Balance as at June 30, 2017		
HBL Asset Management Company Limited		
Management fee payable	2,038	858
Sindh Sales Tax	265	111
Sales load payable	134	233
Allocation of expenses related to registrar services, accounting operation and valuation services	342	117
Central Depository Company of Pakistan Limited - Trustee		
Trustee Fee payable	409	265
Habib Bank Limited-Sponsor		
Bank balances	556	8,722
Directors and executives of the Management Company		
Investment held in the Fund : 176,547 units (June 30, 2017: 131,223 units)	18,019	13,298
HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management		
Investment held in the Fund : 30,824,830 units (June 30, 2017: 37,406,609 units)	3,146,146	3,780,652
HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management		
Issue of 2,113,457 (June 30 2017: 1,512,478) units	215,711	152,865
HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management		
Issue of 309,210 (June 30, 2017: 384,899) units	31,560	38,901

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

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 prices used for financial assets held by the company 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.

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

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

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

	Note	September 30, 2017							
		Carrying amount			Fair Value				
		Fair value through profit and loss	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									
- Corporate Sukuk	4	410,500	-	-	410,500	-	410,500	-	410,500
		<u>410,500</u>	<u>-</u>	<u>-</u>	<u>410,500</u>	<u>-</u>	<u>410,500</u>	<u>-</u>	<u>410,500</u>
Financial assets not measured at fair value									
Bank balances		-	2,717,937	-	2,717,937	-	-	-	-
Profit receivable		-	23,089	-	23,089	-	-	-	-
Deposits		-	292	-	292	-	-	-	-
		<u>-</u>	<u>2,741,026</u>	<u>-</u>	<u>2,741,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to the Management Company		-	-	2,779	2,779	-	-	-	-
Payable to the Trustee		-	-	409	409	-	-	-	-
Accrued expenses and other liabilities		-	-	512	512	-	-	-	-
		<u>-</u>	<u>-</u>	<u>3,700</u>	<u>3,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		(Rupees in '000)							
		June 30, 2017							
		Carrying amount			Fair Value				
		Fair value	Loans and	Other	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- Corporate Sukuk	4	1,803,410	-	-	1,803,410	-	1,803,410	-	1,803,410
		<u>1,803,410</u>	<u>-</u>	<u>-</u>	<u>1,803,410</u>	<u>-</u>	<u>1,803,410</u>	<u>-</u>	<u>1,803,410</u>
Financial assets not measured at fair value									
Bank balances		-	3,192,747	-	3,192,747	-	-	-	-
Profit receivable		-	7,576	-	7,576	-	-	-	-
		<u>-</u>	<u>3,200,323</u>	<u>-</u>	<u>3,200,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to the Management Company		-	-	1,320	1,320	-	-	-	-
Payable to the Trustee		-	-	265	265	-	-	-	-
Accrued expenses and other liabilities		-	-	6,981	6,981	-	-	-	-
		<u>-</u>	<u>-</u>	<u>8,566</u>	<u>8,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The company 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 AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 27, 2017 by the Board of Directors of the Management Company.

16. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Equity Fund
(Formerly: PICIC ISLAMIC STOCK FUND)

FUND INFORMATION

Name of Fund	HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund)
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al-Hilal Shariah Advisors (Pvt.) Ltd
Banks	Bank Islami Pakistan Limited Al Baraka Bank Pakistan Limited United Bank Limited Burj Bank Limited MCB Bank Limited Faysal Bank Limited

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)
Condensed Interim Statement Of Assets And Liabilities
as at September 30, 2017

	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
Note	(Rupees in '000)	
Assets		
Bank balances	5	212,758
Investments	6	1,014,454
Dividend and profit receivable		9,209
Deposits and prepayments		2,644
Preliminary and floatation costs		335
Total assets	1,239,400	209,464
		708,091
		2,678
		2,632
		386
		923,251
Liabilities		
Payable to Management Company	7	3,150
Payable to the Trustee		206
Payable to the Securities and Exchange Commission of Pakistan		239
Payable against purchase of investments		-
Accrued expenses and other liabilities	8	7,327
Total liabilities		10,922
Net assets		1,228,478
Unit holders' fund (as per statement attached)		789,907
Contingencies and commitments	9	
		(Number of units)
Number of units in issue		13,186,328
		7,489,015
		(Rupees)
Net assets value per unit		93.1630
		105.4755

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)
Condensed Interim Income Statement And
Other Comprehensive Income (Un-audited)
For The Three Months Ended September 30, 2017

	Note	Three months ended	
		2017	2016
		(Rupees in '000')	
INCOME			
Capital (loss) / gain on sale of investments - net		(7,326)	14,688
Dividend income		8,240	3,387
Profit from bank deposits		2,546	1,128
Unrealize (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(117,844)	10,997
		<u>(114,384)</u>	<u>30,200</u>
EXPENSES			
Remuneration to the Management Company		5,037	2,188
Sindh Sales Tax on remuneration of management company		655	284
Remuneration to the Trustee		545	247
Annual fee to Securities and Exchange Commission of Pakistan		239	104
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.1	252	146
Amortisation of preliminary expenses and floatation costs		51	51
Auditors' remuneration		48	79
Fees and subscription		71	41
Securities transaction and bank charges		1,030	1,163
Printing charges		76	76
Selling and marketing expense	7.2	(336)	
		<u>7,668</u>	<u>4,379</u>
Net (loss) / income from operating activities		<u>(122,052)</u>	<u>25,821</u>
Element of income and capital gains included in prices of units issued less those in units redeemed	4	-	5,615
Net income for the period before taxation		<u>(122,052)</u>	<u>31,436</u>
Taxation	10	-	-
Net (loss) / income for the period after taxation		<u>(122,052)</u>	<u>31,436</u>
Allocation of net income for the period:	4		
Income already paid on redemption of units		(20)	-
Accounting income available for distribution:			
-Relating to capital gains		(125,191)	-
-Excluding capital gains		3,119	-
		<u>(122,072)</u>	<u>31,436</u>
Net (loss) / income for the period after taxation		<u>(122,052)</u>	<u>31,436</u>
Other comprehensive income for the period		-	-
Total comprehensive (loss) / income for the period		<u>(122,052)</u>	<u>31,436</u>
Earnings per units	11		

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)
Condensed Interim Distribution Statement (Un-audited)
For The Three Months Ended September 30, 2017

	Note	Three months ended September 30, 2017 2016 (Rupees in '000)	
Undistributed income brought forward comprising of:			
Realised income		47,909	18,253
Unrealised income		10,997	2,962
		58,906	21,215
Accounting income available for distribution:			
-Relating to capital gains	4	(125,191)	
-Excluding capital gains		3,119	
		(122,072)	31,436
Element of income and capital gains included in the price of units issued less those in units redeemed transferred to Distribution Statement			
	4	-	6,255
		(63,166)	58,906
Undistributed income carried forward comprising of:			
Realised income		54,678	47,909
Unrealised income		(117,844)	10,997
		(63,166)	58,906

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)
Condensed Interim Statement Of Movement In
Unit Holders' Fund (Un-audited)
For The Three Months Ended September 30, 2017

	Note	Three months ended September 30, 2017	2016
		(Rupees in '000)	
Net assets at beginning of the period		789,907	348,924
Issue of units 6,082,086 (2016: 3,469,117 units)		614,314	131,005
Redemption of units 384,773 (2016: 3,493,750 units)		(53,692)	(22,519)
		560,623	108,486
Element of income and capital gains included in prices of units issued less those in units redeemed	4		
- transferred to the income statement and other comprehensive income		-	(5,615)
- transferred to the Distribution Statement		-	(6,255)
		-	(11,870)
Income already paid on redemption of units	4	20	
Accounting income available for distribution for the period:	4	(122,072)	31,436
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to the Distribution Statement	4		6,255
		1,228,478	483,231
Net assets at end of the period		1,228,478	483,231
Net assets value per unit at the beginning of the period		105.4755	106.4738
Net assets value per unit at the end of the period		93.1630	113.8823

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)
Condensed Interim Cash Flow Statement (Un-audited)
For The Three Months Ended September 30, 2017

	Three months ended September 30, 2017 2016 (Rupees in 000's)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	(122,052)	31,436
Adjustments for non cash charges and other items:		
Amortisation of deferred formation cost	51	51
Capital gain on sale of investments - net	7,326	(14,688)
Unrealize (appreciation)/diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(117,844)	(10,997)
Element of loss and capital losses included in prices of units issued less those in units redeemed	-	(5,615)
	(110,467)	(31,249)
Decrease / (increase) in assets		
Investments - net	(195,845)	(140,733)
Dividend and profit receivable	(6,531)	(3,331)
Receivable from equity market settlement	-	(1,387)
Deposits and prepayments	(12)	(40)
	(202,388)	(145,491)
Increase / (decrease) in liabilities		
Payable to the Management Company	857	296
Payable to the Trustee	(10)	18
Annual fee payable to Securities and Exchange Commission of Pakistan	(212)	(274)
Payable against equity market settlement	(116,993)	(13,060)
Accrued expenses and other liabilities	(6,064)	(3,323)
	(122,422)	(16,343)
Net cash generated from operating activities	(557,329)	(161,647)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issuance of units	614,314	131,005
Cash paid on redemption of units	(53,692)	(26,055)
Dividend paid	-	(1,630)
Net cash used in financing activities	560,623	103,320
Net increase in cash and cash equivalents	3,294	(58,327)
Cash and cash equivalents at the beginning of the period	209,464	111,376
Cash and cash equivalents at the end of the period	212,758	53,049

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)
Notes To The Condensed Interim Financial Information (Un-audited)
For The Three Months Ended September 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

The HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund) ("the Fund") was established under a Trust Deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PISF/965/2014 dated April 23, 2014 and the Trust Deed was executed on February 20, 2014.

SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. Effective from September 1, 2016 HBL Asset Management Limited became Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. After the merger, trust deed was revised on February 17, 2017.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

"The Fund has been categorised as a Shariah Compliant equity scheme as per the criteria laid down by the SECP for categorisation of Open-End Collective Investment Schemes (CIS) is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund."

During the period, the Securities and Exchange Commission of Pakistan approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited, a wholly owned subsidiary of Habib Bank Limited. Consequently, HBL Asset Management Limited became Management Company of the Fund effective from September 1, 2016.

The objective of HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund) is to provide the maximum total return to the unit holders from investment in "Shariah Compliant" equity investments for the given level of risk. Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

JCR-VIS Credit Rating Company has assigned an asset management rating of 'AM2 (positive outlook)' to the Management Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations 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 IAS - 34. 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, 2017.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2017.

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 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, 2017.

- 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, 2017.
- 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, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended September 30, 2017.

4. Amendments in the NBFC Regulations:

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

	September 30, 2017 (Un-Audited)	June 30, 2017 Audited
Note	(Rupees in '000)	
5. BANK BALANCES		
Balances with Banks in:		
Current accounts	1,436	2,546
PLS deposit accounts under mark-up arrangements	4.1 211,323	206,918
	<u>212,759</u>	<u>209,464</u>

- 5.1 Mark-up rates on these accounts range between 5.60% to 6.10% p.a (June 30, 2017: 4.00% - 6.50% p.a).

	September 30, 2017 (Un-Audited)	June 30, 2017 Audited
Note	(Rupees in '000)	
6. INVESTMENTS		
Financial assets 'at fair value through profit or loss' held for trading		
- Listed equity securities	6.1 1,014,454	708,091
	<u>1,014,454</u>	<u>708,091</u>

Name of the Investee Company	Number of shares				Market value			Par value as a percentage of issued capital of the investee company	
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2017	As at September 30, 2017 (Rupees in '000)	As a percentage of total Investments		As a percentage of net Assets
CHEMICAL									
Engro Polymer & Chemicals Limited	388,000	495,000	-	197,500	685,500	22,903	2.26%	1.86%	0.10%
						22,903	2.26%	1.86%	
AUTOMOBILE PARTS & ACCESSORIES									
Thal Limited	8,000	-	-	-	8,000	-	-	-	-
						-	0.00%	0.00%	
TECHNOLOGY & COMMUNICATION									
Systems Limited	102,000	-	-	99,000	3,000	233	0.02%	0.02%	-
						233	0.02%	0.02%	
Total September 30, 2017						1,014,454	100.00%	82.54%	
Carrying value as at September 30, 2017						1,132,298			

- 6.2 The above investments include shares with market value aggregating to Rs 31,819 million (2017: Rs 27.724 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP, which are as follows:

Lucky Cement Limited (30,000 shares)
Oil & Gas Development Company Limited (100,000 shares)

	Note	September 30, 2017 (Un-Audited)	June 30, 2017 (Audited)
7. PAYABLE TO MANAGEMENT COMPANY			
Management fee		1,996	1,022
Sindh Sales Tax		259	133
Sales load payable		447	402
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.1	99	51
Allocation of expenses related to Selling and Marketing,	7.2	349	685
		3,150	2,293

- 7.1 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operation charges amounting to Rs 0.095 million (2016: Rs 0.080 million) to the Fund during the year.

- 7.2 The Securities and Exchange Commission of Pakistan (SECP) vide its circular No. SCD/PRDD/Circular/361/2016 dated December 30, 2016 has allowed Asset Management Companies (AMCs) to charge selling and marketing expenses to open end equity, asset allocation and index funds subject to a maximum cap of 0.4% per annum of net assets of fund or actual expenses whichever is lower. Management Company of the Fund started accruing these charges effective from March 1, 2017. During the period a clarification was received from the SECP on September 19, 2017 as a result expenses charged to the fund amounting to Rs. 1.343 million have been reversed during the period. Subsequent to period ended September 30, 2017 another clarification was received from SECP according to which expenses reversed during the period can be charged back to the Fund.

		September 30, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000)	
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	8.1	3,194	3,194
Provision for Federal Excise Duty	8.2	3,268	3,268
Donation payable		149	1,535
Payable to brokers		314	522
Withholding tax payable		39	4,605
Auditors' remuneration		188	140
Printing Charges		156	80
Payable to Shariah Advisor		11	
Others		9	47
		7,328	13,391

8.1 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, 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.

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 the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 3.194 million (June 30, 2017: Rs. 3.194 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.24 (June 30, 2017 Re. 0.43) per unit.

8.2 PROVISION FOR FEDERAL EXCISE DUTY

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results 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 along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 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.

The finance act 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company, aggregating to Rs. 3.268 million (June 30, 2017: Rs. 3.268 million). Had the provision not been made, the Net Asset Value per unit as at september 30, 2017 would have been higher by Re. 0.25 (June 30, 2017: Re. 0.44) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at September 30, 2017 and June 30, 2017.

9.1 COMMITTED CREDIT LINES

The Securities and Exchange Commission of Pakistan Vide Direction No. 2 of 2017 dated January 13, 2017 as amended by Direction No. 7 of 2017 dated March 3, 2017, has directed all asset management companies to arrange committed credit lines from banks / DFIs for the equity funds equivalent to 10% of its net assets for redemption purposes. Accordingly, the Management Company of the fund has obtained committed credit lines of PKR 50 million at rate of 1 year KIBOR plus 1.50%. Further, the management company has applied to enhance the committed credit line by PKR 100 million. The management company is required to review the committed credit at least on a quarterly basis against the net assets of the Fund.

10. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of net accounting income other than capital gains/loss to unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

11. EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

12. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the three months ended September 30, 2017 is 0.68% which includes 0.1% representing government levy and SECP fee.

13. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

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

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

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

	Three months ended	
	September 30,	
	2017	2016
	(Rupees in 000's)	
13.1 Transactions during the year		
HBL Asset Management Company Limited		
Remuneration of the Management Company for the period	<u>5,037</u>	<u>2,188</u>
Sindh Sales tax on remuneration of the Management Company	<u>655</u>	<u>284</u>

	Three months ended September 30, 2017 2016 (Rupees in '000's)	
Directors and executives of the Management Company		
Issue of 11,109 (2016: 4,041) units	1,426	450
Bonus of 5,109 (2016: 1,636) units	539	-
Cash dividend	21	-
Redemption of 2,914 (2016: Nil) units	397	-
HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management		
Investment of 5,441,708 (September 30, 2016: Nil) units	531,800	-
HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management		
Investment of 274,216 (September 30, 2016: Nil)	28,000	-
HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management		
Investment of 20,231 (September 30, 2016: Nil) units	2,025	-
Redemption of 35,499 (September 30, 2016: Nil) units	3,613	-
Central Depository Company of Pakistan Limited		
Trustee fee	545	247
CDS charges	29	29
Amount outstanding at the period / year end		
	September 30, 2017	June 30, 2017
	(Un-Audited)	(Audited)
	(Rupees in '000)	
HBL Asset Management Company Limited		
Nil (June 30, 2017: 1,702,128) units	158,585	179,533
Management fee payable	2,255	1,155
Sales load payable	447	402
Central Depository Company of Pakistan Limited - Trustee		
Trustee Fee payable	206	216
Directors and executives of the Management Company		
Issue of Nil (June 30, 2017: 25,748) units	2,399	2,716
HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management		
Issue of 7,462,509 (June 30, 2017: 2,020,801) units	695,274	213,145

	September 30, 2017 (Un-Audited)	June 30, 2017 (Audited)
	(Rupees in '000)	
HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management		
Issue of 450,829 (June 30 2017: 176,613) units	<u>42,003</u>	<u>18,628</u>
HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management		
Issue of 90,595 (June 30, 2017: 105,864) units	<u>8,441</u>	<u>11,166</u>

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.

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.

		September 30, 2017							
		Carrying amount			Fair Value				
Note	Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 3	Total		
								(Rupees in '000)	
On-balance sheet financial instruments									
Financial assets measured at fair value									
	14.1								
Investments									
		1,014,454	-	-	1,014,454	1,014,454	-	-	1,014,454
		1,014,454	-	-	1,014,454	1,014,454	-	-	1,014,454

								September 30, 2017			
		Carrying amount				Fair Value					
Note	Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total			
								(Rupees in '000)			
Financial assets not measured at fair value		14.1		-							
	Bank balances	212,758	-	212,758	-	-	-	-			
	Investments	-	-	-	-	-	-	-			
	Dividend and profit receivable	9,209	-	9,209	-	-	-	-			
	Deposits and prepayments	2,644	-	2,644	-	-	-	-			
		224,611	-	224,611	-	-	-	-			
Financial liabilities not measured at fair value		14.1									
	Payable to Management Company	-	3,150	3,150	-	-	-	-			
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	206	206	-	-	-	-			
	Payable against purchase of investments	-	-	-	-	-	-	-			
	Accrued expenses and other liabilities	-	511	511	-	-	-	-			
		-	3,867	3,867	Level 2			-			
		-	-	-	-	-	-	-			
								June 30, 2017			
		Carrying amount				Fair Value					
Note	Fair value through profit or loss - held-for-trading	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		14.1									
	Investments										
	- Listed equity securities	708,091	-	-	708,091	708,091	-	-	708,091		
		708,091	-	-	708,091	708,091	-	-	708,091		
Financial assets not measured at fair value		14.1		-							
	Bank balances	209,464	-	209,464	-	-	-	-			
	Investments										
	-Unlisted Equity Securities	-	-	-	-	-	-	-			
	Dividend and profit receivable	2,678	-	2,678	-	-	-	-			
		212,142	-	212,142	-	-	-	-			
Financial liabilities not measured at fair value		14.1									
	Payable to Management Company	-	2,293	2,293	-	-	-	-			
	Payable to Trustee	-	216	216	-	-	-	-			
	Accrued expenses and other liabilities	-	5,174	5,174	-	-	-	-			
		-	7,683	7,683	-	-	-	-			

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 AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 27, 2017.

16. GENERAL

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

16.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

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

Chief Financial Officer

Chief Executive Officer

Director



HBL

Islamic Financial Planning Fund



FUND INFORMATION

Name of Fund	HBL Islamic Financial Planning Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	MCB Financial Services Limited
Name of Shariah Advisor	Al-Hilal Shariah Advisors (Pvt.) Ltd
Banks	Bank Islami Pakistan Limited Habib Bank Limited Dubai Islamic Bank Limited

HBL Islamic Financial Planning Fund
Condensed Interim Statement Of Assets And Liabilities
as at September 30, 2017

Note	September 30, 2017				June 30, 2017			
	Active Allocation	Conservative Allocation	Strategic Allocation	Total	Active Allocation	Conservative Allocation	Strategic Allocation	Total
	Plan	Plan	Plan		Plan	Plan	Plan	
	(Unaudited)				(Audited)			
(Rupees in '000)								
Assets								
	22,822	3,846	223,983	250,651	25,286	5,166	2,018	32,470
5	272,648	40,000	3,974,876	4,287,525	171,493	50,067	4,072,801	4,294,361
6	372	129	2,441	2,943	149	47	3,629	3,825
	3,672	2,733	11,089	17,495	32,217	11,240	158,782	202,239
	81	22	4,215	4,318	85	23	4,811	4,919
	299,596	46,731	4,216,604	4,562,930	229,230	66,543	4,242,041	4,537,814
Total assets								
Liabilities								
	2,014	168	4,839	7,021	279	44	12,633	12,956
7	57	12	849	919	6	2	92	100
	58	13	1,141	1,212	6	2	132	140
8	63	32	2,259	2,355	50	28	3,627	3,705
	2	-	-	2	2	-	-	2
	9,253	4,643	-	13,896	34,683	8,129	-	42,812
	11,447	4,869	9,088	25,404	35,026	8,205	16,484	59,715
	288,148	41,862	4,207,515	4,537,526	194,204	58,338	4,225,557	4,478,099
	288,148	41,862	4,207,516	4,537,526	194,204	58,338	4,225,557	4,478,099
	2,928,851	424,364	42,248,758		1,941,784	583,282	42,249,517	
	(Rupees)				(Rupees)			
	98.3826	98.6466	99.5891		100.0133	100.0178	100.0143	
	(Rupees)				(Rupees)			

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Income Statement And
Other Comprehensive Income (Un-audited)
For The Three Months Ended September 30, 2017

Note	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
----- (Rupees in '000) -----				
Income				
Mark-up on deposits with bank	224	82	2,441	2,747
Capital gain on sale of investment - net	101	(101)	3,861	3,861
Unrealised diminution on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	(3,146)	(708)	(20,509)	(24,364)
Total income	(2,821)	(727)	(14,207)	(17,756)
Expenses				
Remuneration of the Management Company	51	9	522	582
Sindh Sales Tax on remuneration of the Management Company	7	1	68	76
Remuneration of the Trustee	57	12	857	926
Annual fee to Securities and Exchange Commission of Pakistan	53	11	1,009	1,073
Selling and marketing expense	(24)	(7)	(555)	(586)
Allocation of expenses related to registrar services, accounting, operation and valuation services	56	12	1,062	1,129
Amortisation of preliminary expenses and flotation costs	4	1	596	602
Auditors' remuneration	4	1	92	98
Printing charges	2	1	35	37
Shariah advisory fee	2	1	36	10
Listing Fee	2	1	35	37
Total expenses	212	43	3,758	3,984
Net (loss) from operating activities	(3,033)	(769)	(17,965)	(21,740)
Provision for Sindh Workers' Welfare Fund	-	-	-	-
Net loss for the period before taxation	(3,033)	(769)	(17,965)	(21,740)
Taxation	-	-	-	-
Net loss for the period after taxation	(3,033)	(769)	(17,965)	(21,740)
Earning per unit				
Income already paid on redemption of units	(33)	(8)	-	(41)
Accounting (loss) / income available for distribution:				
-Relating to capital gains	(3,078)	(818)	(16,648)	(20,544)
-Excluding capital gains	12	41	(1,317)	(1,237)
	(3,066)	(777)	(17,965)	(21,781)
Net loss for the period after taxation	(3,033)	(769)	(17,965)	(21,740)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(3,033)	(769)	(17,965)	(21,740)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Distribution Statement (Un-audited)
For The Three Months Ended September 30, 2017

	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
----- Rupees in '000 -----				
Undistributed income at the beginning of the period				
- Realised income	204	(39)	(834)	(669)
- Unrealised (loss) / income	(178)	49	1,484	1,355
	26	10	650	686
Accounting (loss) / income available for distribution				
-Relating to capital losses	(3,078)	(818)	(16,648)	(20,544)
-Excluding capital gains / (losses)	12	41	(1,317)	(1,237)
	(3,066)	(777)	(17,965)	(21,781)
Accumulated income carried forward - realised	(3,040)	(767)	(17,315)	(21,122)
Undistributed income carried forward comprising of				
- Realised income / (loss)	106	(59)	3,194	3,241
- Unrealised loss	(3,146)	(708)	(20,509)	(24,364)
	(3,040)	(767)	(17,315)	(21,122)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Statement Of Movement In
Unit Holders' Fund (Un-audited)
For The Three Months Ended September 30, 2017

Note	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
----- Rupees in '000 -----				
Net assets at the beginning of the period	194,204	58,338	4,225,557	4,478,099
Issuance of 2,298,110 units	96,977	-	-	96,977
Issuance of Nil units	-	-	-	-
Issuance of Nil units	-	-	-	-
Redemption of Nil units units	-	-	-	-
Redemption of 85,103 units	-	(15,707)	-	(15,707)
Redemption of 232,267 units	-	-	(76)	(76)
	96,977	(15,707)	(76)	81,195
Income already paid on redemption of units	4	33	8	41
Accounting income available for distribution	4	(3,066)	(777)	(17,965)
	(17,965)	-	-	(21,781)
Net assets at the end of the period	288,148	41,862	4,207,516	4,537,526
----- Rupees -----				
Net assets value per unit at the beginning of the period	100.0133	100.0178	100.0143	
Net assets value per unit at the end of the period	98.3826	98.6466	99.5891	

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Cash Flow Statement (Un-audited)
For The Three Months Ended September 30, 2017

Note	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
(Rupees in '000)				
Cash flows from operating activities				
Net income for the period before taxation	(3,033)	(769)	(17,965)	(21,768)
Adjustments for non-cash items				
Unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	3,146	708	20,509	24,364
	113	(61)	2,544	2,596
Increase in assets				
Investments	(104,301)	9,358	77,415	(17,527)
Accrued mark-up	(223)	(82)	1,188	882
Advance, deposits and other receivables	28,545	8,507	147,693	184,744
Preliminary expenses and flotation costs	4	1	596	601
	(75,975)	17,784	226,893	168,700
Decrease in liabilities				
Payable to the Management Company	1,735	124	(7,794)	(5,935)
Payable to the Trustee	51	10	757	819
Payable to Securities and Exchange Commission of Pakistan	52	11	1,009	1,072
Accrued expenses and other liabilities	13	4	(1,368)	(1,350)
Dividend payable	0	-	-	-
Payable against redemption of units	(25,430)	(3,486)	-	(28,916)
	(23,579)	(3,336)	(7,396)	(34,310)
Net cash used in operating activities	(99,441)	14,386	222,041	136,986
Cash flows from financing activities				
Amount received / receivable on issue of units	96,977	-	-	96,977
Amount paid / payable on redemption of units	-	(15,707)	(76)	(15,783)
Dividend paid	-	-	-	-
Net cash generated from financing activities	96,977	(15,707)	(76)	81,194
Net increase in cash and cash equivalents	(2,464)	(1,321)	221,965	218,180
Cash and cash equivalents at the beginning of the period	25,286	5,166	2,018	32,470
Cash and cash equivalents at the end of the period	22,822	3,845	223,983	250,650

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Notes To The Condensed Interim Financial Information (Un-audited)
For The Three Months Ended September 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Financial Planning Fund (the "Fund"), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was executed on March 22, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 4, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 24C, Khyaban-e-Hafiz, Phase VI, DHA, Karachi. Subsequent to the year end, the registered office of the Management Company has been changed to 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton. The Fund commenced its operations from June 17, 2017.

The Fund is an open ended shariah compliant fund of fund scheme and the Fund is listed on Pakistan Stock Exchange. The Fund has three different plans namely Conservative Allocation Plan, Active Allocation Plan and Strategic Allocation Plan (collectively referred as 'Plans'). The units of Conservative Allocation and Active Allocation Plan were initially offered to public (IPO) on June 16, 2016 whereas units of Strategic Allocation Plan were offered from June 15, 2016 to June 16, 2016. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of the fund is perpetual however the allocation plans may have a set time frame. Each Allocation Plan will announce separate NAVs which will rank pari passu inter se according to the number of Units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

The objective of the Fund is to generate returns on Investment as per the respective Allocation Plan by investing in Shariah Compliant Mutual Funds in line with the risk tolerance of the Investor. The investment policy for each of the Plan are as follows;

- The "Conservative Allocation Plan" is an Allocation Plan under the Fund and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of shariah compliant investments in equity, income and money market funds. This Allocation Plan is suitable for Investors who have moderate risk tolerance and have a short to medium term investment horizon.
- The "Active Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active asset allocation between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market Scheme(s) based on the Fund Manager's outlook on the asset classes.
- The "Strategic Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active allocation of funds between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market Scheme(s) based on fundamental analysis of economic indicators, underlying asset values and a strategy of risk aversion to market volatility. Fund Manager will take a medium term strategic view of the portfolio assets to deliver competitive returns to investors. The duration of this plan is 24 months (Two Years).

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2 (positive outlook)' to the Management Company while the Fund is currently not rated.

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

No comparative figures / information have been disclosed in these financial statements as the fund commenced its operations on June 17, 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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 (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. 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 financial statements of the Fund for the year ended June 30, 2017.

This condensed interim financial information is unaudited. In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2017.

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, JUDGEMENT AND CHANGES THEREIN

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, 2017.

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.

Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.

This condensed interim financial information is unaudited. In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2017.

The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2017.

4. AMENDMENTS IN THE NBFC REGULATIONS:

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

5. BANK BALANCES

				30-Sep-2017		
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total		
Note	----- (Rupees in '000) -----					
Savings accounts	5.1	22,822	3,846	223,983	250,651	

5.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 3.5% to 5.5% per annum.

6. INVESTMENTS

				30-Sep-2017		
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total		
Note	----- (Rupees in '000) -----					
Investments by category						
At fair value through profit or loss - held-for-trading						
Units of mutual funds	6.1	272,648	40,000	3,974,876	4,287,525	

6.1 Units of mutual funds

Name of Investee Funds	As at July 01, 2017	Purchases during the period	Redemptions during the period	As at September 30, 2017	Total carrying value as at September 30, 2017	Total market value as at September 30, 2017	Appreciation/ (diminution) as at September 30, 2015	Market value as a percentage of net assets	Market value as a percentage of total value of
	----- Number of units -----				----- (Rupees in '000) -----			----- % -----	
Active Allocation Plan									
HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund)	1,512,478	1,143,123	542,144	2,113,457	214,166	215,711	1,545	74.86	79.12
HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund)	176,613	274,216	-	450,829	46,628	42,003	(4,625)	14.58	15.41
HBL Islamic Stock Fund	-	132,034	-	132,034	15,000	14,934	(66)	5.18	5.48
	<u>1,689,091</u>	<u>1,549,373</u>	<u>542,144</u>	<u>2,696,320</u>	<u>275,794</u>	<u>272,648</u>	<u>(3,146)</u>	<u>94.62</u>	<u>100.00</u>
Conservative Allocation Plan									
HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund)	384,899	202,776	278,465	309,210	31,257	31,560	303	75.39	78.90
HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund)	105,864	20,230	35,499	90,595	9,452	8,441	(1,011)	20.16	21.10
	<u>490,763</u>	<u>223,006</u>	<u>313,964</u>	<u>399,805</u>	<u>40,709</u>	<u>40,000</u>	<u>(708)</u>	<u>95.55</u>	<u>100.00</u>
Strategic Allocation Plan									
HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund)	37,406,609	-	6,581,778	30,824,831	3,115,441	3,146,146	30,705	74.77	79.15
HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund)	2,020,801	5,441,708	-	7,462,509	744,945	695,274	(49,671)	16.52	17.49
HBL Islamic Stock Fund	-	1,179,911	-	1,179,911	135,000	133,457	(1,543)	3.17	3.36
HBL Islamic Money Market Fund	785,072	-	785,072	-	-	-	-	-	-
	<u>40,212,482</u>	<u>6,621,619</u>	<u>7,366,850</u>	<u>39,467,251</u>	<u>3,995,386</u>	<u>3,974,876</u>	<u>(20,509)</u>	<u>94.47</u>	<u>100.00</u>
Total as at September 30, 2017	<u>42,392,336</u>	<u>8,393,998</u>	<u>8,222,958</u>	<u>42,563,376</u>	<u>4,311,888</u>	<u>4,287,525</u>	<u>(24,364)</u>		

7. PAYABLE TO THE MANAGEMENT COMPANY

	30-Sep-2017				30-Jun-2017			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Formation Cost	-	-	-	-	85	23	4,891	5,000
Management fee	105	20	1,006	1,131	54	11	484	549
Sindh Sales Tax on Management Company's remuneration	14	3	131	147	7	1	63	71
Allocation of expenses related to registrar services, accounting, operation and valuation services	61	14	1,201	1,276	6	2	139	147
Selling and marketing	-	-	-	-	24	7	555	586
Sales load payable	1,834	133	2,501	4,467	103	-	6,501	6,604
	<u>2,014</u>	<u>168</u>	<u>4,839</u>	<u>7,021</u>	<u>279</u>	<u>44</u>	<u>12,633</u>	<u>12,957</u>

7.1 As per the offering document of the fund, the Management Company shall charge a fee at the rate of 1% of the average annual net assets on daily basis of the Scheme. However, no management fee is charged on that part of the net assets which have been invested in mutual funds managed by the Management Company. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

7.2 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 Management Company as required by Sindh Sales Tax on Services Act, 2011.

7.3 "As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS,

maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period."

- 7.4 During the year Management Company has stopped charging these expenses to the Fund and reversed the entire provision till June 30, 2017, as these expenses are not applicable to the Fund of Funds category.

8. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	September 30, 2017				June 30, 2017			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	(Rupees in '000)				(Rupees in '000)			
Withholding tax	37	23	492	552	37	22	3,144	3,203
Provision for Sindh Workers' Welfare Fund	7	4	330	341	7	4	330	341
Shariah advisory fee	2	1	46	48	-	-	10	10
Printing	5	2	130	137	4	1	95	100
Listing Fee	2	0	35	37	-	-	-	-
Auditors' remuneration	6	2	140	148	2	1	48	51
Other Payables	4	1	1,087	1,092	-	-	-	-
	63	32	2,259	2,355	50	28	3,627	3,705

8.1 SINDH WORKER'S WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, 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.

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 the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 0.007 million, Rs. 0.004 million and Rs. 0.330 million (June 30, 2017 Rs. 0.007 million, Rs. 0.004 million and Rs. 0.330 million) for Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.002, Re. 0.009 and Re. 0.008 (June 30, 2017 Re. 0.004, Re. 0.007 and Re. 0.008) per unit for Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively.

9. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the period, management has distributed cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

10. EARNINGS PER UNIT (EPU)

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

11.1 Transactions during the period	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
------(Rupees in '000)-----				
HBL Asset Management Limited - Management Company				
Remuneration of the Management Company	51	9	522	582
Sindh Sales Tax on remuneration of the Management Company	7	1	68	76
Selling and marketing expense	(24)	(7)	(555)	(586)
Allocation of expenses related to registrar services, accounting, operation and valuation services	56	12	1,062	1,129
Habib Bank Limited - Sponsor				
Mark-up Earned on deposits with bank	73	37	24	134
Mark up Received on bank	-	-	668	668
MCB Financial Services Limited - Trustee				
Remuneration of the Trustee	57	12	857	926
Darayus Happy Minwalla - Connected person due to 10% holding				
Issue of 2,383 units	-	-	237	237
11.1 Transactions during the period	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
------(Rupees in '000)-----				
Imperial Developers & Builders (Pvt) Ltd - Connected person due to 10% holding				
Issue of 1,574 units	-	-	157	157
HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund - CIS managed by Management Company)				
Purchase of 1,143,123 units	116,100	-	-	116,100
Purchase of 202,776 units	-	20,500	-	20,500
Redemption of 542,144 units	54,900	-	-	54,900
Redemption of 278,465 units	-	28,170	-	28,170
Redemption of 6,581,779 units	-	-	668,800	668,800
HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund - CIS managed by Management Company)				
Purchase of 274,216 units	28,000	-	-	28,000
Purchase of 20,231 units	-	2,025	-	2,025
Purchase of 5,441,707 units	-	-	531,800	531,800
Redemption of 35,498 units	-	3,613	-	3,613
HBL Islamic Stock Fund - CIS managed by Management Company				
Purchase of 132,033 units	15,000	-	-	15,000
Purchase of 1,179,911 units	-	-	135,000	135,000

	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
(Rupees in '000)				
HBL Islamic Money Market Fund - CIS managed by Management Company				
Redemption of 785,072 units	-	-	79,275	79,275
Mrs. Kulsoom Khan - Connected Person due to 10% holding				
Issue of 500,665 units	50,000	-	-	50,000
Mrs Nashid Anam Shahid - Connected Person due to 10% holding				
Redemption of 7,555 units	-	750	-	750
Kamran Akram Bakhshi - Connected Person due to 10% holding				
Issue of 304,683 units	30,000	-	-	30,000
30-Sep-2017				
11.2 Balances outstanding as at period end	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
(Rupees in '000)				
HBL Asset Management Limited - Management Company				
Management fee	105	20	1,006	1,131
Sindh Sales Tax on Management Company's remuneration	14	3	131	147
Selling and marketing	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	61	14	1,201	1,276
Sales load payable	1,834	-	2,501	4,334
Formation Cost	-	-	-	-
Habib Bank Limited - Sponsor				
Mark-up accrued on deposits with bank	167	73	28	268
Balance in savings account	13,167	2,148	4,825	20,141
MCB Financial Services Limited - Trustee				
Remuneration payable to the Trustee	51	11	752	813
Sindh Sales Tax on Trustee's remuneration	7	-	98	104
Darayus Happy Minwalla - Connected Person due to 10% holding				
Units held 15,190,277 units	-	-	1,512,791	1,512,791
Imperial Developers & Builders (Pvt) Ltd - Connected Person due to 10% holding				
Units held 20,057,175 units	-	-	1,997,482	1,997,482
Mohsin Safdar - Connected Person due to 10% holding				
Units held 59,748 units	-	5,894	-	5,894

	30-Sep-2017			
	Active	Conservative	Strategic	Total
	Allocation	Allocation	Allocation	
Plan	Plan	Plan		
(Rupees in '000)				
Kamran Akram Bakhshi - Connected Person due to 10% holding				
Units held 304,683 units	<u>29,976</u>	-	-	<u>29,976</u>
Mrs Nashid Anam Shahid - Connected Person due to 10% holding				
Units held 51,475 units	-	<u>5,078</u>	-	<u>5,078</u>
Mrs. Kulsoom Khan - Connected Person due to 10% holding				
Units held 500,665 units	<u>49,257</u>	-	-	<u>49,257</u>
HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund - CIS managed by Management Company)				
Units held 2,113,457 units	<u>207,928</u>	-	-	<u>207,928</u>
Units held 309,210 units	-	<u>30,503</u>	-	<u>30,503</u>
Units held 30,824,831 units	-	-	<u>3,069,826</u>	<u>3,069,826</u>
HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund - CIS managed by Management Company)				
Units held 450,829 units	<u>44,354</u>	-	-	<u>44,354</u>
Units held 90,595 units	-	<u>8,937</u>	-	<u>8,937</u>
Units held 7,462,509 units	-	-	<u>743,187</u>	<u>743,187</u>
HBL Islamic Stock Fund - CIS managed by Management Company				
Units held 132,033 units	<u>12,990</u>	-	-	<u>12,990</u>
Units held 1,179,911 units	-	-	<u>117,507</u>	<u>117,507</u>
30-Jun-2017				
	Active	Conservative	Strategic	Total
	Allocation	Allocation	Allocation	
	Plan	Plan	Plan	
(Rupees in '000)				
HBL Asset Management Limited - Management Company				
Management fee	<u>54</u>	<u>11</u>	<u>484</u>	<u>549</u>
Sindh Sales Tax on Management Company's remuneration	<u>7</u>	<u>1</u>	<u>63</u>	<u>71</u>
Selling and marketing	<u>24</u>	<u>7</u>	<u>555</u>	<u>586</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>6</u>	<u>2</u>	<u>139</u>	<u>147</u>
Sales load payable	<u>103</u>	-	<u>6,501</u>	<u>6,604</u>
Formation Cost	<u>85</u>	<u>23</u>	<u>4,891</u>	<u>4,999</u>
Habib Bank Limited - Sponsor				
Mark-up accrued on deposits with bank	<u>94</u>	<u>36</u>	<u>672</u>	<u>802</u>
Balance in savings account	<u>10,468</u>	<u>2,359</u>	<u>1,687</u>	<u>14,514</u>
MCB Financial Services Limited - Trustee				
Remuneration payable to the Trustee	<u>5</u>	<u>2</u>	<u>81</u>	<u>88</u>
Sindh Sales Tax on Trustee's remuneration	<u>1</u>	-	<u>11</u>	<u>12</u>

	30-Jun-2017			Total
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	
------(Rupees in '000)-----				
Darayus Happy Minwalla - Connected Person due to 10% holding				
Units held 15,140,192 units	-	-	1,514,236	1,514,236
Imperial Developers & Builders (Pvt) Ltd - Connected Person due to 10% holding				
Units held 20,000,000 units	-	-	2,000,287	2,000,287
Mohsin Safdar - Connected Person due to 10% holding				
Units held 59,748 units	-	5,976	-	5,976
Mrs Afshan Usman Malik - Connected Person due to 10% holding				
Units held 58,699 units	-	5,871	-	5,871
Mrs Nashid Anam Shahid - Connected Person due to 10% holding				
Units held 59,030 units	-	5,904	-	5,904
Shahnaz Arshed Gilani - Connected Person due to 10% holding				
Units held 288,327 units	28,838	-	-	28,838
HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund - CIS managed by Management Company)				
Units held 1,512,478 units	152,865	-	-	152,865
Units held 384,899 units	-	38,901	-	38,901
Units held 37,406,609 units	-	-	3,780,656	3,780,656
HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund - CIS managed by Management Company)				
Units held 176,613 units	18,628	-	-	18,628
Units held 105,864 units	-	11,166	-	11,166
Units held 2,020,801 units	-	-	213,145	213,145
HBL Islamic Money Market Fund - CIS managed by Management Company				
Units held 785,072 units	-	-	79,000	79,000

12. FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

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

		September 30, 2017							
		Carrying amount			Fair Value				
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	Note	(Rupees in '000)							
Financial assets measured at fair value									
Units of mutual funds	6	4,287,525	-	-	4,287,525	4,287,525	-	-	4,287,525
		<u>4,287,525</u>	<u>-</u>	<u>-</u>	<u>4,287,525</u>	<u>4,287,525</u>	<u>-</u>	<u>-</u>	<u>4,287,525</u>
Financial assets not measured at fair value									
Bank balances	12.1	-	250,651	-	250,651				
Accrued mark-up		-	2,943	-	2,943				
Advance, deposits and other receivables		-	11,089	-	11,089				
		<u>-</u>	<u>264,683</u>	<u>-</u>	<u>264,683</u>				
Financial liabilities not measured at fair value									
Payable to the Management Company	12.1	-	7,021	-	-				
Payable to the Trustee		-	919	-	-				
Accrued expenses and other liabilities		-	1,462	-	-				
Dividend payable		-	2	-	-				
Payable against redemption of units		-	13,896	-	-				
		<u>-</u>	<u>23,300</u>	<u>-</u>	<u>-</u>				
		June 30, 2017							
		Carrying amount			Fair Value				
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	Note	(Rupees in '000)							
Financial assets measured at fair value									
Units of mutual funds		4,294,361	-	-	4,294,361	4,294,361	-	-	4,294,361
		<u>4,294,361</u>	<u>-</u>	<u>-</u>	<u>4,294,361</u>	<u>4,294,361</u>	<u>-</u>	<u>-</u>	<u>4,294,361</u>
Financial assets not measured at fair value									
Bank balances	12.1	-	32,470	-	32,470				
Accrued mark-up		-	3,825	-	3,825				
Advance, deposits and other receivables		-	202,239	-	202,239				
		<u>-</u>	<u>238,534</u>	<u>-</u>	<u>238,534</u>				
Financial liabilities not measured at fair value									
Payable to the Management Company	12.1	-	12,956	-	12,956				
Payable to the Trustee		-	100	-	100				
Accrued expenses and other liabilities		-	161	-	161				
Dividend Payable		-	2	-	2				
Payable against redemption of units		-	42,812	-	42,812				
		<u>-</u>	<u>56,031</u>	<u>-</u>	<u>56,031</u>				

12.1 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.

13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio for the period ended September 30, 2017 is 0.09%, 0.10% and 0.09% (YTD) which includes 0.03%, 0.03% and 0.03% representing government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively.

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 27, 2017 by the Board of Directors of the Management Company.

15. GENERAL

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

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

Chief Financial Officer

Chief Executive Officer

Director

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HBL

ASSET MANAGEMENT LTD.

ایس ایٹ ایس ایٹ منیجمنٹ لمیٹڈ

Head Office Karachi:
7th Floor, Emerald Tower, Clifton,
Karachi.
UAN:111 HBL AMC (111-425-262)
Fax: 021-35168455
info@hblasset.com

Lahore:
102-103, Upper Mall, Lahore
Tel: 042-36281600
042-36281640-3
042-36281610
Fax: 042-36281686

Islamabad:
HBL Corporate Center,
HBL building, Jinnah Avenue,
Islamabad
Tel: 051-2821183
Fax: 051-2822206