

# HBL

ASSET MANAGEMENT LTD.

ايسيت مينجمنت لميٹڈ



## PICIC Growth Fund

QUARTERLY  
REPORT 2017

For the period ended September 30, 2017

MOVING TOWARDS  
**EXCELLENCE**

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## CORPORATE INFORMATION

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**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.hblasset.com](http://www.hblasset.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.

## FUND INFORMATION

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<b>Name of Fund</b>	PICIC Growth Fund
<b>Name of Auditor</b>	Deloitte Yousuf Adil Chartered Accountants
<b>Name of Trustee</b>	Central Depository Company of Pakistan Limited (CDC)
<b>Banks</b>	MCB Bank Limited JS Bank Limited Soneri Bank Limited

## **REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**

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The Board of Directors of HBL Asset Management Limited, the Management Company of PICIC Growth Fund (PGF or Fund) is pleased to present its report together with the financial statements of PICIC Growth 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.

### **Stock Market Review**

During 1QFY18, KSE100 index declined by 8.9% to 42,409 points - worst quarter since Dec-08. 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 as one of the largest banks was charged a penalty from DFS NY while Supreme Court announced decision of an old pension case against another public sector bank. Cement sector further added to market woes following price cut (~PKR20-25/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.

### **Operating Results**

During the period under review, the fund occurred a loss of Rs. 803 million which includes unrealized loss of Rs 709 million. Realized capital loss during the period stood at Rs 163 million. The dividend income during the period stood at Rs 51 million. Total expenditure during the period stood at Rs92 million.

Tax provision for the current period amounted to nil due to tax exemption under Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 and Regulation 63 of NBFC & NE Regulations, 2008.

The net loss for the period stood at Rs895 million. This translates into loss per certificate of Rs. 3.16 for the period.

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The net assets decreased from Rs. 14.58 billion as on June 30, 2017 to Rs13.62 billion as on September 30, 2017 and accordingly the net asset value per certificate decreased from Rs51.44 per certificate as on June 30, 2017 to Rs48.04 per certificate as on September 30, 2017 after incorporating dividends of Rs. 2.75 per certificate, which translates into negative return of 1.40% during the period under review against the benchmark (KSE 100 Index) of negative 8.93%.

#### **INCOME DISTRIBUTION**

The Fund paid out a cash dividend of Rs. 2.75 per certificate to the certificate holders, resulting in total cash payout of Rs. 780 million, which was announced by the Board of Directors of HBL Asset Management Limited (the Management Company) for the year ended June 30, 2017.

#### **Management Company Quality Rating**

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

#### **Acknowledgement**

Finally, we once again avail this opportunity to thank all our valued certificate holders and correspondents for their continuing patronage and support. We would also like to thank the Ministry of Finance, Securities & Exchange Commission of Pakistan, State Bank of Pakistan, Central Depository Company of Pakistan Limited (Trustee), National Clearing Company of Pakistan Limited and other regulatory authorities, financial institutions and the auditors for their continued guidance and assistance. The Board also wishes to place on record its appreciation for the staff for their commitment and hard work and to the certificate-holders for the trust and confidence reposed in us.

On behalf of the Board of  
HBL Asset Management Limited

Chief Executive Officer  
Director

**PICIC Growth 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)
<b>Assets</b>			
Bank balances	4	1,496,276	649,726
Investments	5	13,143,279	14,097,911
Dividend and profit receivable		58,592	171,792
Receivable against sale of investment		21,101	-
Security deposits		2,686	2,682
<b>Total assets</b>		<b>14,721,934</b>	14,922,111
<b>Liabilities</b>			
Payable to Management Company	6	26,789	28,671
Payable to the Trustee		827	1,847
Payable to the Securities and Exchange Commission of Pakistan		3,367	13,508
Payable against purchase of investment		3,550	8,219
Accrued expenses and other liabilities	7	170,642	167,734
Final dividend payable		779,625	
Unclaimed dividend		116,531	119,419
<b>Total liabilities</b>		<b>1,101,332</b>	339,398
<b>Net assets</b>		<b>13,620,602</b>	14,582,713
<b>Capital and reserves</b>			
Issued subscribed and paid up capital 283,500,000 certificate of Rs. 10/- each		2,835,000	2,835,000
Premium on issue of certificates		2,992,500	2,992,500
Unappropriated profit		890,970	2,565,464
Net unrealized appreciation on re-measurement of investments classified as "available for sale"	5.2	6,902,132	6,189,749
<b>Total certificate holders' funds</b>		<b>13,620,602</b>	14,582,713
<b>Contingencies and commitments</b>	8		
		(Rupees)	
<b>Net assets value per unit</b>		<b>48.04</b>	51.44

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
**Chief Financial Officer**

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

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

**PICIC Growth Fund**  
**Condensed Interim Income Statement And**  
**Other Comprehensive Income (Un-audited)**  
**For The Three Months Ended September 30, 2017**

	Note	Three Months Ended	
		September 30,	
		2017	2016
		----- (Rupees in '000) -----	
<b>Income</b>			
Capital (Loss) / Gain on sale of investments - net		(162,854)	45,227
Dividend income		51,232	44,796
Profit on bank deposits		18,236	5,685
		(93,386)	95,708
Unrealized (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - held-for-trading - net		(709,458)	265,256
		(802,844)	360,964
<b>Expenses</b>			
Remuneration of Management Company	6.1	79,393	71,938
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,373	2,187
Annual fee to the Securities and Exchange Commission of Pakistan		3,367	3,024
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	3,513	3,189
Settlement and bank charges		433	312
Auditors' remuneration		173	206
Fees & Subscription		609	901
Securities transaction costs		2,163	2,256
		92,024	84,013
<b>Net (loss) / income from operating activities</b>		(894,869)	276,951
Provision for Workers' Welfare fund / Sindh Workers' Welfare fund	7.1	-	-
<b>Net (loss) / income for the period before taxation</b>		(894,869)	276,951
Taxation	9	-	-
<b>Net (loss) / income for the period after taxation</b>		(894,869)	276,951
<b>Other comprehensive income for the period</b>			
Items to be reclassified to income statement in subsequent periods		712,383	749,616
<b>Total comprehensive (loss) / income for the period</b>		(182,486)	1,026,567
<b>(Loss) / Earning per certificate</b>		(3.16)	0.98

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

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

\_\_\_\_\_  
Director



**PICIC Growth 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)	
<b>Undistributed income brought forward comprising of:</b>		
Realized income	1,748,697	896,722
Unrealized income / (loss)	816,767	221,018
	<u>2,565,464</u>	<u>1,117,740</u>
<b>Net income for the period after taxation</b>	<b>(894,869)</b>	<b>276,951</b>
Final cash dividend for the year ended June 30, 2017 @ 27.5% (Rs. 2.75 certificate) (June 30, 2016: Rs. 0.75 per certificate)	<u>(779,625)</u>	<u>(212,625)</u>
<b>Undistributed income carried forward</b>	<b>890,970</b>	<b>1,182,066</b>
<b>Undistributed income carried forward comprising of:</b>		
Realized income	1,600,428	916,810
Unrealized income	(709,458)	265,256
	<u>890,970</u>	<u>1,182,066</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
**Chief Financial Officer**

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

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

**PICIC Growth Fund**  
**Condensed Interim Statement Of Movement In Equity And**  
**Reserves Per Certificate (Un-audited)**  
**For The Three Months Ended September 30, 2017**

	Three Months Ended	
	September 30,	
	2017	2016
<b>Net asset value per certificate at the beginning of the period</b>	<b>51.44</b>	41.73
Movement in net asset value per certificate from operating activities		
Capital gain on sales of investments - net	(0.57)	0.16
Dividend income	0.18	0.16
Unrealized appreciation on re-measurement of investments classified as financial assets at 'fair value through profit and loss - held-for-trading' - net	(2.50)	0.94
Profit on bank deposits	0.06	0.02
	(2.83)	1.28
Operating expenses	(0.32)	(0.30)
<b>Net increase in net assets value per certificate form operating activities</b>	<b>(3.16)</b>	0.98
Movement in net assets value per certificate form financing activities		
Dividend paid	(2.75)	(0.75)
Unrealized appreciation / (diminution) on re-measurement of investments classified as 'available for sale' - net	2.51	2.64
<b>Net increase / (decrease) in net assets value per certificate form financing and investing activities</b>	<b>(0.24)</b>	1.89
<b>Net asset value per certificate at the end of the period</b>	<b>48.05</b>	44.60

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
**Chief Financial Officer**

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

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

**PICIC Growth Fund**  
**Condensed Interim Cash Flow Statement (Un-audited)**  
**For The Three Months Ended September 30, 2017**

	Three Months Ended September 30,	
	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES	(Rupees in '000)	
Net income for the period	(894,869)	276,951
<b>Adjustments of non-cash items</b>		
Dividend income	(51,232)	(44,796)
Profit on bank deposit	(18,236)	(5,685)
Unrealized appreciation / (diminution) on remeasurement of investments classified as financial assets at 'fair value through profit and loss' held - for - trading - net	709,458	(265,256)
	<u>(254,879)</u>	<u>(38,786)</u>
<b>Increase in assets</b>		
Investments - net	957,557	101,329
Receivable against sale of investments	(21,101)	(120,832)
Other receivable	-	(436)
	<u>936,456</u>	<u>(19,939)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	(1,882)	1,335
Payable to Central Depository Company of Pakistan Limited - Trustee	(1,020)	32
Payable to the Securities and Exchange Commission of Pakistan	(10,141)	(7,312)
Payable against purchase of investment	(4,669)	41,168
Accrued expenses and other liabilities	2,908	3,664
	<u>(14,804)</u>	<u>38,887</u>
<b>Net cash used in operations</b>	<u>666,774</u>	<u>(19,838)</u>
Dividend received	168,816	86,701
Profit received on bank deposit	13,852	5,822
<b>Net cash generated from / (used in) operating activities</b>	<u>849,441</u>	<u>72,685</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid and net cash used in financing activities	(2,888)	(44,773)
<b>Net decrease in cash and cash equivalents</b>	<u>846,553</u>	<u>27,912</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>649,726</u>	<u>442,390</u>
<b>Cash and cash equivalents at end of the period</b>	<u>4</u> <u>1,496,276</u>	<u>470,302</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
**Chief Financial Officer**

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

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

**PICIC Growth Fund**  
**Condensed Interim Statement of Movement In Equity And Reserves (Un-audited)**  
**For The Three Months Ended September 30, 2017**

	Issued Subscribed and paid up Capital	Premium on issue of certificates	Unappropriated Profit	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Total
Rs in "000"					
<b>Balance as at July 01, 2016</b>	2,835,000	2,992,500	1,117,740	4,885,153	11,830,393
<b>Transaction with certificate holder</b>					
Final cash dividend at 75% for the year ended June30, 2016 (Rs. 0.75 per certificate)			(212,625)		(212,625)
<b>Total comprehensive income for the period</b>					
Net income for the period	-	-	276,951	-	276,951
<b>Other comprehensive income</b>					
Unrealized diminution on re-measurement of investments classified as 'available for sale' - net	-	-	-	749,616	749,616
	-	-	276,951	749,616	1,026,567
<b>Balance as at September 30, 2016</b>	2,835,000	2,992,500	1,182,066	5,634,769	12,644,335
<b>Total comprehensive income for the nine months ended June 30, 2017</b>	-	-	1,383,398	554,980	1,938,378
<b>Balance as at July 01, 2017</b>	2,835,000	2,992,500	2,565,464	6,189,749	14,582,713
<b>Transaction with owners recorded directly in equity</b>					
Final cash dividend for the period ended June 30, 2016 at Rs. 0.75 per certificate June 30, 2015 (Rs: nil per certificate)	-	-	(779,625)	-	(779,625)
	-	-	(779,625)	-	(779,625)
<b>Total comprehensive income for the period</b>					
Net income for the period	-	-	(894,869)	-	(894,869)
<b>Other comprehensive income</b>					
Unrealized appreciation on re-measurement of investments classified as 'available for sale' - net	-	-	-	712,383	712,383
	-	-	(894,869)	712,383	(182,486)
<b>Balance as at September 30, 2017</b>	2,835,000	2,992,500	890,970	6,902,132	13,620,602

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
**Chief Financial Officer**

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

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

**PICIC Growth Fund**  
**Notes To The Condensed Interim Financial Information (Un-audited)**  
**For The Three Months Ended September 30, 2017**

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

- 1.1 PICIC Growth Fund (the Fund) is close-end equity scheme established under a Trust Deed, executed between PICIC Asset Management Company (Now HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Certificates of the Fund are listed on Pakistan Stock Exchange

The Management Company of the Fund has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an asset management company. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi, Pakistan.

The principal business of the Fund is to invest in listed equity securities with an object to general capital growth. JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2 (Positive outlook)' to the Management Company.

- 1.2 During the year, the SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited dated August 31, 2016. Consequently, HBL Asset Management Limited became Management Company of the Fund. As per the merger order of SECP, the Fund was required to be converted into open-end fund from closed end fund scheme by December 31, 2016. The Management Company after resolving certain legal and operational matter relating to the Conversion exercise with SECP called the meeting of the certificate holders to approve the Conversion Plan on March 27, 2017. However, the meeting was postponed on the advice of SECP with the directives to amend the conversion plan in the best interest of the certificate holders. Currently, the Management Company is in discussion with SECP and other bodies to resolve issues related to conversion of the Fund.

clause 6 of merger order, dated August 31, 2016 HBL Asset Management Company is required to convert its close end scheme into open end fund by December 31, 2016. As per the above mentioned clause AMC is required to bifurcate its units into two classes, i.e class A for frozen portfolio and class B for unfrozen portfolio. Furthermore class A units shall be eligible for redemption upon unfreezing of frozen portfolio by the privatization commission and class B units shall be allowed to be redeemed by the unit holders at any time after conversion of the fund. However due to legal and structural matters, the management company has approached the honorable commission (Securities Exchange Commission of Pakistan) for the facilitation / exemption with the above mentioned conversion.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

- 2.1.1 "This condensed interim financial information has 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 the 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.

	Note	September 30, 2017	June 30, 2017
<b>4. BANK BALANCES</b>		<b>(Rupees in '000)</b>	
In savings account	4.1	1,496,276	649,726

- 4.1 Mark-up rates on these accounts range between 3.75% to 6.40% p.a (June 30, 2017: 3.75% - 6.60% p.a).

	Note	September 30, 2017	June 30, 2017
<b>5. INVESTMENTS</b>		<b>(Rupees in '000)</b>	
<b>Financial assets 'at fair value through profit or loss' - held-for-trading</b>			
- Listed equity securities	5.1	<b>4,820,772</b>	6,487,787
		<b>4,820,772</b>	6,487,787
- Listed equity securities	5.2	<b>8,322,507</b>	7,610,124
		<b>13,143,279</b>	14,097,911

- 5.1 Financial assets 'at fair value through profit and loss' - 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					Balance as at September 30, 2017					Percentage in Relation to		
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2017	Carrying value	Market value	Appreciation / (Diminution)	Capital Gain / (Loss)	Dividend Income	Net Assets of the fund	Investee Paidup Capital	Total Investments
Rs in '000'													
<b>INSURANCE</b>													
Adamjee Insurance Co Ltd	1,260,000	-	-	1,260,000	-	-	-	-	375	-	0.00%	0.00%	0.00%
TPL Direct Insurance Limited	321,388	-	-	-	321,388	7,906	5,946	(1,960)	-	-	0.04%	0.43%	0.05%
	1,581,388	-	-	1,260,000	321,388	7,906	5,946	(1,960)	375	-	0.04%	-	0.05%
<b>TEXTILE COMPOSITE</b>													
Gul Ahmed Textile Mills Ltd	640,000	-	-	640,000	-	-	-	-	(1,268)	-	0.00%	0.00%	0.00%
Nishat (Chunian) Ltd	100,000	-	-	100,000	-	-	-	-	(39)	-	0.00%	0.00%	0.00%
Nishat Mills Ltd	756,000	232,500	-	-	988,500	155,761	143,431	(12,330)	-	-	1.05%	0.28%	1.09%
	1,496,000	232,500	-	740,000	988,500	155,761	143,431	(12,330)	(1,307)	-	1.05%	-	1.09%
<b>CEMENT</b>													
Cherat Cement Company Ltd.	1,995,000	-	-	1,215,000	780,000	139,448	93,584	(45,864)	(41,500)	2,730	0.69%	0.44%	0.71%
D G Khan Cement Co.Ltd.	1,012,300	-	-	303,900	708,400	151,003	104,036	(46,967)	(17,396)	-	0.76%	0.16%	0.79%
Lucky Cement Ltd	555,200	-	-	50,000	505,200	422,479	285,529	(136,950)	(4,678)	6,062	2.10%	0.16%	2.17%
Pioneer Cement Limited	2,352,100	-	-	1,198,700	1,153,400	149,942	103,737	(46,205)	(32,581)	-	0.76%	0.51%	0.79%
	5,914,600	-	-	2,767,600	3,147,000	862,871	586,886	(275,986)	(96,155)	8,792	4.31%	-	4.47%
<b>TOBACCO</b>													
Pakistan Tobacco Company Ltd	30,400	-	-	6,200	24,200	41,019	36,276	(4,743)	(1,049)	-	0.27%	0.01%	0.28%
	30,400	-	-	6,200	24,200	41,019	36,276	(4,743)	(1,049)	-	0.27%	-	0.28%

Name of the Investee Company	Number of shares				Balance as at September 30, 2017					Percentage in Relation to			
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2017	Carrying value	Market value	Appreciation / (Diminution)	Capital Gain / (Loss)	Dividend Income	Net Assets of the fund	Investee Paidup Capital	Total Investments
<b>POWER GENERATION &amp; DISTRIBUTION</b>													
-----Rs in '000-----													
Hub Power Company Ltd	2,204,200	6,000	-	-	2,210,200	259,520	247,122	(12,398)	-	5,526	1.81%	0.19%	1.88%
K-Electric Limited	4,765,000	-	-	4,765,000	-	-	-	-	(1,794)	-	0.00%	0.00%	0.00%
Kot Addu Power Company Ltd	1,460,500	-	-	-	1,460,500	105,185	111,056	5,871	-	-	0.82%	0.17%	0.84%
	8,429,700	6,000	-	4,765,000	3,670,700	364,706	358,179	(6,527)	(1,794)	5,526	2.63%	0.36%	2.73%
<b>ENGINEERING</b>													
Aisha Steel Mills Ltd	1,470,997	-	-	-	1,470,997	29,920	27,728	(2,192)	-	-	0.20%	0.21%	0.21%
Aisha Steel Mills Ltd - Prof. Shares	257,327	-	-	-	257,327	6,094	5,018	(1,076)	-	-	0.04%	8.84%	0.04%
Aisha Steel Mills Ltd - Conv. Cum. Pref. Shares	1,628,663	-	-	-	1,628,663	70,114	70,114	-	-	-	0.51%	55.94%	0.53%
Amreli Steels Limited	1,532,500	-	-	-	1,532,500	188,421	156,269	(32,152)	-	-	1.15%	0.52%	1.19%
Crescent Steel & Allied Products Ltd	206,100	-	-	206,100	-	-	-	-	(6,755)	309	0.00%	0.00%	0.00%
International Industries Ltd	240,200	-	-	-	240,200	88,531	69,706	(18,824)	-	480	0.51%	0.20%	0.53%
International Steels Limited	1,185,000	135,000	-	50,000	1,270,000	161,763	153,835	(7,928)	382	1,270	1.13%	0.29%	1.17%
	6,520,787	135,000	-	256,100	6,399,687	544,842	482,670	(62,172)	(6,372)	2,060	3.54%	0.20%	2.50%
<b>AUTOMOBILE ASSEMBLER</b>													
Honda Atlas Cars (Pakistan) Ltd	133,050	-	-	-	133,050	115,446	71,779	(43,667)	-	556	0.53%	0.09%	0.55%
Indus Motor Company Limited	53,660	-	-	-	53,660	96,245	92,339	(3,905)	-	1,878	0.68%	0.07%	0.70%
Pak Suzuki Motor Company Limited	108,500	-	-	-	108,500	84,669	49,657	(35,012)	-	-	0.36%	0.13%	0.38%
	295,210	-	-	-	295,210	296,360	213,776	(82,584)	-	2,434	1.57%	0.28%	1.25%
<b>CABLE &amp; ELECTRICAL GOODS</b>													
Pak Elektron Ltd	1,317,500	-	-	-	1,317,500	145,347	100,064	(45,282)	-	1,976	0.73%	0.26%	0.76%
TPL Trakker Limited	2,311,000	-	-	918,000	1,393,000	13,763	12,621	(1,142)	(673)	-	0.09%	0.64%	0.10%
	3,628,500	-	-	918,000	2,710,500	159,109	112,685	(46,425)	(673)	1,976	0.83%	0.64%	0.86%
<b>PHARMACEUTICALS</b>													
Abbott Laboratories (Pak) Ltd	230,150	-	-	38,450	191,700	179,163	151,251	(27,912)	(3,462)	1,917	1.11%	0.20%	1.15%
GlaxoSmithKline Consumer Healthcare Pakistan Ltd	450	-	-	450	-	-	-	-	17	-	0.00%	0.00%	0.00%
GlaxoSmithKline Pakistan Limited	561,100	-	-	-	561,100	110,492	103,237	(7,255)	-	-	0.76%	0.18%	0.79%
The Searle Company Ltd	178,650	83,950	-	-	262,600	133,194	106,069	(27,125)	-	-	0.78%	0.17%	0.81%
Wyeth Pakistan Ltd	9,900	-	-	6,180	3,720	7,433	7,641	208	916	-	0.06%	0.26%	0.06%
	980,250	83,950	-	45,080	1,019,120	430,282	368,199	(62,083)	(2,529)	1,917	2.65%	0.26%	2.74%
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>													
Mari Petroleum Company Ltd	78,180	-	-	-	78,180	123,184	117,662	(5,522)	-	172	0.86%	0.07%	0.90%
Oil & Gas Development Co Ltd	1,837,200	160,000	-	50,000	1,947,200	275,431	289,432	14,001	(195)	-	2.12%	0.05%	2.20%
Pakistan Oilfields Ltd	338,700	-	-	-	338,700	155,175	180,202	25,027	-	-	1.32%	0.14%	1.37%
Pakistan Petroleum Ltd	850,000	388,300	-	-	1,238,300	193,380	216,319	22,939	-	-	1.59%	0.06%	1.65%
	3,104,080	548,300	-	50,000	3,602,380	747,169	803,614	56,445	(195)	172	5.90%	0.26%	6.42%
<b>OIL &amp; GAS MARKETING COMPANIES</b>													
Sui Northern Gas Pipeline Ltd	416,000	-	-	416,000	-	-	-	-	(3,188)	-	0.00%	0.00%	0.00%
	416,000	-	-	416,000	-	-	-	-	(3,188)	-	0.00%	0.00%	0.00%
<b>COMMERCIAL BANKS</b>													
Bank Al-Falah Ltd	6,154,000	-	-	1,200,000	4,954,000	199,151	210,149	10,998	2,010	-	1.54%	0.31%	1.60%
Habib Bank Ltd	1,447,800	-	-	661,400	786,400	211,652	142,150	(69,502)	(20,555)	3,125	1.04%	0.05%	1.08%
MCB Bank Ltd	1,406,300	-	-	100,000	1,306,300	274,885	273,017	(1,868)	(895)	5,225	2.00%	0.12%	2.08%
United Bank Limited	1,578,100	42,200	-	-	1,620,300	379,988	308,132	(71,855)	-	4,734	2.26%	0.13%	2.34%
	10,586,200	42,200	-	1,961,400	8,667,000	1,065,675	933,447	(132,227)	(19,440)	13,084	6.85%	0.51%	7.10%

Name of the Investee Company	Number of shares				Balance as at September 30, 2017					Percentage in Relation to			
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2017	Carrying value	Market value	Appreciation / (Diminution)	Capital Gain / (Loss)	Dividend Income	Net Assets of the fund	Investee Paidup Capital	Total Investments
-----Rs in '000'-----													
<b>FERTILIZER</b>													
Engro Corporation Ltd	977,600	-	-	-	977,600	318,610	296,301	(22,309)	-	6,843	2.18%	0.19%	2.25%
Engro Fertilizers Limited	1,526,500	248,000	-	-	1,774,500	98,880	111,634	12,754	-	4,436	0.82%	0.13%	0.85%
Fauji Fertilizer Bin Qasim Ltd	1,195,500	-	-	-	1,195,500	51,215	42,859	(8,357)	-	120	0.31%	0.13%	0.33%
Fauji Fertilizer Co Ltd	-	370,000	-	-	370,000	27,313	30,762	3,448	-	370	0.23%	0.03%	0.23%
	<b>3,699,600</b>	<b>618,000</b>	<b>-</b>	<b>-</b>	<b>4,317,600</b>	<b>496,018</b>	<b>481,555</b>	<b>(14,463)</b>	<b>-</b>	<b>11,769</b>	<b>3.54%</b>	<b>-</b>	<b>3.66%</b>
<b>CHEMICAL</b>													
Engri CI Pakistan Ltd	2,650,000	1,100,000	-	176,000	3,574,000	129,465	119,407	(10,057)	(311)	-	0.88%	0.54%	0.91%
ICI Pi Lotte Chemical Pakistan Ltd	101,000	-	-	17,600	83,400	91,285	76,196	(15,090)	(3,503)	834	0.56%	0.09%	0.58%
	<b>2,751,000</b>	<b>1,100,000</b>	<b>-</b>	<b>193,600</b>	<b>3,657,400</b>	<b>220,750</b>	<b>195,603</b>	<b>(25,147)</b>	<b>(3,814)</b>	<b>834</b>	<b>1.44%</b>	<b>-</b>	<b>1.49%</b>
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>													
Exide Pakistan Ltd	87,250	-	-	4,100	83,150	78,036	44,194	(33,842)	(1,384)	1,091	0.32%	1.07%	0.34%
General Tyre & Rubber Co of Pakistan Ltd	215,200	-	-	215,200	-	-	-	-	(23,238)	-	0.00%	0.00%	0.00%
Thal Limited	211,600	-	-	113,050	98,550	59,724	54,311	(5,413)	(2,090)	1,577	0.40%	0.12%	0.41%
	514,050	-	-	332,350	181,700	137,761	98,505	(39,255)	(26,712)	2,667	0.72%	-	0.75%
<b>Total as at September 30, 2017</b>	<b>49,947,765</b>	<b>2,765,950</b>	<b>-</b>	<b>13,711,330</b>	<b>39,002,385</b>	<b>5,530,230</b>	<b>4,820,772</b>	<b>(709,458)</b>	<b>(162,854)</b>	<b>51,232</b>	<b>28.81%</b>	<b>-</b>	<b>29.85%</b>
<b>Total as at June 30, 2017</b>	<b>87,313,998</b>	<b>28,009,331</b>	<b>-</b>	<b>65,275,564</b>	<b>49,947,765</b>	<b>5,671,020</b>	<b>6,487,787</b>	<b>816,767</b>	<b>578,978</b>	<b>260,086</b>	<b>44.50%</b>	<b>-</b>	<b>46.02%</b>

5.1.1 Investments include shares having market value aggregating to Rs. 381.806 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.

5.2 Listed equity securities - Available for Sale

Name of the Investee Company	Number of shares				Balance as at September 30, 2017					Percentage in Relation to			
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2017	Cost	Market Value	Appreciation / (Diminution)	Capital Gain / (Loss)	Dividend Income	Net Assets of the fund	Investee Paidup Capital	Total Investments
-----Rs in '000'-----													
<b>Oil and Gas Marketing Companies</b>													
Pakistan State Oil Company Limited	15,836,172	-	-	-	15,836,172	1,307,980	6,995,787	5,687,807	-	-	51.36%	4.86%	53.23%
Sui Northern Gas Pipeline Limited	9,911,246	-	-	-	9,911,246	112,395	1,326,719	1,214,324	-	-	9.74%	1.56%	10.09%
	<b>25,747,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,747,418</b>	<b>1,420,375</b>	<b>8,322,507</b>	<b>6,902,132</b>	<b>-</b>	<b>-</b>	<b>61.10%</b>	<b>-</b>	<b>63.32%</b>
<b>TOTAL SEPTEMBER 30, 2017</b>	<b>25,747,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,747,418</b>	<b>1,420,375</b>	<b>8,322,507</b>	<b>6,902,132</b>	<b>-</b>	<b>-</b>	<b>61.10%</b>	<b>-</b>	<b>63.32%</b>
<b>TOTAL JUNE 30, 2017</b>	<b>25,747,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,747,418</b>	<b>1,420,375</b>	<b>7,610,124</b>	<b>6,189,749</b>	<b>-</b>	<b>277,133</b>	<b>52.18%</b>	<b>-</b>	<b>53.98%</b>

The above mentioned shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited are blocked / frozen by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the NBFC Regulations, 2008 does not apply to the above frozen shares.

Note	September 30, 2017		June 30, 2017	
	(Rupees in '000)			
<b>6. PAYABLE TO MANAGEMENT COMPANY</b>				
Management fee	6.1	22,703	24,297	
Sindh Sales Tax	6.2	2,951	8,159	
Allocation of expenses relating to registrar services, accounting, operation and valuation services		1,135	1,215	
		<b>26,789</b>	<b>28,671</b>	



- 6.1 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) of the average net assets of the Fund for the current period.
- 6.2 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.
- 6.3 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.

		September 30, 2017	June 30, 2017
		(Rupees in '000)	
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>		
Provision for Sindh Workers' Welfare Fund	7.1	40,775	40,775
Provision for Federal Excise Duty and additional Sales tax on Management Fee	7.2	125,303	125,303
Brokerage		990	642
Auditors' remuneration		753	580
Withholding tax		2,431	39
Others		390	395
		<b>170,642</b>	<b>167,734</b>

#### 7.1 PROVISION FOR 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. 40.775 million (June 30, 2017 Rs. 40.775 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. 0.14 (June 30, 2017 Re. 0.14) per unit.

#### 7.2 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. 125.303 million (June 30, 2017: Rs. 125.303 million).

million). Had the provision not been made, the Net Asset Value per unit as at September 30, 2017 would have been higher by Re. 0.44 (June 30, 2017: Re. 0.44 ) per unit.

#### 8. CONTINGENCIES AND COMMITMENTS

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

#### 9. 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. 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.

#### 10. TOTAL EXPENSES 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 Nine Months Ended March 31, 2017 is 0.66% which includes 0.09% representing government levy, and SECP fee.

#### 11. 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. As mentioned in note 1, PICIC Asset Management Company Limited merged with and into HBL Asset Management Limited, therefore PICIC Asset Management Company Limited remained related party till August 31, 2016.

As mentioned in note 1, PICIC Asset Management Company Limited merged with and into HBL Asset Management Limited, therefore PICIC Asset Management Company Limited remained related party till August 31, 2016.

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:

11.1 Transactions during the period	Three Months Ended September 30,	
	2017	2016
	(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	70,259	63,662
Sales tax on remuneration of the management company	9,134	8,276
Allocation of expenses related to registrar services, accounting, operation and valuation services	3,513	3,189
<b>Habib Bank Limited - Sponsor</b>		
Dividend income	3,125	5,336
<b>International Steels Limited - Associated Company</b>		
Dividend income	1,270	-
<b>MCB Bank Limited- connected person holding more than 10% certificate</b>		
Profit on saving account	3,716	5,685
Bank charges	7	1
Dividend income	5,225	5,825
<b>Central Depository Company of Pakistan</b>		
Trustee Fee	2,373	2,187
CDS Charges	247	215

11.2 Balances at period end	September 30, 2017 (Un-Audited) (Rupees in '000)	June 30, 2017 (Audited)
<b>HBL Asset Management Company Limited - Management Company</b>		
Payable to management company	22,703	24,297
Sindh sales tax	2,951	3,159
Allocation of expenses relating to registrar services, accounting, operation and valuation services	1,135	1,215
<b>MCB Bank Limited- Connected person due to holding more than 10% certificate</b>		
Bank Balance - deposit and current account	310,823	141,571
Profit Receivable	1,349	597
Certificates held: 43,482,858 certificates (June 2017: 43,482,858 Certificates)	434,828	434,828
<b>Pakistan Reinsurance Company Limited - Connected person due to holding more than 10% certificate</b>		
Certificates held: 30,406,721 certificates (June 2017: 30,406,721 Certificates)	304,067	304,067
<b>Pension Reserves Investment Trust Fund - Connected person due to holding more than 10% certificate</b>		
Certificates held: 31,018,855 certificates (June 2017: 30,953,055 Certificates)	310,189	309,531
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	771	1,725
Security Deposit with trustee	175	175
Central Depository Service charges	56	122
<b>Jubilee General Insurance Company Limited - associate</b>		
Certificates held: 170,000 certificates (June 2017: 200,000 Certificates)	1,700	2,000
<b>Directors and Executives of the Management Company</b>		
Certificates held: 18,450 certificates (June 2017: 18,000 Certificates)	185	180
<b>Habib Bank Limited - Sponser</b>		
Ordinary shares held: 786,400 shares (June 2017: 1,447,800 shares)	143,150	389,661
<b>International Steels Limited - Associated Company</b>		
Ordinary shares held: 1,270,000 shares (June 2017: 1,185,000 shares)	153,835	151,550

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		September 30, 2017								
		Carrying amount				Fair Value				
		Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
<b>On-balance sheet financial instruments</b>										
<b>Financial assets measured at fair value</b>										
		Investment in listed equity securities	4,785,032	-	-	4,785,032	4,785,032	-	-	4,785,032
		- at fair value through profit and loss	-	8,322,507	-	8,322,507	8,322,507	-	-	8,322,507
		- available for sale	4,785,032	8,322,507	-	13,107,539	13,107,539	-	-	13,107,539
<b>Financial assets not measured at fair value</b>										
12.1		Bank balances	-	-	1,496,276	1,496,276	-	-	-	-
		Unlisted equity securities	35,740	-	-	35,740	-	-	-	-
		Dividend and profit receivable	-	-	58,592	58,592	-	-	-	-
		Receivable against sales of investment	-	-	21,101	21,101	-	-	-	-
		Deposits	-	-	2,686	2,686	-	-	-	-
			35,740	-	1,578,655	455,910	-	-	-	-
<b>Financial liabilities not measured at fair value</b>										
12.1		Payable to Management Company	-	-	26,789	26,789	-	-	-	-
		Payable to trustee	-	-	827	827	-	-	-	-
		Accrued expenses and other liabilities	-	-	2,133	2,133	-	-	-	-
		Payable against purchase of investment	-	-	3,550	3,550	-	-	-	-
		Unclaimed dividend	-	-	116,531	116,531	-	-	-	-
			-	-	149,831	149,831	-	-	-	-
		June 30, 2017								
		Carrying amount				Fair Value				
		Fair value through profit and loss - held-for-trading"	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
<b>On-balance sheet financial instruments</b>										
<b>Financial assets measured at fair value</b>										
		Investment in listed equity securities	5,396,111	-	-	5,396,111	5,396,111	-	-	5,396,111
		- at fair value through profit and loss	-	7,610,124	-	7,610,124	7,610,124	-	-	7,610,124
		- available for sale	5,396,111	7,610,124	-	13,006,235	13,006,235	-	-	13,006,235
<b>Financial assets not measured at fair value</b>										
12.1		Bank balances	-	-	649,726	649,726	-	-	-	-
		Dividend and profit receivable	-	-	171,792	171,792	-	-	-	-
		Deposits	-	-	2,682	2,682	-	-	-	-
			-	-	824,200	824,200	-	-	-	-
<b>Financial liabilities not measured at fair value</b>										
12.1		Payable to Management Company	-	-	28,671	28,671	-	-	-	-
		Payable to trustee	-	-	1,847	1,847	-	-	-	-
		Accrued expenses and other liabilities	-	-	1,766	1,766	-	-	-	-
		Payable against purchase of investment	-	-	8,219	8,219	-	-	-	-
			-	-	40,503	40,503	-	-	-	-

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

### 13. 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**.

### 14. GENERAL

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

14.2 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

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
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







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# HBL

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