

HBL

ASSET MANAGEMENT

ايسيت مينجمنت

HBL MoneyMarketFund

Annual Report 2016

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HBL MONEY MARKET FUND

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VISION / MISSION / VALUES

OUR VISION

Enabling people to advance with confidence and success.

OUR MISSION

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

OUR VALUES

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

- **Excellence**

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

- **Integrity**

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

- **Customer Focus**

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

- **Meritocracy**

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

- **Progressiveness**

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

FUND AND CORPORATE INFORMATION

Management Company

HBL Asset Management Limited.

Board of Directors (As of August 26, 2016)

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

Audit Committee (As of August 26, 2016)

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

Human Resource Committee

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

Risk Management Committee

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

Company Secretary &
Chief Financial Officer

Mr. Noman Qurban

External Auditors

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

Internal Auditors

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

Trustee

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

Bankers

Habib Bank Limited
Bank Al-Habib Limited
Habib Metropolitan Bank Limited
Bank Al Falah Limited
Faysal Bank Limited
Allied Bank Limited
Meezan Bank Limited
Askari Bank Limited

Legal Advisors

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

Website

www.hblasset.com

Head Office

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

Registered Office

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

DIRECTORS REPORTS

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Money Market Fund for the year ended June 30, 2016.

MARKET REVIEW

During the year State Bank Pakistan reduced the Discount Rate twice, from 7.00% to 6.50% in September 2015 and then 6.25% in May 2016 on the back of lower inflationary pressure and strong external accounts position. Due to the decrease in Discount Rate, the T-bills secondary market yields decreased by a total of 105, 107 and 107 bps for 3,6 and 12 months respectively. Further out on the yield curve, the secondary market yields of 3, 5 and 10 year PIBs fell by 187, 233, and 238 bps respectively. Thus, money market saw a flattening of the yield curve during the year.

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

FUND'S PERFORMANCE

The total income and net income of the Fund was Rs. 191.49 million and Rs. 118.33 million respectively during the year ended June 30, 2016. The Net Asset Value (NAV) of the Fund increased from Rs 101.1823 per unit at June 30, 2015 to Rs 101.5468 per unit as on June 30, 2016 (after incorporating interim dividends at Rs 4.80 per unit); thereby giving an annualized return of 5.13% . During the same year the benchmark return (50% 3 - Month PKRV + 50% 3 - Month Deposit Rate) was 5.46%. The size of the Fund decreased from Rs 5.08 billion as at June 30, 2015 to Rs 3.52 billion as on June 30, 2016.

INCOME DISTRIBUTION

During the year under review the Fund has distributed a Cash dividend of Rs. 4.80 per unit on June 28, 2016.

RATING UPDATE

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

AUDITORS

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

PATTERN OF UNIT-HOLDERS

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

DIRECTORS' STATEMENT IN COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

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

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

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

a) **Audit Committee**

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

b) **Risk Management Committee**

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

c) **Human Resource Committee**

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


BOARD OF DIRECTORS

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

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

Acknowledgement

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

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

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

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

مجموعہ کمپنی کے ڈائریکٹرز کی رپورٹ :

ایچ بی ایل ایسیٹ مجموعہ لمیٹڈ کا بورڈ 30 جون 2016 کو ختم ہونے والے سال کے لئے ایچ بی ایل مہی مارکیٹ فنڈ کی رپورٹ مع اُسکے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

مارکیٹ کا جائزہ :

سال کے دوران اسٹیٹ بینک پاکستان نے افراط زر کے کم ہوتے ہوئے دباؤ اور مستحکم بیرونی کھاتوں کی صورتحال کو مد نظر رکھتے ہوئے شرح سود دو بار کم کی ہیں، ستمبر 2015ء میں 7% سے 6.5% اور مئی 2016ء میں 6.25% کر دیں۔ شرح سود میں کمی کی وجہ سے ٹی بلز سکیٹیڈری مارکیٹ نے 3، 6 اور 12 ماہہ علی الترتیب کے لئے کل 105، 107 اور 107 بی پی ایس کی کمی حاصل کی۔ خط یافت / آمدن پر مزید ماہر 5، 3 اور 10 سال کی سکیٹیڈری مارکیٹ کی یافت / آمدنی پی آئی بیز (PIBs) علی الترتیب 187، 233 اور 238 بی پی ایس کر گئی۔ لہذا سال کے دوران بازار نے ایک یکساں و ہوا رخط یافت ملاحظہ کیا ہے۔

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

فنڈ کی کارکردگی :

فنڈ کی مجموعی آمدنی اور خالص آمدنی 30 جون 2016ء کو ختم ہونے والے سال کے دوران 191.49 ملین روپے اور 118.33 ملین روپے علی الترتیب تھیں۔ 30 جون 2015ء کے مطابق فنڈ کے اثاثہ جات خالص مالیت (NAV) 101.1823 روپے فی یونٹ سے بڑھ کر 30 جون 2016 پر 101.5468 روپے فی یونٹ (4.80 روپے فی یونٹ عبوری منافع جات کی شمولیت کے بعد) ہو گئی؛ اس طرح کل 5.13% سالانہ منافع فراہم کیا گیا۔ اسی سال کے دوران بیچ مارک منافع 5.46% (50% سماہی پاکستانی روپے کی قیمت + 50% سماہی ڈیپازٹ کی شرح) رہا۔ 30 جون 2015ء کے مطابق فنڈ کا حجم 5.08 ارب روپے سے کم ہو کر 30 جون 2016ء تک 3.52 ارب روپے ہو گیا۔

تقسیم آمدنی :

زیر جائزہ سال کے دوران فنڈ 28 جون 2016 پر 4.80 روپے فی یونٹ کا نقد منافع تقسیم کر چکا ہے۔

تازہ ترین درجہ بندی :

سی آئی آر۔ وی آئی ایس کرڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے مجموعہ کمپنی کو اے ایم 2 (AM2) کی ایسیٹ منیجر ریٹنگ سے اگے آگیا ہے۔ اور فنڈ کے لئے اے اے (ایف) AA(F) کی فنڈ اسٹیبلٹی ریٹنگ نامزد کی ہے۔

آڈیٹرز :

موجودہ آڈیٹرز میسرز کے پی ایم جی تاخیر مادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس فارغ ہو رہے ہیں۔ آڈٹ کمیٹی کی خطہ رشات پر بورڈ آف ڈائریکٹرز نے آئندہ مدت کے لئے فنڈ کے آڈیٹرز کے طور پر میسرز ڈیلوئیٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس کو مقرر کیا ہے۔

یونٹ ہولڈرز کے اسلوب :

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

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

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

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

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

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

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

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

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

(ج) ہیومن ریورس کمیٹی (انسانی وسائل کمیٹی)

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

بورڈ آف ڈائریکٹرز:

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

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

اعتراف:

بورڈ اس موقع کو غنیمت جانتے ہوئے قابل قدر پونٹ ہولڈرز سے انکے اعتماد اور سرپرستی کے لئے اظہار تشکر کرتا ہے۔ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سنٹرل ڈپارٹمنٹ کمپنی آف پاکستان بطور ٹرسٹی لاہور سٹاک ایکسچینج اور اسٹیٹ بینک آف پاکستان کی جوانب سے فراہم کردہ معاونت اور رہنمائی کا بھی دل کی گہرائی سے اعتراف کرتا ہے۔

بورڈ عملے (اسٹاف) کی جانب سے جانفشانی اور لگن کا قدر داں ہے۔

برائے دستخط

ایچ بی ایل اے سیٹ منجمنٹ لمیٹڈ

ریحان ابن شیخ

منتظم اعلیٰ

مورخہ 26 اگست 2016ء

بمقام کراچی۔

FUND MANAGER REPORT

Type and Category of Fund

Open end Money Market Fund

Investment Objective and Accomplishment of Objective

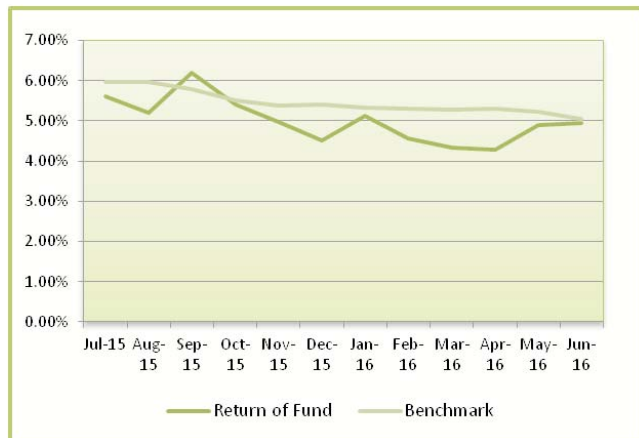
The investment objective of the Fund is to seek high liquidity and competitive return for investors by investing in low risk securities of shorter duration and maturity. The investment objective is achieved.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is 50% 3 - Month PKRV + 50% 3 - Month Deposit Rate.

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

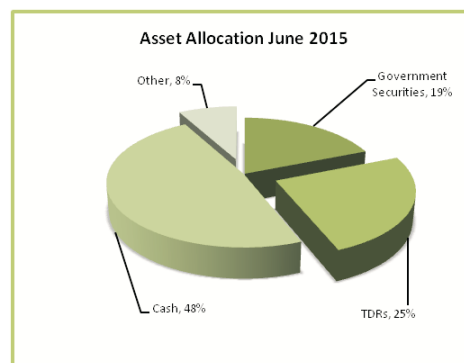
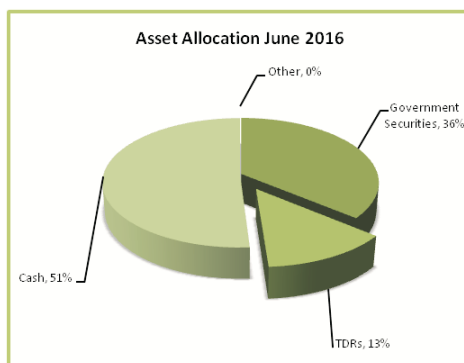
Month	Return of Fund	Benchmark
Jul-15	5.62%	5.97%
Aug-15	5.21%	5.98%
Sep-15	6.20%	5.80%
Oct-15	5.42%	5.52%
Nov-15	4.97%	5.37%
Dec-15	4.52%	5.42%
Jan-16	5.12%	5.33%
Feb-16	4.57%	5.30%
Mar-16	4.34%	5.28%
Apr-16	4.28%	5.30%
May-16	4.91%	5.23%
Jun-16	4.94%	5.05%



Strategies and Policies employed during the Year

In line with the investment policy of the Fund, the Fund continued to hold major investments in the form of Government Securities of various tenors. However, in the year under review, better opportunities offered in TDRs are utilized to optimize Funds return.

Asset Allocation



Significant Changes in Asset Allocation during the Year

The investment in Government Securities was increased from 19% of total assets to 36% of total assets, while TDR investment at the close of financial year reduced from 25% to 13% of total assets.

Fund Performance

The total income and net income of the Fund was Rs. 191.49 million and Rs. 118.33 million respectively during the year ended June 30, 2016. The Net Asset Value (NAV) of the Fund increased from Rs 101.1823 per unit at June 30, 2015 to Rs 101.5468 per unit as on June 30, 2016 (after incorporating interim dividends at Rs 4.80 per unit); thereby giving an annualized return of 5.13%. During the same year the benchmark return (50% 3 - Month PKRV + 50% 3 - Month Deposit Rate) was 5.46%. The size of the Fund decreased from Rs 5.08 billion as at June 30, 2015 to Rs 3.52 billion as on June 30, 2016.

Review of Market invested in

During the year State Bank Pakistan reduced the Discount Rate twice, from 7.00% to 6.50% in September 2015 and then 6.25% in May 2016 on the back of lower inflationary pressure and strong external accounts position. Due to the decrease in Discount Rate, the T-bills secondary market yields decreased by a total of 105, 107 and 107 bps for 3,6 and 12 months respectively. Further out on the yield curve, the secondary market yields of 3, 5 and 10 year PIBs fell by 187, 233, and 238 bps respectively. Thus, money market saw a flattening of the yield curve during the year.

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

Distribution

The Fund has distributed cash dividend at Rs. 4.80 per unit for the year ended June 30, 2016.

Significant Changes in the State of Affairs

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

Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	206	9,106
101 – 500	72	18,181
501 – 1,000	36	26,768
1,001 – 10,000	222	1,022,218
10,001 – 100,000	168	5,250,863
100,001 – 500,000	17	3,206,531
500,001 – 1,000,000	3	1,868,587
1,000,001 – 5,000,000	4	7,822,720
5,000001 and more	3	15,465,570
Total	731	34,690,544

Unit Splits

There were no unit splits during the year.

Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

Soft Commission

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

HBL MONEY MARKET FUND PERFORMANCE TABLE

	For the period ended June 30,2016	For the period ended June 30,2015	For the period ended June 30,2014	For the period ended June 30,2013	For the period ended June 30,2012
NET ASSETS AND PRICES					
Net assets at the period end(Rs'000)	3,522,715	5,081,207	9,777,546	10,381,264	9,437,404
Net asset value per unit at the period end/period end(Rs)	101.5468	101.1823	100.4122	101.2604	102.8926
Selling price/repurchasing price	101.5468	101.1823	100.4122	101.2604	102.8926
Earning per unit(Rs) (note 3.10)					
Highest selling price per unit(Rs)	106.2966	108.2936	101.0903	102.8147	103.8223
Lowest selling price per unit(Rs)	101.1538	100.5311	100.2636	100.3569	100.2768
Highest repurchase price per unit(Rs)	106.2966	108.2936	101.0903	102.8147	103.8223
Lowest repurchasing price per unit(Rs)	101.1538	100.5311	100.2636	100.3569	100.2768
RETURN (%)					
Total return	5.13%	8.79%	8.08%	9.28%	11.54%
Income distribution	5.15%	7.97%	7.58%	8.89%	11.05%
Capital growth	-0.02%	0.82%	0.50%	0.39%	0.49%
DISTRIBUTION					
First Interin dividend distribution	-	-	0.54	2.40	2.75
Second Interin dividend distribution	-	-	0.54	0.76	-
Third Interin dividend distribution	-	-	0.54	0.72	-
Fourth Interin dividend distribution	-	-	0.57	0.78	2.75
Fifth Interin dividend distribution	-	-	0.61	0.68	-
Sixth Interin dividend distribution	-	-	0.73	0.59	-
Seventh Interin dividend distribution	-	-	0.73	0.64	2.75
Eighth Interin dividend distribution	-	-	0.65	0.61	-
Ninth Interin dividend distribution	-	-	0.77	0.62	-
Tenth Interin dividend distribution	-	-	0.67	-	-
Eleven Interin dividend distribution	-	-	0.64	-	-
Twelve Interin dividend distribution	-	-	0.60	-	-
Final dividend distribution	4.80	8.00	-	1.10	2.80
Total dividend distribution for the year/ period	4.80	8.00	7.59	8.90	11.05
AVERAGE RETURNS (%)					
Average annual return 1 year	5.13%	8.79%	8.08%	9.28%	11.54%
Average annual return 2 year	6.96%	8.44%	8.68%	10.41%	11.70%
Average annual return 3 year	7.33%	8.72%	9.63%	10.89%	11.70%
Average annual return 4 year	7.82%	9.42%	10.19%	10.35%	11.07%
Average return since inception	11.39%	12.04%	11.82%	12.10%	11.70%
Weighted average portfolio during (No. of days)		16	66	62	37

Disclaimer:

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL MONEY MARKET FUND

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

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

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


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



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

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

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

HBL - Money Market Fund is an open ended mutual fund and was listed on Lahore Stock Exchange (now Pakistan Stock Exchange) on July 15, 2010. The units of the Fund have been offered for public subscription on a continuous basis from July 12, 2010.

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

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

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

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

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

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

Rehan N. Shaikh
Chief Executive Officer

Date: 26 AUGUST, 2016
Place: Karachi



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Chartered Accountants
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Karachi, 75530 Pakistan

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

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

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

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

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

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

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

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

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



KPMG Taseer Hadi & Co.

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

Date: 26 August 2016

Karachi

KPMG Taseer Hadi
KPMG Taseer Hadi & Co.
Chartered Accountants



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Independent Auditors' Report to the Unit Holders

Report on the Financial Statements

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

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

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




KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements

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

Date: 26 August 2016

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

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

	Note	2016 (Rupees in '000)	2015
Assets			
Bank balances	4	2,371,639	3,816,462
Investments	5	1,494,422	990,589
Accrued mark-up	6	1,588	13,052
Preliminary expenses and floatation costs	7	-	8
Advances, deposits and other receivables	8	-	407,416
Total assets		<u>3,867,649</u>	<u>5,227,527</u>
Liabilities			
Payable to HBL Asset Management Limited - Management Company	9	4,445	5,776
Payable to Central Depository Company of Pakistan Limited - Trustee	10	371	378
Payable to Securities and Exchange Commission of Pakistan	11	3,444	7,014
Dividend payable		1,818	4,215
Accrued expenses and other liabilities	12	334,856	128,937
Total liabilities		<u>344,934</u>	<u>146,320</u>
Net assets		<u>3,522,715</u>	<u>5,081,207</u>
Unit holders' fund (as per statement attached)		<u>3,522,715</u>	<u>5,081,207</u>
		(Number of units)	
Number of units in issue		<u>34,690,544</u>	<u>50,218,338</u>
		(Rupees)	
Net assets value per unit		<u>101.5468</u>	<u>101.1823</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MONEY MARKET FUND

Income Statement

As at June 30, 2016

	Note	2016 (Rupees in '000)	2015
Income			
Mark-up / return on investments	13	218,651	723,958
Mark-up on deposits with banks	14	88,017	142,034
(Loss) / Gain on sale of investments - net		(2,843)	12,037
		<u>303,825</u>	<u>878,029</u>
Expenses			
Remuneration of HBL Asset Management Limited - Management Company		60,797	124,761
Remuneration of Central Depository Company of Pakistan Limited - Trustee		4,834	7,737
Annual fee of Securities and Exchange Commission of Pakistan		3,444	7,014
Allocation of expenses related to registrar services, accounting, operation and valuation services	15	2,533	-
Securities transaction costs		3	-
Settlement and bank charges		270	229
Auditors' remuneration	16	555	560
Amortisation of preliminary expenses and floatation costs	7	8	215
Other expenses		716	284
		<u>73,160</u>	<u>140,800</u>
		<u>230,665</u>	<u>737,229</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(112,336)	(651,975)
Provision for Workers' Welfare Fund	12.2	-	(1,719)
Net income for the year before taxation		<u>118,329</u>	<u>83,535</u>
Taxation	17	-	-
Net income for the year after taxation		<u>118,329</u>	<u>83,535</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	2016 (Rupees in '000)	2015
Net income for the year	118,329	83,535
Other comprehensive income for the year		
<i>Items to be reclassified to income statement in subsequent periods:</i>		
Net unrealised gain on re-measurement of investments classified as available for sale	148	881
Total comprehensive income for the year	<u>118,477</u>	<u>84,416</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	2016 (Rupees in '000)	2015
Undistributed income brought forward - realised	27,368	23,236
Net income for the year	118,329	83,535
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	(8,462)	(11,483)
Interim distribution for the year ended June 30, 2016: Rs. 4.80 per unit (Date of distribution: June 27, 2016) [(Year ended June 30, 2015: Rs. 8.00 per unit) (Date of distribution: June 23, 2015)]	(112,310)	(67,920)
Undistributed income carried forward - realised	<u>24,925</u>	<u>27,368</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Director

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

	2016 (Rupees in '000)	2015
Net assets at beginning of the year [Rs. 101.1823 per unit (2015: Rs. 100.4122 per unit)]	5,081,207	9,777,546
Issue of 75,185,214 units (2015 : 135,718,576 units)	7,790,304	13,986,682
Redemption of 90,713,008 units (2015 : 182,874,280 units)	(9,467,299) (1,676,995)	(19,351,492) (5,364,810)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement	112,336	651,975
Net income for the year	118,329	83,535
Net unrealised gain on re-measurement of investments classified as available for sale	148	881
Total comprehensive income for the year	118,477	84,416
Interim distribution for the year ended June 30, 2016: Rs. 4.80 per unit (Date of distribution: June 27, 2016) [(Year ended June 30, 2015: Rs. 8.00 per unit) (Date of distribution: June 23, 2015)]	(112,310)	(67,920)
Net assets at end of the year [Rs. 101.5468 per unit (2015: Rs. 101.1823 per unit)]	3,522,715	5,081,207

The annexed notes 1 to 27 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MONEY MARKET FUND

Cash Flow Statement

As at June 30, 2016

	Note	2016 (Rupees in '000)	2015
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the year		118,329	83,535
Adjustments			
Amortisation of preliminary expenses and floatation costs	7	8	215
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		112,336	651,975
		<u>230,673</u>	<u>735,725</u>
(Increase) / decrease in assets			
Investments - net		(503,685)	6,197,738
Accrued mark-up		11,464	1,906
Advances, deposits and other receivables		407,416	(407,416)
		<u>(84,805)</u>	<u>5,792,228</u>
Increase / (decrease) in liabilities			
Payable to HBL Asset Management Limited - Management Company		(1,331)	(5,726)
Payable to Central Depository Company of Pakistan Limited - Trustee		(7)	(388)
Payable to Securities and Exchange Commission of Pakistan		(3,570)	(2,881)
Accrued expenses and other liabilities		205,919	46,200
		<u>201,011</u>	<u>37,205</u>
Net cash generated from operating activities		<u>346,879</u>	<u>6,565,158</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received on issue of units		7,790,304	13,986,682
Payment against redemption of units		(9,467,299)	(19,351,492)
Cash dividend paid		(114,707)	(64,012)
Net cash used in financing activities		<u>(1,791,702)</u>	<u>(5,428,822)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(1,444,823)</u>	<u>1,136,336</u>
Cash and cash equivalents at beginning of the year		3,816,462	2,680,126
Cash and cash equivalents at end of the year	4	<u><u>2,371,639</u></u>	<u><u>3,816,462</u></u>

The annexed notes 1 to 27 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MONEY MARKET FUND

Notes to the Financial Statements

As at June 30, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Money Market Fund (the Fund) was established under a Trust Deed, dated March 18, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund has been authorised by the Securities and Exchange Commission of Pakistan (the SECP) as a unit trust scheme on April 9, 2010.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24-C, Khayban e Hafiz, Phase VI, D.H.A, Karachi, Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at par from July 12, 2010 to July 14, 2010.

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

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

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

2. BASIS OF PREPARATION

2.1 Statements of compliance

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

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

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

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Fund's financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after January 01, 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Fund's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after January 01, 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Fund's financial statements.
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after January 01, 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Fund's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after January 01, 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs

to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Fund's financial statements.

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

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

2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise their judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments and provision for taxation (note 3.2 and note 17) .

2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value.

2.5 Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

applied except for following:

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

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

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

Securities and Exchange Commission of Pakistan (SECP) has issued Circular 14 of 2016 requiring certain additional disclosures in respect to Islamic Share Index Screening. These additional disclosures have been made in these financial statements.

3.1 Cash and cash equivalents

Cash and cash equivalents include bank balances, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification

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

The Fund classifies its financial assets in the following categories:

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available for sale

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

3.2.2 Regular way contracts

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

3.2.3 Initial recognition and measurement

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

3.2.4 Subsequent measurement

Subsequent to initial recognition, the government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

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

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

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

3.2.5 Impairment of financial assets

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

3.2.6 Derecognition

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

3.2.7 Offsetting of financial instruments

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

3.3 Financial liabilities

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

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

3.4 Preliminary expenses and floatation costs

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

3.5 Provisions

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

3.6 Taxation

The income of the Fund is exempt from income tax 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 percent of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account.

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

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

3.7 Issue and redemption of units

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

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

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

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

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

3.9 Net Assets Value per unit

The Net Assets Value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.10 Earnings per unit (EPU)

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

3.11 Revenue recognition

- Mark-up on deposits with banks, mark-up income from government securities and mark-up income from reverse repurchase transactions is recognised using the effective interest method.
- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on marking to market of investments classified as ' Financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

3.12 Proposed distributions

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

4. BANK BALANCES	<i>Note</i>	2016	2015
		(Rupees in '000)	
Balances with bank in:			
- PLS saving deposit accounts under mark-up arrangements	4.1	1,970,179	2,516,012
- Current accounts		1,460	450
- Term Deposit Receipts (TDRs)	4.2	400,000	1,300,000
		<u>2,371,639</u>	<u>3,816,462</u>

4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 4.00% - 7.00% per annum (2015: 5.20% - 10.25% per annum).

4.2 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.

5. INVESTMENTS	<i>Note</i>	2016	2015
		(Rupees in '000)	
Available for sale			
- Government Securities	5.1	1,394,422	990,589
Loans and receivables			
- Certificate of investment	5.2	100,000	-
		<u>1,494,422</u>	<u>990,589</u>

5.1 Investment in Government Securities - Available for sale

Issue Date	Tenor	Face value			As at June 30, 2016	Market Value as at June 30, 2016	Market value as a percentage of	
		As at July 1, 2015	Purchases during the year	Sales / Matured during the year			Total Investments	Net Assets
----- (Rupees in '000) -----								
Treasury bills								
October 30, 2014	12 months	-	500,000	500,000	-	-	-	-
November 13, 2014	12 months	-	750,000	750,000	-	-	-	-
January 8, 2015	12 months	-	580,000	580,000	-	-	-	-
January 22, 2015	12 months	-	350,000	350,000	-	-	-	-
February 6, 2015	12 months	-	750,000	750,000	-	-	-	-
February 19, 2015	12 months	-	200,000	200,000	-	-	-	-
March 5, 2015	6 months	-	1,147,500	1,147,500	-	-	-	-
March 5, 2015	12 months	-	1,300,000	1,300,000	-	-	-	-
March 19, 2015	6 months	-	1,100,000	1,100,000	-	-	-	-
April 16, 2015	6 months	-	140,000	140,000	-	-	-	-
April 30, 2015	12 months	-	500,000	500,000	-	-	-	-
May 14, 2015	6 months	-	500,000	500,000	-	-	-	-
May 28, 2015	12 months	-	200,000	200,000	-	-	-	-
June 11, 2015	12 months	-	400,000	400,000	-	-	-	-
June 25, 2015	3 months	-	200,000	200,000	-	-	-	-
June 29, 2015	2 months	1,000,000	-	1,000,000	-	-	-	-
July 9, 2015	3 months	-	1,425,000	1,425,000	-	-	-	-
July 23, 2015	3 months	-	400,000	400,000	-	-	-	-
August 6, 2015	3 months	-	750,000	750,000	-	-	-	-
August 6, 2015	6 months	-	450,000	450,000	-	-	-	-
August 20, 2015	3 months	-	100,000	100,000	-	-	-	-
August 20, 2015	6 months	-	100,000	100,000	-	-	-	-
August 20, 2015	12 months	-	250,000	-	250,000	248,090	16.60%	7.04%
September 3, 2015	3 months	-	250,000	250,000	-	-	-	-
September 3, 2015	6 months	-	1,000,000	1,000,000	-	-	-	-
September 3, 2015	3 months	-	200,000	200,000	-	-	-	-
September 17, 2015	6 months	-	600,000	600,000	-	-	-	-
October 1, 2015	6 months	-	100,000	100,000	-	-	-	-
October 15, 2015	6 months	-	650,000	650,000	-	-	-	-
October 29, 2015	3 months	-	250,000	250,000	-	-	-	-
October 29, 2015	6 months	-	250,000	250,000	-	-	-	-
November 12, 2015	6 months	-	1,000,000	1,000,000	-	-	-	-
November 12, 2015	3 months	-	250,000	250,000	-	-	-	-
November 26, 2015	3 months	-	1,000,000	1,000,000	-	-	-	-
December 10, 2015	6 months	-	200,000	200,000	-	-	-	-
December 28, 2015	6 months	-	500,000	500,000	-	-	-	-
January 7, 2016	3 months	-	260,000	260,000	-	-	-	-
January 21, 2016	3 months	-	250,000	250,000	-	-	-	-
January 21, 2016	6 months	-	2,250,000	1,100,000	1,150,000	1,146,332	76.71%	32.54%
February 18, 2016	3 months	-	400,000	400,000	-	-	-	-
March 17, 2016	6 months	-	100,000	100,000	-	-	-	-
March 17, 2016	3 months	-	130,000	130,000	-	-	-	-
March 31, 2016	3 months	-	250,000	250,000	-	-	-	-
May 12, 2016	3 months	-	500,000	500,000	-	-	-	-
May 26, 2016	3 months	-	250,000	250,000	-	-	-	-
		1,000,000	22,732,500	22,332,500	1,400,000	1,394,422	93.31%	39.58%
Pakistan Investment Bonds								
July 18, 2013	3 years	-	4,600,000	4,600,000	-	-	-	-
		-	4,600,000	4,600,000	-	-	-	-
Grand total		1,000,000	27,332,500	26,932,500	1,400,000	1,394,422	93.31%	39.58%
Cost of investments at June 30, 2016						1,394,254		

5.2 Loans and receivables - Certificate of investment

Name of Company	As at July 01, 2015	Placements made during the year	Matured during the year	As at June 30, 2016	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----						
PAIR Investment Company Limited	-	300,000	300,000	-	-	-
Pak Oman Investment Company Limited	-	100,000	100,000	-	-	-
Pak Brunai Investment Company Limited	-	200,000	100,000	100,000	6.69%	2.84%
	-	600,000	500,000	100,000	6.69%	2.84%

5.2.1 The certificate of investment carries mark-up at the rate of 6.45% per annum and matures on September 23, 2016.

5.3 Unrealised gain on re-measurement of investments classified as available for sale

Note 2016 2015
(Rupees in '000)

Market value of investments	5.1	1,494,422	990,589
Less: Cost of investments		(1,494,254)	(990,569)
		<u>168</u>	<u>20</u>

6. ACCRUED MARK-UP

Mark-up accrued on deposits with banks	253	2,354
Mark-up accrued on term deposit receipts	1,335	10,698
	<u>1,588</u>	<u>13,052</u>

7. PRELIMINARY EXPENSES AND FLOATATION COSTS

Opening balance	8	223
Less: amortised during the year	(8)	(215)
Closing balance	<u>-</u>	<u>8</u>

7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Note 2016 2015
(Rupees in '000)

Receivable from HBL Funds against conversion of units	-	189,416
Receivable from HBL Income Fund	-	218,000
	<u>-</u>	<u>407,416</u>

9. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

2016 2015
(Rupees in '000)

Management fee	9.1	3,521	4,920
Sindh Sales Tax	9.2	572	856
Allocation of expenses related to registrar services, accounting, operation and valuation services	15	352	-
		<u>4,445</u>	<u>5,776</u>

9.1 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).

9.2 The Sindh Government has levied Sindh Sales Tax at the rate of 14% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011 effective from July 1, 2015.

10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	<i>Note</i>	2016	2015
		(Rupees in '000)	
Trustee's remuneration	<i>10.1</i>	326	378
Sindh Sales Tax	<i>10.2</i>	45	-
		<u>371</u>	<u>378</u>

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified there in, based on the daily Net Asset Value (NAV) of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2016 is as follows:

Amount of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs. 1,000 million	0.15% p.a. of NAV
On an amount exceeding Rs. 1,000 million Upto Rs. 10,000 million	Rs. 1.5 million plus 0.075% p.a. of NAV, exceeding Rs. 1,000 million Upto Rs. 10,000 million
Over Rs. 10,000 million	Rs. 8.25 million plus 0.06% of NAV, exceeding Rs. 10,000 million.

10.2 The Sindh Government had levied Sindh Sales Tax at the rate of 14% on the remuneration of the Central Depository Company of Pakistan through Sindh Sales Tax on Services Act, 2011 effective from July 1, 2015.

11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	<i>Note</i>	2016	2015
		(Rupees in '000)	
Annual fee	<i>11.1</i>	<u>3,444</u>	<u>7,014</u>

11.1 Under the provisions of the Non Banking Finance Companies & Notified Entities Regulations, 2008, a collective investment scheme categorised as money market scheme is required to pay as annual fee to the SECP, an amount equal to 0.075% (2015: 0.075%) of the average annual net assets of the scheme. HBL Money Market Fund has been categorised as money market scheme by the Management Company.

12. ACCRUED EXPENSES AND OTHER LIABILITIES	<i>Note</i>	2016	2015
		(Rupees in '000)	
Auditors' remuneration		291	273
Brokerage payable		107	318
Withholding tax payable		19,857	4,062
Federal Excise Duty	<i>12.1</i>	41,211	33,873
Capital gain tax payable		13,051	24,528
Payable to unit holders against redemption		3,374	385
Payable to HBL Income Fund against conversion of units		191,502	-
Payable to HBL Islamic Stock Fund against conversion of units		400	-
Provision for Workers' Welfare Fund	<i>12.2</i>	64,738	64,738
Other payable		325	760
		<u>334,856</u>	<u>128,937</u>

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

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

Sindh revenue Board and Federal Board of Revenue have filed appeals before Honourable Supreme Court against the Sindh High Court's decision of June 02, 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 42.364 million out of which 1.153 million have been paid to Management Company. Had the provision not been made, the Net Assets Value (NAV) per unit of the Fund as at June 30, 2016 would have been higher by Rs. 1.188 per unit (2015: Rs. 0.6975 per unit). However, after the exclusion of the mutual funds from federal statute on FED from July 01, 2016, the Fund has discontinued making the provision in this regard.

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

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

Pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has maintained the provision for WWF amounting to Rs. 64.738 million.

However, after the exclusion of Mutual Funds from federal statute on Workers Welfare Fund, from 1st July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been made, the Net Asset Value (NAV) per unit of the fund as at June 30, 2016 would have been higher by Rs. 1.8662 per unit (June 30, 2015: Rs. 1.2891 per unit).

13. MARK-UP / RETURN ON INVESTMENTS

	2016	2015
	(Rupees in '000)	
Government Securities	214,172	684,081
Placements	4,479	39,877
	<u>218,651</u>	<u>723,958</u>

14. MARK-UP ON DEPOSITS WITH BANKS

Mark-up on savings accounts	44,478	54,264
Mark-up on term deposit receipts	43,539	87,770
	<u>88,017</u>	<u>142,034</u>

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

Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated November 25, 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(3)(s) has been introduced allowing the management company 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" from the mutual funds managed by it.

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

16. AUDITORS' REMUNERATION

Statutory audit fee	455	400
Half yearly review fee	55	65
Reporting on compliance with the Code of Corporate Governance	5	5
Out of pocket expenses	40	90
	<u>555</u>	<u>560</u>

17. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders.

The Fund has not recorded any tax liability in respect of income relating to the current year as the Management Company has distributed at least 90 percent of the Fund's accounting income for the year ended June 30, 2016 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

18. 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 these financial statements are as follows:

	2016	2015
	(Rupees in '000)	
18.1 Transactions during the year		
HBL Asset Management Limited - Management Company		
Management fee	60,797	124,761
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,533	-
Issue of 181,972 units (2015: 8,985,137 units)	18,470	919,160
Redemption of 208,605 units (2015: 6,225,447 units)	22,000	662,966
Profit earned on units redeemed	934	32,966
Habib Bank Limited - Sponsor		
Issue of 75,747 Units (2015: 118,322 Units)	7,688	11,867
Bank charges paid	200	134
Mark-up earned during the period	11,044	75,914
Mark-up received during the period	10,792	87,443
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	4,834	7,737
Directors and Executives of the Management Company and their relatives		
Relatives of Directors		
Issue of 8 units (2015: 2,722 units)	1	273
Redemption of 40,458 units (2015: Nil units)	4,123	-
Profit earned on units redeemed	746	-
Executives and their relatives		
Issue of 18,561 units (2015: 167,915 units)	1,953	16,943
Redemption of 15,205 units (2015: 152,096 units)	1,570	16,008
Profit earned on units redeemed	18	295

	2016	2015
	(Rupees in '000)	
Directors of connected persons		
Issue of 538 units (2015: 1,592 units)	55	160
Redemption of 22,696 units (2015: 1,013,678 units)	2,310	106,500
Profit earned on units redeemed	307	8,759
Associated companies		
Issue of 1,602,598 units (2015: 8,893,108 units)	170,248	900,000
Redemption of 4,571,273 units (2015: 12,389,583 units)	477,396	1,291,645
Profit earned on units redeemed	7,148	91,645
Persons holding 10% or more units		
Redemption of units - Nil (2015: 12,563,917 units)	-	1,336,821
Profit earned on units redeemed	-	291,852

18.2 Amounts outstanding as at year end

HBL Asset Management Limited - Management Company		
Management Fee	3,521	4,920
Sindh Sales Tax	572	856
Allocation of expenses related to registrar services, accounting, operation and valuation services	352	-
Investment held in the Fund : 5,312,401 units (June 30, 2015: 5,339,034 units)	539,457	540,216
Habib Bank Limited - Sponsor		
Investment held in the Fund : 1,677,432 units (June 30, 2015: 1,601,685 units)	170,338	162,062
Bank balances	1,133,161	2,232,176
Mark-up receivable on deposits with bank	252	2,354
HBL Islamic Money Market Fund - Associate		
Receivable against conversion of units	-	2,972
HBL Islamic Stock Fund - Associate		
Receivable against conversion of units	-	15,068
Payable against conversion of units	400	-
HBL Multi Asset Fund - Associate		
Receivable against conversion of units	-	2,010
HBL Stock Fund - Associate		
Receivable against conversion of units	-	1,781
HBL Income Fund - Associate		
Receivable against conversion of units	-	167,585
Receivable from HBL Income Fund	-	218,000
Payable against conversion of units	191,502	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	326	378
Sindh Sales tax	45	-

2016
2015
(Rupees in '000)

**Directors and Executives of the Management Company
and their relatives**

Directors and their relatives

Investment held in the Fund : 195 units (June 30, 2015: 40,645 units)

20 4,113

Executives and their relatives

Investment held in the Fund : 36,409 units (June 30, 2015: 125,615 units)

3,697 12,710

Directors of connected persons

Investment held in the Fund : 13,166 units (June 30, 2015: 23,744 units)

1,337 2,405

Associated companies

Investment held in the Fund : Nil units (June 30, 2015: 2,968,674 units)

- 300,377

19. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

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

20. TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

Top brokers during the year ended June 30, 2016

- 1 Arif Habib Limited
- 2 BMA Capital Management Limited
- 3 Global Securities Pakistan Limited
- 4 Invest & Finance Securities (Private) Limited
- 5 JS Global Capital Limited
- 6 KASB Securities Limited
- 7 Next Capital Limited
- 8 Optimus Capital Management (Private) Limited
- 9 Optimus Market
- 10 Pearl Securities Limited

Top brokers during the year ended June 30, 2015

- 1 Arif Habib Limited
- 2 BMA Capital Management Limited
- 3 Elixir Securities Pakistan (Private) Limited
- 4 Global Securities Pakistan Limited
- 5 Invest and Finance Securities Limited
- 6 JS Global Capital Limited
- 7 Next Capital Limited
- 8 Optimus Capital Management (Private) Limited
- 9 Pearl Securities Limited

The Fund has entered into transactions with less than ten brokers during the year ended June 30, 2015.

21. PATTERN OF UNIT HOLDING

	2016		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment
Individuals	697	810,953	23.03%
Associated companies	2	709,795	20.15%
Banks and DFIs	1	51,157	1.45%
Insurance companies	3	55,379	1.57%
Retirement funds	7	36,062	1.02%
Others	20	1,859,368	52.78%
	730	3,522,715	100.00%

	2015		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment
Individuals	754	1,156,308	22.75%
Associated companies	3	1,002,655	19.73%
Insurance companies	8	370,202	7.29%
Retirement funds	7	17,576	0.35%
Public limited companies	8	838,172	16.50%
Others	23	1,696,294	33.38%
	803	5,081,207	100.00%

22. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

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

23. FINANCIAL RISK MANAGEMENT

The Fund primarily invests in a portfolio of money market investments such as government securities, spread transactions and in other money market instruments. These activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

23.1 Market risk

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

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

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

23.1.1 Currency risk

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

23.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2016, the Fund holds Treasury Bills which are classified as available for sale, exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Markets Association on June 30, 2016, with all other variables held constant, the net assets would be lower by Rs. 0.990 million (2015: Rs. 1.341 million). In case of 100 basis points decrease in rates announced by the Financial Markets Association on June 30, 2016, with all other variables held constant, the net assets would be higher by Rs. 0.909 million (2015: Rs. 1.347 million).

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

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

2016					
Yield / Interest rate (%)	Total	Exposed to Yield / Interest rate risk			Not exposed to Yield / Interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial assets					
Bank balances	4.00 - 7.00	2,371,639	2,371,639	-	-
Investments	5.89	1,494,422	1,494,422	-	-
Accrued mark-up		1,588			1,588
Advances, deposits and other receivables		-	-	-	-
		3,867,649	3,866,061	-	1,588
Financial liabilities					
Payable to HBL Asset Management Limited - Management Company		4,445	-	-	4,445
Payable to Central Depository Company of Pakistan Limited - Trustee		371	-	-	371
Payable to Securities and Exchange Commission of Pakistan		3,444	-	-	3,444
Dividend payable		1,818	-	-	1,818
Accrued expenses and other liabilities		228,907	-	-	228,907
		238,985	-	-	238,985
On-balance sheet gap		3,628,664	3,866,061	-	(237,397)
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-

2015					
Yield / Interest rate (%)	Total	Exposed to Yield / Interest rate risk			Not exposed to Yield / Interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial assets					
Bank balances	5.20 - 10.25	3,816,462	3,816,462	-	-
Investments	6.95	990,589	990,589	-	-
Accrued mark-up		13,052			13,052
Advances, deposits and other receivables		407,416	-	-	407,416
		5,227,519	4,807,051	-	420,468
Financial liabilities					
Payable to HBL Asset Management Limited - Management Company		5,776	-	-	5,776
Payable to Central Depository Company of Pakistan Limited - Trustee		378	-	-	378
Payable to Securities and Exchange Commission of Pakistan		7,014	-	-	7,014
Dividend payable		4,215	-	-	4,215
Accrued expenses and other liabilities		30,326	-	-	30,326
		47,709	-	-	47,709
On-balance sheet gap		5,179,810	4,807,051	-	372,759
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-

23.1.3 Price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund is not exposed to any price risk as on June 30, 2016.

23.2 Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from the inability of the counter party to fulfil their obligations. There is a possibility of default by participants or failure of the financial markets/ stock exchanges, the depositories, the settlements or clearing system, etc.

The Fund's most significant investments are in treasury bills which are government guaranteed. In Management, after giving due consideration to their strong financial standing, does not expect non-performance by these counter parties on their obligations to the Fund.

The analysis below summarises the credit quality of the Fund's financial assets as at June 30, 2016:

	2016	2015
	(Rupees in '000)	
Bank balances by rating category		
A-1+ (JCR-VIS)	1,133,902	2,243,806
A1+ (PACRA)	1,237,737	1,572,656
	<u>2,371,639</u>	<u>3,816,462</u>
Investments in Government Securities	<u>1,394,422</u>	990,589
Certificate of investments	<u>100,000</u>	-

The maximum exposure to credit risk before any credit enhancement as at June 30, 2016 is the carrying amount of the financial assets. None of these are 'impaired' nor 'past due but not impaired'.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio primarily consists of investments in government guaranteed treasury bills.

23.3 Liquidity risk

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

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

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

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

	2016			
	Total	Upto three months	Over three months and upto one year	Over one year
Financial liabilities (excluding unit holders' fund)	----- (Rupees in '000) -----			
Payable to HBL Asset Management Limited - Management Company	4,445	4,445	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	371	371	-	-
Payable to Securities and Exchange Commission of Pakistan	3,444	3,444	-	-
Dividend payable	1,818	1,818	-	-
Accrued expenses and other liabilities	228,907	228,907	-	-
	238,985	238,985	-	-
Unit holders' fund	3,522,715	3,522,715	-	-
	----- (Rupees in '000) -----			
	2015			
	Total	Upto three months	Over three months and upto one year	Over one year
Financial liabilities (excluding unit holders' fund)	----- (Rupees in '000) -----			
Payable to HBL Asset Management Limited - Management Company	5,776	5,776	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	378	378	-	-
Payable to Securities and Exchange Commission of Pakistan	7,014	7,014	-	-
Dividend payable	4,215	4,215	-	-
Accrued expenses and other liabilities	30,326	30,326	-	-
	47,709	47,709	-	-
Unit holders' fund	5,081,207	5,081,207	-	-

24. UNITS HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies stated in note 23, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

25. 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.

Note	June 30, 2016				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								
- Government Securities	1,394,422	-	-	1,394,422	-	1,394,422	-	1,394,422
	<u>1,394,422</u>	<u>-</u>	<u>-</u>	<u>1,394,422</u>	<u>-</u>	<u>1,394,422</u>	<u>-</u>	<u>1,394,422</u>
Financial assets not measured at fair value								
Bank balances	-	2,371,639	-	2,371,639				
Investments								
- Certificate of investment	-	100,000	-	100,000				
Accrued mark-up	-	1,588	-	1,588				
Advances, deposits and other receivables	-	-	-	-				
	<u>-</u>	<u>2,473,227</u>	<u>-</u>	<u>2,473,227</u>				

26. DATE OF AUTHORISATION FOR ISSUE

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

27. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director