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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. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee (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. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

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

Internal Auditors

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

Trustee

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

Bankers

Habib Bank Limited
Bank Al-Habib Limited
MCB Bank Limited
Habib Metropolitan Bank Limited
Bank Al Falah Limited
Faysal Bank Limited
Allied Bank Limited
Soneri Bank Limited
NIB Bank Limited

Legal Advisors

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

Website

www.hblasset.com

Head Office

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

Registered Office

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

HBL ISLAMIC PENSION FUND DIRECTOR REPORT FOR THE YEAR ENDED JUNE 30, 2016

The Board of Directors of HBL Asset Management Limited, the Management Company of HBL ISLAMIC PENSION FUND and HBL Islamic Pension Fund is pleased to submit herewith its Directors Review Report together with the unaudited condensed Interim Financial Statements for the three months ended September 30, 2016:

Market Review

Money Market Review:

After adopting a lax monetary policy in FY16, the State Bank of Pakistan took a more cautious approach in the quarter. The policy rate was kept unchanged at 5.75% in view of increased risk of higher inflation in the upcoming quarters and a deteriorating current account deficit, which was offset by rising foreign exchange reserves and increased foreign direct investment inflow. Secondary market yields for 6 and 12-month T-Bills increased by 5 basis points (bps) and 1bp respectively, whereas the yield on 3-month T-Bill remained unchanged. Meanwhile, yields on the 3, 5 and 10-year PIBs increased by 24, 21 and 30 bps respectively. The last GoP Ijara Sukuk auction was held in December 2015, and since then there has been no auction conducted, largely due to the lack of a suitable asset to back the issue. As a result, of this shortage of Shariah compliant investments, yields on the Ijara Sukuks continue to be unattractive.

CPI inflation for 1QFY17 clocked in at 3.86%, more than double the 1.66% witnessed in the same period last year, driven mainly by higher food prices. The current account deficit for 2MFY 17 clocked in at 2.5% of GDP compared to 1.4% of GDP last year, mainly due to a larger trade deficit and a decline in remittance inflows. The country's foreign exchange reserves increased by 2.3% since June-end to USD 23.6 billion, driven by sizable inflows from the IMF and other lenders. The surge in foreign exchange reserves resulted in relative stability in the exchange rate with PKR appreciating by 0.28% against USD in the interbank market.

Stock Market Review:

The KSE100 Index continued its upward journey in 1QFY17, notching up a 7.3% return for the quarter, outperforming MSCI Frontier Market Index return of 1.8%. The KMI30 Index posted a quarterly gain of 4.2%. The KSE100 Index surged past the 40,000 level to close at its all-time high of 40,542, driven mainly by banking and automobile assembling sectors, which benefitted from the upgrade into MSCI Emerging Market Index and strong growth in volumetric sales, respectively. Selective stocks in the E&P and OMC sectors also contributed towards the gain in the market. The fertilizer sector was the main laggard because of the large pile-up of urea inventory combined with falling international urea prices which were expected to have a negative impact on their earnings; the sector also bore the brunt of net foreign selling (USD 38.5 million) during the quarter. Further downside pressure on the Index came from the cement sector, where a lack of clarity on the taxation structure for real estate transactions and a rapid surge in input costs dented the sector's performance. Furthermore, average daily trading volume in KSE100 Index shares posted a nominal improvement of 3.42% Q/Q to 136 million shares. Investor participation in the equity market remained skewed towards 2nd tier scrips as indicated by the fact that the return of the KSE30 (total return) Index posted a gain of 4.75%, underperforming the KSE100 Index. In terms of market flows, mutual funds and NBFCs were the major buyers in the market whereas individuals and banks/DFIs were the major sellers.

Fund'S Performance

Karachi Fareed Ahmed Khan
Date: October 31, 2016

For and on behalf of the Board
Chief Executive Officer

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S. Main Shakra-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE PARTICIPANTS

HBL PENSION FUND

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Pension Fund (the Fund) are of the opinion that HBL Asset Management Limited being the Pension Fund Manager 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 constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

However, we would like to draw participants' attention towards the fact that unidentified contributions amounting to Rs 9.9 million (approx.) are appearing in the collection account of the Fund, against which investors are not currently identifiable by the Pension Fund Manager. In this regard, we have been informed by the Pension Fund Manager that they are in process of reconciling the collection account of the Fund to identify details of such contributions, subsequent to which they will be transferred to the respective sub-funds.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, October 28, 2016

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INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS OF HBL PENSION FUND

We have audited the annexed financial statements comprising:

- i. Balance Sheet;
- ii. Income Statement;
- iii. Statement of Comprehensive Income;
- iv. Cash flow Statement; and
- v. Statement of Movement in Participants' Fund

of **HBL Pension Fund** ("the Fund") as at June 30, 2016 together with the notes forming part thereof, for the year then ended.

It is the responsibility of HBL Asset Management Limited (the Pension Fund Manager) to establish and maintain a system of internal controls; and prepare and present the financial statements of the Fund in conformity with the International Accounting Standards notified under the sub-section(3) of section 234 of the Companies Ordinance, 1984, and technical releases issued by the Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pensions System Rules, 2005 and the Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the accounts prepared for the year ended June 30, 2016 have been properly drawn in accordance with the relevant provisions of the trust deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2016 and the transactions of the Fund for the year then ended in accordance with approved accounting standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;

- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) the accounts prepared are in agreement with the Fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Chartered Accountants

Engagement Partner
Naresh Kumar

NYA

Date:

Place: Karachi

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**HBL PENSION FUND
BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2016**

Note	2016				2015			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	(Rupees in '000)				(Rupees in '000)			
ASSETS								
Bank balances	12,682	8,171	42,240	63,093	9,950	9,281	10,124	29,355
Investments - net	146,084	170,010	111,909	428,003	124,954	139,157	129,875	393,986
Dividend receivable and accrued mark-up	274	2,098	47	2,419	89	3,033	17	3,139
Advances, deposits, prepayments and other receivables	100	100	-	200	100	100	-	200
Total assets	159,140	180,379	154,196	493,715	135,093	151,571	140,016	426,680
LIABILITIES								
Payable to HBL Asset Management Limited - Pension Fund Manager	217	254	215	686	178	210	193	581
Payable to the Central Depository Company of Pakistan Limited - Trustee	21	25	21	67	16	18	16	50
Payable to the Securities and Exchange Commission of Pakistan	45	52	47	144	36	41	40	117
Accrued expenses and other liabilities	6,750	1,826	2,311	10,887	1,638	1,116	1,041	3,795
Total liabilities	7,033	2,157	2,594	11,784	1,868	1,385	1,290	4,543
NET ASSETS	152,107	178,222	151,602	481,931	133,225	150,186	138,726	422,137
PARTICIPANTS' SUB-FUNDS (as per statement attached)	152,107	178,222	151,602	481,931	133,225	150,186	138,726	422,137
Contingencies and commitments								
Number of units in issue	474,557	1,212,480	1,122,870	2,809,907	452,883	1,104,116	1,070,215	2,627,214
Net asset value per unit	320.5217	146.9919	135.0112		294.1652	136.0235	129.6234	

The annexed notes 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

**HBL PENSION FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016**

Note	2016				2015			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	(Rupees in '000)				(Rupees in '000)			
INCOME								
	4,964	-	-	4,964	4,140	-	-	4,140
Dividend income								
Mark-up on deposits with bank	376	169	374	919	438	432	360	1,230
16								
Mark-up / return on investments	-	11,138	8,557	19,695	-	11,449	10,507	21,956
17								
Capital gain / (loss) on sale of investments	17,542	3,250	12	20,804	21,689	2,218	(9)	23,898
Total Income	22,882	14,557	8,943	46,382	26,267	14,099	10,858	51,224
EXPENSES								
	2,711	3,072	2,775	8,558	2,160	2,440	2,408	7,008
Remuneration of HBL Asset Management Limited - Pension Fund Manager								
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	230	261	236	727	162	183	181	526
Annual fee to the Securities and Exchange Commission of Pakistan	46	52	47	145	36	41	40	117
18								
Auditors' remuneration	119	119	119	357	116	116	116	348
7								
Amortization of preliminary expense and floatation costs	-	-	-	-	5	5	5	15
Settlement and bank charges	26	9	22	57	25	11	7	43
Total Expenses	3,132	3,513	3,199	9,844	2,504	2,796	2,757	8,057
Net income from operating activities	19,750	11,044	5,744	36,538	23,763	11,303	8,101	43,167
Provision for Workers' Welfare Fund	-	-	-	-	(481)	(232)	(167)	(880)
19								
Net income for the year before taxation	19,750	11,044	5,744	36,538	23,282	11,071	7,934	42,287
Taxation	-	-	-	-	-	-	-	-
20								
Net income for the year after taxation	19,750	11,044	5,744	36,538	23,282	11,071	7,934	42,287

The annexed notes 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

**HBL PENSION FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016**

	2016				2015			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	(Rupees in '000)				(Rupees in '000)			
Net income for the year after taxation	19,750	11,044	5,744	36,538	23,282	11,071	7,934	42,287
Other comprehensive income for the year								
Items that may be reclassified subsequently to income statement:								
Net unrealized (diminution) / appreciation in the market value of investments classified as available for sale	(7,497)	1,042	(58)	(6,513)	6,109	1,223	78	7,410
Total comprehensive income for the year	12,253	12,086	5,686	30,025	29,391	12,294	8,012	49,697

The annexed notes 1 to 28 form an integral part of these financial statements. *D/T*

For HBL Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

**HBL PENSION FUND
STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

Note	2016				2015				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	(Rupees in '000)				(Rupees in '000)				
Net assets at the beginning of the year	133,225	150,186	138,726	422,137	86,355	117,382	120,939	324,676	
Issuance of units	15	23,019	42,012	27,413	92,444	18,566	51,033	52,528	122,127
Redemption of units	14	(9,014)	(30,014)	(23,647)	(62,675)	(1,557)	(29,985)	(42,821)	(74,363)
Reallocation among sub funds	(7,376)	3,952	3,424	-	470	(538)	68	-	
Net income for the year	19,750	11,044	5,744	36,538	23,282	11,071	7,934	42,287	
Net unrealized (diminution) / appreciation in the market value of investments classified as available for sale	(7,497)	1,042	(58)	(6,513)	6,109	1,223	78	7,410	
Total comprehensive income for the year	12,253	12,086	5,686	30,025	29,391	12,294	8,012	49,697	
Net assets at the end of the year	152,107	178,222	151,602	481,931	133,225	150,186	138,726	422,137	

The annexed notes 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

**HBL PENSION FUND
STATEMENT OF CASH FUD FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	2016				2015			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	(Rupees in '000)				(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES								
Net income for the year before taxation	19,760	11,044	5,744	36,538	23,282	11,071	7,934	42,287
Adjustments for non-cash items								
Dividend income	(4,964)	-	-	(4,964)	(4,140)	-	-	(4,140)
Mark-up on deposits with bank	(376)	(169)	(374)	(919)	(438)	(432)	(360)	(1,230)
Mark-up / return on investments	-	(11,138)	(8,557)	(19,695)	-	(11,449)	(10,507)	(21,956)
Capital (gain) / loss on sale of investments	(17,542)	(3,250)	(12)	(20,804)	(21,689)	(2,218)	9	(23,898)
Amortization of preliminary expenses and floatation costs	-	-	-	-	5	5	5	15
Provision for Workers' Welfare Fund	-	-	-	-	481	232	167	880
	(3,132)	(3,513)	(3,199)	(9,844)	(2,499)	(2,791)	(2,752)	(8,042)
(Increase) / decrease in assets								
Investments - net	(11,085)	(26,561)	17,920	(19,726)	(18,397)	(34,106)	(20,609)	(73,112)
Advances, deposits, prepayments and other receivables	-	-	-	-	4,100	-	-	4,100
	(11,085)	(26,561)	17,920	(19,726)	(14,297)	(34,106)	(20,609)	(69,012)
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	39	44	22	105	55	58	33	146
Payable to Central Depository Company of Pakistan Limited - Trustee	5	7	5	17	7	(1)	(4)	2
Payable to the Securities and Exchange Commission of Pakistan	9	11	7	27	9	8	7	24
Accrued expenses and other liabilities	5,112	710	1,270	7,092	280	310	301	891
	5,165	772	1,304	7,241	351	375	337	1,063
Dividend income received	(9,052)	(29,302)	16,025	(22,329)	(16,445)	(36,522)	(23,024)	(75,991)
Mark-up income received	4,753	-	-	4,753	4,182	-	-	4,182
	402	12,242	8,901	21,545	433	10,473	10,860	21,766
Net cash (used in) / generated from operating activities	(3,897)	(17,060)	24,926	3,969	(11,830)	(26,049)	(12,164)	(50,043)
CASH FLOWS FROM FINANCING ACTIVITIES								
Amount received on issue of units	23,019	42,012	27,413	92,444	18,566	51,033	52,528	122,127
Amount paid on redemption of units	(9,014)	(30,014)	(23,647)	(62,675)	(1,557)	(29,985)	(42,821)	(74,363)
Reallocation among sub-funds	(7,376)	3,952	3,424	-	470	(538)	68	-
Net cash generated from financing activities	6,629	15,950	7,190	29,769	17,479	20,510	9,775	47,764
Net increase / (decrease) in cash and cash equivalents	2,732	(1,110)	32,116	33,738	5,649	(5,539)	(2,389)	(2,279)
Cash and cash equivalents at the beginning of the year	9,950	9,281	10,124	29,355	4,301	14,820	12,513	31,634
Cash and cash equivalents at the end of the year	12,682	8,171	42,240	63,093	9,950	9,281	10,124	29,355

The annexed notes 1 to 28 form an integral part of these financial statements.

DFA

For HBL Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Pension Fund ("the Fund") was established under a Trust Deed, dated August 17, 2011, between HBL Asset Management Limited as the Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) as a pension fund on October 05, 2011.

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

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

The objective of the Fund is to provide individuals with a portable, individualized, funded and flexible pension scheme, assisting and facilitating them to plan and provide for their retirement.

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

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

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

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

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2-' (2015: 'AM2-') to the Pension Fund Manager while the Fund is currently not rated.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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, technical releases issued by the Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pension System Rules, 2005 (the VPS Rules). Wherever the requirements of the VPS Rules differ with the requirements of the IFRS, the requirements of the VPS Rules shall prevail.

2.2 Basis of Measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees, except otherwise stated.

2.4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30,

The following standards, amendments and interpretations are effective for the year ended June 30, 2016. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

IFRS 10 – Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015
IFRS 11 – Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IFRS 13 – Fair Value Measurement	Effective from accounting period beginning on or after January 01, 2015
IAS 27 (Revised 2011) – Separate Financial Statements	Effective from accounting period beginning on or after January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	Effective from accounting period beginning on or after January 01, 2015

Certain annual improvements have also been made to a number of IFRSs.

2.5 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	Effective from accounting period beginning on or after January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective date is deferred indefinitely. Earlier adoption is permitted.
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	Effective from accounting period beginning on or after January 01, 2016

Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	Effective from accounting period beginning on or after January 01, 2017

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

2.6 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, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In the process of applying the Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

- (a) classification of investments (Note 3.2.1)
- (b) impairment of financial asset (Note 3.2.5)
- (c) provisions (Note 3.5)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents include bank balances and other short term deposits 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 - held for trading

An investment that is acquired principally for the purpose of generating profit from short-term fluctuations in prices is classified as "fair value through profit or loss - held for trading".

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 (i) loans and receivables, (ii) held to maturity investments or (iii) financial assets at fair value through profit or loss.

3.2.2 Regular way contracts

All regular purchases / sales of investments are recognized on the trade date i.e. the date that the Fund commits to purchase / sell the investments. Purchases / sales of investments require delivery of securities within the time frame established by the regulations.

3.2.3 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss - held for trading'. Financial assets carried 'at fair value through profit or loss - held for trading' are initially recognized at fair value and transaction costs are recognized in the income statement.

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss - held for trading' and 'available for sale' are valued as follows:

a) Basis of valuation of debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan (SECP) for valuation of debt securities vide its circular no. 33 of 2012 dated October 24, 2012 (which is essentially the same as contained in circular no. 1 of 2009, previously used). In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

c) Basis of valuation of Government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss - held for trading' are taken to the income statement.

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 derecognized or impaired. At this time, the cumulative gain or loss previously recognized directly in the statement of comprehensive income is transferred to the income statement.

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortized 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 recoverable amount of such asset is estimated. An impairment loss is recognized whenever, the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

a) Debt securities

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular no. 33 of 2012 dated October 24, 2012 issued by the SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Pension Fund Manager.

b) Equity securities

The fund assess at each reporting date whether there is objective evidence that a financial asset or a group of financial asset is impaired. In case of investments classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income statement is reclassified from other comprehensive income and recognized in the income statement. However, the decrease in impairment loss on equity securities are not reversed through the income statement.

c) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the assets carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

3.2.6 Derecognition

Financial assets are derecognized 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 assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

3.3 Financial liabilities

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

A financial liability is derecognized 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 being amortized over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund and the VPS Rules.

3.5 Provisions

Provisions are recognized 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 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealized gains / (losses) arising on revaluation of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in the income statement in the period in which they arise.
- Dividend income is recognized when the right to receive the dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Markup / return on government securities, term finance certificate, sukuk certificates, commercial papers, clean placements, bank balances and term deposit receipts are recognized on a time proportion basis using the effective interest method.

3.7 Taxation

The income of the Fund is exempt from income tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A(i) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

3.8 Issue and redemption of units

Contribution received in the individual pension account after deduction of applicable front end fee is used to purchase the units of sub-funds of the pension fund according to the Allocation Scheme selected by the participant. The units are allotted at the net asset value notified by the Pension Fund Manager at the close of the business day for each sub-fund on the date on which funds are actually realized against application. The front end fee is payable to the distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocation of the sub-fund units of all the participants are according to the Allocation Schemes selected by the participants. In case of withdrawal before retirement, units are redeemed at the net asset value of each of the sub-fund as of the close of the business day on which such request is received by the distributor before the cut off time. Redemption of units is recorded on acceptance of application for redemption.

In case of retirement of the participant, units are redeemed at the net asset value of each of the sub-fund as of the close of the business day on which retirement age is reached.

In case of change of Pension Fund Manager, units are redeemed at the net asset value of each of the sub-fund as of the close of the business day corresponding to the date of change specified by the participant.

3.9 Net Asset Value per unit

The Net Asset Value (NAV) per unit, as disclosed in the balance sheet, is calculated by dividing the net assets of each of the sub-fund by the number of units in circulation of that sub-fund 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.

4. BANK BALANCES

Note	2016				2015				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	(Rupees in '000)				(Rupees in '000)				
Savings accounts	4.1	12,682	8,171	42,240	63,093	9,950	9,281	10,124	29,355

4.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 4% to 7% (2015: 3.59% to 7.5%) per annum.

5. INVESTMENTS - NET

Note	2016				2015				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	(Rupees in '000)				(Rupees in '000)				
Investments by category									
Available for sale investments									
Listed equity securities	5.1	145,600	-	-	145,600	124,954	-	-	124,954
Unlisted equity securities	5.2	484	-	-	484	-	-	-	-
Government securities									
- Treasury Bills	5.3	-	49,665	104,909	154,574	-	41,597	129,875	171,472
- Pakistan Investment Bonds	5.4	-	115,561	-	115,561	-	92,450	-	92,450
Term Finance Certificates and Sukuk Bonds	5.5	-	4,784	7,000	11,784	-	5,110	-	5,110
		146,084	170,010	111,909	428,003	124,954	139,157	129,875	393,986

5.1 Listed equity securities

5.1.1 Held by Equity Sub-Fund

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

Name of the investee company	As at July 1, 2015	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 30, 2016	Market value	Market value as a % of net assets of the sub-fund	Market value as a % of total investment of the sub-fund	% of paid-up capital of the investee company
	Number of shares				Rupees in '00		%		
Oil and Gas Exploration Companies									
Oil and Gas Development Company Limited	-	74,000	-	30,000	44,000	6,075	3.99	4.16	0.10%
Pakistan Petroleum Limited	-	60,000	-	40,000	20,000	3,101	2.04	2.12	0.10%
Mari Petroleum Company Limited	-	21,000	-	19,000	2,000	1,816	1.19	1.24	0.18%
Pakistan Oilfields Limited	10,000	28,500	-	29,500	7,000	2,432	1.60	1.66	0.30%
	10,000	181,500	-	118,500	73,000	13,424	8.83	9.19	
Oil and Gas Marketing Companies									
Pakistan State Oil Company Limited	16,400	36,400	-	27,100	25,700	9,649	6.33	6.61	0.95%
Attock Petroleum Limited	4,500	-	-	4,500	-	-	-	-	0.00%
	20,900	36,400	-	31,600	25,700	9,649	6.33	6.61	
Fertilizer									
Engro Corporation Limited	31,500	40,200	-	44,600	27,100	9,023	5.93	6.18	0.52%
Engro Fertilizers Limited	140,000	25,000	-	140,000	25,000	1,612	1.06	1.10	0.19%
Fauji Fertilizer Bin Qasim Limited	-	134,000	-	134,000	-	-	-	-	0.00%
Fatima Fertilizer Company Limited	-	65,000	-	65,000	-	-	-	-	0.00%
	171,500	264,200	-	383,600	52,100	10,635	6.99	7.28	
Chemical									
ICI Pakistan Limited	17,500	-	-	17,500	-	-	-	-	0.00%
	17,500	-	-	17,500	-	-	-	-	
Cement									
Lucky Cement Limited	9,200	17,900	-	8,000	19,100	12,386	8.14	8.48	0.59%
Fauji Cement Company Limited	176,500	100,000	-	236,500	40,000	1,432	0.94	0.98	0.29%
Maple Leaf Cement Factory Limited	-	118,000	-	75,500	42,500	4,484	2.95	3.07	0.81%
Pioneer Cement Limited	-	83,000	-	42,500	40,500	4,350	2.86	2.98	1.78%
D.G. Khan Cement Company Limited	48,000	83,000	-	91,000	40,000	7,620	5.01	5.22	0.91%
	233,700	401,900	-	453,500	182,100	30,272	19.90	20.72	
Transport									
Pakistan National Shipping Corporation Limited	-	72,000	-	-	72,000	6,746	4.44	4.62	5.45%
	-	72,000	-	-	72,000	6,746	4.44	4.62	
Food & Personal Care Products									
Engro Foods Limited	-	22,000	-	22,000	-	-	-	-	0.00%
	-	22,000	-	22,000	-	-	-	-	
Textile Composite									
Nishat Mills Limited	-	112,500	-	95,000	17,500	1,888	1.24	1.29	0.50%
	-	112,500	-	95,000	17,500	1,888	1.24	1.29	
Pharmaceuticals									
Searle Pakistan Limited **	6,600	16,100	3,138	16,900	8,938	4,792	3.15	3.28	0.73%
Ferozsons Laboratories	5,200	-	-	5,200	-	-	-	-	0.00%
GlaxoSmithKline Pakistan Limited	-	26,000	-	-	26,000	5,385	3.54	3.69	0.82%
	11,800	42,100	3,138	22,100	34,938	10,177	6.69	6.97	
Power Generation & Distribution									
Hub Power Company Limited	62,500	145,500	-	140,300	67,700	8,128	5.34	5.56	0.59%
Kot Addu Power Company Limited	56,000	44,500	-	70,000	30,500	2,722	1.79	1.86	0.35%
K-Electric Limited	465,000	1,612,500	-	1,452,500	625,000	5,038	3.31	3.45	0.23%
	583,500	1,802,500	-	1,662,800	723,200	15,888	10.44	10.88	

Name of the investee company	As at July 1, 2015	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 30, 2016	Market value	Market value as a % of net assets of the sub-fund	Market value as a % of total investment of the sub-fund	% of paid-up capital of the investee company
	Number of shares				Rupees in '000		%		
Commercial Banks									
Bank Al Habib Limited	98,048	-	-	98,048	-	-	-	-	0.00%
United Bank Limited	24,000	54,500	-	44,000	34,500	6,104	4.01	4.18	0.28%
MCB Bank Limited	-	40,500	-	-	40,500	8,911	5.86	6.10	0.36%
Bank Al Falah Limited	147,000	195,000	-	147,000	195,000	4,986	3.28	3.41	1.22%
	<u>269,048</u>	<u>290,000</u>	<u>-</u>	<u>289,048</u>	<u>270,000</u>	<u>20,001</u>	<u>13.15</u>	<u>13.69</u>	
Insurance									
Adamjee Insurance Company Limited	-	96,000	-	96,000	-	-	-	-	0.00%
	<u>-</u>	<u>96,000</u>	<u>-</u>	<u>96,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Automobile Assembler									
Pak Suzuki Motor Company Limited	20,000	7,100	-	27,100	-	-	-	-	0.00%
Indus Motor Company Limited	5,500	2,500	-	8,000	-	-	-	-	0.00%
HinoPak Motors Limited	-	5,500	-	5,500	-	-	-	-	0.00%
Honda Atlas Cars Pakistan Limited	-	36,600	-	26,600	10,000	3,591	2.36	2.46	0.70%
	<u>25,500</u>	<u>51,700</u>	<u>-</u>	<u>67,200</u>	<u>10,000</u>	<u>3,591</u>	<u>2.36</u>	<u>2.46</u>	
Technology and Communication									
Hum Network Limited	375,000	127,000	-	502,000	-	-	-	-	0.00%
	<u>375,000</u>	<u>127,000</u>	<u>-</u>	<u>502,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Paper and Board									
Cherat Packaging Limited	-	11,200	-	-	11,200	3,828	2.52	2.62	3.78%
	<u>-</u>	<u>11,200</u>	<u>-</u>	<u>-</u>	<u>11,200</u>	<u>3,828</u>	<u>2.52</u>	<u>2.62</u>	
Miscellaneous									
Synthetic Products Enterprises Limited	48,500	-	-	48,500	-	-	-	-	0.00%
	<u>48,500</u>	<u>-</u>	<u>-</u>	<u>48,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Engineering									
Mughal Iron and Steel Industries Limited **	110,000	44,500	13,500	128,000	40,000	2,688	1.77	1.84	3.18%
Amreli Steels Limited	-	183,500	-	117,000	66,500	3,127	2.06	2.14	2.24%
Crescent Steel & Allied Products	-	74,775	-	21,000	53,775	6,163	4.05	4.22	6.93%
	<u>110,000</u>	<u>302,775</u>	<u>13,500</u>	<u>266,000</u>	<u>160,275</u>	<u>11,978</u>	<u>7.88</u>	<u>8.20</u>	
General Industrials									
Packages Limited	-	8,450	-	8,450	-	-	-	-	0.00%
Synthetic Products Enterprises Limited	48,500	-	-	48,500	-	-	-	-	0.00%
	<u>48,500</u>	<u>8,450</u>	<u>-</u>	<u>56,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Cable & Electrical Goods									
Pak Elektron Limited	-	268,000	-	218,000	50,000	3,233	2.13	2.21	1.00%
	<u>-</u>	<u>268,000</u>	<u>-</u>	<u>218,000</u>	<u>50,000</u>	<u>3,233</u>	<u>2.13</u>	<u>2.21</u>	
Automobile Parts & Accessories									
Thal Limited	19,900	-	-	19,900	-	-	-	-	0.00%
General Tyre and Rubber Co. of Pak	-	24,100	-	-	24,100	4,290	2.82	2.94	4.03%
	<u>19,900</u>	<u>24,100</u>	<u>-</u>	<u>19,900</u>	<u>24,100</u>	<u>4,290</u>	<u>2.82</u>	<u>2.94</u>	
Total	1,896,848	4,114,325	16,638	4,321,698	1,706,113	145,600	95.7	99.67	
Carrying value as at June 30, 2016						136,178			

** This represents gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Pension Fund Manager jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to pension funds under clause 57 (3) (vii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis.

5.2 Unlisted equity securities

GlaxoSmithKline Consumer Healthcare Pakistan Limited	-	-	7,800	-	7,800	484	0.32	0.33	0.00%
Carrying value as at June 30, 2016						484			

5.3 Government securities - Treasury bills

5.3.1 Held by Debt Sub-Fund

Treasury bills - having face value of Rs. 100 each	Issue date	Face value			As at June 30, 2016	Amortized cost 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 investment of the sub-fund	Net assets of the sub-fund
							(Rupees in '000)		
Treasury Bill - 12 months	November 13, 2014	-	25,000	25,000	-	-	-	-	-
Treasury Bill - 6 months	January 8, 2015	3,000	-	3,000	-	-	-	-	-
Treasury Bill - 12 months	February 6, 2015	3,500	-	3,500	-	-	-	-	-
Treasury Bill - 6 months	February 19, 2015	8,500	-	8,500	-	-	-	-	-
Treasury Bill - 6 months	April 2, 2015	-	7,000	7,000	-	-	-	-	-
Treasury Bill - 12 months	April 30, 2015	5,000	-	5,000	-	-	-	-	-
Treasury Bill - 12 months	May 14, 2015	12,000	-	12,000	-	-	-	-	-
Treasury Bill - 6 months	May 28, 2015	6,000	-	6,000	-	-	-	-	-
Treasury Bill - 3 months	June 11, 2015	5,000	-	5,000	-	-	-	-	-
Treasury Bill - 6 months	July 9, 2015	-	3,000	3,000	-	-	-	-	-
Treasury Bill - 6 months	September 3, 2015	-	4,000	4,000	-	-	-	-	-
Treasury Bill - 6 months	October 1, 2015	-	10,000	10,000	-	-	-	-	-
Treasury Bill - 6 months	October 1, 2015	-	10,000	10,000	-	-	-	-	-
Treasury Bill - 6 months	November 12, 2015	-	52,000	52,000	-	-	-	-	-
Treasury Bill - 6 months	January 7, 2016	-	2,000	2,000	-	-	-	-	-
Treasury Bill - 12 months	January 21, 2016	-	3,000	3,000	-	-	-	-	-
Treasury Bill - 6 months	February 4, 2016	-	3,500	3,500	-	-	-	-	-
Treasury Bill - 12 months	March 3, 2016	-	2,000	2,000	-	-	-	-	-
Treasury Bill - 6 months	March 31, 2016	-	11,000	11,000	-	-	-	-	-
Treasury Bill - 3 months	May 12, 2016	-	22,000	-	22,000	21,875	21,880	12.87	12.28
Treasury Bill - 3 months	May 26, 2016	-	28,000	-	28,000	27,782	27,785	16.34	15.59
		43,000	182,500	175,500	50,000	49,657	49,665	29.21	27.87

5.3.1.1 These treasury bills carry maturities till August 2016.

5.3.2 Held by Money Market Sub-Fund

Treasury bills - having face value of Rs. 100 each	Issue date	Face value			As at June 30, 2016	Amortized cost 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 investment of the sub-fund	Net assets of the sub-fund
							(Rupees in '000)		
Treasury Bill - 12 months	January 8, 2015	-	20,000	20,000	-	-	-	-	-
Treasury Bill - 6 months	January 8, 2015	12,000	-	12,000	-	-	-	-	-
Treasury Bill - 6 months	March 19, 2015	20,000	-	20,000	-	-	-	-	-
Treasury Bill - 6 months	April 2, 2015	-	5,000	5,000	-	-	-	-	-
Treasury Bill - 6 months	April 16, 2015	10,000	60,000	70,000	-	-	-	-	-
Treasury Bill - 3 months	April 16, 2015	45,000	-	45,000	-	-	-	-	-
Treasury Bill - 6 months	April 30, 2015	10,000	-	10,000	-	-	-	-	-
Treasury Bill - 3 months	May 14, 2015	25,000	-	25,000	-	-	-	-	-
Treasury Bill - 6 months	May 28, 2015	3,000	-	3,000	-	-	-	-	-
Treasury Bill - 3 months	June 11, 2015	6,000	-	6,000	-	-	-	-	-
Treasury Bill - 3 months	July 9, 2015	-	57,000	57,000	-	-	-	-	-
Treasury Bill - 12 months	August 6, 2015	-	50,000	-	50,000	49,727	49,728	44.44	32.80
Treasury Bill - 6 months	August 6, 2015	-	25,000	25,000	-	-	-	-	-
Treasury Bill - 6 months	September 3, 2015	-	3,000	3,000	-	-	-	-	-
Treasury Bill - 3 months	September 17, 2015	-	6,000	6,000	-	-	-	-	-
Treasury Bill - 3 months	October 15, 2015	-	73,000	73,000	-	-	-	-	-
Treasury Bill - 3 months	October 29, 2015	-	10,000	10,000	-	-	-	-	-
Treasury Bill - 6 months	November 12, 2015	-	38,000	38,000	-	-	-	-	-
Treasury Bill - 3 months	December 10, 2015	-	6,000	6,000	-	-	-	-	-
Treasury Bill - 3 months	January 7, 2016	-	64,000	64,000	-	-	-	-	-
Treasury Bill - 6 months	January 7, 2016	-	32,000	32,000	-	-	-	-	-
Treasury Bill - 6 months	January 21, 2016	-	8,500	-	8,500	8,471	8,473	7.57	5.59
Treasury Bill - 3 months	February 4, 2016	-	30,000	30,000	-	-	-	-	-
Treasury Bill - 6 months	March 3, 2016	-	7,000	-	7,000	6,929	6,931	6.19	4.57
Treasury Bill - 3 months	May 12, 2016	-	38,000	-	38,000	37,783	37,793	33.77	24.93
Treasury Bill - 3 months	May 26, 2016	-	2,000	-	2,000	1,984	1,984	1.77	1.31
		131,000	534,500	560,000	105,500	104,894	104,909	93.74	69.20

5.3.2.1 These treasury bills carry maturities ranging from July 2016 to September 2016.

5.4 Government Securities - Pakistan Investment Bonds

5.4.1 Held by Debt Sub-Fund

Issue date	Face value			As at June 30, 2016	Amortized cost 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 investment of the sub-fund	Net assets of the sub-fund
(Rupees in '000)							%	
Pakistan Investment Bond - 3 years	July 18, 2013	30,000	-	30,000	-	-	-	-
Pakistan Investment Bond - 5 years	March 26, 2015	30,000	20,000	50,000	-	-	-	-
Pakistan Investment Bond - 3 years	March 26, 2015	30,000	20,000	-	50,000	50,660	52,230	30.72
Pakistan Investment Bond - 3 years	April 21, 2016	-	25,000	-	25,000	25,338	25,594	15.05
Pakistan Investment Bond - 5 years	April 21, 2016	-	35,000	-	35,000	36,195	36,730	21.60
Pakistan Investment Bond - 5 years	August 18, 2015	-	1,000	-	1,000	1,005	1,007	0.59
		90,000	101,000	80,000	111,000	113,198	115,561	67.97
								64.85

5.4.1.1 Pakistan Investment Bonds held as at June 30, 2016, carry coupon at the rate of 7.00% to 11.5% (2015: 8.75% to 11.25%) with maturities ranging from August 2016 to April 2021.

5.5 Term Finance Certificates and Sukuk bonds - Unlisted

5.5.1 Held by Debt Sub-Fund

Name of the Investee Company	Number of certificates			As at June 30, 2016	Amortized cost as at June 30, 2016	Market / Carrying 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 investment of the sub-fund	Net assets of the sub-fund
(Rupees in '000)							%	
Commercial Banks								
Standard Chartered Bank (Pakistan) Limited	300	-	-	300	1,500	1,504	0.88	0.84
	300	-	-	300	1,500	1,504	0.88	0.84
Multiutilities								
Water and Power Development Authority	798	-	-	798	3,135	3,280	1.93	1.84
	798	-	-	798	3,135	3,280	1.93	1.84
Total	1,098	-	-	1,098	4,635	4,784	2.81	2.68

5.5.1.1 Significant terms and conditions of Term Finance Certificates and Sukuk Bonds outstanding as at June 30, 2016 are as follows:

Name of security	Remaining principal (per TFC) (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date
Term Finance Certificates and Sukuk bonds - Unlisted				
Standard Chartered Bank (Pakistan) Limited	5,000	6 month KIBOR + 0.75%	29-Jun-12	29-Jun-22
Water and Power Development Authority	3,929	6 month KIBOR + 1%	14-Oct-13	14-Oct-21

Name of the Investee Company	Number of certificates				Amortized cost as at June 30, 2016	Market / Carrying 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	As at June 30, 2016			Total investment of the sub-fund	Net assets of the sub-fund
	----- (Rupees in '000) -----						----- % -----	
Fertilizers								
Engro Fertilizers Limited	-	7	-	7	7,000	7,000	6.26	4.62
	-	7	-	7	7,000	7,000	6.26	4.62

5.5.2.1 Significant terms and conditions of Sukuk Bond outstanding as at June 30, 2016 are as follows:

Name of security	Remaining principal (per TFC) (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date
Sukuk bond - Unlisted				
Engro Fertilizers Limited	1,000,000	6 month KIBOR + 0.4%	25-May-16	25-Nov-16

6. DIVIDEND RECEIVABLE AND ACCRUED MARK-UP

	2016				2015			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Dividend receivable	274	-	-	274	63	-	-	63
Markup accrued on deposits with banks	-	-	-	-	26	19	17	62
Markup accrued on Term Finance Certificates	-	1	-	1	-	1	-	1
Markup accrued on Sukuk bond	-	49	47	96	-	71	-	71
Markup accrued on Government securities - Pakistan Investment Bonds	-	2,048	-	2,048	-	2,942	-	2,942
	274	2,098	47	2,419	89	3,033	17	3,139

7. PRELIMINARY EXPENSES AND FLOATATION COST

Note	2016				2015			
	Equity Sub Fund	Deb Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Opening balance	-	-	-	-	5	5	5	15
Less: Amortization for the year	-	-	-	-	5	5	5	15
	-	-	-	-	-	-	-	-

7.1 Preliminary expenses and floatation costs represents expenditure incurred prior to the commencement of operations of the Fund and are being amortized over a period of three years commencing from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and the VPS Rules.

8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2016				2015			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	(Rupees in '000)				(Rupees in '000)			
Security Deposit with the Central Depository Company of Pakistan Limited	100	100	-	200	100	100	-	200
	100	100	-	200	100	100	-	200

9. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - PENSION FUND MANAGER

	Note	2016				2015			
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
		(Rupees in '000)				(Rupees in '000)			
Management fee	9.1	187	219	185	591	152	179	164	495
Sindh Sales Tax	9.2	30	35	30	95	29	31	29	86
		217	254	215	686	178	210	193	581

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

9.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 14% (June 30, 2015: 15%) on the services provided by the Pension Fund Manager as required by Sindh Sales Tax on Services Act, 2011.

10. PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2016				2015			
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
		(Rupees in '000)				(Rupees in '000)			
Remuneration payable to the Trustee	10.1	18	22	19	59	16	18	16	50
Sindh Sales Tax on remuneration	10.2	3	3	2	8	-	-	-	-
		21	25	21	67	16	18	16	50

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. The remuneration is paid to the trustee monthly in arrears.

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

Net assets	Tariff per annum
Up to Rs. 1,000 million	Rs. 0.3 million or 0.15% p.a of NAV, whichever is higher
Exceeding Rs. 1,000 million up to Rs. 3,000 million	Rs. 1.5 million plus 0.10% p.a of NAV exceeding Rs. 1,000 million
Exceeding Rs. 3,000 million up to Rs. 6,000 million	Rs. 3.5 million plus 0.08% p.a of NAV exceeding Rs. 3,000 million
Exceeding Rs. 6,000 million	Rs. 5.9 million plus 0.06% p.a of NAV exceeding Rs. 6,000 million

10.2 The Sindh Revenue Board through Circular No. SRB-3-4/TP/01/2015/86554 dated June 13, 2015, amended the definition of services of shares, securities and derivatives and included the custodianship services within the purview of the Sindh Sales Tax. Accordingly Sindh Sales Tax of 14 % is applicable on Trustee fee which is now covered under section 2(79A) of the Sindh Sales Tax on Services Act, 2011.

11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to the SECP in accordance with rule 36 of the VPS Rules whereby the Fund is required to pay SECP an amount equal to one thirtieth of 1% of the average annual net asset value of the pension fund.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2016				2015			
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
		(Rupees in '000)				(Rupees in '000)			
Auditors' remuneration		62	62	62	186	70	70	70	210
Payable to broker		280	13	-	293	7	5	1	13
Federal Excise Duty	12.1	763	878	836	2,477	436	507	500	1,443
Provision for Workers' Welfare Fund	19	1,125	534	470	2,129	1,125	534	470	2,129
Other payables		4,520	339	943	5,802	-	-	-	-
		6,750	1,826	2,311	10,887	1,638	1,116	1,041	3,795

- 12.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on management remuneration had been made applicable effective from June 13, 2013. In this regard, demand notices were received by some asset management companies, including the Management Company, for collection of FED on management remuneration. Mutual Fund Association of Pakistan (MUFAP) took up the matter collectively and filed a petition with the Honorable Sindh High Court

That time, the Management Company took the view that since the remuneration was already subject to provincial sales tax, further levy of FED may result in double taxation, which did not appear to be the spirit of the law. Therefore, the Management Company also filed a petition against the demand notice in the Honorable Sindh High Court and were granted stay on the basis of the pending constitutional petition from MUFAP in the said court as referred above.

During the current year, the Honorable Sindh High Court, in its judgement dated June 30, 2016, on Constitutional Petition instituted by MUFAP declared that the provisions of Federal Excise Act, 2005, insofar as they relate to providing or rendering of services, are ultra vires to the 18th amendment of the Constitution with effect from July 1, 2011, the date on which Sindh Sales Tax on Services Act, 2011 came into force.

However, the Federal Board of Revenue (FBR) has right to challenge the decision in the Supreme Court of Pakistan within 90 days of the above decision of the Court, therefore, as a matter of prudence, the Pension Fund Manager has recorded provision for the year amounting to Rs. 0.327 million, Rs. 0.371 million and Rs. 0.336 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively and maintained the accumulated provision against FED amounting to Rs. 0.763 million, Rs. 0.878 million and Rs. 0.836 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively as of June 30, 2016.

13. CONTINGENCIES AND COMMITMENTS

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

14. NUMBER OF UNITS IN ISSUE

	2016				2015			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
Opening units in issue	452,883	1,104,116	1,070,215	2,627,214	386,254	957,928	997,221	2,341,403
Units issued during the year	75,570	292,140	205,572	573,282	70,552	390,324	421,144	882,020
Less: Units redeemed	(29,661)	(212,192)	(179,239)	(421,092)	(5,822)	(240,162)	(348,721)	(594,705)
Reallocation effect	(24,235)	28,416	26,322	30,503	1,899	(3,974)	571	(1,504)
Total units in issue at the end of the year	474,557	1,212,480	1,122,870	2,809,907	452,883	1,104,116	1,070,215	2,627,214

15. CONTRIBUTION TABLE

Contributions received are as follows:

	2016							
	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund		Total	
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
From:								
Individuals	<u>75,570</u>	<u>23,019</u>	<u>292,140</u>	<u>42,012</u>	<u>205,572</u>	<u>27,413</u>	<u>573,282</u>	<u>92,444</u>

	2015							
	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund		Total	
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
From:								
Individuals	<u>70,552</u>	<u>18,566</u>	<u>390,324</u>	<u>51,033</u>	<u>421,144</u>	<u>52,528</u>	<u>882,020</u>	<u>122,127</u>

16. MARK-UP ON DEPOSITS WITH BANKS

	2016				2015			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Mark-up on savings account:	<u>376</u>	<u>169</u>	<u>374</u>	<u>919</u>	<u>438</u>	<u>432</u>	<u>360</u>	<u>1,230</u>

17. MARK-UP / RETURN ON INVESTMENTS

	2016				2015			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Mark-up / return on:								
Government of Pakistan securities								
- Treasury Bills	-	3,227	7,568	10,795	-	3,893	10,507	14,400
- Pakistan Investment Bonds	-	7,523	942	8,465	-	6,974	-	6,974
Term Finance Certificates	-	113	-	113	-	160	-	160
Sukuk	-	275	47	322	-	422	-	422
	<u>-</u>	<u>11,138</u>	<u>8,557</u>	<u>19,695</u>	<u>-</u>	<u>11,449</u>	<u>10,507</u>	<u>21,956</u>

18. AUDITOR'S REMUNERATION

	2016				2015			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
Annual Audit fee	67	67	67	201	67	67	67	201
Half yearly review fee	33	33	33	99	31	31	31	93
Out of pocket expenses	19	19	19	57	18	18	18	54
	119	119	119	357	116	116	116	348

19. PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / 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, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated July 15, 2010 clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section 4 of the WWF Ordinance. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*".

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated October 6, 2010 to the Members (Domestic Operation) North and South FBR. In the letter, reference was made to the clarification issued by the Ministry stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office to certain mutual funds for payment of levy under WWF were withdrawn. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter January 4, 2011 has cancelled *ab-initio* clarificatory letter dated October 6, 2010 on applicability of WWF on mutual funds and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

Furthermore, in 2011 the Honorable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Pension Fund Manager is hopeful that the decision of the Honorable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honorable High Court of Sindh.

During the year ended June 30, 2013, the Larger Bench of the Sindh High Court (SHC) issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

During the year ended June 30, 2014, the Honorable Peshawar High Court on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as *ultra vires* the Constitution.

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

However, without prejudice to the above and owing to the fact that the decision of Sindh High Court on the applicability of WWF (till June 30, 2015) to the CISs is currently pending for adjudication, the Pension Fund Manager, as a matter of abundant caution, has decided to record and retain provision of WWF in financial statements till June 30, 2015 aggregating to Rs.1.125 million, Rs.0.534 million and Rs.0.470 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Asset Value (NAV) per unit of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at June 30, 2016 would have been higher by Rs. 2.3706, Rs. 0.4404 and Rs. 0.4185 respectively.

20. TAXATION

No provision for taxation for the year ended June 30, 2016 has been made in view of the exemption available under clause 57 (3) (viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

21. TRANSACTIONS WITH CONNECTED PERSONS

21.1 Connected persons include HBL Asset Management Limited being the Pension Fund Manager, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited being the Trustee of the Fund, collective investment schemes managed by the Pension Fund Manager, directors and officers of the Pension Fund Manager and of the connected persons. Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Remuneration payable to the Pension Fund Manager and Trustee is determined in accordance with the provisions of the VPS Rules and the Trust Deed respectively. Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in these financial statements are as follows:

21.2 Transactions during the year

	2016				2015				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	(Rupees in '000)				(Rupees in '000)				
HBL Asset Management Limited - Pension Fund Manager									
Management fee	2,711	3,072	2,775	8,558	2,160	2,440	2,408	7,008	
Habib Bank Limited - Sponsor									
Bank charges	5	6	5	16	4	5	4	13	
Mark-up earned on deposits with bank	316	169	115	600	437	432	266	1,135	
Mark-up received on deposits with bank	342	188	122	652	432	426	269	1,127	
Dividend earned	-	-	-	-	39	-	-	39	
Dividend received	-	-	-	-	74	-	-	74	
Sale of shares	Number	-	-	-	17,600	-	-	17,600	
Sales proceeds received	-	-	-	-	3,662	-	-	3,662	
Directors and Executives of the Pension Fund Manager and their relatives									
Directors and their relatives									
Mr. Salim Amlani **									
Issue of units	Number	-	-	-	-	2,411	2,441	4,852	
Amount of units issued	-	-	-	-	-	300	250	550	
Reallocation of units	Number	-	(1,970)	2,088	98	-	(134)	1	
Amount of units reallocated	-	(268,268)	268,268	-	-	(16,414)	16,414	-	
** In November 2015, Mr. Salim Amlani resigned from being Management company's director.									
Ms. Sima Kamil									
Issue of units	Number	2,705	4,626	1,259	8,590	5,330	8,896	2,339	16,565
Amount of units issued	850	680	170	1,700	1,500	1,200	300	3,000	
Reallocation of units	Number	(189)	344	85	240	-	-	-	
Amount of units reallocated	(57,865)	46,780	11,085	-	-	-	-	-	
Executives and their relatives									
Reallocation of units	Number	(1)	3	-	2	(1)	1	-	
Amount of units reallocated	(390)	390	-	-	(1)	1	-	-	
Central Depository Company of Pakistan Limited - Trustee									
Remuneration	230	261	236	727	162	183	181	526	
Central Depository System Charges	14	3	-	17	20	6	-	26	
Directors of connected persons									
Issue of units	Number	2,744	14,383	3,897	21,024	682	3,367	884	4,933
Amount of units issued	875	2,100	525	3,500	188	450	112	750	
Reallocation of units	Number	(989)	1,554	701	1,266	(603)	773	345	515
Amount of units reallocated	(303)	212	91	-	(137)	95	42	-	

		2016				2015			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)				(Rupees in '000)			
Redemption of units	Number	-	-	-	-	979	4,509	11,850	17,338
Amount of units redeemed		-	-	-	-	251	584	1,485	2,320

21.3 Balances outstanding as at year end

		2016				2015			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)				(Rupees in '000)			
HBL Asset Management Limited - Pension Fund Manager									
Management fee payable		187	219	185	591	152	179	164	495
Sindh Sales Tax		30	35	30	95	26	31	29	86
Federal Excise Duty		763	878	836	2,477	436	507	500	1,443
Front end load payable		291	208	99	598	-	-	-	-
Habib Bank Limited - Sponsor									
Units held	Number	300,000	300,000	300,000	900,000	300,000	300,000	300,000	900,000
Amount of units held		96,157	44,098	40,503	180,758	88,250	40,807	38,887	167,944
Mark-up accrued on deposits with bank		-	-	-	-	26	19	7	52
Balance in savings account		9,589	8,166	22,668	40,423	9,926	9,280	6,995	26,201
Dividend receivable		-	-	-	-	-	-	-	-
Directors and Executives of the Pension Fund Manager and their relatives									
Directors and their relatives									
Units held	Number	7,845	13,865	3,684	25,394	5,330	114,900	109,458	229,688
Amount of units held		2,515	2,038	497	5,050	1,568	15,629	14,188	31,385
Executives and their relatives									
Units held	Number	35	19	-	54	37	33	3	73
Amount of units held		11	3	-	14	11	4	1	16
Central Depository Company of Pakistan Limited - Trustee									
Remuneration payable		21	25	21	67	16	18	16	50
Security deposit receivable		100	100	-	200	100	100	-	200
Directors of connected persons									
Units held	Number	9,401	49,717	13,152	72,270	16,920	77,125	122,577	216,622
Amount of units held		3,013	7,308	1,776	12,097	4,977	10,491	15,889	31,357

22. FINANCIAL INSTRUMENTS BY CATEGORY

	2016									Total
	Equity Sub Fund			Debt Sub Fund			Money Market Sub Fund			
	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	
	(Rupees in '000)									
Financial Assets										
Bank balances	12,682	-	12,682	8,171	-	8,171	42,240	-	42,240	63,093
Investments - net	-	146,084	146,084	-	170,010	170,010	-	111,909	111,909	428,003
Dividend receivable and accrued mark-up	274	-	274	2,098	-	2,098	47	-	47	2,419
Advances, deposits and other receivables	100	-	100	100	-	100	-	-	-	200
	13,056	146,084	159,140	10,369	170,010	180,379	42,287	111,909	154,196	493,715

	2016				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	At amortized cost				
	(Rupees in '000)				
Financial Liabilities					
Payable to HBL Asset Management Limited - Pension Fund Manager		217	254	215	686
Payable to the Central Depository Company of Pakistan Limited - Trustee		21	25	21	67
Accrued expenses and other liabilities		5,625	1,292	1,841	8,758
Participants' sub funds		152,107	178,222	151,602	481,931
		157,970	179,793	153,679	491,442

	2015									
	Equity Sub Fund			Debt Sub Fund			Money Market Sub Fund			Total
	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	
(Rupees in '000)										
Financial Assets										
Bank balances	9,950	-	9,950	9,281	-	9,281	10,124	-	10,124	29,355
Investments - net	-	124,954	124,954	-	139,157	139,157	-	129,875	129,875	393,986
Dividend receivable and accrued mark-up	89	-	89	3,033	-	3,033	17	-	17	3,139
Advances, deposits and other receivables	100	-	100	100	-	100	-	-	-	200
	<u>10,139</u>	<u>124,954</u>	<u>135,093</u>	<u>12,414</u>	<u>139,157</u>	<u>151,571</u>	<u>10,141</u>	<u>129,875</u>	<u>140,016</u>	<u>426,680</u>

	2015				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	At amortized cost				
(Rupees in '000)					
Financial liabilities					
Payable to HBL Asset Management Limited - Pension Fund Manager		178	210	193	581
Payable to the Central Depository Company of Pakistan Limited - Trustee		16	18	16	50
Accrued expenses and other liabilities		513	582	571	1,666
Participants' sub funds	133,225	150,186	138,726		422,137
	<u>133,932</u>	<u>150,996</u>	<u>139,506</u>		<u>424,434</u>

23. FINANCIAL RISK MANAGEMENT

The Fund primarily invests in a portfolio of equity, debt and money market investments such as shares of listed companies, investment - grade debt securities, government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e. market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

23.1 Market risk

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

The Pension Fund Manager 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. The maximum risk resulting from financial instruments equals their fair values.

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

23.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

23.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2016, the Debt Sub-Fund and Money Market Sub-Fund holds KIBOR based interest bearing term finance certificates and sukuk bond which have been classified as 'available for sale', exposing the Fund to cash flow interest rate risk. Fund's exposure in term finance certificates and sukuk bond amount to Rs. 11,635,000 as at June 30, 2016. In case of 100 basis points increase/decrease in KIBOR on June 30, 2016, with all other variables held constant, the net assets of the Fund and total comprehensive income for the year would have been higher / lower by Rs.116,350

b) Sensitivity analysis for fixed rate

As at June 30, 2016, the Debt Sub-Fund and Money Market Sub-Fund hold Market Treasury Bills and Pakistan Investment Bonds which have been classified as 'available for sale', exposing the Fund to fair value interest rate risk. Fund's exposure in Treasury Bills and Pakistan Investment Bonds amount to Rs. 270,135,000 as at June 30, 2016. In case of 100 basis points increase/decrease in rates announced by the Financial Market Association on June 30, 2016, with all other variables held constant, the impact on the net assets and other comprehensive income for the year is as follows:

	Effect on total comprehensive income and net assets					
	2016			2015		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Change in basis points						
100	(2,957)	(100)	(3,057)	(2,332)	(122)	(2,454)
(100)	3,067	100	3,167	2,449	181	2,630

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

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

		2016															
		Equity Sub Fund				Debt Sub Fund				Money Market Sub Fund				Total			
z	Yield / Interest rate	Exposed to yield / interest rate risk			Total	Exposed to yield / interest rate risk			Total	Exposed to yield / interest rate risk			Total				
		Up to three months	More than three months and up to one year	Not exposed to yield / interest rate risk		Up to three months	More than three months and up to one year	Not exposed to yield / interest rate risk		Up to three months	More than three months and up to one year	Not exposed to yield / interest rate risk					
		%				%				%				(Rupees in '000)			
On-balance sheet financial instruments																	
Financial assets																	
Bank balances	4 - 7	12,682	-	-	12,682	4 - 7	8,171	-	-	8,171	4 - 7	42,240	-	-	42,240	63,093	
Investments - net		-	-	146,084	146,084	5.99-8.19	55,456	-	114,554	170,010	5.9-6.41	104,909	7,000	-	111,909	428,003	
Dividend receivable and accrued mark-up		-	-	274	274		-	-	2,098	2,098		-	-	47	47	2,419	
Advances, deposits and other receivables		-	-	100	100		-	-	100	100		-	-	-	-	200	
		12,682	-	146,458	159,140		63,627	-	114,554	180,379		147,149	7,000	-	154,196	493,715	
Financial liabilities																	
Participants' Sub Funds		-	-	152,107	152,107		-	-	178,222	178,222		-	-	151,602	151,602	481,931	
Payable to HBL Asset Management Limited - Pension Fund Manager		-	-	217	217		-	-	254	254		-	-	215	215	686	
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	21	21		-	-	25	25		-	-	21	21	67	
Accrued expenses and other liabilities		-	-	5,625	5,625		-	-	1,292	1,292		-	-	1,841	1,841	8,758	
		-	-	157,970	157,970		-	-	179,793	179,793		-	-	153,679	153,679	491,442	
On-balance sheet gap		12,682	-	(11,512)	1,170		63,627	-	114,554	(177,595)	586	147,149	7,000	-	(153,632)	517	2,273
Off-balance sheet financial instruments																	
Off-balance sheet gap		-	-	-	-		-	-	-	-		-	-	-	-	-	-

2015																			
Equity Sub Fund					Debt Sub Fund					Money Market Sub Fund					Total				
Yield / Interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Yield / Interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Yield / Interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total		
	Up to three months	More than three months and up to one year	More than one year				Up to three months	More than three months and up to one year	More than one year				Up to three months	More than three months and up to one year	More than one year				
%	(Rupees in '000)				%	(Rupees in '000)				%	(Rupees in '000)				(Rupees in '000)				
On-balance sheet financial instruments																			
Financial assets																			
Bank balances	3.59 - 7.5	9,950	-	-	9,950	3.59 - 7.5	9,281	-	-	-	9,281	3.59 - 7.5	10,124	-	-	10,124	29,355		
Investments - net		-	-	124,954	124,954	6.74-11.25	16,356	25,241	97,560	-	139,157	6.74-9.33	107,378	22,497	-	129,875	393,986		
Dividend receivable and accrued - mark-up		-	-	89	89		-	-	-	3,033	3,033		-	-	-	17	17	3,139	
Advances, deposits and other receivables		-	-	100	100		-	-	-	100	100		-	-	-	-	-	200	
		9,950	-	-	125,143	135,093	25,637	25,241	97,560	3,133	151,571	117,502	22,497	-	17	140,016	426,680		
Financial liabilities																			
Participants' sub funds		-	-	-	133,225	133,225		-	-	-	150,186	150,186		-	-	-	138,726	138,726	422,137
Payable to HBL Asset Management Limited - Pension Fund Manager		-	-	-	178	178		-	-	-	210	210		-	-	-	193	193	581
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	16	16		-	-	-	18	18		-	-	-	16	16	50
Accrued expenses and other liabilities		-	-	-	77	77		-	-	-	75	75		-	-	-	71	71	223
		-	-	-	133,496	133,496	-	-	-	150,489	150,489	-	-	-	-	139,006	139,006	422,991	
On-balance sheet gap		9,950	-	-	(8,353)	1,597	25,637	25,241	97,560	(147,356)	1,082	117,502	22,497	-	(138,989)	1,010	3,689		
Off-balance sheet financial instruments																			
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

23.1.3 Price risk

Price risk 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 instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund manages its exposure to price risk by analyzing the investment portfolio by industrial sectors and benchmarking the sector weighting to that of the KSE-100 Index. The Fund's policy is to concentrate the investment portfolio in sectors where management believes the Fund can maximize the returns derived for the level of risk to which the Fund is exposed. The table below is a summary of the significant sector concentrations within the equity portfolio.

Sector wise portfolio	2016	
	Funds equity portfolio (%)	KSE-100 benchmark portfolio (%)
Commercial Banks	14%	23%
Fertilizer	7%	13%
Oil and Gas Exploration Companies	9%	11%
Cement	21%	11%
Power Generation and Distribution	11%	9%
Oil and Gas Marketing Companies	7%	5%
Automobile Assembler	2%	2%
Technology and Communication	5%	1%
Chemical	0%	1%
Automobile Parts and Accessories	3%	1%
Others	21%	24%
Total	100%	100%

Sector wise portfolio	2015	
	Funds equity portfolio (%)	KSE-100 benchmark portfolio (%)
Commercial Banks	10%	25%
Fertilizer	17%	15%
Oil and Gas Exploration Companies	3%	13%
Cement	14%	10%
Power Generation and Distribution	12%	9%
Oil and Gas Marketing Companies	7%	4%
Automobile Assembler	12%	3%
Technology and Communication	5%	2%
Chemical	6%	1%
Automobile Parts and Accessories	5%	1%
Others	9%	17%
Total	100%	100%

In case of 5% increase / decrease in KSE-100 index on June 30, 2016, with all other variables held constant, the net assets of the sub-fund and other comprehensive income would increase / decrease by Rs. 7.68 million (2015: Rs. 7.55 million) as a result of gains / losses on equity securities classified as 'available for sale'.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2016 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE-100 Index.

23.1.4 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 relevant brokerage house or the counter party to fulfill 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 credit risk is primarily attributable to its investment in debt securities, balances with banks and advances, deposits and other receivables. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that are financial institutions with reasonably high credit ratings.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through the assignment of credit limits and by following strict credit evaluation criteria laid down by the Pension Fund Manager.

The maximum exposure to credit risk is as follows:

	2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
Bank balances by rating category				
A1+	12,682	8,171	42,240	63,093
Term Finance Certificates and Sukuk Bond	-	4,784	7,000	11,784
Dividend receivable and accrued mark-up	274	50	47	371
Advances, deposits and other receivables	100	100	-	200
	13,056	13,105	49,287	75,448

	2015			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
Bank balances by rating category				
A1+	9,950	9,281	10,124	29,355
Term Finance Certificates	-	5,110	-	5,110
Dividend receivable and accrued mark-up	89	91	17	197
Advances, deposits and other receivables	100	100	-	200
	10,139	14,582	10,141	34,862

The maximum exposure to credit risk before any credit enhancement is the carrying amount of the financial assets.

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 of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentrations of credit risk.

23.1.5 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 to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the participant's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP). The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and cannot be readily disposed and are considered readily realizable.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of the total net asset value at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the period.

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												
	Equity Sub Fund				Debt Sub Fund				Money Market Sub Fund				Total
	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	
	(Rupees in '000)												
Financial Liabilities													
Payable to HBL Asset Management Limited - Pension Fund Manager	217	-	-	217	254	-	-	254	215	-	-	215	686
Payable to the Central Depository Company of Pakistan Limited - Trustee	21	-	-	21	25	-	-	25	21	-	-	21	67
Accrued expenses and other liabilities	5,625	-	-	5,625	1,292	-	-	1,292	1,841	-	-	1,841	8,758
Participants' sub-funds	152,107	-	-	152,107	178,222	-	-	178,222	151,602	-	-	151,602	481,931
	157,970	-	-	157,970	179,793	-	-	179,793	153,679	-	-	153,679	491,442

	2015												
	Equity Sub Fund				Debt Sub Fund				Money Market Sub Fund				Total
	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	
	(Rupees in '000)												
Payable to HBL Asset Management Limited - Pension Fund Manager	178	-	-	178	210	-	-	210	193	-	-	193	581
Payable to the Central Depository Company of Pakistan Limited - Trustee	16	-	-	16	18	-	-	18	16	-	-	16	50
Accrued expenses and other liabilities	513	-	-	513	582	-	-	582	571	-	-	571	1,666
Participants' sub-funds	133,225	-	-	133,225	150,186	-	-	150,186	138,726	-	-	138,726	422,137
	133,932	-	-	133,932	150,996	-	-	150,996	139,506	-	-	139,506	424,434

24. PARTICIPANTS' FUNDS RISK MANAGEMENT (CAPITAL RISK)

The participants' fund is represented by redeemable units. These units are entitled to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date.

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

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

In accordance with the risk management policies stated in note 23, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with long term objective, the possibility of a significant redemption pressure is limited, such liquidity is augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments, where necessary.

All units, including the core units, and fractions thereof represents an undivided share in the pertinent sub-funds of the Fund and rank pari passu as their rights in the net assets and earning of the sub-fund are not tradable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

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.

Fair value hierarchy

- **Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** 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 3** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Equity Sub Fund	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Financial assets available for sale								
Equity Securities	<u>145,600</u>	<u>-</u>	<u>-</u>	<u>145,600</u>	<u>124,954</u>	<u>-</u>	<u>-</u>	<u>124,954</u>
Debt Sub Fund								
Financial assets available for sale								
Government securities								
- Treasury Bills	-	49,665	-	49,665	-	41,597	-	41,597
- Pakistan Investment Bonds	-	115,561	-	115,561	-	92,450	-	92,450
Term Finance Certificates and Sukuk								
Bonds	-	4,784	-	4,784	-	5,110	-	5,110
	<u>-</u>	<u>170,010</u>	<u>-</u>	<u>170,010</u>	<u>-</u>	<u>139,157</u>	<u>-</u>	<u>139,157</u>
Money Market Sub Fund								
Financial assets available for sale								
Government securities - Treasury Bil	-	104,909	-	104,909	-	129,875	-	129,875
Sukuk bonds	-	7,000	-	7,000	-	-	-	-
	<u>-</u>	<u>111,909</u>	<u>-</u>	<u>111,909</u>	<u>-</u>	<u>129,875</u>	<u>-</u>	<u>129,875</u>

26. FINANCIAL PERFORMANCE

26.1 Equity sub-fund

Equity Sub Fund						
2016	2015	% Change	2014	2013	2012	
(Rupees in '000)			(Rupees in '000)			
Net income for the year	19,750	23,282	-15%	19,179	9,649	2,245
Realized capital gains	17,542	21,689	-19%	17,379	7,953	863
Unrealized capital gains / (losses)	(7,497)	6,109	-223%	(2,703)	8,479	4,578
Dividend income / Mark-up income	5,340	4,578	17%	4,862	3,063	1,922
NAV per unit (Rupees)	320.5217	294.1652	9%	223.5688	178.0362	122.4358
Transactions in securities						
Purchases	298,415	162,440	84%	148,497	55,242	31,686
Sales	287,330	144,283	99%	147,437	51,748	1,910
Total contribution received						
Individuals	23,019	18,566	24%	23,796	3,335	2,164
Habib Bank Limited - Sponsor	-	-	-	-	-	30,000

26.2 Debt sub-fund

Debt Sub Fund						
2016	2015	% Change	2014	2013	2012	
(Rupees in '000)			(Rupees in '000)			
Net income for the year	11,044	11,071	0%	7,051	5,949	1,741
Realized capital gains / (losses)	3,250	2,218	47%	(13)	402	-
Unrealized capital gains / (losses)	1,042	1,223	-15%	202	69	(15)
Mark-up income	11,307	11,881	-5%	9,528	7,182	2,333
NAV per unit (Rupees)	146.9919	136.0235	8%	122.5372	114.0548	104.7196
Transactions in securities						
Purchases	298,469	249,000	20%	536,790	227,900	87,500
Sales	172,012	121,500	42%	52,000	50,000	-
Total contribution received						
Individuals	42,012	51,033	-18%	36,774	28,962	25,918
Habib Bank Limited - Sponsor	-	-	-	-	-	30,000

26.3 Money market sub-fund

Money Market Sub Fund						
2016	2015	% Change	2014	2013	2012	
(Rupees in '000)			(Rupees in '000)			
Net income for the year	5,744	7,934	-28%	6,905	6,014	1,789
Realized capital gains / (losses)	12	(9)	-233%	10	-	-
Unrealized capital gains / (losses)	(58)	78	-174%	(54)	56	(5)
Mark-up income	8,931	10,867	-18%	9,335	7,795	2,344
NAV per unit (Rupees)	135.0112	129.6234	4%	121.2766	113.2084	104.9036
Transactions in securities						
Purchases	577,733	483,400	20%	590,850	405,000	124,000
Sales	154,038	24,000	542%	13,000	-	-
Total contribution received						
Individuals	27,413	52,528	-48%	23,341	38,113	29,420
Habib Bank Limited - Sponsor	-	-	-	-	-	30,000.00

26.4 Highest and lowest issue price of units during the year

	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund	
	2016	2015	2016	2015	2016	2015
	Rupees					
Highest issue price	329.4000	296.8700	147.0500	137.0800	135.0400	129.6200
Lowest issue price	276.1900	209.3900	131.7500	122.6300	126.2700	121.3700

27. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors of the Pension Fund Manager.

28. GENERAL

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

28.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current year.

DTP

For HBL Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director