

# HBL

ASSET MANAGEMENT LTD.

ایسیٹ مینجمنٹ لمیٹڈ



## QUARTERLY REPORT 2018

For the Quarter ended March 31, 2018

MOVING TOWARDS  
**EXCELLENCE**

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## CORPORATE INFORMATION

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### Management Company

HBL Asset Management Limited.

Chairman	Mr. Agha Sher Shah	(Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director)
	Ms. Ava A. Cowasjee	(Non-Executive Director)
	Mr. Shabbir Hussain Hashmi	(Non-Executive Director)
	Mr. Shahid Ghaffar	(Non-Executive Director)
	Mr. Raymond H. Kotwal	(Non-Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)

### Audit Committee

Chairman	Mr. Shabbir Hussain Hashmi	(Non-Executive Director)
Members	Mr. Raymond Kotwal	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Non-Executive Director)
	Mr. Shahid Ghaffar	(Non-Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)

### Human Resource Committee

Chairman	Mr. Agha Sher Shah	(Non-Executive Director)
Members	Mr. Raymond H. Kotwal	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director)

### Risk & Investment Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Shahid Ghaffar	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director)

### Company Secretary &

Chief Financial Officer

Mr. Noman Qurban

### AMC Rating

'AM2'+ (Positive Outlook)

### Legal Advisors

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

### Website

[www.hblasset.com](http://www.hblasset.com)

### Head Office

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

# REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS ENDED MARCH 31, 2018

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The Board of Directors of HBL Asset Management Limited is pleased to present its report together with the financial statements for the nine months ended March 31, 2018 of the following funds:

1. HBL Income Fund
2. HBL Government Securities Fund
3. HBL Money Market Fund
4. HBL Cash Fund
5. HBL Stock Fund
6. HBL Equity Fund
7. HBL Energy Fund
8. HBL Multi Asset Fund
9. HBL Financial Planning Fund

## Economic Review

Pakistan's economic indicators remained mixed during 9MFY18 with strong LSM growth, lower inflation and better private sector credit off-take whilst increase in external account pressures. During 3QFY18, current account deficit remained the key highlight leading to decline of forex reserves with continued pressure on local currency. During 3QFY18, Government took policy actions to address macroeconomic challenges by increasing the policy rate by 25bps (in Jan-18 Monetary Policy), allowing the PKR to depreciate by a further 5% (first round completed in Dec-17) and announcing an amnesty scene to increase tax base and the dollar inflow in the country.

Average inflation remained muted during 9MFY18 with an average of 3.78% YoY on the back of adequate food supplies and lower than expected increase in fuel prices. However, core inflation (measured by non-food-non-energy CPI), was recorded higher at 5.5% in 9MFY18 as compared to 4.9% during same period last year, reflecting the underlying demand pressures in the economy. Sustaining core inflation coupled with the impact of 9.5% PKR depreciation in 9MFY18 and higher international oil prices (+40%) would keep inflation at higher levels in the coming months. Due to recent uptick in inflationary pressures as evident in Mar-18 NFNE of 5.8%, monthly CPI inflation reading would likely reach 5 - 5.5% YoY by the end of FY18 while average for FY18 is expected to remain below 4.5%.

Large-scale manufacturing (LSM) posted 6.2% YoY growth during 8MFY18 mainly led by Electronics (+38.8%), Iron & Steel Products (30.9%), Automobiles (+19.6%) and Non-metallic Mineral Products (+11.9%). Promising growth of the manufacturing sector along with an encouraging assessment of major crops (except cotton) is likely to bode well for the services sector and in turn strong GDP growth in FY18. However so far, faster economic growth (driven by higher machinery imports particularly related to power plants for CPEC and petroleum imports) has caused imbalances on the external front with 8MFY18 current account deficit soaring to USD 10.8bn (4.8% of GDP) vs. USD 7.2bn (3.6% of GDP) during same period last year. In 8MFY18, import of goods surged by 17.3% YoY to USD 35.6bn while exports grew by 12.2% to USD 16.0bn resulting in a trade deficit of USD 19.7bn against USD 16.2bn during same period last year. As a result, SBP forex reserves decreased by USD 4.5bn since Jun-17 to reach USD 11.6bn at the end of 9MFY18. Going forward, we foresee continuation of stringent policy measures (monetary tightening and import curtailment) as external account risks are still persistent. However successful amnesty scheme and issuance of international bond can alleviate some pressure on the current account.

## Money Market Review

In the 9MFY18, the yield curve steepened with secondary market yields on 3, 5 and 10-year PIBs increased by 142, 145 and 69 bps respectively. Meanwhile, yields on the 3, 6 and 12 month T-Bills increased by 41, 57 and 71 bps respectively. Government of Pakistan raised PKR 54.2bn through the PIB auction held in Jul-17 while next eight PIB auctions held were all scrapped. The last cut-off yields stood at 6.4091%, 6.8961% and 7.9360% p.a. for 3, 5 and 10-year PIBs respectively. Overall trading in longer tenures remained lackluster during 9MFY18 reflecting market participants' expectations of further increase in interest rates.

During 9MFY18, Government retired PKR 1,378bn from scheduled banks against a net retirement of PKR 97bn same period last year due to multiple scrapped PIB Auctions. Meanwhile, Government borrowing from SBP increased by PKR 2,237bn during the period against PKR 802bn during same period last year. GoP raised PKR 11,765bn (excluding NCB) through T-Bills compared to the cumulative target of PKR 12,875bn and maturities of PKR 11,928bn. In the last T-Bill Auction held in Mar-17 no amount was accepted in the 6 and 12 month T-Bills. The cutoff yield was 6.2591% for the 3 month T-Bills. During the Jan-18 Monetary policy, SBP increased the policy rate by 25bps as a preemptive move to mitigate economic risks pertaining to overheating of aggregate demand and ballooning of current account deficit. However in Mar-18 MPS, SBP maintained policy rate at 6% against consensus expectations of 25-50bps hike and suggested "wait-and-see" approach up to next MPS until results of recent policy measures (25bps hike in Jan-18 and PKR depreciation in two steps) are reflected in economic indicators. However, we believe that it's just a timing difference and we expect interest rate to increase by a further 25-50 bps in this fiscal year due to macroeconomic risks in the economy.

## Stock Market Review

During the 9MFY18, the KSE100 Index lost 1,005 points (2%) to close at 45,560 points after strong performance during the latest quarter as the market had accumulated 13% loss during 1HFY18. This came against the back drop of recent PKR depreciation and continued news flow about the upcoming budget after the earlier half of the year was marred by political instability following the ouster of ex-PM and concerns on the economic front emanating from ballooning current account deficit which created pressure on foreign exchange reserves.

Cement sector was the worst performer during the period under review, losing 1,232 points to the benchmark index where the weakness was led by 15% and 19% value attrition in LUCK and DGKC respectively. This performance was led by the market fears of a price war in the segment as upcoming expansions lead to an oversupply situation but the recent increase of ~PKR50/bag in cement prices have provided the sector some relief. Oil & Gas Marketing (-20%), Power Generation (-8%) and Refinery sector (-31%) dragged the market by 290 points, 284 points and 235 points respectively due to prospects of earnings decline in OMCs and Power sector following the governments' decision to reduce reliance on furnace oil for power generation. SNGP was also amongst the major losers, declining 19% subsequent to OGRA's decision to initiate discussions for changing gas pricing and return mechanism creating uncertainty over sustainability of earnings growth going forward.

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The banking sector remained flat during the period under review despite falling 16% during 1HFY18 primarily after hike in benchmark policy rate by SBP and expectations of further increase. Large scale banks underperformed board market following the imposition of a penalty on one of the largest commercial banks of Pakistan and decision by Supreme Court in pension case in favor of pensioners against largest public sector bank. Meanwhile smaller banks experienced strong performance where BAHF, HMB and BAFI have risen 43%, 40% and 35% respectively. Index heavyweights, Oil & Gas exploration sector posted stellar gain of 26% during 9MFY18 contributing 1,719 points buoyed by 53%, 49% and 29% returns in POL, PPL and OGDCL respectively partially offset by MARI (-6%). This strong gains were mainly driven by 40% increase in average international oil prices and PKR devaluation.

Moving ahead, we anticipate the market to continue its positive momentum as the index heavyweights (Oil & Gas - E&Ps, Textiles and IPPs) reap full benefit of recent PKR depreciation. However, momentum of banking stocks may temporarily slowdown owing to recent MPS stance. With increased macroeconomic risks, we shall continue to follow "bottom-up" approach and focus on stocks with strong earnings potential.

## **FUND'S PERFORMANCE**

### **HBL Income Fund**

The total income and net income of the Fund was Rs.210.07million and Rs. 146.26 million respectively during the nine months ended March 31, 2018. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs 106.0146 per unit as on June 30, 2017. The NAV of the Fund was Rs109.9116 per unit as on March 31, 2018, thereby giving an annualized return of 4.90%. During the same period the benchmark (6 Month KIBOR) return was 6.24%.The size of Fund was Rs3.10 billion as on March 31, 2018.

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

### **HBL Government Securities Fund**

The total income and net income of the Fund was Rs.39.70 million and Rs. 26.75 million respectively during the nine months ended March 31, 2018. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs105.4266 per unit as on June 30, 2017. The NAV of the Fund was Rs109.0617 per unit as on March 31, 2018, thereby giving an annualized return of 4.59%. During the same period the benchmark (6 Month PKRV Rates) return was 6.08%.The size of Fund was Rs0.34 billion as on March 31, 2018.

JCR-VIS Credit Rating Company Limited has assigned the Fund stability Rating of 'A(f)' to the Fund.

### **HBL Money Market Fund**

The total income and net income of the Fund was Rs.255.93 million and Rs. 199.24 million respectively during the nine months ended March 31, 2018. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs101.7683 per unit as on June 30, 2017. The NAV of the Fund was Rs105.7650 per unit as on March 31, 2018, thereby giving an annualized return of 5.21%. During the same period the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 5.24%.The size of Fund was Rs5.56 billion as on March 31, 2018.

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

### **HBL Cash Fund**

The total income and net income of the Fund was Rs.462.86million and Rs. 391.93 million respectively during the nine months ended March 31, 2018. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs100.4888 per unit as on June 30, 2017. The NAV of the Fund was Rs104.5587 per unit as on March 31, 2018, thereby giving an annualized return of 5.40%. During the same year the benchmark (70% 3M PKRV + 30% 3M deposit rates of 3AA rated banks as per MUFAP) return was 5.24%.The size of Fund was Rs11.20 billion as on March 31, 2018.

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

### **HBL Stock Fund**

The Fund incurred total loss and net loss of Rs.110.14million and Rs. 248.03million respectively during the nine months ended March 31, 2018. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs121.4498 per unit as on June 30, 2017. The NAV of the Fund was Rs113.6700 per unit as on March 31, 2018, thereby giving a negative return of 6.40%. During the same period the benchmark KSE 30 index return was negative 1.50%.The size of Fund was Rs6.37 billion as on March 31, 2018.

### **HBL Equity Fund**

The Fund incurred total loss and net loss of Rs. 20.22 million and Rs. 29.95 million respectively during the nine months ended March 31, 2018. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs124.6444 per unit as on June 30, 2017. The NAV of the Fund was Rs116.9530 per unit as on March 31, 2018, thereby giving a negative return of 6.16%. During the same period the benchmark KSE 100 index return was negative 2.16%.The size of Fund was Rs0.35 billion as on March 31, 2018.

### **HBL Energy Fund**

The Fund earned total income and net income of Rs.52.00 million and Rs. 26.58million respectively during the nine months ended March 31, 2018. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs15.0359 per unit as on June 30, 2017. The NAV of the Fund was Rs15.1821 per unit as on March 31, 2018, thereby giving a return of 0.98%. During the same period the benchmark KSE 30 index return was negative 1.50%.The size of Fund was Rs1.05 billion as on March 31, 2018.

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#### **HBL Multi Asset Fund**

The Fund incurred total loss and net loss of Rs.24.26 million and Rs. 39.52 million respectively during the nine months ended March 31, 2018. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs112.0924 per unit as on June 30, 2017. The NAV of the Fund was Rs108.4000 per unit as on March 31, 2018, thereby giving an annualized return of negative 3.29%. During the same period the benchmark index (Weighted average daily return KSE 100 and 6 Month PKRV rates) return was negative 0.03%. The size of Fund was Rs 0.34 billion as on March 31, 2018.

#### **HBL Financial Planning Fund**

HBL Financial Planning Fund is a Fund of Funds scheme. The Fund comprises of three sub funds (plans) namely Active allocation plan, Conservative allocation plan and Strategic allocation plan. The Benchmark of the Fund is 'Weighted Avg. Daily Return of KSE-100 Index, 6M KIBOR and 3M PKRV (70%) & 3M deposit average rate of three AA rated banks (30%)'.

The Fund as a whole earned total and net income of Rs. 38.64million and Rs. 35.98million respectively during the period under review. The fund size of the fund stood at Rs. 0.70billion. Performance review for plan is given below:

#### **Active Allocation Plan**

During the period under review, the Active allocation plan earned total and net income of Rs. 18.24million and Rs17.21 million respectively. The net assets of the Active allocation plan stood at Rs. 331 million representing Net Asset Value (NAV) of Rs. 106.2226per unit as at March 31, 2018. The plan earned a return of 6.22% for the period under review. During the same period, the benchmark return of the fund was 7.12%.

#### **Conservative Allocation Plan**

During the period under review, the Conservative allocation plan earned total and net income of Rs. 7.28 million and Rs6.67million respectively. The net assets of the Conservative allocation plan stood at Rs. 151 million representing Net Asset Value (NAV) of Rs. 104.01490per unit as at March31, 2018. The plan earned a return of 4.02% for the period under review. During the same period, the benchmark return of the fund was 4.46%.

#### **Strategic Allocation Plan**

During the period under review, the Strategic allocation plan earned total and net income of Rs. 13.12 million and Rs12.10 million respectively. The net assets of the Strategic allocation plan stood at Rs.215 million representing Net Asset Value (NAV) of Rs. 105.9505per unit as at March 31, 2018. The plan earned a return of 5.95% for the period under review. During the same period, the benchmark return of the fund was 7.47%.

#### **MANAGEMENT COMPANY RATING**

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has upgraded the management quality rating to 'AM2+' (AM Two Plus) to the Management Company and the outlook on the assigned rating has been assessed as 'Stable'.

#### **ACKNOWLEDGEMENT**

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

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

On behalf of the Board of  
HBL Asset Management Limited

Chief Executive Officer

Director

## مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ:

انٹجی ایل ایسٹ منجمنٹ لیٹیڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2018 کو اختتام پذیر ہونے والے نو ماہ کے لیے مندرجہ ذیل فنڈز کے لیے مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرنے پر خوشی محسوس کرتے ہیں:

- ۱۔ انٹجی ایل اے فنڈ
- ۲۔ انٹجی ایل گورنمنٹ سیکورٹیز فنڈ
- ۳۔ انٹجی ایل سی مارکیٹ فنڈ
- ۴۔ انٹجی ایل ہیش فنڈ
- ۵۔ انٹجی ایل اسٹاک فنڈ
- ۶۔ انٹجی ایل ایکویٹی فنڈ
- ۷۔ انٹجی ایل انریجی فنڈ
- ۸۔ انٹجی ایل ایسٹ فنڈ
- ۹۔ انٹجی ایل ٹرانزیشن پلاننگ فنڈ

### اقتصادی جائزہ

9MFY18 کے دوران پاکستان کے معاشی انڈیکسز مضبوط LSM کی ترقی، کم افراط زر اور نجی شعبے کے بہتر کریڈٹ آف ٹیک کے ساتھ مخلوط رہے جبکہ خارجہ اکاؤنٹ کے دباؤ میں اضافہ ہوا۔ 3QFY18 کے دوران، کرنٹ اکاؤنٹ ڈیفیٹ سمرٹنی میں رہا جس کے سبب فارکس ریڑ میں کمی کے ساتھ مقامی کرنسی پر مسلسل دباؤ جاری رہا۔ 3QFY18 کے دوران حکومت نے منکروا اکاؤنٹ چیلنجز پر توجہ دیتے ہوئے پالیسی کی شرح کو 25bps تک بڑھانے کے پالیسی اقدامات کیے (جنوری-18 کی مالیاتی پالیسی)، جس سے روپے کی قدر میں مزید 5% کمی ہوئی (دسمبر-17 میں پہلا راولڈنگ مکمل ہوا) اور ملک میں گیس میں اور ڈالر کے بہاؤ کو بڑھانے کے لئے اینٹنٹی اسکیم کا اعلان کیا گیا۔

9MFY18 کے دوران افراط زر مناسب خوراک کی فراہمی کے باعث اور ایندھن کی قیمتوں میں توقع سے کم اضافے کی وجہ سے YoY 3.78% اوسط کے ساتھ رہی۔ تاہم بنیادی افراط زر (غیر خوراک غیر توانائی CPI) سے پیش شدہ) گزشتہ سال کی اسی مدت کے دوران 4.9% کے مقابلے میں 9MFY18 کے دوران 5.5% کی اونچے سطح پر لگاؤ پر لگایا گیا جو کہ معیشت پر طلب کے دباؤ کی عکاسی کرتا ہے۔ بڑھتی ہوئی بنیادی افراط زر جو کہ 9MFY18 میں روپے کی قدر میں 9.5% کمی کی اور بڑھتی ہوئی بین الاقوامی آئل کی قیمتیں (+40%) کی وجہ سے آئے والے مہینوں میں افراط زر کو اونچے سطح پر رکھیں گی۔ افراط زر کے دباؤ میں حالیہ اضافے کے سبب جو کہ مارچ-18 میں NFNE کے 5.8% سے واضح ہے، ماہانہ CPI افراط زر FY18 کے اختتام تک 5%-5.5% YoY تک پہنچ جانے کا امکان ہے، جبکہ FY18 کے لیے اوسط 4.5% سے نیچے رہنے کی توقع ہے۔

8MFY18 کے دوران بڑے پیمانے پر میڈیکل پروڈکٹ (LSM) میں YoY 6.2% اضافہ ہوا۔ جس کی خاص طور پر ایکٹیوٹس (+38.8%)، آئرن اور اسٹیل مصنوعات (30.9%)، آٹوموبائل (+19.6%) اور غیر دھاتی معدنی مصنوعات (+11.9%) نے قیادت کی۔ میڈیکل پروڈکٹ کی امید افزاء ترقی کے ساتھ اہم مصنوعات کی حوصلہ افزاء، تخمینہ کاری (کیاس کے علاوہ) سروسز سیکٹر کے لئے ایک اچھا گھونٹا ثابت ہوگا اور FY18 میں مضبوط GDP کی ترقی کا امکان ہے۔ تاہم اپ تک تیز اقتصادی ترقی (مشیرین درآمدت کی حوصلہ افزائی جو کہ خصوصاً CPE اور پٹرولیم درآمدت کے لئے پاور پائٹس سے متعلق ہے) نے 8MFY18 میں خارجی ماز پر عدم توازن کا باعث بنی جس کے سبب کرنٹ اکاؤنٹ خسارہ بڑھ کر 10.8 بلین ڈالر (GDP کا 4.8%) ہو گیا ہے جو بمقابلہ گزشتہ سال کی اسی مدت کے دوران 7.2 بلین ڈالر (GDP کا 3.6%) تھا۔ 8MFY18 میں ایشیاء کی درآمدت میں YoY 17.3% اضافے کے ساتھ 35.6 بلین ڈالر رہی۔ جبکہ ایشیاء کی برآمدات 12.2% اضافے کے ساتھ 16.0 بلین ڈالر ہو گئیں جس کے نتیجے میں تجارتی خسارہ گزشتہ سال کی اسی مدت کے دوران ہونے والے 16.2 بلین ڈالر کے خسارے کے مقابلے میں 19.7 بلین ڈالر ہوا۔ نتیجتاً SBP کے فارکس ریڑ Jun-17 سے 4.5 بلین ڈالر سے کم ہو کر 9MFY18 کے آخر تک 11.6 بلین ڈالر تک پہنچ گئے۔ آگے بڑھتے ہوئے، ہم ختم پالیسی اقدامات کے تسلسل کی پیش گوئی کرتے ہیں (مالیاتی مشیونٹی اور درآمد کی تخفیف) جیسا کہ خارجہ اکاؤنٹ کے خطرات اب بھی موجود ہیں۔ الیٹہ کا میا ب اینٹنٹی اسکیم اور بین الاقوامی ماڈل کا اجراء کرنٹ اکاؤنٹ پر دباؤ کو کچھ حد تک کم کر سکتا ہے۔

## منی مارکیٹ کا جائزہ:

9MFY18 میں غانوی مارکیٹ میں 5،3 اور 10 سالہ PIBs کی شرح سود میں بالترتیب 142، 145 اور 69 bps کا اضافہ ہوا۔ اسی دوران 6،3 اور 12 مہینے کے ٹی-بلز کی شرح سود میں بالترتیب 57،41 اور 71 bps کا اضافہ ہوا۔ حکومت پاکستان نے جولائی 17 میں PIB کی بنیادی کے ذریعے 2،237 بلین پاکستانی روپے سے اضافہ ہوا جو کہ گزشتہ سال اسی مدت کے دوران 802 بلین پاکستانی روپے تھے۔ منسوخ کردی گئیں۔ آخری کٹ-آف کی شرح سود بالترتیب 5،3 اور 10 سالہ PIBs کے لیے 6،4091% اور 7،9360% p.a پر موجود رہی۔ مجموعی طور پر 9MFY18 کے دوران طویل المدتی بانڈز میں تجارت مایوس کن رہی جو مارکیٹ میں شرکاء کی شرح سود میں مزید اضافہ کی توقعات کی عکاسی کرتی ہے۔

9MFY18 کے دوران حکومت نے بینکوں سے 1،378 بلین پاکستانی روپے لیے جو گزشتہ سال اسی مدت کے مقابلے میں PIB کی متعدد منسوخ بنیادیں کی وجہ سے 97 بلین پاکستانی روپے کی ادائیگیاں تھیں۔ اسی دوران SBP سے حاصل کردہ کل وقتی قرضوں میں دوران مدت 2،237 بلین پاکستانی روپے سے اضافہ ہوا جو کہ گزشتہ سال اسی مدت کے دوران 802 بلین پاکستانی روپے تھے۔ حکومت پاکستان نے 12،875 بلین پاکستانی روپے کے مجموعی ہدف اور میٹرو ریٹز سے حاصل کردہ 11،928 بلین پاکستانی روپے کے مقابلے میں ٹی-بلز کے ذریعے 11،765 بلین پاکستانی روپے (NCB کو چھوڑ کر) اکٹھے کیے۔ مارچ 17 میں منسوخ ہونے والی آخری ٹی-بل کی بنیادی میں 6 اور 12 ماہ کے ٹی-بلز میں کوئی رقم قبول نہیں کی گئی۔ تین ماہ کے ٹی-بلز کے لئے کٹ-آف شرح سود 6،2591% حاصل ہوئی۔ جنوری 18 کی مالیاتی پالیسی کے دوران SBP نے مجموعی طور پر طلب میں اضافے اور بڑھتے ہوئے کرنٹ اکاؤنٹ ڈیفیٹ سے متعلق اقتصادی خطرات کو کم کرنے کے لئے پالیسی کی شرح میں 25 bps کے اضافے کا اہتمام کیا۔ تاہم، مارچ 18 MPSI میں SBP 25-50 bps میں توقع اضافے کے خلاف پالیسی کی شرح کو 6% پر برقرار رکھا اور 18 MPSI کے لئے "کوئی گھبراہٹ اور اتھارہ کر دو" کے نقطہ نظر کی تجویز پیش کی، جب تک حالیہ پالیسی کے اقدامات (جنوری 18-25 bps میں اضافے اور دوسرا صل میں PKR کی تخفیف) کے نتائج اقتصادی اشاریہ کی شرح میں نظر آتے ہیں۔ البتہ ہم اس بات کا یقین کرتے ہیں کہ یہ صرف وقت کا فرق ہے اور ہم امید کرتے ہیں کہ مصیبت میں میکرو اکانامک خطرات کے باعث اسی اہل سال میں سود کی شرح میں مزید 25-50 bps کا اضافہ ہو جائے گا۔

## اسٹاک مارکیٹ کا جائزہ:

9MFY18 کے دوران KSE100 انڈیکس گزشتہ سہ ماہی کے دوران منسوب کارکردگی کے بعد 1،005 پوائنٹس (2%) کی کمی کے ساتھ 45،560 پوائنٹس پر بند ہو گیا جبکہ 1HFY18 دوران مارکیٹ میں یکم 13% کی کمی دیکھی گئی۔ یہ پس منظر حالیہ روپے کی قدر میں کمی اور آئندہ آنے والے بجٹ کے بارے میں جاری خبروں کے بہاؤ کے دوران کے پھیلنے والے منسوخ میں سہ ماہی کے معزولی کے بعد سیاسی عدم استحکام کے خراب ہونے اور کرنٹ اکاؤنٹ خسارہ سے متعلق ہونے والے معاشی نماز کے بارے میں خدشات جس نے غیر ملکی کرنسی کے ذخائر پر ہاؤ پیو کیا، کے رد عمل میں آیا۔

زیر جائزہ مدت کے دوران سب سے سیکڑے بدترین کارکردگی کا مظاہرہ کیا بیٹھ مارک انڈیکس میں 1،232 پوائنٹس کی کمی کا سبب بنا۔ 15% اور 19% قیمت کی قدر میں کمی کے ساتھ LUCK اور DGKC بالترتیب سب سے سب سے سیکڑے میں اس کارکردگی کی وجہ سے مارکیٹ میں قیمتوں کی جنگ کے خدشات کی وجہ سے کمی گئی تھی جیسا کہ مغرب ہونے والی توسیعیات ضرورت سے زیادہ ردی ایک سود بحال کی جانب لے جائی گئی۔ لیکن حالیہ سینٹ کی قیمتوں میں PKR50 / bag کے اضافے نے شعبے کو چھڑا دیا۔ بجلی پیدا کرنے کے لئے فزائلز آئل پر اٹھارہ کم کرنے سے متعلق حکومتی فیصلے کے بعد OMCS اور پاور سیکڑے آمدنی میں کمی کے امکانات کے باعث آئل اور گیس مارکیٹنگ (20%)، بجلی کی پیداوار (8%) اور ریٹائرمنٹ سیکڑے (31%) نے مارکیٹ میں تیزی سے بالترتیب 290 پوائنٹس، 284 پوائنٹس اور 235 پوائنٹس کی کمی کا سبب بنا۔ آئل اور گیس کی قیمتوں کے تعین اور واپسی کے طریقہ کار کو تبدیل کرنے کے بارے میں باہر جیت کے آغاز کے فیصلے جس سے برقی ہوتی آمدنی کی ترقی میں پائیداری سے متعلق غیر یقینی صورتحال کی تشکیل کے سبب 19% کی کمی کے ساتھ SNGP بھی اہم خسارے میں رہا۔

1HFY18 کے دوران بنیادی طور پر SBP کی جانب سے بیٹھ مارک پالیسی کی شرح میں ہونے والے اضافے مزید متوقع اضافے اور 16% کی کمی کے باوجود زیر جائزہ مدت کے دوران بینکنگ سیکڑے سب سے بڑے تجارتی بینکوں میں سے ایک پر چٹائی عائد ہونے اور سب سے بڑے پبلک سیکڑے بینک کے خلاف چیئرمین کے خدمات میں سہ ماہی کے دوران کا پھٹنے ز کے حق میں فیصلہ دینے کی وجہ سے مارچ 18 اسکیم بینکوں نے مارکیٹ کے مقابلے میں خراب کارکردگی دکھائی۔ جبکہ جھوٹے بینکوں نے منسوب کارکردگی کا مظاہرہ کیا، جہاں HMB، BAHL اور BAFI کو بالترتیب 43%، 40% اور 35% کا اضافہ ہوا۔ انڈیکس بیوی ویٹ، آئل اینڈ گیس ایکلوپولیٹرز کا شعبہ میں 9MFY18 کے دوران 26% کے شمارہ اضافے کے ساتھ 1،719 پوائنٹس کے مجموعی اضافے کا سبب بنا۔ OGD اور PPL، POL اور 49%، 53% اور 29% کا اضافہ ہوا۔ جبکہ (6%) MARI رہا۔ یہ زبردست اضافہ بنیادی طور پر اوسط بین الاقوامی تیل کی قیمتوں میں 40% اضافے اور روپیہ کی قدر میں کمی کے باعث تھا۔

آگے بڑھتے ہوئے، ہم توقع کرتے ہیں کہ مارکیٹ مثبت رفتار کو جاری رکھتے ہوئے جیسا کہ انڈیکس بیوی ویٹ (آئل اور گیس-E&P، ٹیکسٹائل اور IPPs) کا حالیہ روپے کی قدر میں کمی سے مکمل فائدہ

حاصل کرے گی۔ البتہ بینکنگ اسٹاکس کی رفتار حالیہ MPS کے موقف کی وجہ سے عارضی طور پر کم ہو سکتی ہے۔ سیکرڈا اٹنا تک خطرات کے ساتھ، ہم بائٹ اپ (چیجے سے اوپر) کی اپروچ پر عمل کریں گے اور منجیو ڈاؤمدنی کے امکانات کے ساتھ اسٹاک پر پوجہ کو زرخیز کریں گے۔

## فنڈز کی کارکردگی:

### ایچ بی ایل انکم فنڈ:

۹ ماہ کے اختتام پر 31 مارچ 2018 تک فنڈ کی مجموعی اور خالص آمدنی بالترتیب 210.07 ملین روپے اور 146.26 ملین روپے رہی۔ فنڈ کی سابقہ ڈیویڈنڈ نیٹ ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2017 تک 106.0146 روپے تھی۔ فنڈ کا NAV اسی طرح 31 مارچ 2018 کو فنڈ کا NAV اسی طرح فی یونٹ 109.9116 روپے رہی۔ جس سے 2018 میں 4.90% کا سالانہ نفع کیا۔ اسی مدت کے دوران شیج مارک KIBOR 6.24% ریٹن تھا۔ فنڈ کے اثاثہ جات 31 مارچ 2018 تک 3.10 بلین روپے تھا۔

VIS-JCR کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کی (f) فنڈ اسٹیلٹی ریٹنگ میں توثیق کی ہے۔

### ایچ بی ایل گورنمنٹ سیکورٹیز فنڈ:

۹ ماہ کے اختتام پر 31 مارچ 2018 تک فنڈ کی مجموعی اور خالص آمدنی بالترتیب 39.70 ملین روپے اور 26.75 ملین روپے رہی۔ فنڈ کی سابقہ ڈیویڈنڈ نیٹ ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2017 تک 105.4266 روپے تھی۔ فنڈ کا NAV اسی طرح 31 مارچ 2018 کو فی یونٹ 109.061 روپے رہا۔ جس سے 2018 میں 4.59% کا سالانہ نفع کیا۔ اسی مدت کے دوران شیج مارک PKRV 6.08% ریٹن تھا۔ فنڈ کے اثاثہ جات 31 مارچ 2018 تک 0.34 بلین روپے تھا۔

VIS-JCR کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کی (f) فنڈ اسٹیلٹی ریٹنگ میں توثیق کی ہے۔

### ایچ بی ایل منی مارکیٹ فنڈ:

۹ ماہ کے اختتام پر 31 مارچ 2018 تک فنڈ کی مجموعی اور خالص آمدنی بالترتیب 255.93 ملین روپے اور 199.24 ملین روپے رہی۔ فنڈ کی سابقہ ڈیویڈنڈ نیٹ ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2017 تک 101.7683 روپے تھی۔ فنڈ کا NAV اسی طرح 31 مارچ 2018 کو فی یونٹ 105.765 روپے رہا۔ جس سے 2018 میں 5.21% کا سالانہ نفع کیا۔ اسی مدت کے دوران شیج مارک 3M 30% اور 3M 30% پازٹ ریٹس 5.24% تھا۔ فنڈ کے اثاثہ جات 31 مارچ 2018 تک 5.56 بلین روپے تھا۔

VIS-JCR کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کی (f) AA فنڈ اسٹیلٹی ریٹنگ میں توثیق کی ہے۔

### ایچ بی ایل کیش فنڈ:

۹ ماہ کے اختتام پر 31 مارچ 2018 تک فنڈ کی مجموعی اور خالص آمدنی بالترتیب 462.86 ملین روپے اور 391.93 ملین روپے رہی۔ فنڈ کی سابقہ ڈیویڈنڈ نیٹ ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2017 تک 100.4888 روپے تھی۔ فنڈ کا NAV اسی طرح 31 مارچ 2018 کو فی یونٹ 104.5587 روپے رہا جس سے 2018 میں 5.40% کا سالانہ نفع کیا۔ اسی مدت کے دوران شیج مارک PKRV 3M 30% + 3M 30% پازٹ ریٹس 5.24% تھا۔ فنڈ کے اثاثہ جات 31 مارچ 2018 تک 11.20 بلین روپے تھا۔

VIS-JCR کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کی (f) AA فنڈ اسٹیلٹی ریٹنگ میں توثیق کی ہے۔

## ایچ بی ایل اسٹاک فنڈ:

9 ماہ کے اختتام پر 31 مارچ 2018 تک فنڈ کا مجموعی اور خالص نقصان بالترتیب 110.14 ملین روپے اور 248.00 ملین روپے رہا۔ فنڈ کی سابقہ ڈیویڈنڈ سٹیٹ ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2017 تک 121.4498 روپے تھی۔ فنڈ کا NAV 31 مارچ 2018 تک 113.6700 روپے فی یونٹ رہا، جس سے 6.40% کا نقصان اٹھایا۔ اسی مدت کے دوران شیئ مارک KSE30 انڈیکس ریٹرن منفی 1.50% تھا۔ 31 مارچ 2018 تک فنڈ کے اثاثہ جات 0.37 ملین روپے تھا۔

## ایچ بی ایل ایکونٹی فنڈ:

9 ماہ کے اختتام پر 31 مارچ 2018 تک فنڈ کا مجموعی اور خالص نقصان بالترتیب 20.22 ملین روپے اور 29.95 ملین روپے رہا۔ فنڈ کی سابقہ ڈیویڈنڈ سٹیٹ ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2017 تک 124.6444 روپے تھی۔ فنڈ کا NAV 31 مارچ 2018 تک 116.9530 روپے فی یونٹ رہا، جس سے 6.16% کا نقصان اٹھایا۔ اسی مدت کے دوران شیئ مارک KSE100 انڈیکس ریٹرن منفی 2.16% تھا۔ 31 مارچ 2018 تک فنڈ کے اثاثہ جات 0.35 ملین روپے تھا۔

## ایچ بی ایل انرجی فنڈ:

9 ماہ کے اختتام پر 31 مارچ 2018 تک فنڈ کا مجموعی اور خالص آمدنی بالترتیب 52.00 ملین روپے اور 26.58 ملین روپے رہی۔ فنڈ کی سابقہ ڈیویڈنڈ سٹیٹ ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2017 تک 15.0359 روپے تھی۔ 31 مارچ 2018 تک فنڈ کا NAV اسی طرح 15.1821 روپے فی یونٹ رہا، جس سے 0.98% کا نفع ہوا۔ اسی مدت کے دوران شیئ مارک KSE30 انڈیکس ریٹرن منفی 1.50% تھا۔ 31 مارچ 2018 تک فنڈ کے اثاثہ جات 1.05 ملین روپے تھا۔

## ایچ بی ایل ملٹی ایسیٹ فنڈ:

9 ماہ کے اختتام پر 31 مارچ 2018 تک فنڈ کا مجموعی اور خالص نقصان بالترتیب 24.26 ملین روپے اور 39.52 ملین روپے رہا۔ فنڈ کی سابقہ ڈیویڈنڈ سٹیٹ ایسیٹ ویلیو (NAV) فی یونٹ 30 جون 2017 تک 112.0924 روپے تھی۔ فنڈ کا NAV اسی طرح 31 مارچ 2018 تک 108.4000 روپے فی یونٹ رہا، جس سے سالانہ 3.29% کا نقصان اٹھایا۔ اسی مدت کے دوران شیئ مارک وسط روزانہ واپسی کا مجموعی KSE100 اور PKRV6 انڈیکس ریٹرن منفی 0.03% رہا۔ 31 مارچ 2018 تک فنڈ کے اثاثہ جات 0.34 ملین روپے تھا۔

## ایچ بی ایل فنانشل پلاننگ فنڈ:

انچ بی ایل فنانشل پلاننگ فنڈ، فنڈز رائٹیم کا ایک فنڈ ہے۔ اس فنڈ میں تین ذیلی فنڈز پلان شامل ہیں جن کے نام ایکٹیو ایلیویشن پلان، کنزرویٹو ایلیویشن پلان اور اسٹریٹجک ایلیویشن پلان ہیں۔ فنڈ کے ہتھیاروں میں اوسط روزانہ واپسی کا مجموعی KSE100 انڈیکس، MKIBOR6 اور BMPKRV70 (%) اور 3M کاڈ پازٹ اوسط ریٹ تین AA درجہ بندی کے پیکیوں کے لیے (30%) تھا۔

فنڈ نے زیر جائزہ مدت کے دوران مجموعی اور نیٹ آمدنی بالترتیب 38.64 ملین روپے اور 35.98 ملین روپے حاصل کی۔ فنڈ کے اثاثہ جات 0.70 ملین روپے رہا۔ پلان کی کارکردگی کا جائزہ ذیل میں درج ہے:

## ایکٹیو ایلیویشن پلان:

زیر جائزہ مدت کے تحت، ایکٹیو ایلیویشن پلان نے مجموعی اور خالص آمدنی بالترتیب 18.24 ملین روپے اور 17.21 ملین روپے حاصل کیے۔ ایکٹیو ایلیویشن پلان کے نیٹ اثاثہ جات 331 ملین پاکستانی روپے کی نمائندگی کرتے ہوئے 31 مارچ 2018 تک نیٹ ایسیٹ ویلیو (NAV) 106.2226 روپے فی یونٹ رہی۔ پلان نے زیر جائزہ مدت کے دوران اس منصوبے سے 6.22% کا نفع ہوا۔ اسی مدت کے دوران فنڈ کی شیئ مارک 7.12% رہا۔

## کنزورٹیو ایلوکیشن پلان:

زیر جائزہ مدت کے تحت، کنزورٹیو ایلوکیشن پلان نے مجموعی اور خالص آمدنی بالترتیب 7.28 ملین روپے اور 6.67 ملین روپے حاصل کیے۔ کنزورٹیو ایلوکیشن پلان کے نیٹ اثاثہ جات 151 ملین پاکستانی روپے کی نمائندگی کرتے ہوئے 31 مارچ 2018 تک نیٹ الیٹ ویلیو (NAV) 104.149 روپے فی یونٹ رہی۔ پلان نے زیر جائزہ مدت کے تحت 4.02% کا نفع ہوا۔ اسی مدت کے دوران فنڈ کا شیئر مارک ریٹرن 4.64% رہا۔

## اسٹریٹجک ایلوکیشن پلان:

زیر جائزہ مدت کے تحت، اسٹریٹجک ایلوکیشن پلان نے مجموعی اور خالص آمدنی بالترتیب 13.12 ملین روپے اور 12.10 ملین روپے حاصل کی۔ اسٹریٹجک ایلوکیشن پلان کے نیٹ اثاثہ جات 215 ملین پاکستانی روپے کی نمائندگی کرتے ہوئے 31 مارچ 2018 تک نیٹ الیٹ ویلیو (NAV) 105.950 روپے فی یونٹ رہی۔ پلان نے زیر جائزہ مدت کے دوران اس منصوبے کے لئے 5.95% کا نفع ہوا۔ اسی مدت کے دوران فنڈ کا شیئر مارک ریٹرن 7.47% رہا۔

## مینجمنٹ کمپنی کی کوالٹی ریٹنگ:

VIS-JCR گریڈ ریٹنگ کمپنی لمیٹڈ (VIS-JCR) نے مینجمنٹ کمپنی کو مینجمنٹ کمپنی کی درجہ بندی میں (AM2+) پر اپ گریڈ کر دیا ہے۔

## اظہار تشکر

بورڈ اس موقع پر اپنے قابل قدر یونٹ ہولڈرز کو ان کے اعتماد اور سرپرستی کے لیے شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سنٹرل ڈیپازٹری کمیٹی آف پاکستان کا بطور ٹرسٹی، اور پاکستان اسٹاک ایکسچینج لمیٹڈ اور اسٹیٹ بینک آف پاکستان کی فراہم کردہ مدد اور رہنمائی کے لیے تعریف کرنا چاہتا ہے۔

بورڈ اسٹاف کی جانب سے دکھائی گئی سخت محنت اور لگن کے لیے بھی ان کی تعریف ریکارڈ کرنا چاہتا ہے۔

من جانب بورڈ

ایچ بی ایل الیٹ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

مورخہ 23 اپریل 2018ء

ہتھام ڈکراچی

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# **HBL**

## **Income Fund**

## FUND INFORMATION

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Name of Fund	HBL Income Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited Allied Bank Limited JS Bank Limited Samba Bank Limited MCB Bank Limited Askari Bank Limited Zarai Taraqati Bank Limited Soneri Bank Limited Sindh Bank Limited Telenor Microfinance Bank Limited Meezan Bank Limited NRSP Microfinance Bank Limited
Fund Rating	A(f) (JCR-VIS)

**HBL Income Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*As at March 31, 2018*

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	451,681	881,829
Investments	5	2,099,223	2,718,877
Accrued mark-up		41,949	43,405
Advances, deposits and other receivables	6	568,955	921,578
<b>Total assets</b>		<b>3,161,808</b>	<b>4,565,689</b>
<b>Liabilities</b>			
Payable to the Management Company	7	4,519	8,335
Payable to the Trustee		338	498
Payable to Securities and Exchange Commission of Pakistan		2,173	4,291
Accrued expenses and other liabilities	8	50,239	62,269
<b>Total liabilities</b>		<b>57,269</b>	<b>75,393</b>
<b>Net assets</b>		<b>3,104,539</b>	<b>4,490,296</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>3,104,539</b>	<b>4,490,296</b>
<b>Contingencies and commitments</b>	15		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>28,245,794</b>	<b>42,355,455</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>109.9116</b>	<b>106.0146</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

\_\_\_\_\_  
Director

**HBL Income Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the nine months and quarter ended March 31, 2018**

	Nine months ended		Quarter ended		
	March 31,		March 31,		
	2018	2017	2018	2017	
Note	------(Rupees in '000)-----				
<b>Income</b>					
Mark-up / return on banks	60,317	85,276	9,801	39,211	
Mark-up / return on investments	130,732	176,240	46,270	33,558	
Dividend income	16,287	8,372	4,726	676	
Unrealised diminution on revaluation of investments at fair value through profit or loss - held-for-trading	(15)	(2,688)	(528)	(2,477)	
Capital gain on sale of investments - net	2,748	8,532	3,587	10,433	
	<b>210,069</b>	<b>275,732</b>	<b>63,856</b>	<b>81,401</b>	
<b>Expenses</b>					
Remuneration of the Management Company	7.1 & 7.2	47,486	71,676	11,978	20,505
Remuneration of the Trustee		3,504	4,304	1,008	1,396
Annual fee to the Securities and Exchange Commission of Pakistan		2,173	3,159	602	907
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	2,897	4,209	802	1,210
Settlement and bank charges		4,095	225	1,463	63
Auditors' remuneration		300	258	95	86
Legal and professional charges		71	22	59	-
Printing and stationery		62	183	29	8
Listing fee		20	64	6	-
Rating fee		219	171	69	171
		<b>60,827</b>	<b>84,271</b>	<b>16,111</b>	<b>24,346</b>
<b>Net income from operating activities</b>		<b>149,242</b>	<b>191,461</b>	<b>47,745</b>	<b>57,055</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	3.6	-	19,380	-	32,470
Provision for Sindh Workers' Welfare Fund	8.2	(2,985)	11,155	(955)	11,155
<b>Net income for the period before taxation</b>		<b>146,257</b>	<b>221,996</b>	<b>46,790</b>	<b>100,680</b>
Taxation	9	-	-	-	-
<b>Net income for the period after taxation</b>		<b>146,257</b>	<b>221,996</b>	<b>46,790</b>	<b>100,680</b>
<b>Allocation of net income for the period</b>	3.6				
Net income / (loss) for the period after taxation		146,257			
Income already paid on redemption of units		(36,635)			
		<b>109,622</b>			
<b>Accounting income available for distribution:</b>					
- Relating to capital gains / (losses)		1,079			
- Excluding capital gains / (losses)		108,543			
		<b>109,622</b>			

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Income Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the nine months and quarter ended March 31, 2018*

	Nine months ended March 31,		Quarter ended, March 31,	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
Net income for the period after taxation	146,257	221,996	46,790	100,680
<b>Other comprehensive income for the period</b>				
<b>Item that may be reclassified subsequently to Income Statement</b>				
Unrealised gain on re-measurement of investments classified as available-for-sale	(8,109)	(9,496)	(929)	4,686
Net reclassification adjustments relating to available-for-sale	(950)	-	961	-
	(9,059)	(9,496)	31	4,686
<b>Total comprehensive income for the period</b>	<b>137,198</b>	<b>212,500</b>	<b>46,821</b>	<b>105,366</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Income Fund**  
**Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)**  
**For the nine months ended March 31, 2018**

	Nine months ended							
	March 31,				2017			
	2018							
	Capital Value	Undistributed Income	Unrealised (loss) / income on investment	Total	Capital Value	Undistributed Income	Unrealised (loss) / income on investment	Total
Note	(Rupees in '000)							
<b>Net assets at beginning of the period</b>	4,362,025	117,658	10,613	4,490,296	-	-	-	6,726,060
Amount received on Issuance of 5,975,963 units (2017: 18,739,338 units)	3.6	633,539	7,748	-	641,287	-	-	2,046,197
Amount paid on Redemption of 20,085,624 units (2017: 21,505,680 units)	3.6	(2,129,369)	(34,873)	-	(2,164,242)	-	-	(2,313,065)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-	-	-	23,806
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6	-	-	-	-	-	-	(43,186)
Net income for the period after taxation		-	146,257	-	146,257	-	-	221,996
Other comprehensive income for the period		-	-	(9,059)	(9,059)	-	-	(9,496)
Net income for the period less distribution		-	146,257	(9,059)	137,198	-	-	212,500
<b>Net assets at end of the period</b>		2,866,195	236,790	1,554	3,104,539	-	-	6,652,312
<b>Undistributed income brought forward</b>								
- Realised			117,670			240,413		
- Unrealised			(12)			-		
			117,658			240,413		
Accounting income available for distribution			109,622					
Net Income for the period - for prior period	3.6					221,996		
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6					(43,186)		
<b>Undistributed income carried forward</b>			227,280			419,223		
<b>Undistributed income carried forward</b>								
- Realised			227,295			421,911		
- Unrealised			(15)			(2,688)		
			227,280			419,223		
					(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>					106,0146			106,0938
<b>Net assets value per unit at end of the period</b>					109,9116			109,7181

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Income Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the nine months ended March 31, 2018**

	Nine months ended	
	March 31,	
	2018	2017
Note	-----Rupees in '000-----	
<b>Cash flows from operating activities</b>		
Net income for the period before taxation	146,257	221,996
<b>Adjustments</b>		
Mark-up / return on banks	(60,317)	(85,276)
Mark-up / return on investments	(130,732)	(176,240)
Dividend income	(16,287)	(8,372)
Provision for Sindh Workers' Welfare Fund	2,985	(11,155)
Unrealised diminution on revaluation of investments at fair value through profit or loss - held-for-trading	15	2,688
Capital gain on sale of investments - net	(2,748)	(8,532)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	(19,380)
	(60,827)	(84,271)
<b>Decrease / (increase) in assets</b>		
Investments - net	107,017	1,169,041
Advances, deposits and other receivables	858,934	208,811
	965,951	1,377,852
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(3,816)	(7,875)
Payable to Central Depository Company of Pakistan Limited - Trustee	(160)	(140)
Payable to the Securities and Exchange Commission of Pakistan	(2,118)	(1,682)
Accrued expenses and other liabilities	(15,015)	322,574
	(21,109)	312,877
<b>Net cash generated from operating activities</b>		
	884,015	1,606,458
Dividend received	16,287	8,372
Profit received	192,505	71,669
	208,792	80,041
<b>Net cash generated from operating activities</b>		
	1,092,807	1,686,499
<b>Cash flows from financing activities</b>		
Amount received on issue of units	641,287	2,046,197
Payment against redemption of units	(2,164,242)	(2,313,065)
<b>Net cash used in financing activities</b>		
	(1,522,955)	(266,868)
<b>Net (decrease) / increase in cash and cash equivalents</b>		
	(430,148)	1,419,631
Cash and cash equivalents at beginning of the period	881,829	3,259,842
<b>Cash and cash equivalents at end of the period</b>	10 451,681	4,679,473

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

\_\_\_\_\_  
Director

## **HBL Income Fund**

### **Notes to the Condensed Interim Financial Information (Un-Audited)**

*For the nine months and quarter ended March 31, 2018*

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

HBL Income Fund (the Fund) was established under a Trust Deed, dated September 06, 2006, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on July 25, 2006.

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

The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from March 15, 2007 to March 17, 2007.

The principal activity of the Fund is to make investments in fixed income securities. Other avenues of investments include ready future arbitrage in listed securities and transactions under Continuous Funding System.

JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+ (AM Two Plus) to the Management Company.

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

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of Compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2017.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2018.

##### **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

##### **2.3 Functional and presentation currency**

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.

#### **3. SIGNIFICANT ACCOUNTING POLICIES, RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN**

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2017 except as explained in note 3.6 and note 3.7.

**3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2017.
- 3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to 'element of income' and excludes the element of income from the expression 'accounting income' as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'income statement' and 'statement of movement in unit holders' fund', whereas disclosure with respect to 'distribution statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the income statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'income statement' and 'statement of movement in unit holders' fund', prospectively from July 1, 2017 as required by SECP vide its email dated February 8, 2018. Accordingly, corresponding figures have not been restated. The 'distribution statement' has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been lower by Rs. 27.125 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'income statement' and 'statement of movement in unit holders' fund' which have been incorporated in these statements.

	March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
<b>Note</b>	----- (Rupees in '000) -----	

#### 4. BANK BALANCES

Balances with bank in:

PLS saving deposit account under mark-up arrangements	4.1	<u>451,681</u>	<u>881,829</u>
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- 4.1 Mark-up rates on these accounts range between 4.00% - 7.00% (June 30, 2017: 4.00% - 6.60%) per annum.

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000)	
<b>5. INVESTMENTS</b>			
<b>Available-for-sale</b>			
- Term finance certificates - Listed	5.1.1	-	301,041
- Term finance certificates and sukuk bonds - Unlisted	5.1.2	352,726	1,170,083
- Government securities	5.1.3	-	-
<b>Fair value through profit or loss - Held-for-trading</b>			
- Term finance certificates - Listed	5.2.1	65,839	-
- Term finance certificates and sukuk bonds - Unlisted	5.2.2	501,547	-
- Investment in ready / future - spread transaction	5.3.1	66,391	222,649
		<b>986,503</b>	<b>1,693,773</b>
<b>Loans and Receivables</b>			
- Placements	5.4.1	985,000	890,000
- Commercial paper	5.4.2	127,720	135,104
		<b>2,099,223</b>	<b>2,718,877</b>

#### 5.1 Available-for-sale investments

All term finance certificates and sukuk bonds have a face value of Rs. 5,000 each unless stated otherwise.

##### 5.1.1 Term finance certificates - Listed

Name of the Investee Company	Number of certificates			As at March 31, 2018	Market value as at March 31, 2018 (Rupees in '000)	Market value as a percentage of		
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets	
<b>Financial Services</b>								
Saudi Pak Leasing Company Limited - (Note 5.1.1.1)	2,000	-	-	2,000	-	-	-	
<b>Commercial Banks</b>								
MCB Bank Limited (Formerly NIB Bank Limited)	43,200	-	43,200	-	-	-	-	
<b>Chemicals</b>								
Fatima Fertilizer Company Limited	17,517	-	17,517	-	-	-	-	
<b>Fixed Line Telecommunication</b>								
World Call Telecom Limited - (Note 5.1.1.2)	23,750	-	-	23,750	-	-	-	
	<b>86,467</b>	<b>-</b>	<b>60,717</b>	<b>25,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Cost of investments at March 31, 2018</b>						<b>53,317</b>		

5.1.1.1 The status of repayment of term finance certificates issued by Saudi Pak Leasing Company Limited is same as disclosed in note 6.1.3 to the annual audited financial statements of the Fund for the year ended June 30, 2017 and a provision of Rs.5.550 million equivalent to 100 percent of the amount outstanding has been recognised in accordance with the SECP's provisioning guidelines.

5.1.1.2 World Call Telecom Limited TFC's were classified by MUFAP as non-performing on November 8, 2012. These investments have fully been provided. Details have been provided in the financial statements for the year ended June 30, 2017.

### 5.1.2 Term finance certificates and sukuk bonds - Unlisted

Name of the Investee Company	Number of certificates			As at March 31, 2018	Market value / Carrying value* as at March 31, 2018	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
(Rupees in '000)							
<b>Commercial Banks</b>							
Bank Al Habib Limited	22,228	-	22,228	-	-	-	-
Habib Bank Limited*	2,710	-	2,710	-	-	-	-
JS Bank Limited	46,000	-	34,750	11,250	42,148	2.01	1.36
Bank of Punjab*	2,400	-	1,000	1,400	141,806	6.76	4.57
	73,338	-	60,688	12,650	183,954	8.76	5.93
<b>Chemicals</b>							
AgriTech Limited - (Note 5.1.2.1)	2,000	-	-	2,000	-	-	-
Ghani Gases Limited*	1,200	-	1,000	200	16,806	0.80	0.54
	3,200	-	1,000	2,200	16,806	0.80	0.54
<b>Multiutilities</b>							
Water and Power Development Authority	60,200	-	-	60,200	151,966	7.24	4.89
<b>Others</b>							
New Allied Electronics Industries (Pvt) Limited - (Note 5.1.2.2)	9,000	-	-	9,000	-	-	-
New Allied Electronics Industries (Pvt) Limited - Sukuk (Note 5.1.2.2)	9,000	-	-	9,000	-	-	-
	18,000	-	-	18,000	-	-	-
	154,738	-	61,688	93,050	352,726	16.80	11.36
<b>Cost of investments at March 31, 2018</b>					<b>422,342</b>		

In case of debt securities against which a provision has been made, these are carried at amortised cost less provision. For non-performing securities market value / valuation by MUFAP is not available.

\* These TFCs have face value of Rs. 100,000 per TFC.

5.1.2.1 Installments amounting to Rs. 1.998 million became due for payment of the following TFCs / sukus and are reflected in note 5.7.

	March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	----- (Rupees in '000) -----	
AgriTech Limited	<b>1,998</b>	<b>1,998</b>

5.1.2.2 These represent investments in privately placed term finance certificates and sukuk bonds of the investee company. These investments have been fully provided.

### 5.1.3 Investment in Government securities

Issue Date	Tenure	Face value			As at March 31, 2018	Market value as at March 31, 2018	Market Value as a percentage of	
		As at July 1, 2017	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
(Rupees in '000)								
<b>Treasury bill</b>								
February 1, 2018	3 months	-	1,300,000	1,300,000	-	-	-	
April 1, 2018	3 months	-	1,415,000	1,415,000	-	-	-	
December 7, 2017	3 months	-	250,000	250,000	-	-	-	
November 9, 2017	3 months	-	250,000	250,000	-	-	-	
February 15, 2018	3 months	-	1,750,000	1,750,000	-	-	-	
January 18, 2018	3 months	-	400,000	400,000	-	-	-	
October 26, 2017	3 months	-	750,000	750,000	-	-	-	
November 23, 2017	3 months	-	1,800,000	1,800,000	-	-	-	
August 3, 2017	6 months	-	250,000	250,000	-	-	-	
<b>Total</b>		-	8,165,000	8,165,000	-	-	-	
<b>GoP Ijara</b>								
June 30, 2017	3 years	-	500,000	500,000	-	-	-	
<b>Grand total</b>		-	8,665,000	8,665,000	-	-	-	
<b>Cost of investments at March 31, 2018</b>					<b>-</b>			

## 5.2 Fair value through profit or loss - Held for trading

### 5.2.1 Term finance certificates - Listed

Name of the Investee Company	Number of certificates			As at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matures during the period			Total Investments	Net Assets
(Rupees in '000)							
Bank of Punjab	-	1,471	821	650	65,839	3.14	2.12
Cost of investments at March 31, 2018					<u>64,909</u>		

### 5.2.2 Term finance certificates and sukuk bonds - Unlisted

Name of the Investee Company	Number of certificates			As at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matures during the period			Total Investments	Net Assets
(Rupees in '000)							
<b>Commercial Banks</b>							
JS Bank Limited	-	21,150	18,000	3,150	15,712	0.75	0.51
Habib Bank Limited*	-	1,250	1,250	-	-	-	-
Bank Al-Habib	-	37,988	37,988	-	-	-	-
Bank Al-Falah	-	19,075	4,075	15,000	75,375	-	-
Soneri Bank	-	27,100	5,000	22,100	136,596	6.51	4.40
Askari Bank	-	10,000	8,502	1,498	7,509	0.36	0.24
Dawood hercules	-	2,650	-	2,650	266,355	12.69	8.58
					<u>501,547</u>	<u>20.30</u>	<u>13.73</u>
Cost of investments at March 31, 2018					<u>563,897</u>		

\* These TFCs have face value of Rs. 100,000 per TFC.

### 5.2.3 Significant terms and conditions of Term Finance Certificates Sukuk bonds outstanding as at March 31, 2018 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
<b>Term Finance Certificates - Listed</b>				
Saudi Pak Leasing Company Limited	2,775	6% Fixed Rate	March 13, 2008	March 13, 2017
World Call Telecom Limited	2,011	6 Month KIBOR + 1.60%	October 7, 2008	October 7, 2016
Bank of Punjab	99,960	6 Month KIBOR + 1.00%	December 23, 2017	December 23, 2026
<b>Term Finance Certificates and Sukuk bonds - Unlisted</b>				
New Allied Electronics Industries (Pvt) Limited - Sukuk	4,905	6 Month KIBOR + 2.50%	May 15, 2007	May 15, 2011
Agriotech Limited - TFC	3,997	6 Month KIBOR + 1.75%	November 30, 2007	November 30, 2014
New Allied Electronics Industries (Pvt) Limited - TFC	2,114	6 Month KIBOR + 2.20%	December 3, 2007	December 3, 2012
Bank Al-Habib Limited - TFC	4,996	6 Month KIBOR + 1.00%	March 17, 2016	March 17, 2023
JS Bank Limited - TFC	4,998	6 Month KIBOR + 1.40%	December 14, 2016	December 16, 2026
Soneri Bank Limited - TFC	4,995	6 Month KIBOR + 1.35%	July 8, 2015	July 8, 2023
Dawood Hercules Corporation Ltd. Sukuk	100,000	3 Month KIBOR + 1.00%	November 16, 2017	November 16, 2022
Ghani Gases Limited	83,300	3 Month KIBOR + 1.00%	February 2, 2017	February 2, 2023
Water and Power Development Authority - TFC	2,500	6 Month KIBOR + 1.00%	September 27, 2013	September 19, 2021
Askari Bank	4,993	6 Month KIBOR + 1.20%	September 30, 2014	September 30, 2024

### 5.3.1 Investment in ready / future - spread transaction

All equity shares have a face value of Rs.10 each

Name of the Investee Company	Number of shares		Rupees in '000		Market value as a percentage of		
	As at March 31, 2018	Carrying Cost	Market value as at March 31, 2018	Unrealized appreciation / (diminution) on re-measurement	Total Investments	Net Assets	Par value as a percentage of issued capital of the investee company
<b>POWER GENERATION &amp; DISTRIBUTION</b>							
Nishat Chunian Power Limited	150,000	7,749	7,791	42	0.37	0.25	0.04
<b>CEMENT</b>							
Fauji Cement Company Limited	1,545,000	44,884	45,115	231	9.99	1.45	0.11
<b>POWER GENERATION &amp; DISTRIBUTION</b>							
K-Electric Limited (Par value: Rs 3.5)	1,910,000	13,412	13,485	73	0.64	0.43	0.01
		<b>66,045</b>	<b>66,391</b>	<b>346</b>	<b>11.00</b>	<b>2.14</b>	

5.3.2 The investment in equity securities represents spread transactions entered into the by the Fund. The Fund purchases equity securities in ready settlement market and sells the securities in future settlement market on the same day, resulting in spread income due to differences in ready and future stock prices.

5.3.3 This includes unrealised mark-to-market ready-buy-future sale transactions amounting to Rs. 0.051 million.

### 5.4 Loans and Receivables

5.4.1 This represents term deposit receipt which will mature on June 27, 2018 and carries profit range from 6.45% to 7.50% (June 30, 2017: 6.80% to 8.00%) per annum.

5.4.2 This represents commercial paper which will mature on June 29, 2018 and carries profit at 7.46% (June 30, 2017: 6.80% to 8.00%) per annum.

Note	March 31, 2018	June 30, 2017	
	(Un-Audited)	(Audited)	
	(Rupees in '000)		
<b>5.5 Net unrealised appreciation on remeasurement of investments classified as available for sale</b>			
Market value / carrying value of investments	5.1.1, 5.1.2	352,728	1,471,124
Cost of investments	5.1.1, 5.1.2	475,660	1,584,997
Provision against non-performing TFCs and Sukuk bonds		(124,486)	(124,486)
		<b>351,174</b>	<b>1,460,511</b>
		<b>1,554</b>	<b>10,613</b>

### 6. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposit with National Clearing Company of Pakistan Limited		60,936	183,843
Security deposit with Central Depository Company of Pakistan Limited		100	100
Receivable against investments of term finance certificates and sukuk bonds		1,998	1,998
Advance tax		645	645
Dividend receivable		916	3,466
Receivable against investment in equity securities	6.1	166,311	733,524
Advance against initial public offering (IPO)	6.2	340,000	-
Prepaid expenses		47	-
		<b>570,953</b>	<b>923,576</b>
Less: Provision against overdue installments of term finance certificates and sukuk bonds		1,998	1,998
		<b>568,955</b>	<b>921,578</b>

6.1 This represents receivables against sale of shares in future market. This amount has been received on April 03, 2018

6.2 This represents advances amounted to Rs. 290 million and Rs. 50 million (June 30, 2017: nil) paid in relation to initial public offering of term finance certificates to be issued by JS Bank Limited and TPL Insurance Limited respectively.

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
<b>7. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Management fee	7.1	3,435	6,413
Sindh Sales Tax	7.2	446	960
Sales load payable		371	526
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	267	436
		<u>4,519</u>	<u>8,335</u>

- 7.1** The Management Company has charged its remuneration at the rate of 1.50% per annum for the current year till January 14, 2018. Effective from January 15, 2018 the rate of fee is revised through amendment in the Offering Documents of the Scheme as 12.5% of the gross earnings of the scheme, calculated on a daily basis subject to a cap of 1.25% and a floor of 1.50% of the average daily net assets. The fee is payable monthly in arrears.
- 7.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 7.3** As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		231	330
Federal Excise Duty payable	8.1	27,578	27,578
Capital gain tax payable		247	2,352
Withholding tax payable		-	14,279
Provision for Sindh Workers' Welfare Fund	8.2	20,433	17,449
Other payables		1,750	281
		<u>50,239</u>	<u>62,269</u>

- 8.1** The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal which was filed by tax authorities against the order by the Honorable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 27.578 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2018 would have been higher by Rs. 0.8735 per unit (June 30, 2017: Rs. 0.6511 per unit).

- 8.2** The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 2.99 million for the nine months ended March 31, 2018 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2018 would have been higher by Rs. 0.0945 per unit (June 30, 2017: Rs. 0.4119 per unit).

## 9. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2018 to its unit holders.

	March 31, 2018	March 31, 2017
	(Rupees in '000)	
<b>10. CASH AND CASH EQUIVALENTS</b>		
Bank balances	451,681	3,994,473
Term deposit receipts	-	685,000
	<b>451,681</b>	<b>4,679,473</b>

#### 11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the nine months ended March 31, 2018 is 1.65% (March 31, 2017: 1.01%), which includes 0.29% (March 31, 2017: 0.14%) representing government levy, Worker's Welfare Fund and SECP fee.

#### 12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and the directors 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 Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

	Nine months ended	
	March 31,	
	2018 (Un-Audited)	2017 (Un-Audited)
	(Rupees in '000)	
<b>12.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee inclusive of sales tax	47,486	71,676
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,897	4,209
Issue of 1,156,101 units (2017: nil units)	125,000	-
Redemption of nil units (2017: 377,025 units)	-	40,513
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	20	51
Redemption of 4,621,852 units (2016: nil units)	500,000	-
Mark-up earned during the period	1,956	2,209
Purchase of term finance certificate: 1,250 units (2017: nil units)	123,676	-
Sale of term finance certificate: 3,960 units (2017: nil units)	392,019	-
<b>CDC Trustee - HBL Islamic Income Fund</b>		
Sale of Sukuk certificates: 1,000 units (2017: nil units)	100,000	-
<b>CDC Trustee - HBL Government Securities Fund</b>		
Sale of Bank Alfalah Ltd TFC	-	11,579
<b>Hbl Asset Management Ltd Employees Provident Fund</b>		
Issue of 10,946 units (2016: nil units)	1,203	-
<b>MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan - CIS Managed by the Management Company</b>		
Issue of 1,734,330 units (2016: nil units)	186,000	-
Redemption of 978,333 units (2016: nil units)	106,195	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	3,504	4,304
CDC charges	549	6
<b>Executives and their relatives</b>		
Redemption of 1,887 units (2017: 9,681 units)	200	1,035

	March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	----- (Rupees in '000) -----	
<b>12.2 Balances outstanding as at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	3,435	6,413
Sindh Sales Tax	446	960
Sales Load payable	371	526
Allocation of expenses related to registrar services, accounting, operation and valuation services	267	436
Investment held by Management Company in funds: 1,154,101 units (June 2017: nil units)	127,051	-
<b>Habib Bank Limited - Sponsor</b>		
Investment held by HBL in the Fund: 14,884,389 units (June 30, 2017: 19,506,241 units)	1,635,741	2,067,946
Bank balances with HBL	32,351	111,454
Investment in term finance certificate	-	271,569
<b>Hbl Asset Management Ltd Employees Provident Fund</b>		
Investment held in the Fund: 10,946 units	1,203	-
<b>MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan - CIS Managed by the Management Company</b>		
Investment held in the Fund: 755,997 units	83,081	-
<b>Directors and Executives of the Management Company and their relatives</b>		
<b>Executives and their relatives</b>		
Investment held in the Fund: nil units (June 30, 2017: 4,840 units)	-	513
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	299	440
Sindh Sales tax	39	58
Security deposit	100	100

Units as at March 31, 2018 are calculated on the basis of latest announced NAV i.e. March 30, 2018.

### 13. 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. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

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

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

		March 31, 2018 (Un-Audited)								
		Carrying amount				Fair Value				
	Note	Available-for-sale	Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
<b>On-balance sheet financial instruments</b>										
<b>Financial assets measured at fair value</b>										
Investments										
- Term finance certificates and sukuk bonds		352,726	567,386	-	-	920,112	-	920,112	-	920,112
- Investment in ready / future - spread transaction		-	66,391	-	-	66,391	66,391	-	-	66,391
		<u>352,726</u>	<u>633,777</u>	<u>-</u>	<u>-</u>	<u>986,503</u>	<u>66,391</u>	<u>920,112</u>	<u>-</u>	<u>986,503</u>
<b>Financial assets not measured at fair value</b> 13.1										
Bank balances		-	-	451,681	-	451,681				
Investments										
- Placements		-	-	1,112,720	-	1,112,720				
Accrued mark-up		-	-	41,949	-	41,949				
Advances, deposits and other receivables		-	-	167,227	-	167,227				
		<u>-</u>	<u>-</u>	<u>1,773,577</u>	<u>-</u>	<u>1,773,577</u>				
<b>Financial liabilities not measured at fair value</b> 13.1										
Payable to the Management Company		-	-	-	4,519	4,519				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	338	338				
Accrued expenses and other liabilities		-	-	-	1,981	1,981				
Unit holders' fund		-	-	-	3,104,539	3,104,539				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,111,377</u>	<u>3,111,377</u>				
		June 30, 2017 (Audited)								
		Carrying amount				Fair Value				
	Note	Available-for-sale	Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
<b>On-balance sheet financial instruments</b>										
<b>Financial assets measured at fair value</b>										
Investments										
- Term finance certificates and sukuk bonds		1,471,124	-	-	-	1,471,124	-	1,471,124	-	1,471,124
- Investment in ready / future - spread transaction		-	222,649	-	-	222,649	222,649	-	-	222,649
		<u>1,471,124</u>	<u>222,649</u>	<u>-</u>	<u>-</u>	<u>1,693,773</u>	<u>222,649</u>	<u>1,471,124</u>	<u>-</u>	<u>1,693,773</u>
<b>Financial assets not measured at fair value</b> 13.1										
Bank balances		-	-	881,829	-	881,829				
Investments										
- Placements		-	-	1,025,104	-	1,025,104				
Accrued mark-up		-	-	43,405	-	43,405				
Advances, deposits and other receivables		-	-	736,990	-	736,990				
		<u>-</u>	<u>-</u>	<u>2,687,328</u>	<u>-</u>	<u>2,687,328</u>				
<b>Financial liabilities not measured at fair value</b> 13.1										
Payable to the Management Company		-	-	-	8,335	8,335				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	498	498				
Accrued expenses and other liabilities		-	-	-	611	611				
Unit holders' fund		-	-	-	4,490,296	4,490,296				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>4,499,740</u>	<u>4,499,740</u>				

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

### 13.2 Transfers during the period

No transfers were made between various levels of fair value hierarchy during the period.

**14. DISCLOSURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME**

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Income Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at March 31, 2018, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Name of Non-Complaint Investment	Type of Investment	Value of Investment before provision (Rupees in '000)	Provision held	Value of Investment after provision	% of Gross Assets
New Allied Electronics Industries (Private) Limited	TFC	19,025	19,025	-	-
New Allied Electronics Industries (Private) Limited	Sukuk	44,149	44,149	-	-
Agritech Limited	TFC	9,992	9,992	-	-
Saudi Pak Leasing Company Limited	TFC	5,550	5,550	-	-
World Call Telecom Limited	TFC	47,768	47,768	-	-
Zarai Taraqiati Bank Limited	TDR	360,000	-	360,000	10.35%

The above securities have ratings lower than investment grade.

**15. CONTINGENCIES AND COMMITMENTS**

**15.1 COMMITMENTS**

	March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	----- (Rupees in '000) -----	
Sale of future stock contracts	<b>66,649</b>	<b>224,226</b>

This represents investment in future stock contracts with settlement date of May 01, 2018.

15.2 There are no contingencies outstanding as at March 31, 2018.

**16. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 23, 2018.

**17. GENERAL**

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

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

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

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

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

\_\_\_\_\_  
Director

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# **HBL**

## **Government Securities Fund**

## FUND INFORMATION

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Name of Fund	HBL Government Securities Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Allied Bank Limited JS Bank Limited Samba Bank Limited Zarai Taraqiat Bank Limited United Bank Limited Soneri Bank Limited MCB Bank Limited Sindh Bank Limited NRSP Microfinance Bank

**HBL Government Securities Fund**  
**Condensed Interim Statement of Assets And Liabilities**  
*As at March 31, 2018*

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	-----Rupees in '000-----	
<b>Assets</b>			
Bank balances	4	243,451	546,623
Investments	5	104,937	1,167,845
Receivable against margin trading system		6,157	37,261
Accrued markup on bank balances and investments		2,001	12,737
Security deposits		1,550	350
Prepayments		478	482
<b>Total assets</b>		<b>358,574</b>	<b>1,765,298</b>
<b>Liabilities</b>			
Payable to the Management Company	6	371	1,873
Payable to the Trustee		66	472
Payable to Securities and Exchange Commission of Pakistan		455	1,452
Payable against redemption of units		-	362,820
Accrued expenses and other liabilities	7	22,074	28,731
<b>Total liabilities</b>		<b>22,966</b>	<b>395,348</b>
<b>Net assets</b>		<b>335,608</b>	<b>1,369,950</b>
<b>Units holders' fund (as per statement attached)</b>		<b>335,608</b>	<b>1,369,950</b>
<b>Contingencies and commitments</b>	8		
		-----Number of units-----	
<b>Number of units in issue</b>		<b>3,077,232</b>	<b>12,994,349</b>
		-----Rupees-----	
<b>Net assets value per unit</b>		<b>109.0617</b>	<b>105.4266</b>

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

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

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

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

\_\_\_\_\_  
Director

**HBL Government Securities Fund**  
**Condensed Interim Income Statement (Un-audited)**  
**For the nine months and quarter ended March 31, 2018**

	Nine months ended		Quarter ended		
	March 31,		March 31,		
	2018	2017	2018	2017	
<b>Note</b>	<b>-----Rupees in '000-----</b>				
<b>Income</b>					
Capital gain / (loss) on sale of investments - net	234	808	215	4,201	
Income from government securities	13,884	22,823	890	5,556	
Income from term deposit receipts	6,868	42,543	1,067	14,460	
Income from margin trading system	1,812	12,655	178	3,847	
Profit on bank deposits	16,905	24,910	4,009	8,021	
	<b>39,703</b>	<b>103,739</b>	<b>6,359</b>	<b>36,085</b>	
Unrealised (diminution) / appreciation on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	(1)	(411)	16	(2,791)	
	<b>39,702</b>	<b>103,328</b>	<b>6,375</b>	<b>33,294</b>	
<b>Expenses</b>					
Remuneration of the Management Company	6.1 & 6.2	8,358	21,650	1,088	6,496
Remuneration of the Trustee		1,023	2,193	102	678
Annual fee to Securities and Exchange Commission of Pakistan		455	1,153	69	344
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	606	1,534	91	466
Auditors' remuneration		331	375	109	121
Fees and subscription		292	216	105	71
Securities transaction cost		1,008	2,162	185	656
Bank charges		54	85	11	34
Printing charges		283	263	90	86
		<b>12,410</b>	<b>29,631</b>	<b>1,851</b>	<b>8,952</b>
<b>Net income from operating activities</b>		<b>27,292</b>	<b>73,697</b>	<b>4,524</b>	<b>24,342</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	3.6	-	(12,772)	-	(9,017)
Provision for Sindh Workers' Welfare Fund / Reversal of Workers' Welfare Fund	7.1	(546)	8,625	(91)	8,625
<b>Net income for the period before taxation</b>		<b>26,746</b>	<b>69,550</b>	<b>4,433</b>	<b>23,950</b>
Taxation	9	-	-	-	-
<b>Net income for the period after taxation</b>		<b>26,746</b>	<b>69,550</b>	<b>4,433</b>	<b>23,950</b>
<b>Allocation of net income for the period</b>	3.6				
Net income for the period after taxation		26,746			
Income already paid on redemption of units		(15,769)			
		<b>10,977</b>			
<b>Accounting income available for distribution:</b>					
- Relating to capital gains / (losses)		190			
- Excluding capital gains / (losses)		10,787			
		<b>10,977</b>			

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

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

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

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

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

**HBL Government Securities Fund**  
**Condensed Interim Statement of Other Comprehensive Income (Un-audited)**  
*For the nine months and quarter ended March 31, 2018*

	Nine months ended March 31,		Quarter ended March 31,	
	2018	2017	2018	2017
	-----Rupees in '000-----			
Net income for the period after taxation	26,746	69,550	4,433	23,950
<b>Other comprehensive income for the period</b>				
Items that may be reclassified to income statement	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>26,746</b>	<b>69,550</b>	<b>4,433</b>	<b>23,950</b>

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

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

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

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

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

**HBL Government Securities Fund**  
**Condensed Interim Statement of Movement In Unitholders' Fund (Un-audited)**  
**For the nine months ended March 31, 2018**

	Nine months ended					
	2018			2017		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Note	-----Rupees in '000-----					
<b>Net assets at beginning of the period</b>	1,299,434	70,516	1,369,950	-	-	2,114,271
Amount received on Issuance of 257,867 units (2017: 23,792,560 units)	27,186	218	27,404	-	-	2,536,168
Amount paid on Redemption of 7,158,445 units (2017: 28,089,135 units)	(1,072,714)	(15,778)	(1,088,492)	-	-	(3,000,982)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-	12,772
Net income for the period after taxation	-	26,746	26,746	-	-	69,550
Other comprehensive income for the period	-	-	-	-	-	-
Net income for the period less distribution	-	26,746	26,746	-	-	69,550
<b>Net assets at end of the period</b>	<b>253,906</b>	<b>81,701</b>	<b>335,608</b>	<b>-</b>	<b>-</b>	<b>1,731,779</b>
<b>Undistributed income brought forward</b>						
- Realised		69,776			94,185	
- Unrealised		740			10,510	
		<u>70,516</u>			<u>104,695</u>	
Accounting income available for distribution		10,977				
Net Income for the period - for prior period	3.6				69,550	
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to Distribution Statement	3.6	-			22,384	
Undistributed income carried forward		<u>81,493</u>			<u>196,629</u>	
<b>Undistributed income carried forward</b>						
- Realised		81,494			197,040	
- Unrealised		(1)			(411)	
		<u>81,493</u>			<u>196,629</u>	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			<u>105.4266</u>			<u>105.2098</u>
<b>Net assets value per unit at end of the period</b>			<u>109.0617</u>			<u>109.6119</u>

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

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

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

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

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

**HBL Government Securities Fund**  
**Condensed Interim Cash Flow Statement (Un-audited)**  
**For the nine months and quarter ended March 31, 2018**

	Nine months ended	
	March 31,	
	2018	2017
Note	-----Rupees in '000-----	
<b>Cash flows from operating activities</b>		
Net income for the period after taxation	10,977	69,550
<b>Adjustments for:</b>		
Income from government securities	(13,884)	(22,823)
Income from term deposit receipts	(6,868)	(42,543)
Income from margin trading system	(1,812)	(12,655)
Profit on bank deposits	(16,905)	(24,910)
Unrealised diminution on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	1	411
Capital (gain) on sale of investments - net	(234)	-
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	12,772
	<b>(28,725)</b>	<b>(20,198)</b>
<b>Decrease in assets</b>		
Investments - net	1,063,141	685,967
Receivable against margin trading system	31,104	188,399
Security deposits	(1,200)	-
Deposits and prepayments	4	49
	<b>1,093,050</b>	<b>874,415</b>
<b>(Decrease) in liabilities</b>		
Payable to the Management Company	(1,502)	(586)
Payable to the Trustee	(406)	(63)
Payable to the Securities and Exchange Commission of Pakistan	(997)	(445)
Accrued expenses and other liabilities	(6,657)	(21,215)
	<b>(9,562)</b>	<b>(22,309)</b>
	<b>1,054,763</b>	<b>831,908</b>
Income received from government securities	23,576	25,043
Income received from term deposit receipts	7,970	36,544
Income received from margin trading system	2,193	12,680
Bank profits received	15,758	25,649
<b>Net cash generated from operating activities</b>	<b>1,104,261</b>	<b>931,824</b>
<b>Cash flows from financing activities</b>		
Amount received on issue of units	27,404	2,536,168
Payment against redemption of units	(1,451,312)	(3,000,982)
Dividend paid	-	(30,012)
<b>Net cash used in financing activities</b>	<b>(1,423,908)</b>	<b>(494,826)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(319,648)</b>	<b>436,998</b>
Cash and cash equivalents at beginning of the period	546,623	992,954
<b>Cash and cash equivalents at end of the period</b>	<b>226,975</b>	<b>1,429,952</b>

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

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

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

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

\_\_\_\_\_  
Director

**HBL Government Securities Fund**  
**Notes to the Condensed Interim Financial Information (Un-audited)**  
**For the nine months and quarter ended March 31, 2018**

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

- 1.1** HBL Government Securities Fund ("the Fund") was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. NBFC-II/DD/PICICIF/199 dated March 10, 2010 and the Trust Deed was executed on March 17, 2010.
- 1.2** SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund, which is a wholly owned subsidiary of Habib Bank Limited. After the merger, trust deed was revised on February 17, 2017.
- 1.3** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.4** The Fund is an open-ended Sovereign income scheme and is listed Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from December 11, 2010 to December 13, 2010. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 1.5** The Fund has been categorised as a Sovereign income scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).
- 1.6** The core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.
- 1.7** JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2+' (AM Two Plus) to the Management Company.
- 1.8** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2017.
- 2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2018.

**2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

**2.3 Functional and presentation currency**

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

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

- 3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2017 except as explained in note 3.6 and 3.7.

- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2017.
- 3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its clarification dated February 7, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been lower by Rs. 15.560 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'income statement' and 'statement of movement in unit holders' fund' which have been incorporated in these statements.

	March 31, 2018 (Un-Audited)	June 30, 2017 Audited
Note	-----Rupees in '000-----	

#### 4. BANK BALANCES

In current account		9	10
In savings accounts	4.1	243,442	546,613
		<b>243,451</b>	<b>546,623</b>

- 4.1 Mark-up rates on these accounts range between 3.25% - 7.00% per annum (June 30, 2017: 3.75% - 6.60% per annum).

	<b>March 31,</b> <b>2018</b> <b>(Un-Audited)</b>	<b>June 30,</b> <b>2017</b> <b>(Audited)</b>
<b>Note</b>	-----Rupees in '000-----	

## 5. INVESTMENTS

### Financial assets at fair value through profit or loss - held-for-trading

Investments in government securities:

Market treasury bills	5.1	14,937	36,929
Pakistan investment bond	5.2	-	890,916
GOP ijara sukuk certificates	5.3	-	-
		<b>14,937</b>	<b>927,845</b>

Loans and receivables:

Term deposit receipts	5.4	<b>90,000</b>	<b>240,000</b>
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Total investments

<b>104,937</b>	<b>1,167,845</b>
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### Financial assets at fair value through profit or loss - held-for-trading:- Market treasury bills

Issue date	Tenure	Face value			Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments	
		As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at March 31, 2018	Carrying value	Market value			Appreciation / (diminution)
-----Rupees in '000-----										
April 13, 2017	3 Month	22,000	-	22,000	-	-	-	-	-	
April 27, 2017	3 Month	15,000	-	15,000	-	-	-	-	-	
January 19, 2017	6 Month	-	600,000	600,000	-	-	-	-	-	
July 6, 2017	3 Month	-	200,000	200,000	-	-	-	-	-	
May 25, 2017	3 Month	-	595,000	595,000	-	-	-	-	-	
February 2, 2017	6 Month	-	500,000	500,000	-	-	-	-	-	
July 20, 2017	3 Month	-	1,245,000	1,245,000	-	-	-	-	-	
February 16, 2017	6 Month	-	117,000	117,000	-	-	-	-	-	
August 3, 2017	3 Month	-	1,635,000	1,635,000	-	-	-	-	-	
August 17, 2017	3 Month	-	775,000	775,000	-	-	-	-	-	
August 31, 2017	3 Month	-	2,675,000	2,675,000	-	-	-	-	-	
September 14, 2017	3 Month	-	2,795,000	2,795,000	-	-	-	-	-	
October 12, 2017	3 Month	-	2,495,000	2,495,000	-	-	-	-	-	
November 9, 2017	3 Month	-	2,250,000	2,250,000	-	-	-	-	-	
November 23, 2017	3 Month	-	2,020,000	2,020,000	-	-	-	-	-	
September 28, 2017	3 Month	-	400,000	400,000	-	-	-	-	-	
July 6, 2017	6 Month	-	285,000	285,000	-	-	-	-	-	
August 31, 2017	6 Month	-	250,000	250,000	-	-	-	-	-	
August 3, 2017	6 Month	-	250,000	250,000	-	-	-	-	-	
October 26, 2017	3 Month	-	1,320,000	1,320,000	-	-	-	-	-	
January 19, 2017	12 Month	-	25,000	25,000	-	-	-	-	-	
July 20, 2017	6 Month	-	103,000	103,000	-	-	-	-	-	
December 29, 2017	20 Days	-	450,000	450,000	-	-	-	-	-	
January 4, 2018	3 Month	-	955,000	955,000	-	-	-	-	-	
January 18, 2018	3 Month	-	750,000	750,000	-	-	-	-	-	
February 1, 2018	3 Month	-	1,330,000	1,315,000	15,000	14,938	14,937	(1)	4.45	
February 15, 2018	3 Month	-	1,250,000	1,250,000	-	-	-	-	-	
<b>Total - As at March 31, 2018</b>		<b>37,000</b>	<b>25,270,000</b>	<b>25,292,000</b>	<b>15,000</b>	<b>14,938</b>	<b>14,937</b>	<b>(1)</b>	<b>4.45</b>	<b>14.23</b>
<b>Total - As at June 30, 2017</b>		<b>55,000</b>	<b>13,643,000</b>	<b>13,661,000</b>	<b>37,000</b>	<b>36,936</b>	<b>36,929</b>	<b>(7)</b>	<b>2.70%</b>	<b>3.16%</b>

5.1.1 T-bills with face value aggregating to Rs. 15 million (June 30, 2017: Rs. 20 million) have been pledged with National Clearing Company of Pakistan (NCCPL) as collateral against trading facility in Margin Trading System (MTS).

5.1.2 The effective yield on market treasury bills is 6.15% per annum (June 30, 2017: 5.97% to 5.98%) per annum.

## 5.2 Financial assets at fair value through profit or loss - held-for-trading:

- Pakistan Investment Bonds

Issue date	Tenure	Face value			Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at March 31, 2018	Carrying value	Market value		
-----Rupees in '000-----									
July 19, 2012	10 Years	150,000	50,000	200,000	-	-	-	-	-
April 21, 2016	3 Years	100,000	250,000	350,000	-	-	-	-	-
December 29, 2016	3 Years	600,000	300,000	900,000	-	-	-	-	-
March 26, 2015	3 Years	-	750,000	750,000	-	-	-	-	-
March 26, 2015	5 Years	-	100,000	100,000	-	-	-	-	-
<b>Total - As at March 31, 2018</b>		<b>850,000</b>	<b>1,450,000</b>	<b>2,300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total - As at June 30, 2017</b>		<b>350,000</b>	<b>1,830,000</b>	<b>1,330,000</b>	<b>850,000</b>	<b>890,169</b>	<b>890,916</b>	<b>747</b>	<b>65.03</b>

5.2.1 The effective yield on Pakistan investment bonds is Nil (June 30, 2017: 6.21% to 7.09%) per annum.

## 5.3 GOP ijarah sukuk certificates

Issue details	Tenure	Face value			Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at March 31, 2018	Carrying value	Market value		
-----Rupees in '000-----									
GOP Ijarah 19	3 Years	-	300,000	300,000	-	-	-	-	-
GOP Ijarah 17	3 Years	-	86,200	86,200	-	-	-	-	-
GOP Ijarah 17	3 Years	-	79,000	79,000	-	-	-	-	-
GOP Ijarah 19	3 Years	-	100,000	100,000	-	-	-	-	-
GOP Ijarah 19	3 Years	-	25,000	25,000	-	-	-	-	-
GOP Ijarah 19	3 Years	-	25,000	25,000	-	-	-	-	-
<b>Total - As at March 31, 2018</b>		<b>-</b>	<b>615,200</b>	<b>615,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total - As at June 30, 2017</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

5.4 This represents term deposit receipt which will mature on April 12, 2018 and May 28, 2018 and carries profit at the rate of 6.45% to 6.85% (June 30, 2017: 6.50% to 6.80%) per annum.

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	-----Rupees in '000-----	
<b>6. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration of the Management Company	6.1	302	1,501
Sindh Sales Tax on Management Company's remuneration	6.2	39	195
Sales load payable		-	57
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	30	120
		<u>371</u>	<u>1,873</u>

- 6.1** The Management Company has charged its remuneration at the rate of 1.25% per annum for the current year till January 14, 2018. Effective from January 15, 2018 the rate of fee is revised through amendment in the Offering Documents of the Scheme as 12.5% of the gross earnings of the scheme, calculated on a daily basis subject to a cap of 1.25% and a floor of 1% of the average daily net assets. The fee is payable monthly in arrears.
- 6.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3** As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	-----Rupees in '000-----	
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	7.1	5,884	5,338
Provision for Federal Excise Duty and additional sales tax on management fee	7.2	15,531	15,531
Withholding tax payable		75	7,336
Auditors' remuneration		201	315
Printing charges		229	80
Others		153	131
		<u>22,074</u>	<u>28,731</u>

- 7.1** The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is the same as that disclosed in note 13.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 5.884 million for the nine months ended March 31, 2018 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2018 would have been higher by Rs. 1.91 per unit (June 30, 2017: Rs. 0.41 per unit).

- 7.2** The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal which was filed by tax authorities against the order passed by the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 15.531 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2018 would have been higher by Rs. 5.0472 per unit (June 30, 2017: Rs. 1.1952 per unit).

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

There are no contingencies outstanding as at March 31, 2018.

### 8.2 Commitments

Payable against margin trading system investments  
Receivable against margin trading system investments

	March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	-----Rupees in '000-----	
	-	(4,439)
	<u>2,456</u>	<u>2,659</u>
	<u>2,456</u>	<u>(1,780)</u>

## 9. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2018 to its unit holders.

## 10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	Nine months ended March 31,	
	2018	2017
	-----Rupees in '000-----	
<b>10.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	<u>7,396</u>	<u>23,083</u>
Sindh Sales Tax on remuneration of the Management Company	<u>961</u>	<u>3,001</u>
Sales load paid	<u>-</u>	<u>4,941</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>606</u>	<u>1,505</u>
Issue of Nil units (2017: 2,103,687)	<u>-</u>	<u>226,288</u>
Redemption of 847,699 units (2017: 3,185,584)	<u>90,000</u>	<u>340,786</u>

	Nine months ended March 31,	
	2018	2017
	-----Rupees in '000-----	
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	<u>4</u>	<u>8</u>
Profit on bank deposits earned	<u>1,488</u>	<u>1,372</u>
<b>MCB Bank Limited</b>		
<b>Connected person due to holding of 10% or more</b>		
Issue of Nil units (2017: 9,374,177 units)	<u>-</u>	<u>1,000,000</u>
Redemption of 2,338,901 units (2017: 9,846,127 units)	<u>250,000</u>	<u>1,050,061</u>
Bank charges paid	<u>6</u>	<u>-</u>
Profit on bank deposits earned	<u>12</u>	<u>-</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	<u>1,023</u>	<u>2,193</u>
Central Depository system charges	<u>32</u>	<u>271</u>
<b>HBL Asset Management Limited - Employees Gratuity Fund</b>		
Redemption of 3,966 units (2017: Nil units)	<u>428</u>	<u>-</u>
<b>HBL Asset Management Limited - Employees Provident Fund</b>		
Redemption of 3,823 units (2017: Nil units)	<u>413</u>	<u>-</u>
<b>Jubilee Life Insurance Company Limited</b>		
<b>Associated Company due to common Directorship</b>		
Sale of GOP Ijara Sukuk	<u>101,881</u>	<u>-</u>
<b>CDC Trustee - HBL Multi Asset Fund</b>		
Sale of Bank of Punjab - TFC	-	63,564
Sale of JS Bank - TFC	-	20,520
Sale of Bank Al - Habib - TFC	-	44,087
<b>CDC Trustee - HBL Income Fund</b>		
Sale of Bank Al - Habib - TFC	-	11,579

	March 31, 2018 (Un-Audited) -----Rupees in '000-----	June 30, 2017 (Audited) -----Rupees in '000-----
<b>10.2 Balances outstanding as at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	<u>302</u>	<u>188</u>
Sindh Sales Tax on remuneration of the Management Company	<u>39</u>	<u>195</u>
Sales Load payable	<u>-</u>	<u>57</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>30</u>	<u>120</u>
Investment held in the Fund: 916,873 units (June 30, 2017: 1,764,572 units)	<u>99,981</u>	<u>186,033</u>
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	<u>2,276</u>	<u>2,390</u>
Profit receivable	<u>385</u>	<u>-</u>
<b>MCB Bank Limited Connected person due to holding of 10% or more</b>		
Investment held in the Fund: 2,554,085 units (June 30, 2017: 4,892,987 units)	<u>278,511</u>	<u>515,851</u>
Bank Balances	<u>214</u>	<u>589</u>
Profit receivable	<u>-</u>	<u>29</u>
<b>Taavun (Private) Limited</b>		
Investment held in the Fund: 328,113 units (June 30, 2017: 328,113 units)	<u>35,779</u>	<u>345,918</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	<u>51</u>	<u>411</u>
CDC charges payable	<u>14</u>	<u>61</u>
Security deposit	<u>100</u>	<u>100</u>
<b>HBL Asset Management Limited - Employees Gratuity Fund</b>		
Investment held in the Fund: Nil units (June 30, 2017: 3,966 units)	<u>-</u>	<u>418</u>
<b>HBL Asset Management Limited - Employees Provident Fund</b>		
Investment held in the Fund: Nil units (June 30, 2017: 3,823 units)	<u>-</u>	<u>403</u>
Units outstanding as at March 31, 2018 are calculated on the basis of latest announced NAV i.e March 30, 2018.		

## 11. 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. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

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

		March 31, 2018							
		Carrying Amount			Fair Value				
		Fair value through profit or loss- held- for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	-----Rupees in '000-----							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
	11.1	14,937	-	-	14,937	-	14,937	-	14,937
		-	-	-	-	-	-	-	-
		14,937	-	-	14,937	-	14,937	-	14,937
<b>Financial assets not measured at fair value</b>									
	11.1	-	243,451	-	243,451	-	-	-	-
		-	90,000	-	90,000	-	-	-	-
		-	2,001	-	2,001	-	-	-	-
		-	6,157	-	6,157	-	-	-	-
		-	341,609	-	341,609	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
	11.1	-	-	371	371	-	-	-	-
		-	-	66	66	-	-	-	-
		-	-	-	-	-	-	-	-
		-	-	442	442	-	-	-	-
		-	-	335,608	335,608	-	-	-	-
		-	-	336,486	336,486	-	-	-	-

		June 30, 2017				Fair Value			
		Carrying Amount							
Note	Fair value through profit or loss- held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
<b>On-balance sheet financial instruments</b>		----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>		11.1							
	Market treasury bills	36,929	-	-	36,929	-	36,929	-	36,929
	Pakistan Investment bonds	890,916	-	-	890,916	-	890,916	-	890,916
		927,845	-	-	927,845	-	927,845	-	927,845
<b>Financial assets not measured at fair value</b>		11.1							
	Bank balances	-	546,623	-	546,623				
	Term deposit receipts	-	240,000	-	240,000				
	Accrued markup on bank balances and investments	-	12,737	-	12,737				
	Receivable against margin trading system	-	37,261	-	37,261				
		-	836,621	-	836,621				
<b>Financial liabilities not measured at fair value</b>		11.1							
	Payable to the Management Company	-	-	1,873	1,873				
	Payable to the Trustee	-	-	472	472				
	Payable against redemption of units	-	-	362,820	362,820				
	Payable against purchase of investment	-	-	-	-				
	Accrued expenses and other liabilities	-	-	526	526				
	Unit holders fund	-	-	1,369,950	1,369,950				
		-	-	1,735,641	1,735,641				

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

#### 11.2 Transfers during the period

No transfers were made between various levels of fair value hierarchy during the period.

#### 12. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the nine months ended March 31, 2018 is 1.60% (March 31, 2017: 1.51%) which includes 0.26% (March 31, 2017: 0.25%) representing government levy and SECP fee.

#### 13. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 23, 2018.

#### 14. GENERAL

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

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

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

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

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

\_\_\_\_\_  
Director

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# **HBL**

## **Money Market Fund**

## FUND INFORMATION

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Name of Fund	HBL Money Market Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited Allied Bank Limited Meezan Bank Limited Askari Bank Limited Samba Bank Limited Zarai Taraqiati Bank Limited Sindh Bank Limited United Bank Limited
Fund Rating	AA(f) (JCR-VIS)

**HBL Money Market Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*As at March 31, 2018*

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	4,154,537	3,542,143
Investments	5	1,425,000	477,309
Profit receivable		35,607	21,546
Deposits and prepayments		175	100
<b>Total assets</b>		<b>5,615,319</b>	<b>4,041,098</b>
<b>Liabilities</b>			
Payable to the Management Company	6	4,301	4,625
Payable to the Trustee		456	388
Payable to Securities and Exchange Commission of Pakistan		2,908	3,125
Accrued expenses and other liabilities	7	56,152	90,950
<b>Total liabilities</b>		<b>63,817</b>	<b>99,088</b>
<b>Net assets</b>		<b>5,551,502</b>	<b>3,942,010</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>5,551,502</b>	<b>3,942,010</b>
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>52,489,040</b>	<b>38,735,140</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>105.7650</b>	<b>101.7683</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

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

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

\_\_\_\_\_  
Director

**HBL Money Market Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the nine months & quarter ended March 31, 2018**

	Note	Nine months ended		Quarter ended	
		March 31,		March 31,	
		2018	2017	2018	2017
----- (Rupees in '000) -----					
<b>Income</b>					
Profit on bank deposits		149,444	106,366	39,286	52,356
Income from investments		107,115	82,945	49,074	17,452
Capital gain / (loss) on sale of investments - net		(624)	(948)	(999)	(152)
		<b>255,934</b>	<b>188,363</b>	<b>87,360</b>	<b>69,656</b>
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		-	-	-	-
		<b>255,934</b>	<b>188,363</b>	<b>87,360</b>	<b>69,656</b>
<b>Expenses</b>					
Remuneration of the Management Company	6.1 & 6.2	40,789	34,440	11,539	12,615
Remuneration of the Trustee		3,928	3,185	1,307	1,122
Annual fee of Securities and Exchange Commission of Pakistan		2,908	2,286	972	837
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	3,884	3,260	1,296	1,330
Settlement and bank charges		163	107	38	-
Auditors' remuneration		458	424	154	122
Fee and Subscription		249	230	90	63
Securities transaction cost		127	114	33	14
Printing charges		123	128	33	14
		<b>52,629</b>	<b>44,174</b>	<b>15,462</b>	<b>16,117</b>
<b>Net income from operating activities</b>		<b>203,305</b>	<b>144,189</b>	<b>71,898</b>	<b>53,539</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	10,091	-	(14,233)
Provision for Sindh Workers' Welfare Fund	7.2	(4,066)	58,108	(1,438)	58,108
<b>Net income for the period before taxation</b>		<b>199,239</b>	<b>212,388</b>	<b>70,460</b>	<b>97,415</b>
Taxation	8	-	-	-	-
<b>Net income for the period after taxation</b>		<b>199,239</b>	<b>212,388</b>	<b>70,460</b>	<b>97,415</b>
<b>Allocation of net income / loss for the period</b>					
Net income / loss for the period after taxation		199,239			
Income already paid on units redeemed		(64,070)			
		<b>135,169</b>			
<b>Accounting income available for distribution</b>					
- Relating to capital gains		-			
- Excluding capital gains		135,169			
		<b>135,169</b>			

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Money Market Fund**  
**Condensed Interim Statement Of Comprehensive Income (Un-audited)**  
*For the nine months & quarter ended March 31, 2018*

	Nine month ended March 31,		Quarter ended March 31,	
	2018	2017	2018	2017
	------(Rupees in '000)-----			
Net income for the period	199,239	212,388	70,460	97,415
<b>Other comprehensive income for the period</b>				
<b>Items to be reclassified to income statement in subsequent periods:</b>				
Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale	-	(168)	-	-
<b>Total comprehensive income for the period</b>	<b>199,239</b>	<b>212,220</b>	<b>70,460</b>	<b>97,415</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

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

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

\_\_\_\_\_  
Director

**HBL Money Market Fund**  
**Condensed Interim Statement Of Movement In Unitholders' Fund (Un-Audited)**  
**For the nine months ended March 31, 2018**

	Nine months ended							
	2018				2017			
	Capital Value	Undistributed income / (accumulated loss)	Unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale' - net	Total	Capital Value	Undistributed income / (accumulated loss)	Unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale' - net	Total
	(Rupees in '000)							
Net assets at beginning of the period	3,901,721	40,289	-	3,942,010	-	-	-	3,522,715
Amount received on Issuance of 87,250,783 units (2017: 76,448,657 units)	8,860,039	189,470	-	9,049,509	-	-	-	7,941,284
Amount paid on redemption of 73,496,884 units (2017: 67,781,907 units)	(7,463,373)	(175,883)	-	(7,639,256)	-	-	-	(7,051,472)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	175	-	-	-	-	(10,091)
	-	-	176	-	-	-	-	(168)
Net income for the period after taxation	-	199,239	-	199,239	-	-	-	212,388
Other comprehensive income for the period	-	-	-	-	-	-	(168)	(168)
Net income for the period less distribution	-	199,239	-	199,239	-	-	(168)	212,220
Net assets at end of the period	5,298,387	253,115	-	5,551,502	-	-	-	4,614,656
<b>Undistributed income brought forward</b>								
- Realised		40,289				24,925		
- Unrealised		-				-		
		40,289				24,925		
Accounting income available for distribution		135,169						
Net income for the period - for prior period						212,388		
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6	-				13,406		
<b>Undistributed income carried forward</b>		<b>175,458</b>				<b>250,719</b>		
<b>Undistributed income carried forward</b>								
Relating to realised gain		175,458				250,719		
Relating to unrealised gain		-				-		
		175,458				250,719		
					(Rupees)			(Rupees)
Net assets value per unit at beginning of the period				101.7683				101.5468
Net assets value per unit at end of the period				105.7650				106.4333

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Money Market Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the nine months ended March 31, 2018**

	Nine months ended March 31,	
	2018	2017
Note	(Rupees in '000)	
<b>Cash flows from operating activities</b>		
Net income for the period before taxation	199,239	212,388
<b>Adjustments for non-cash items:</b>		
Capital (gain) on sale of investments - net	624	948
Income from investments	(107,115)	175
Profit on bank deposits	(149,444)	1,124
Provision for Sindh Worker's Welfare Fund	4,066	-
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(10,091)
	(52,629)	204,543
<b>(Decrease) / increase in assets</b>		
Investments - net	(948,315)	973,306
Deposits and prepayments	(75)	-
	(948,390)	973,306
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(324)	258
Payable to the Trustee	68	25
Payable to the Securities and Exchange Commission of Pakistan	(217)	(1,158)
Accrued expenses and other liabilities	(38,864)	(203,957)
	(39,337)	(204,832)
	(1,040,356)	973,017
Bank profit received	242,498	(32,010)
Income on investments received	-	-
	242,498	(32,010)
<b>Net cash (used in) / generated from operating activities</b>	<b>(797,858)</b>	<b>941,007</b>
<b>Cash flows from financing activities</b>		
Amount received on issue of units	9,049,509	7,941,283
Payment against redemption of units	(7,639,256)	(7,051,472)
<b>Net cash generated from financing activities</b>	<b>1,410,253</b>	<b>889,811</b>
<b>Net increase in cash and cash equivalents</b>	<b>612,394</b>	<b>1,830,820</b>
Cash and cash equivalents at beginning of the period	3,542,143	2,371,639
<b>Cash and cash equivalents at end of the period</b>	<b>4,154,537</b>	<b>4,202,459</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

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

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

\_\_\_\_\_  
Director

**HBL Money Market Fund**  
**Notes to the Condensed Interim Financial Information (Un-Audited)**  
**For the Nine Months ended March 31, 2018**

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

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

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

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

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

JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+ (AM Two Plus) to the Management Company.

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

**2. BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

**2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2017.

**2.2 BASIS OF MEASUREMENT**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

**2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

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

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

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2017 except as explained in note 3.6 and 3.7.

**3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

**3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.

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

3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2017.

3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its clarification dated February 7, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the income / loss of the Fund would have been higher / lower by Rs 13.587 million. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
		----- (Rupees in '000) -----	
<b>4</b>	<b>BANK BALANCES</b>	<b>Note</b>	
	Balances with bank in:		
	- PLS savings accounts under mark-up arrangements	4.1	4,154,537
			3,542,143
<b>4.1</b>	Mark-up on these accounts ranges between 4.00% - 6.90% per annum (June 30, 2017: 4.00% - 6.7% per annum).		
		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
		----- (Rupees in '000) -----	
<b>5.</b>	<b>INVESTMENTS</b>	<b>Note</b>	
	Available for sale		
	- Government Securities	5.1	-
	Held for trading		
	- Government Securities	5.2	-
	Loans and receivables		
	- Term deposit receipts	5.3	925,000
	- Clean placement	5.4	100,000
	- Commercial paper		97,309
	- Special Notice Deposit Receipt	5.5	400,000
			-
			1,425,000
			477,309

### 5.1 Investment in Government Securities - Available-for-sale

Issue Date	Tenure	Face value			Market Value as at March 31, 2018	Market value as a percentage of	
		As at July 1, 2017	Purchases during the year	Sales / Matured during the year		Total Investments	Net Assets
----- (Rupees in '000) -----							
<b>Treasury bills</b>							
July 21, 2016	12 month	-	900,000	900,000	-	-	-
January 19, 2017	6 month	-	825,000	825,000	-	-	-
February 16, 2017	6 month	-	95,000	95,000	-	-	-
February 2, 2017	6 month	-	300,000	300,000	-	-	-
May 11, 2017	3 month	-	225,000	225,000	-	-	-
<b>Total - As at March 31, 2018</b>		-	<b>2,345,000</b>	<b>2,345,000</b>	-	-	-
<b>Total - As at June 30, 2017</b>		1,400,000	18,733,000	20,133,000	-	-	-

### 5.2 Investment in Government Securities - Held-for-trading

Issue Date	Tenure	Face value			Market Value as at March 31, 2018	Market value as a percentage of	
		As at July 1, 2017	Purchases during the year	Sales / Matured during the year		Total Investments	Net Assets
----- (Rupees in '000) -----							
<b>Treasury bills</b>							
May 25, 2017	3 month	-	915,000	915,000	-	-	-
July 20, 2017	3 month	-	2,570,000	2,570,000	-	-	-
August 3, 2017	3 month	-	1,600,000	1,600,000	-	-	-
August 17, 2017	3 month	-	550,000	550,000	-	-	-
August 31, 2017	3 month	-	1,550,000	1,550,000	-	-	-
September 14, 2017	3 month	-	450,000	450,000	-	-	-
September 28, 2017	3 month	-	1,000,000	1,000,000	-	-	-
October 12, 2017	3 month	-	1,299,000	1,299,000	-	-	-
October 26, 2017	3 month	-	1,500,000	1,500,000	-	-	-
November 9, 2017	3 month	-	4,000,000	4,000,000	-	-	-
November 23, 2017	3 month	-	4,325,000	4,325,000	-	-	-
January 4, 2018	3 month	-	500,000	500,000	-	-	-
January 18, 2018	3 month	-	4,385,000	4,385,000	-	-	-
February 1, 2018	3 month	-	2,470,000	2,470,000	-	-	-
February 15, 2018	3 month	-	2,860,000	2,860,000	-	-	-
<b>Total - As at March 31, 2018</b>		-	<b>29,974,000</b>	<b>29,974,000</b>	-	-	-
<b>Total - As at June 30, 2017</b>		-	-	-	-	-	-

### 5.3 Term Deposit Receipts

Name of Company	As at July 01, 2017	Purchased made during the period	Matured during the period	As at March 31, 2018	Percentage of total value of investments (%)	Percentage of Net Assets (%)
----- (Rupees in '000) -----						
Bank Alfalah Limited	-	1,375,000	910,000	465,000	32.63	8.38
Habib Bank Limited	-	-	-	-	-	-
Sindh Bank Limited	-	-	-	-	-	-
Zarai Taraqiati Bank Limited	380,000	460,000	380,000	460,000	32.28	8.29
<b>Total - As at March 31, 2018</b>	<b>380,000</b>	<b>1,835,000</b>	<b>1,290,000</b>	<b>925,000</b>	<b>64.91</b>	<b>16.66</b>
<b>Total - As at June 30, 2017</b>	<b>400,000</b>	<b>2,645,000</b>	<b>2,665,000</b>	<b>380,000</b>	<b>79.61</b>	<b>9.64</b>

5.3.1 Term deposit receipts carries mark-up at rates ranging between 6.45% to 6.85% (June 30, 2017:6.50%) per annum.

### 5.4 Clean Placement

Name of Company	As at July 01, 2017	Purchased made during the period	Matured during the period	As at March 31, 2018	Percentage of total value of investments (%)	Percentage of Net Assets (%)
----- (Rupees in '000) -----						
Pak Brunei Investment Co Ltd	-	400,000	400,000	-	-	-
Pak Oman Investment Co Ltd	-	100,000	-	100,000	7.02%	1.80%
Saudi Pak Industrail & Agriculture Investment Co. Ltd	-	350,000	350,000	-	-	-
<b>Total - As at March 31, 2018</b>	<b>-</b>	<b>850,000</b>	<b>750,000</b>	<b>100,000</b>	<b>0.07</b>	<b>0.02</b>

5.4.1 Clean placement carries mark-up at the rate of 6.22% per annum and will mature on April 24, 2018.

5.5 Special Notice Deposit Receipt carries mark-up at the rate of 6.9% per annum and will mature on April 01, 2018.

Note	(Un-Audited)	(Audited)
	March 31, 2018	June 30, 2017
----- (Rupees in '000) -----		
<b>6 PAYABLE TO THE MANAGEMENT COMPANY</b>		
Management fee	6.1	3,760
Sindh sales tax on Management Company's remuneration	6.2	489
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	376
	<b>4,301</b>	<b>4,625</b>

6.1 The Management Company has charged its remuneration at the rate of 1% per annum for the current year till January 14, 2018. Effective from January 15, 2018 the rate of fee is revised through amendment in the Offering Documents of the Scheme as 10% of the gross earnings of the scheme, calculated on a daily basis subject to a cap of 1.00% and a floor of 0.75% of the average daily net assets. The fee is payable monthly in arrears.

- 6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
<b>7 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		390	530
Capital gain tax payable		1,134	8,152
Withholding tax payable		-	26,101
Federal Excise Duty	7.1	41,211	41,211
Provision for Sindh Workers' Welfare Fund	7.2	10,670	6,602
Advance received against units to be issued		2,500	2,500
Others		247	5,854
		<u>56,152</u>	<u>90,950</u>

- 7.1 The legal status of applicability of Federal Excise Duty on the Fund is the same as disclosed in note 11.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017 which was filed by tax authorities against the order by the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 41.211 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2018 would have been higher by Rs. 0.78 per unit (June 30, 2017: 1.064 per unit).

- 7.2 The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is the same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 10.67 million for the nine months ended March 31, 2018 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2018 would have been higher by Rs. 0.20 per unit (June 30, 2017: Rs. 0.17 per unit).

## 8 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ended June 30, 2018 to its unit holders.

## 9 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

		(Un-Audited) Nine Months ended March 31,	
		2018	2017
		----- (Rupees in '000) -----	
<b>9.1</b>	<b>Transactions during the period</b>		
	<b>HBL Asset Management Limited - Management Company</b>		
	Management fee inclusive of Sales tax	40,789	34,440
	Allocation of expenses related to registrar services, accounting, operation and valuation services	3,884	3,260
	Issue of 1,106,290 units (2017: 621,997 units)	114,079	65,000
	Redemption of 115,577 units (2017: 5,934,397 units)	12,000	612,915
	<b>Habib Bank Limited - Sponsor</b>		
	Mark-up earned during the period	32,050	17,850
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Remuneration	3,928	3,185
	<b>Directors, Executives and Key Management personnel</b>		
	Issue of Nil units (2017: 151,319 units)	-	15,544
	Redemption of 137,374 units (2017: 150,758 units)	14,100	2,433
	<b>Indus Motor Company limited - Connected persons due to holding 10% or more units*</b>		
	Issue of 14,410,014 units (2017: Nil units)	1,500,000	-
	Redemption of 9,657,700 units (2017: Nil units)	1,007,255	-
		(Un-Audited) March 31,	(Audited) June 30,
		2018	2017
		----- (Rupees in '000) -----	
<b>9.2</b>	<b>Amounts outstanding as at period / year end</b>		
	<b>HBL Asset Management Limited - Management Company</b>		
	Management Fee	3,405	3,760
	Sindh Sales Tax	443	489
	Allocation of expenses related to registrar services, accounting, operation and valuation services	454	376
	Investment held in the Fund : 990,713 units (June 30, 2017 : Nil units)	104,783	-
	<b>Habib Bank Limited - Sponsor</b>		
	Investment held in the Fund : 1,781,757 units (June 30, 2017: 1,781,757 units)	188,447	181,326
	Bank balances	2,019,748	899,493
	Mark-up receivable on deposits with bank	4,151	2,637
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Remuneration payable	404	695
	Sindh Sales tax	53	90
	<b>Directors, Executives and Key Management personnel</b>		
	Investment held in the Fund : Nil units (June 30, 2017: 8,510 units)	-	866
	<b>Indus Motor Company limited - Connected persons due to holding 10% or more units*</b>		
	Investment held in the Fund : 4,752,314 units (June 30, 2017: Nil units)	502,628	-

\*Comparative transactions / balances of these parties have not been disclosed as these parties were not related parties in last period

## 10 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the nine months ended March 31, 2018 is 1.09% (March 31, 2017: 1.11%) which includes 0.23% (March 31, 2017: 0.20%) representing government levies and SECP fee.

## 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

	March 31, 2018						
	Carrying amount			Fair Value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note	----- (Rupees in '000) -----						
<b>Financial assets not measured at fair value</b>	<b>11.1</b>						
Bank balance	4,154,537	-	4,154,537				
Investments							
- Term deposit receipts	925,000	-	925,000				
- Clean placements	100,000	-	100,000				
- Special Notice Deposit Receipt	400,000	-	400,000				
Accrued mark-up	35,607	-	35,607				
	<u>5,615,144</u>	<u>-</u>	<u>5,615,144</u>				
<b>Financial liabilities not measured at fair value</b>	<b>11.1</b>						
Payable to the Management Company	-	3,858	3,858				
Payable to the Trustee	-	456	456				
Accrued expenses and other liabilities	-	3,137	3,137				
Unit holders' fund	-	5,551,502	5,551,502				
	<u>-</u>	<u>5,558,954</u>	<u>5,558,954</u>				

		June 30, 2017						
		Carrying amount			Fair Value			
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets not measured at fair value</b>		11.1						
Bank balance		3,542,143	-	3,542,143				
Investments								
- Term deposit receipts		380,000	-	380,000				
- Clean placements		97,309	-	97,309				
Accrued mark-up		21,546	-	21,546				
		<u>4,040,998</u>	<u>-</u>	<u>4,040,998</u>				
<b>Financial liabilities not measured at fair value</b>		11.1						
Payable to the Management Company		-	4,625	4,625				
Payable to the Trustee		-	388	388				
Accrued expenses and other liabilities		-	8,884	8,884				
Unit holders' fund		-	3,942,010	3,942,010				
		<u>-</u>	<u>3,955,907</u>	<u>3,955,907</u>				

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

#### 11.2 Transfers during the period

There were no transfers between various levels of fair value hierarchy during the period.

#### 12. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue by the Board of Directors of the Management Company on **April 23, 2018**.

#### 13. GENERAL

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

13.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, the effect of which is not material.

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

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

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

\_\_\_\_\_  
Director

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# **HBL**

## **Cash Fund**

# FUND INFORMATION

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Name of Fund	HBL Cash Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited MCB Bank Limited Allied Bank Limited JS Bank Limited Samba Bank Limited Zarai Taraqati Bank Limited United Bank Limited Sindh Bank Limited
Fund Rating	'AA(f)' (JCR-VIS)

**HBL Cash Fund**  
**Condensed Interim Statement Of Assets And Liabilities**  
*As at March 31, 2018*

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	10,656,371	6,537,316
Investments	5	500,000	637,309
Profit receivable		75,633	20,561
Deposits and prepayments		269	192
<b>Total assets</b>		<b>11,232,273</b>	<b>7,195,378</b>
<b>Liabilities</b>			
Payable to the Management Company	6	6,221	3,457
Payable to the Trustee		840	974
Payable to Securities and Exchange Commission of Pakistan		5,535	3,270
Redemption payable		-	1,183,625
Accrued expenses and other liabilities	7	23,270	49,922
<b>Total liabilities</b>		<b>35,866</b>	<b>1,241,248</b>
<b>Net assets</b>		<b>11,196,407</b>	<b>5,954,130</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>11,196,407</b>	<b>5,954,130</b>
		----- (Number of Units) -----	
<b>Number of units in issue</b>		<b>107,082,472</b>	<b>59,251,693</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>104.5587</b>	<b>100.4888</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

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

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

\_\_\_\_\_  
Director

**HBL Cash Fund**  
**Condensed Interim Income Statement (Un-audited)**  
**For the nine months and quarter ended March 31, 2018**

	Nine Months ended March 31,		Quarter ended March 31,		
	2018	2017	2018	2017	
<b>Note</b> ----- (Rupees in '000) -----					
<b>Income</b>					
Capital (loss) on sale of investments - net	(690)	(579)	(1,223)	(259)	
Income from government securities	118,115	38,686	49,854	18,390	
Income from money market transactions and placements	94,572	44,818	43,160	17,664	
Profit on bank deposits	250,867	98,896	71,627	42,369	
	<b>462,864</b>	181,821	<b>163,418</b>	78,164	
Unrealized appreciation on re-measurement of investment classified as ' financial assets at fair value through profit or loss - held-for-trading - net	-	-	-	-	
	<b>462,864</b>	181,821	<b>163,418</b>	78,164	
<b>Expenses</b>					
Remuneration of the Management Company	6.1 & 6.2	41,783	16,616	14,867	7,136
Remuneration of the Trustee		6,816	3,129	2,395	1,280
Annual fee to the Securities and Exchange Commission of Pakistan		5,535	2,205	1,957	947
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	7,380	2,946	2,610	1,263
Auditors' remuneration		332	352	111	114
Securities transaction costs		285	109	69	73
Settlement and bank charges		258	87	97	27
Fee and subscription		265	237	94	76
Printing charges		281	263	93	87
<b>Total operating expense</b>		<b>62,935</b>	25,944	<b>22,293</b>	11,003
<b>Net income for the period from operating activities</b>		<b>399,929</b>	155,877	<b>141,125</b>	67,161
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	52,998	-	21,387
Provision for Sindh Workers' Welfare Fund	7.2	(7,999)	(9,646)	(5,857)	(9,646)
<b>Net income for the period before taxation</b>		<b>391,930</b>	218,521	<b>135,268</b>	98,194
Taxation	8	-	-	-	-
<b>Net income for the period after taxation</b>		<b>391,930</b>	218,521	<b>135,268</b>	98,194
<b>Allocation of income for the period</b>					
Net income / loss for the period after taxation		391,930			
Income already paid on units redeemed	3.6	(150,942)			
		<b>240,988</b>			
<b>Accounting income available for distribution:</b>					
- Relating to capital gains		-			
- Excluding capital gains		240,988			
		<b>240,988</b>			

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Cash Fund**  
**Condensed Interim Statement Of Comprehensive Income (Un-audited)**  
*For the nine months and quarter ended March 31, 2018*

	Nine Months ended		Quarter ended,	
	March 31,		March 31,	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
Net income for the period after taxation	391,930	218,521	135,268	98,194
<b>Other comprehensive income for the period</b>				
Items that will be reclassified to income statement	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>391,930</b>	<b>218,521</b>	<b>135,268</b>	<b>98,194</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Cash Fund**  
**Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)**  
**For the nine months ended March 31, 2018**

Note	Nine Months Ended					
	2018			2017		
	Capital Value	Undistributed Income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)					
Net assets at beginning of the period	5,925,167	28,963	5,954,130	-	-	2,103,956
Issuance of 178,274,670 units (2017: 63,808,342 units)	17,914,603	340,163	18,254,766			6,550,173
Redemption of 130,443,891 units (2017: 33,390,520 units)	(13,108,147)	(447,214)	(13,555,361)			(3,439,091)
- Income already paid on redemption of units		150,942	150,942			
<b>Total payments on redemption of units</b>	<b>3.6</b>	<b>(13,555,361)</b>	<b>(296,272)</b>	<b>(13,404,419)</b>	<b>-</b>	<b>(3,439,091)</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-	(52,998)
Net income for the period	-	391,930	391,930			
Other comprehensive income for the period		-	-			
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>391,930</b>	<b>-</b>	<b>-</b>	<b>218,521</b>
<b>Net assets at end of the period</b>	<b>10,284,409</b>	<b>464,784</b>	<b>11,196,407</b>	<b>-</b>	<b>-</b>	<b>5,380,561</b>
Undistributed income brought forward						
- Realised		28,963			11,901	
- Unrealised		-			17	
		28,963			11,918	
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6	-	-	-	-	16,781
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		240,988				
		240,988			218,521	
<b>Undistributed income carried forward</b>		<b>269,951</b>			<b>247,220</b>	
Undistributed income carried forward						
- Realised		269,951			247,220	
- Unrealised		-			-	
		269,951			247,220	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			100.4888			100.5696
Net assets value per unit at end of the period			103.2030			104.8061

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Cash Fund**  
**Condensed Interim Cash Flow Statement (Un-audited)**  
**For the nine months March 31, 2018**

	Nine Months ended	
	March 31,	
Note	2018	2017
	----- (Rupees in '000) -----	
<b>Cash flow from operating activities</b>		
Net income for the period before taxation	391,930	218,521
<b>Adjustments:</b>		
Capital (gain) / loss	690	579
Income from government securities	(118,115)	(38,686)
Income from money market placements	(94,572)	(44,818)
Profit from bank deposit	(250,867)	(98,896)
Net element of Income and capital gains included in prices of units less those in units redeemed - net	-	(52,998)
	(70,934)	(16,298)
<b>(Increase) / decrease in assets</b>		
Investments - net	136,619	(182,888)
Deposits and prepayments	(77)	(81)
	136,542	(182,969)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	2,764	2,251
Payable to the Trustee	(134)	214
Payable to Securities and Exchange Commission of Pakistan	2,265	(256)
Dividend payable	-	(490)
Redemption payable	(1,183,625)	-
Accrued expenses and other liabilities	(26,652)	(32,760)
	(1,205,382)	(31,041)
<b>Net cash used in operations</b>		
	(1,139,774)	(230,308)
Income received from government securities	118,115	38,686
Income received from money market placement	65,224	26,324
Profit received from bank deposits	225,145	79,734
	408,484	144,744
<b>Net cash (used in) from operating activities</b>		
	(731,290)	(85,564)
<b>Cash flow from financing activities</b>		
Receipts from issue of units	18,254,764	6,550,173
Payments / Payable on redemption of units	(13,404,419)	(3,439,091)
<b>Net cash generated from financing activities</b>		
	4,850,345	3,111,082
<b>Net increase in cash and cash equivalents during the period</b>		
	4,119,055	3,025,518
Cash and cash equivalents at the beginning of the period	6,537,316	1,624,223
<b>Cash and cash equivalents at the end of the period</b>	4	4,649,741
	10,656,371	4,649,741

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

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

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

\_\_\_\_\_  
Director

## **HBL Cash Fund**

### **Notes To The Condensed Interim Financial Information (Un-audited)**

*For the nine months March 31, 2018*

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

HBL Cash Fund ('the Fund') was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/NBFC-II/DD/PCF/844/2010 dated November 11, 2010 and the Trust Deed was executed on October 22, 2010.

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

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

The Fund is an open-ended money market scheme and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from December 11, 2010 to December 13, 2010. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The Fund has been categorised as a money market scheme as per the criteria laid down by the SECP for categorisation of open-ended Collective Investment Schemes (CISs).

The core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.

JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+ (AM Two Plus) to the Management Company and stability rating 'AA(F)' to the Fund.

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

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2017.

##### **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

##### **2.3 Functional and presentation currency**

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

#### **3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN**

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2017 except as explained in note 3.6.

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- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Fund for the year ended June 30, 2017.
- 3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its clarification dated February 7, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been higher Rs 107.05 million. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

	Note	March 31, 2018 Un-Audited	June 30, 2017 (Audited)
(Rupees in '000)			
<b>4 BANK BALANCES</b>			
In savings accounts	4.1	7,851,371	6,537,316
Term deposit receipts	4.2	2,805,000	-
		<b>10,656,371</b>	<b>6,537,316</b>

- 4.1 These accounts carry mark-up at rates ranging between 4.50% to 6.90% (2017: 3.75% and 6.70%) per annum
- 4.2 These term deposits receipts carry mark-up at the rate of 6.45% to 6.90% (June 30, 2017: Nil). These will mature at various dates maximum by June 30, 2018.

		March 31, 2018 Un-Audited	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
<b>5 INVESTMENTS</b>			
<b>Financial assets at fair value through profit or loss - held-for-trading</b>			
Market treasury bills	5.1	-	-
Loans and receivables	5.2	<b>500,000</b>	637,309
		<b>500,000</b>	<b>637,309</b>

**5.1 Financial assets at fair value through profit or loss - held-for-trading:  
- Market treasury bills**

Issue date	Tenure	As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (diminution)		
----- (Rupees in '000) -----										
July 21, 2016	12 months	-	675,000	675,000	-	-	-	-	-	-
January 19, 2017	6 months	-	2,800,000	2,800,000	-	-	-	-	-	-
May 11, 2017	3 months	-	585,000	585,000	-	-	-	-	-	-
May 25, 2017	3 months	-	700,000	700,000	-	-	-	-	-	-
July 6, 2017	3 months	-	300,000	300,000	-	-	-	-	-	-
July 20, 2017	3 months	-	3,978,500	3,978,500	-	-	-	-	-	-
August 3, 2017	3 months	-	2,090,000	2,090,000	-	-	-	-	-	-
August 17, 2017	3 months	-	700,000	700,000	-	-	-	-	-	-
August 31, 2017	3 months	-	2,874,000	2,874,000	-	-	-	-	-	-
September 14, 2017	3 months	-	3,350,000	3,350,000	-	-	-	-	-	-
October 12, 2017	3 months	-	2,550,000	2,550,000	-	-	-	-	-	-
October 26, 2017	3 months	-	4,250,000	4,250,000	-	-	-	-	-	-
November 9, 2017	3 months	-	5,650,000	5,650,000	-	-	-	-	-	-
November 23, 2017	3 months	-	8,100,000	8,100,000	-	-	-	-	-	-
January 18, 2018	3 months	-	6,525,000	6,525,000	-	-	-	-	-	-
February 1, 2018	3 months	-	6,330,000	6,330,000	-	-	-	-	-	-
February 15, 2018	3 months	-	3,890,000	3,890,000	-	-	-	-	-	-
<b>Total - As at March 31, 2018</b>		-	<b>55,347,500</b>	<b>55,347,500</b>	-	-	-	-	-	-
<b>Total - June 30, 2017</b>		-	<b>17,732,000</b>	<b>17,832,000</b>	-	-	-	-	-	-

	Note	Un-audited March 31, 2018 (Rupees in '000)	(Audited) June 30, 2017 (Audited) (Rupees in '000)
<b>5.2 Loans and receivables</b>			
Certificates of investments	5.2.1	-	-
Letter of placement	5.2.2	500,000	-
Term deposit receipts		-	540,000
Commercial paper		-	97,309
		<b>500,000</b>	<b>637,309</b>

#### 5.2.1 Loans and receivable - Certificate of investment

Name of Company	As at July 01, 2017	Placement made during the year	Matured during the year	As at March 31, 2018	Percentage of total value of investments	Percentage of Net Assets
(Rupees in '000)						
Pak Brunei Investment Company Limited	-	850,000	850,000	-	-	-

#### 5.2.2 Loans and receivable - Letter of placement

Name of Company	As at July 01, 2017	Placement made during the year	Matured during the year	As at March 31, 2018	Percentage of total value of investments	Percentage of Net Assets
(Rupees in '000)						
Saudi Pak Industrial & Agricultural Investment Company Limited	-	400,000	400,000	-	-	-
Habib Bank Limited	-	400,000	400,000	-	-	-
Pair Investment Company Limited	-	250,000	250,000	-	-	-
Pak Oman Investment Company Limited	-	1,000,000	1,000,000	-	-	-
Pak Oman Investment Company Limited	-	500,000	500,000	-	-	-
Pak Oman Investment Company Limited (note 5.2.2.1)	-	500,000	-	500,000	100	4.47
<b>Total - As at March 31, 2018</b>	<b>-</b>	<b>3,050,000</b>	<b>2,550,000</b>	<b>500,000</b>	<b>100</b>	<b>4.47</b>

5.2.2.1 This carries mark-up at the rate of 6.22 percent per annum (June 30, 2017: Nil). This will mature on April 24, 2018.

	Note	Un-audited March 31, 2018 (Un-Audited) (Rupees in '000)	(Audited) June 30, 2017 (Audited) (Rupees in '000)
<b>6 PAYABLE TO MANAGEMENT COMPANY</b>			
Management fee	6.1	4,690	2,623
Sindh sales tax on Management Company's remuneration	6.2	609	341
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	922	493
		<b>6,221</b>	<b>3,457</b>

6.1 As per the offering document of the fund, the Management Company shall charge a fee at the rate of 0.50% of the average annual net assets on daily basis of the Scheme subject to the guidelines as may be issued by the SECP from time to time. Effective from June 29, 2017 the rate of fee is revised through amendment in the Offering Documents of the Scheme as 7.5% of the gross earnings of the scheme, calculated on a daily basis subject to a cap of 1.00% and a floor of 0.50% of the average daily net assets. The fee is payable monthly in arrears.

6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2017: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

6.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
<b>7 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Federal Excise Duty and additional sales tax on management fee	7.1	7,528	7,528
Provision for Sindh Workers' Welfare Fund	7.2	9,601	1,602
Withholding tax payable		5,439	39,405
Auditors' remuneration		202	315
Printing charges		235	80
Brokerage payable		57	44
Sales load payable		205	948
Zakat Payable		4	-
		<b>23,270</b>	<b>49,922</b>

- 7.1 The legal status of applicability of Federal Excise Duty on the Fund is the same as disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017 which was filed by tax authorities against the order by the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 7.528 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2018 would have been higher by Rs.0.07 per unit (June 30, 2017: 0.13 per unit).

- 7.2 The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs.9.601 million as at March 31, 2018 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2018 would have been higher by Rs.0.089 per unit (June 30, 2017: Rs.0.03 per unit).

## 8 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2018 to its unit holders.

## 9 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	Nine Months ended	
	March 31,	
	2018	2017
	----- (Rupees in '000) -----	
<b>9.1 Transaction during the period</b>		
<b>HBL Asset Management Company Limited</b>		
Remuneration of Management Company	36,976	14,704
Sindh Sales Tax on remuneration of Management Company	4,807	1,912
Allocation of expenses related to registrar services, accounting, operation and valuation services	7,380	2,946
Issue of 1,073,478 (2017: 1,033 units) units	110,000	105
Redemption of 636,554 (2017: 6,982,386 units) units	65,000	715,049
<b>Central Depository Company Of Pakistan Limited - Trustee</b>		
Remuneration	6,816	3,129
CDS connection charges	6	5
<b>Habib Bank Limited - Sponsor</b>		
Return on Deposit Accounts	59,696	15,872
Bank charges	129	7
<b>Directors and Executives of the Management Company</b>		
Issue of 903,923 (2017: 184,786 units) units	92,980	18,937
Redemption of 469,800 (2017: 41,999 units) units	48,643	4,321
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - Associate*</b>		
Issue of 2,964,330 (2017: Nil units) units	303,305	-
Redemption of 1,931,604 (2017: Nil units) units	199,645	-
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Associate*</b>		
Issue of 1,423,823 (2017: Nil units) units	145,300	-
Redemption of 92,267 (2017: Nil units) units	9,525	-
<b>MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan - Associate*</b>		
Issue of 97,963 (2017: Nil units) units	10,000	-
Redemption of 97,963 (2017: Nil units) units	10,111	-
<b>Jubilee Life Insurance Company Limited Associate Company due to common Directorship</b>		
Sales of T-Bills	2,000,000	-
<b>Pakistan Telecommunication Co Limited -Connected Person due to holding of more than 10% units*</b>		
Issue of 24,040,602 (2017: Nil units) units	2,500,000	-
Redemption of 6,937,561 (2017: Nil units) units	1,002,363	-

	March 31, 2018 (Un-Audited)	June 30, 2017 Audited
	----- (Rupees in '000) -----	
<b>9.2 Balances outstanding at the period / year end</b>		
<b>HBL Asset Management Company Limited</b>		
Outstanding 785,572 (June 30, 2017: 348,649) units	87,158	35,035
Payable the Management Company	5,299	2,964
Payable against allocation of expenses related to registrar services, accounting, operation and valuation services	922	493
Sales load payable	205	84
<b>Central Depository Company Of Pakistan Limited - Trustee</b>		
Trustee fee payable	840	974
Security deposit held	100	100
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	3,154,662	1,283,033
Profit receivable	17,725	4,163
Sales load payable	-	864
<b>Directors and Executives of the Management Company</b>		
Outstanding 540,076 (June 30, 2017: 182,262 units) units	56,452	18,315
<b>MCBFSL Trustee Hbl Financial Planning Fund Active Allocation Plan - Associate*</b>		
Outstanding 1,032,726 (June 30, 2017: Nil units) units	107,946	-
<b>MCBFSL Trustee Hbl Financial Planning Fund Conservative Allocation Plan - Associate*</b>		
Outstanding 1,331,555 (June 30, 2017: Nil units) units	140,817	-
<b>MCBFSL Trustee Hbl Financial Planning Fund Strategic Allocation Plan - Associate*</b>		
Outstanding Nil (June 30, 2017: Nil units) units	-	-
<b>Pakistan Telecommunication Co Limited -Connected Person due to holding of more than 10% units*</b>		
Outstanding 14,403,041 (June 30, 2017: 8,991,001 units) units	1,505,485	903,495

\*Comparative transactions / balances of these parties have not been disclosed as these parties were not related parties in last period

## 10 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the nine months ended March 31, 2018 is 0.72% (2017: 0.77%) which includes 0.20% (2017: 0.22%) representing government levy and SECP fee.

## 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

		March 31, 2018						
		Carrying amount			Fair value			
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets not measured at fair value</b>								
	11.1							
Bank balances		10,656,371	-	10,656,371				
Profit receivable		75,633	-	75,633				
Loans and receivables		500,000	-	500,000				
		<b>11,232,004</b>	<b>-</b>	<b>11,232,004</b>				
<b>Financial liabilities not measured at fair value</b>								
	11.1							
Payable to the Management Company		-	6,221	6,221				
Payable to the Trustee		-	840	840				
Accrued expenses and other liabilities		-	699	699				
Unit holder's fund		-	11,196,407	11,196,407				
		<b>-</b>	<b>11,204,167</b>	<b>11,204,167</b>				
		June 30, 2017						
		Carrying amount			Fair value			
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets not measured at fair value</b>								
	11.1							
Bank balances		6,537,316	-	6,537,316				
Profit receivable		20,561	-	20,561				
Loan and receivable		637,309	-	637,309				
		<b>7,195,186</b>	<b>-</b>	<b>7,195,186</b>				
<b>Financial liabilities not measured at fair value</b>								
	11.1							
Payable to the Management Company		-	3,457	3,457				
Payable to the Trustee		-	974	974				
Redemption payable		-	1,183,625	1,183,625				
Accrued expenses and other liabilities		-	1,387	1,387				
Unit holder's fund		-	5,954,130	5,954,130				
		<b>-</b>	<b>7,143,573</b>	<b>7,143,573</b>				

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

**11.2 Transfers during the period**

No transfers were made between various levels of fair value hierarchy during the period.

**12 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue by the Board of Directors of the Management company on **April 23, 2018**.

**13 GENERAL**

**13.1** Figures have been rounded off to the nearest thousand rupees.

**13.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, the effect of which is not material.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Stock Fund**

## FUND INFORMATION

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Name of Fund	HBL Stock Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Allied Bank Limited JS Bank Limited MCB Bank Limited

**HBL Stock Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*As at March 31, 2018*

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	645,552	650,713
Investments	5	5,649,238	5,800,585
Dividend receivable and accrued mark-up		38,403	33,494
Advances, deposits, prepayments and other receivables	6	182,261	216,628
<b>Total assets</b>		<b>6,515,454</b>	<b>6,701,420</b>
<b>Liabilities</b>			
Payable to the Management Company	7	18,348	21,503
Payable to the Trustee		685	1,418
Payable to the Securities and Exchange Commission of Pakistan		4,077	5,403
Payable against redemption of units		-	181,864
Payable against purchase of investments		53,159	52,836
Dividend payable		-	5,331
Accrued expenses and other liabilities	8	74,092	78,393
<b>Total liabilities</b>		<b>150,361</b>	<b>346,748</b>
<b>Net assets</b>		<b>6,365,093</b>	<b>6,354,672</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>6,365,093</b>	<b>6,354,672</b>
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>55,996,246</b>	<b>52,323,461</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>113.6700</b>	<b>121.4498</b>

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

For HBL Asset Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

**HBL Stock Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the nine months and quarter ended March 31, 2018**

	Nine Months ended		Quarter ended		
	March 31,		March 31,		
	2018	2017	2018	2017	
Note	(Rupees in '000)				
<b>Income</b>					
Dividend income	207,172	158,769	56,082	45,364	
Mark-up on deposits with banks	35,406	12,150	12,647	5,827	
Income from government securities	760	3,626	760	-	
Capital loss on sale of investments - net	(332,287)	590,700	(102,687)	206,601	
	(88,949)	765,245	(33,198)	257,792	
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'fair value through profit and loss - held-for-trading' - net	273,480	-	294,891	-	
Impairment loss on investments classified as 'available-for-sale'	(294,670)	-	-	-	
	(110,139)	765,245	261,693	257,792	
<b>Expenses</b>					
Remuneration of HBL Asset Management Limited - Management Company	7.1 & 7.2	96,942	91,928	33,354	35,453
Remuneration of Central Depository Company of Pakistan Limited - Trustee		5,833	5,462	2,084	2,069
Annual fee to the Securities and Exchange Commission of Pakistan		4,077	3,864	1,407	1,490
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.4	4,289	4,098	1,479	1,729
Selling and marketing expense	7.3	17,158	2,200	5,908	2,200
Securities transaction costs		8,168	69	5,039	50
Auditors' remuneration		454	512	150	185
Settlement and bank charges		769	1,384	271	558
Fee and subscription		73	184	43	41
Printing expenses		126	276	36	62
		137,889	109,977	49,771	43,837
<b>Net (loss) / income from operating activities</b>		(248,028)	655,268	211,922	213,955
Element of income and capital gains included in prices of units issued less those in units redeemed - net		-	135,174	-	78,931
Provision for Sindh Workers' Welfare Fund	8.2	-	27,947	-	27,947
<b>Net (loss) / income for the period before taxation</b>		(248,028)	818,389	211,922	320,833
Taxation	9	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		(248,028)	818,389	211,922	320,833
<b>Allocation of net income for the period:</b>	3.6	-	-	-	-
Net income / loss for the period after taxation		(248,028)	-	-	-
Income already paid on units redeemed		-	-	-	-
		(248,028)	-	-	-
<b>Accounting income available for distribution</b>		-	-	-	-
- Relating to capital gains		-	-	-	-
- Excluding capital gains		-	-	-	-
		(248,028)	-	-	-

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Stock Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the nine months ended March 31, 2018*

	Nine Months ended March 31,		Quarter ended, March 31,	
	2018	2017	2018	2017
	(Rupees in '000)			
<b>Net (loss) / income for the period after taxation</b>	<b>(248,028)</b>	818,389	<b>211,922</b>	320,833
<b>Other comprehensive income for the period</b>				
<b>Item that may be reclassified subsequently to income statement</b>				
Unrealised gain/(loss) on re-measurement of investments classified as available-for-sale	514,267	(139,842)	556,363	(364,739)
Net reclassification adjustments relating to available-for-sale financial assets	(657,361) (143,094)	590,700 450,858	(139,531) 416,832	206,601 (158,138)
<b>Total comprehensive income for the period</b>	<b>(391,122)</b>	<b>1,269,247</b>	<b>628,754</b>	<b>162,695</b>

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

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

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

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

\_\_\_\_\_  
Director

## HBL Stock Fund

### Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)

For the nine months ended March 31, 2018

Note	Nine Months ended March 31,							
	2018				2017			
	Capital Value	Undistributed income / (accumulated loss)	Unrealised (losses) / gains on investment	Total	Capital Value	Undistributed income / (accumulated loss)	Unrealised (losses) / gains on investment	Total
	-----Rupees in '000-----							
Net assets as at the beginning of the period	5,899,589	(96,624)	551,707	6,354,672	-	-	-	4,519,241
Issuance of 12,717,760 units (2016: 4,253,949 units)	3.6	1,544,569	(149,892)	-	1,394,677	-	-	699,692
Redemption of 9,044,975 units (2016: 1,559,444 units)	3.6	(1,098,510)	105,376	-	(993,134)	-	-	(155,214)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-	-	-	20,040
Net (loss) / income for the period	-	(248,028)	-	(248,028)	-	-	-	818,389
Other comprehensive income for the period	-	-	(143,094)	(143,094)	-	-	-	450,858
Total comprehensive income for the period	-	(248,028)	(143,094)	(391,122)	-	-	-	1,269,247
Net assets as at the end of the period	6,249,024	(292,544)	408,613	6,365,093	-	-	-	6,353,006
<b>Accumulated loss</b>								
- Realised		(96,624)				(872,245)		
- Unrealised		-				-		
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - transferred to Distribution statement - net	3.6					20,040		
Net (loss) / income for the period		(248,028)				(248,028)		
Accumulated loss carried forward		(344,652)				(1,100,233)		
<b>Accumulated loss carried forward</b>								
- Realised		(618,132)				(33,816)		
- Unrealised		273,480				-		
		(344,652)				(1,100,233)		
					(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period				121,4498				103,6764
Net asset value per unit at end of the period				113,6700				129,5833

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

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Stock Fund**  
**Condensed Interim Cash Flow Statement (Un-audited)**  
**For the Nine Months ended March 31, 2018**

	2018	2017
Note	----- Rupees in '000 -----	
<b>Cash flows from operating activities</b>		
Net (loss) / income for the year before taxation	(248,028)	818,389
<b>Adjustments for:</b>		
Impairment loss on investments classified as available-for-sale	294,670	-
Mark-up on deposits with banks	(35,406)	(12,150)
Dividend income	(207,172)	(158,769)
Capital loss on sale of investments - net	332,287	(590,700)
Income from government securities	(760)	-
Net unrealised diminution on re-measurement of investments classified as 'fair value through profit and loss - held-for-trading' - net	(273,480)	-
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(135,174)
	(137,889)	(78,404)
<b>Decrease / (Increase) in assets</b>		
Investments - net	(344,141)	(293,901)
Advances, deposits, and other receivables	34,367	(31,315)
	(309,774)	(325,216)
<b>(Decrease) / Increase in liabilities</b>		
Payable to the Management Company	(3,155)	6,281
Payable to the Trustee	(733)	201
Payable to Securities and Exchange Commission of Pakistan	(1,326)	(246)
Accrued expenses and other liabilities	(4,301)	(30,354)
	(9,515)	(24,118)
Profit on bank deposits received	40,783	-
Dividend received	196,886	142,875
<b>Net cash used in operating activities</b>	(219,509)	(284,863)
<b>Cash flows from financing activities</b>		
Amount received on issue of units	1,394,677	954,850
Payments / Payable against redemption of units	(1,174,998)	(255,158)
Cash dividend paid	(5,331)	-
<b>Net cash used in financing activities</b>	214,348	699,692
<b>Net increase / (decrease) in cash and cash equivalents</b>	(5,161)	414,829
Cash and cash equivalents at beginning of the year	650,713	38,406
<b>Cash and cash equivalents at end of the year</b>	645,552	453,235

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

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

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

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

\_\_\_\_\_  
Director

**HBL Stock Fund**  
**Notes To The Condensed Interim Financial Information (Un-audited)**  
*For the Nine Months ended March 31, 2018*

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

HBL Stock Fund (the Fund) was established under a Trust Deed, dated August 09, 2007, executed between HBL Asset Management Limited (the Management Company) and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on August 21, 2007.

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

The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from August 29, 2007 to August 31, 2007.

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

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company.

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

**2. BASIS OF PREPARATION**

**2.1. STATEMENT OF COMPLIANCE**

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

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2017.

**2.2 BASIS OF MEASUREMENT**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

**2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Fund operates. This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

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

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2017 except as mentioned in note 3.6 and 3.7.

**3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

**3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.

- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2017.
- 3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its clarification dated February 7, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the income / loss of the Fund would have been lower by Rs 44.51 million. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

4. BANK BALANCES	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
Note	----- (Rupees in '000) -----	
Balances with banks in:		
Saving accounts	4.1      643,102	648,263
Current accounts	2,450	2,450
	<u>645,552</u>	<u>650,713</u>

- 4.1 This represent bank accounts held with different banks. Mark-up rates on these accounts range between 3.65% - 6.15% (June 30, 2017: 5% - 6.6%) per annum.

5. INVESTMENTS	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
Note	----- (Rupees in '000) -----	
Available-for-sale		
- Listed equity securities	5.1      1,977,573	5,800,585
Financial assets at fair value through profit or loss - 'held-for-trading'		
- Listed equity securities	5.2      3,671,665	-
	<u>5,649,238</u>	<u>5,800,585</u>

5.1 Listed equity securities - Available-for-sale

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

Name of the investee Company	Number of shares				Market value as at March 31, 2018 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company	
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets		
<b>TEXTILE COMPOSITE</b>									
Nishat Mills Limited	1,169,200	-	-	222,000	947,200	150,501	7.61	2.36	0.27
<b>CEMENT</b>									
D G Khan Cement Company Limited	1,184,100	-	-	785,200	398,900	65,065	3.29	1.02	0.09
Lucky Cement Limited	415,100	-	-	263,800	153,250	105,684	5.14	1.66	0.05
Pioneer Cement Limited	1,417,800	46,500	-	1,464,300	-	-	-	-	-
Cheer Cement Limited	724,100	-	-	724,100	-	-	-	-	-
	3,741,100	46,500	-	3,235,400	552,150	170,749	8.63	2.68	-
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Limited	2,616,700	-	-	180,000	2,436,700	244,888	12.38	3.85	0.21
Ki-electric Limited (Face value Rs 3.5 each)	15,000,000	-	-	15,000,000	-	-	-	-	-
	17,616,700	-	-	15,180,000	2,436,700	244,888	12.38	3.85	-
<b>ENGINEERING</b>									
International Industries Limited	360,100	-	-	360,100	-	-	-	-	-
International Steels Limited	1,056,000	-	-	735,800	320,200	37,114	1.88	0.58	0.07
Mughal Iron & Steel Industries Limited	18,365	-	-	-	18,365	1,333	0.07	0.02	0.01
Crecent Steel & Allied Products Limited	534,800	15,800	-	550,600	-	-	-	-	-
	1,969,065	15,800	-	1,646,500	338,365	38,448	1.94	0.60	-
<b>AUTOMOBILE ASSEMBLER</b>									
Honda Atlas Cars Pakistan Limited	126,550	-	-	126,550	-	-	-	-	-
Intero Motor Company Limited	66,180	-	-	25,560	40,620	70,770	3.58	1.11	0.05
Militar Tractors Limited	82,750	-	-	5,600	79,150	93,805	4.74	1.47	0.17
PAK Suzuki Motor Company Limited	189,300	-	-	189,300	-	-	-	-	-
	464,680	-	-	350,910	113,770	164,575	8.32	2.59	-
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Ekstren Limited	1,726,000	200,000	-	1,865,400	60,600	2,740	0.14	0.04	0.01
<b>PAPER &amp; BOARD</b>									
Packages Limited	239,700	-	-	130,600	109,100	64,218	3.25	1.01	0.12
<b>LEATHER &amp; TANNERIES</b>									
Service Industries Limited	40,800	-	-	40,800	-	-	-	-	-
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	170,140	-	-	52,720	117,420	173,847	8.79	2.73	0.11
Oil & Gas Development Company Limited	1,752,500	-	-	782,700	970,200	168,892	8.54	2.65	0.02
Pakistan Oilfields Limited	347,900	-	-	235,450	112,450	73,155	3.70	1.15	0.05
Pakistan Petroleum Limited	856,300	141,600	-	500,000	497,900	105,973	5.36	1.66	0.03
	3,127,240	141,600	-	1,570,870	1,687,970	521,888	26.39	8.20	-
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Nascol Petroleum Limited	580,900	-	-	249,500	331,400	87,967	4.45	1.38	0.27
Pakistan State Oil Company Limited	436,800	50,700	48,640	292,100	244,040	78,456	3.97	1.23	0.07
Sui Northern Gas Pipeline Limited	1,466,000	100	-	1,175,300	290,800	32,776	1.66	0.51	0.05
	2,483,700	50,800	48,640	1,714,900	866,240	199,199	10.07	3.13	-
<b>COMMERCIAL BANKS</b>									
Allied Bank Limited	1,251,700	-	-	1,251,700	-	-	-	-	-
MCB Bank Limited	1,234,700	-	-	725,000	509,700	112,200	5.67	1.76	0.05
United Bank Limited	1,341,500	-	-	794,600	546,900	114,242	5.78	1.79	0.04
Habib Bank Limited	942,619	-	-	942,619	-	-	-	-	-
	4,770,519	-	-	3,713,919	1,056,600	226,442	11.45	3.56	-
<b>FERTILIZER</b>									
Engro Corporation Limited	1,064,000	100,000	-	642,000	522,000	161,637	8.17	2.54	0.10
Engro Fertilizers Limited	315,500	-	-	315,500	-	-	-	-	-
Engro Polymer & Chemicals Limited	3,101,000	-	-	3,101,000	-	-	-	-	-
	4,480,500	100,000	-	4,058,500	522,000	161,637	8.17	2.54	-
<b>PHARMACEUTICAL</b>									
Searle Company Limited	361,804	10,000	57,730	337,850	91,884	32,307	1.63	0.51	0.05
<b>Total as at March 31, 2018</b>	42,191,008	564,700	106,370	34,069,499	8,792,579	1,977,573	100	31.08	-
Carrying value as at March 31, 2018						1,908,629			

5.1.1 This includes 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 Management Company of the Fund 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 mutual funds under clause 99 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 of the Fund having aggregate fair market value of Rs. 26.66 million at March 31, 2018 (June 30, 2017: Rs. 2.79 million) 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 at fair value in its investments at period end.

## 5.2 Financial assets at fair value through profit or loss - Held-for-trading

### 5.2.1 Listed equity securities

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

Name of the Investee Company	Number of shares				As at March 31, 2018	Market value as at March 31, 2018 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
<b>TEXTILE COMPOSITE</b>									
Nishat (Chunian) Ltd	-	1,032,500	-	1,032,500	-	-	-	-	-
Nishat Mills Ltd	-	565,000	-	-	565,000	89,773	2.45	1.41	-
	-	1,597,500	-	1,032,500	565,000	89,773	2.45	1.41	-
<b>CEMENT</b>									
D G Khan Cement Co. Ltd.	-	879,500	-	-	879,500	143,455	3.91	2.25	0.20
Fauji Cement Company Limited	-	5,210,500	-	4,150,000	1,060,500	31,020	0.84	0.49	0.08
Lucky Cement Ltd	-	170,800	-	-	170,800	117,787	3.21	1.85	0.05
Pioneer Cement Limited	-	26,000	-	26,000	-	-	-	-	-
	-	6,286,800	-	4,176,000	2,110,800	292,262	7.96	4.59	-
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Ltd	-	674,200	-	-	674,200	67,757	1.85	1.06	0.06
K Electric Limited	-	10,595,500	-	1,500,000	9,095,500	63,759	1.74	1.00	0.03
	-	11,269,700	-	1,500,000	9,769,700	131,517	3.58	2.07	-
<b>ENGINEERING</b>									
Amnelli Steels Limited	-	1,624,200	-	982,000	642,200	59,102	1.61	0.93	0.22
Crescent Steel & Allied Products Ltd	-	92,800	-	92,800	-	-	-	-	-
International Industries Ltd	-	378,800	-	92,500	286,300	81,424	2.22	1.28	0.24
International Steels Limited	-	442,000	-	442,000	51,232	1,400	0.80	0.37	-
Mughal Iron & Steel Inds Ltd	-	1,307,000	-	100,000	1,207,000	88,594	2.41	1.39	1.01
	-	3,844,800	-	1,267,300	2,577,500	280,351	7.64	4.40	-
<b>AUTOMOBILE ASSEMBLER</b>									
Honda Atlas Cars (Pakistan) Ltd	-	58,700	-	58,700	-	-	-	-	-
Indus Motor Company Limited	-	13,000	-	-	13,000	22,649	0.62	0.36	0.02
Thal Limited	-	135,000	-	-	135,000	69,613	1.90	1.09	0.17
Milatt Tractors Ltd	-	15,040	-	-	15,040	19,287	0.53	0.30	0.03
	-	221,740	-	58,700	163,040	111,549	3.04	1.75	-
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Elektron Limited	-	1,709,200	-	450,000	1,259,200	56,928	1.55	0.89	0.25
<b>PHARMACEUTICALS</b>									
The Searle Company Limited	-	76,800	6,200	-	83,000	29,184	0.79	0.46	0.04
<b>LEATHER &amp; TANNERIES</b>									
Service Industries Limited	-	1,500	-	1,500	-	-	-	-	-
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	-	75,720	-	-	75,720	112,108	3.05	1.76	0.07
Oil & Gas Development Company Limited	-	1,224,200	-	-	1,224,200	213,109	5.80	3.35	0.23
Pakistan Oilfields Limited	-	287,550	-	-	287,550	187,069	5.09	2.94	0.12
Pakistan Petroleum Limited	-	1,018,400	-	-	1,018,400	216,756	5.90	3.41	0.05
	-	2,605,870	-	-	2,605,870	729,042	19.86	11.45	-
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Hazcol Petroleum Limited	-	56,500	-	-	56,500	14,997	0.41	0.24	0.05
Hazcol Petroleum Limited - LOR	-	90,960	-	90,960	-	-	-	-	-
Pakistan State Oil Company Limited	-	444,100	-	-	444,100	142,774	3.89	2.24	0.14
Southern Gas Pipeline Limited	-	850,100	-	-	850,100	95,815	2.61	1.51	0.13
	-	1,441,660	-	90,960	1,350,700	253,586	6.91	3.99	-
<b>COMMERCIAL BANKS</b>									
Allied Bank Ltd	-	64,000	-	64,000	-	-	-	-	-
Bank Al-Falah Ltd	-	4,870,500	-	-	4,870,500	257,309	7.01	4.04	0.30
Bank Al-Habib Limited	-	2,025,500	-	144,500	1,882,000	145,855	3.97	2.29	0.17
Bank of Punjab Ltd	-	6,382,500	-	-	6,382,500	63,059	1.72	0.99	1.21
Fayal Bank Limited	-	4,419,000	520,350	-	531,500	4,407,850	116,279	3.17	1.83
Habib Bank Ltd	-	2,211,900	-	715,781	1,496,119	317,402	8.64	4.99	0.30
MCB Bank Ltd	-	485,400	-	-	485,400	106,851	2.91	1.68	0.10
United Bank Limited	-	1,063,500	-	-	1,063,500	222,155	6.05	3.49	0.09
	-	21,523,300	520,350	1,455,781	20,587,869	1,228,909	33.47	19.31	-
<b>FERTILIZER</b>									
Engro Corporation Ltd	-	301,100	-	-	301,100	93,236	3.54	1.46	0.06
Engro Fertilizers Limited	-	3,944,500	-	736,500	3,208,000	221,641	6.04	3.48	0.24
Fauji Fertilizer Co Ltd	-	1,189,500	-	105,000	1,084,500	101,597	2.78	1.60	0.08
	-	5,435,100	-	841,500	4,593,600	416,874	11.35	6.55	-
<b>CHEMICAL</b>									
Engro Polymer & Chemicals Ltd	-	2,433,000	-	2,433,000	-	-	-	-	-
	-	2,433,000	-	2,433,000	-	-	-	-	-
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Systems Limited	-	535,000	-	-	535,000	51,692	1.41	0.81	-
	-	535,000	-	-	535,000	51,692	1.41	0.81	-
<b>Total as at March 31, 2018</b>	-	58,981,970	526,550	13,307,241	46,201,279	3,671,665	100	57.69	-
<b>Carrying value as at March 31, 2018</b>						<b>3,398,185</b>			

5.3 Financial assets at fair value through profit or loss - held-for-trading - Market treasury bills

Issue date	Tenure	As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (diminution)		
(Rupees in '000)										
February 15, 2018	3 months		5,000,000	5,000,000						
Total - As at March 31, 2018			5,000,000	5,000,000						
Total - June 30, 2017										

5.3 Investments include shares having market value aggregating to Rs. 363.505 million (June 30, 2017: Rs. 369.25 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

5.4.1 Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
Note		(Rupees in '000)	
Market value of investments	5.1	1,977,573	5,800,585
Cost of investments	5.1	1,908,629	5,293,873
Provision against equity securities	5.4.1.1	(339,666)	(44,995)
		1,568,963	5,248,878
		<u>408,610</u>	<u>551,707</u>

5.4.1.1 Movement in impairment against equity securities

Opening balance		44,995	81,273
Add: Charge for the period / year		294,671	35,921
Less: Reversals made during the period / year		-	(72,199)
Net charge / (reversal)		294,671	(36,278)
Closing balance		<u>339,666</u>	<u>44,995</u>

6. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Receivable against sale of securities		179,223	2,159
Advance against subscription of Term Finance Certificates (TFC)		25,000	25,000
Prepaid annual listing fee		438	211,869
		207,261	241,628
Less: Provision in respect of advance against subscription of term finance certificates		(25,000)	(25,000)
		<u>182,261</u>	<u>216,628</u>

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
Note		(Rupees in '000)	
<b>7. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Management fee	7.1	10,420	10,522
Sindh Sales Tax	7.2	1,355	1,368
Sales load payable		148	426
Selling and marketing payable	7.3	5,904	8,661
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.4	521	526
		<u>18,348</u>	<u>21,503</u>

- 7.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2017: two percent per annum) of the average annual net assets of the Fund for the current period.
- 7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 7.3 SECP vide its circular No.SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower. The Fund has accrued expense on this account at 0.4% per annum of net assets of the Fund effective from March 01, 2017. During the period a clarification was received from the SECP on September 19, 2017 and as a result expense charged to the Fund amounting to Rs. 13.794 million have been reversed which includes Rs. 8.661 million pertaining to the year ended June 30, 2017.
- On October 11, 2017, the SECP further clarified that expenses other than related to opening of new branches can be charged to the Fund.- Accordingly, the Fund has been charged Rs. 17.814 million in respect of selling and marketing resulting net impact of Rs. 11.255 million in income statement.
- 7.4 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

	Note	(Un-Audited)	(Audited)
		March 31, 2018	June 30, 2017
----- (Rupees in '000) -----			
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Federal Excise Duty	8.1	<b>37,838</b>	37,838
Provision for Sindh Workers' Welfare Fund	8.2	<b>34,381</b>	34,381
Withholding tax payable		<b>828</b>	5,178
Auditors remuneration		<b>386</b>	530
Others		<b>659</b>	466
		<b>74,092</b>	<b>78,393</b>

- 8.1 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal filed by tax authorities against the order by Honorable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 37.838 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2018 would have been higher by Rs. 0.68 per unit (June 30, 2017: 0.72 per unit).

- 8.2 The legal status of applicability of Worker's welfare fund and Sindh workers' welfare fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

As there is loss for the nine months ended on March 31, 2018, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2018 would have been higher by Rs. 0.61 per unit (June 30, 2017: 0.657 per unit).

## 9. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2018 to its unit holders.

## 10. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the nine months ended on March 31, 2018 is 2.40% (March 31, 2017 : 2.16%), which includes 0.27% (March 31, 2017 : 0.49%) representing government levy, Sindh Worker's Welfare Fund and SECP fee.



## 11.2 Balances outstanding as at period / year end

	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	----- (Rupees in '000) -----	
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	10,420	10,522
Sindh Sales Tax	1,355	1,368
Sales load payable	148	426
Selling and marketing payable	5,904	8,661
Allocation of expenses related to registrar services, accounting, operation and valuation services	521	526
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund: 37,754,700 units (June 30, 2017: 37,754,700 units)	4,291,860	4,585,301
Bank balances	33,796	57,148
Ordinary Shares held in Habib Bank Limited: 1,496,119 shares (June 30, 2017: 942,619 shares)	317,402	253,696
Markup receivable	54	219
<b>Directors and Executives of the Management Company and their relatives</b>		
<b>Directors and their relatives</b>		
Investment held in the Fund: 79,147 units (June 30, 2017: 40,541 units)	8,997	4,924
<b>HBL Employees Provident Fund - Associated Entity</b>		
Investment held in the Fund: 7,125,389 units (June 30, 2017: 7,125,389 units)	809,996	865,377
<b>MCBFSL Trustee - HBL Financial Planning Fund Active Allocation Plan</b>		
Investment held in the Fund: 1,711,694 units (June 30, 2017: Nil units)	194,581	-
<b>MCBFSL Trustee - HBL Financial Planning Fund Conservative Allocation Plan</b>		
Investment held in the Fund: 314,124 units (June 30, 2017: Nil units)	35,709	-
<b>MCBFSL Trustee - HBL Financial Planning Fund Strategic Allocation Plan</b>		
Investment held in the Fund: 1,157,403 units (June 30, 2017: Nil units)	131,571	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable including sales tax thereon	685	1,418
Security deposit	100	100

Units outstanding as at March 31, 2018 are calculated on the basis of latest announced NAV i.e. March 31, 2018.

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

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

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

		March 31, 2018 (Un-Audited)					Fair Value				
		Carrying amount									
	Note	Available-for-sale	Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
		(Rupees in '000)									
<b>On-balance sheet financial instruments</b>											
<b>Financial assets measured at fair value</b>											
Investments											
- Listed equity securities											
		1,977,573	3,671,665	-	-	5,649,238	5,649,238	-	-	5,649,238	
		1,977,573	3,671,665	-	-	5,649,238	5,649,238	-	-	5,649,238	
<b>Financial assets not measured at fair value</b>											
	14.1	-	-	645,552	-	645,552	-	-	-	-	
		-	-	11,276	-	11,276	-	-	-	-	
		-	-	179,223	-	179,223	-	-	-	-	
		-	-	836,051	-	836,051	-	-	-	-	
<b>Financial liabilities not measured at fair value</b>											
	14.1	-	-	-	18,348	18,348	-	-	-	-	
		-	-	-	685	685	-	-	-	-	
		-	-	-	4,077	4,077	-	-	-	-	
		-	-	-	24,155	24,155	-	-	-	-	
<b>June 30, 2017</b>											
		Carrying amount				Fair Value					
	Note	Available-for-sale	Held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total	
		(Rupees in '000)									
<b>On-balance sheet financial instruments</b>											
<b>Financial assets measured at fair value</b>											
Investments - Listed equity securities											
		5,800,585	-	-	-	5,800,585	5,800,585	-	-	5,800,585	
		5,800,585	-	-	-	5,800,585	5,800,585	-	-	5,800,585	
<b>Financial assets not measured at fair value</b>											
Bank balances											
		-	-	650,713	-	650,713	-	-	-	-	
		-	-	33,494	-	33,494	-	-	-	-	
		-	-	216,628	-	216,628	-	-	-	-	
		-	-	900,835	-	900,835	-	-	-	-	
<b>Financial liabilities not measured at fair value</b>											
		-	-	-	21,503	21,503	-	-	-	-	
		-	-	-	1,418	1,418	-	-	-	-	
		-	-	-	5,331	5,331	-	-	-	-	
		-	-	-	53,832	53,832	-	-	-	-	
		-	-	-	6,354,672	6,354,672	-	-	-	-	
		-	-	-	6,436,796	6,436,796	-	-	-	-	

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

### 13 DISCLOSURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Stock Fund (the Fund) as 'Equity Scheme' in accordance with the said circular. As at March 31, 2018, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Name of Non-Complaint Investment	Type of Investment	Value of Investment before provision	Provision held	Value of Investment after provision	% of Gross Assets
		(Rupees in '000)			
Dewan Cement Limited	TFC	25,000	25,000	-	-

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**14. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **April 23, 2018**.

**15. GENERAL**

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

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

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Equity Fund**

# FUND INFORMATION

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Name of Fund	HBL Equity Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited Soneri Bank Limited HBL Bank Limited

**HBL Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*As at March 31, 2018*

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	30,038	63,886
Investments	5	312,684	521,086
Dividend and profit receivable		3,093	2,123
Receivable against sale of investments		9,209	-
Deposits and prepayments		2,804	2,636
<b>Total assets</b>		<b>357,828</b>	<b>589,731</b>
<b>Liabilities</b>			
Payable to the Management Company	6	998	1,945
Payable to the Trustee		72	236
Payable to Securities and Exchange Commission of Pakistan		239	396
Payable against redemption of units		582	102,677
Accrued expenses and other liabilities	7	9,042	15,652
<b>Total liabilities</b>		<b>10,933</b>	<b>120,906</b>
<b>Net assets</b>		<b>346,895</b>	<b>468,825</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>346,895</b>	<b>468,825</b>
		----- (Number of Units) -----	
<b>Number of units in issue</b>		<b>2,966,105</b>	<b>3,761,312</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>116.9530</b>	<b>124.6444</b>

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

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

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

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

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

**HBL Equity Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the nine months and quarter ended March 31, 2018**

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2018	2017	2018	2017
<b>Note</b> ----- (Rupees in '000) -----				
<b>Income</b>				
Capital (loss) / gain on sale of investments - net	(38,473)	51,311	(1,243)	24,627
Dividend income	11,561	11,502	3,133	3,244
Profit on bank deposits	2,058	1,537	630	556
	<b>(24,854)</b>	64,350	<b>2,520</b>	28,427
Unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit and loss - held-for-trading' - net	4,639	32,387	36,074	(11,579)
	<b>(20,215)</b>	96,737	<b>38,594</b>	16,848
<b>Expenses</b>				
Remuneration of the Management Company	5,692	6,424	1,842	2,570
Remuneration of the Trustee	614	678	195	257
Annual fee to Securities and Exchange Commission of Pakistan	239	270	77	108
Allocation of expenses related to registrar services, accounting, operation and valuation services	252	290	82	114
Selling and marketing expenses	1,007	159	326	159
Amortisation of preliminary expenses and floatation costs	-	54	-	-
Securities transaction costs and bank charges	329	2,969	(458)	840
Auditors' remuneration	329	469	107	127
Printing and postage expenses	255	105	82	11
Fees and subscription	1,016	262	987	86
	<b>9,733</b>	11,680	<b>3,240</b>	4,272
<b>Net (loss) / income from operating activities</b>	<b>(29,948)</b>	85,057	<b>35,354</b>	12,576
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to income statement	-	14,053	-	7,423
Provision for Sindh Workers' Welfare Fund	-	2,240	-	2,240
<b>Net (loss) / income for the period before taxation</b>	<b>(29,948)</b>	101,350	<b>35,354</b>	22,239
Taxation	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>	<b>(29,948)</b>	101,350	<b>35,354</b>	22,239
<b>Allocation of net income / loss for the period</b>				
Net (loss) / income for the period after taxation	-	-	-	-
Income already paid on units redeemed	-	-	-	-
<b>Accounting income available for distribution</b>				
- Relating to capital gains	-	-	-	-
- Excluding capital gains	-	-	-	-

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

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

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

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

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

**HBL Equity Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the nine months and quarter ended March 31, 2018*

	Nine months ended		Quarter ended,	
	March 31,		March 31,	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(29,948)	101,350	35,354	22,239
Other comprehensive income for the period				
Item that may be reclassified subsequently to income statement	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(29,948)</b>	<b>101,350</b>	<b>35,354</b>	<b>22,239</b>

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

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

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

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

**HBL Equity Fund**  
**Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)**  
**For the nine months ended March 31, 2018**

	Nine months ended					
	2018			2017		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
<b>Note</b>	(Rupees in '000)					
<b>Net assets at beginning of the period</b>	376,127	92,698	468,825	-	-	173,508
Amount received on Issuance of 916,874 units (2017: 5,409,499 units)	3.6 114,283	(9,841)	104,442	-	-	678,090
Amount paid on Redemption of 1,712,081 units (2017: 3,761,584 units)	3.6 (213,401)	16,977	(196,424)	-	-	(487,330)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6 -	-	-	-	-	(25,967)
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to Distribution Statement	3.6 -	-	-	-	-	11,914
Net income for the period after taxation	-	(29,948)	(29,948)	-	-	101,350
Other comprehensive income for the period	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(29,948)	(29,948)	-	-	101,350
<b>Net assets at end of the period</b>	<b>277,009</b>	<b>69,886</b>	<b>346,895</b>	<b>-</b>	<b>-</b>	<b>451,565</b>
<b>Undistributed income brought forward</b>						
- Realised		84,641			12,132	
- Unrealised		8,057			(431)	
		92,698			11,701	
Accounting income available for distribution		(29,948)				
Net Income for the period - for prior period					101,350	
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to Distribution Statement	3.6 -				11,914	
<b>Undistributed income carried forward</b>		<b>62,750</b>			<b>124,965</b>	
<b>Undistributed income carried forward</b>						
- Realised		58,111			92,578	
- Unrealised		4,639			32,387	
		62,750			124,965	
<b>Net assets value per unit at beginning of the period</b>			<b>124,644</b>			<b>107,2297</b>
<b>Net assets value per unit at end of the period</b>			<b>116,9530</b>			<b>138,2618</b>

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

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

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

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

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

**HBL Equity Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the nine months ended March 31, 2018**

	Nine months ended	
	March 31,	
	2018	2017
Note	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>		
Net (loss) / income for the period before taxation	(29,948)	101,350
<b>Adjustments for:</b>		
Dividend Income	(11,561)	(11,502)
Profit on bank deposits	(2,058)	(1,537)
Capital loss / (gain) on sale of investments - net	38,473	-
Amortisation of preliminary expenses and floatation costs	-	54
Unrealised appreciation on re-measurement of investments at fair value through 'profit and loss - held-for-trading' - net	(4,639)	(32,387)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(14,053)
	<u>(9,733)</u>	<u>41,925</u>
<b>Decrease / (increase) in assets</b>		
Investments - net	174,568	(224,272)
Receivable against sale of investments	(9,209)	(2,611)
Deposits, prepayments and other receivables	(168)	67
	<u>165,191</u>	<u>(226,816)</u>
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(947)	459
Payable to the Trustee	(164)	23
Payable to Securities and Exchange Commission of Pakistan	(157)	(21)
Payable against purchase of investment	-	(5,616)
Payable against redemption of units	(102,095)	-
Accrued expenses and other liabilities	(6,610)	(4,057)
	<u>(109,973)</u>	<u>(9,212)</u>
<b>Net cash generated from / (used in) operations</b>	<b>45,485</b>	<b>(194,103)</b>
Dividend received	10,561	9,762
Profit received on bank deposits	2,088	1,428
	<u>12,649</u>	<u>11,190</u>
<b>Net cash generated from / (used in) operating activities</b>	<b>58,134</b>	<b>(182,913)</b>
<b>Cash flows from financing activities</b>		
Amount received on issue of units	104,442	678,090
Payment against redemption of units	(196,424)	(487,330)
<b>Net cash (used in) / generated from financing activities</b>	<b>(91,982)</b>	<b>190,760</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(33,848)</b>	<b>7,847</b>
Cash and cash equivalents at beginning of the period	63,886	41,775
<b>Cash and cash equivalents at end of the period</b>	<b>30,038</b>	<b>49,623</b>

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

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

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

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

\_\_\_\_\_  
Director

## **HBL Equity Fund**

### **Notes to the Condensed Interim Financial Information (Un-Audited)**

*For the nine months and quarter ended March 31, 2018*

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

HBL Equity Fund ("the Fund") was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/NBFC-II/PSF/249/2011 dated June 1, 2011 and the trust deed was executed on June 14, 2011.

SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund, which is a wholly owned subsidiary of Habib Bank Limited. After the merger, trust deed was revised on February 17, 2017.

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

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered to the public for subscription at par value of Rs 100 per unit from September 24, 2011 to September 26, 2011. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferrable and redeemable by surrendering them to the Fund.

The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of the Collective Investment Schemes (CISs).

The investment objective of the Fund is to provide investors a diversified equity portfolio with a primary objective of maximizing risk-adjusted returns over longer investment horizon through a combination of capital gains and dividend income.

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

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company.

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2017.

##### **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

##### **2.3 Functional and presentation currency**

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.

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

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2017 except as explained in note 3.6 and note 3.7.

- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2017.
- 3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its clarification dated February 7, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the income / loss of the Fund would have been higher / lower by Rs 7.136 million. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
<b>4. BANK BALANCES</b>	<b>Note</b>	<b>(Rupees in '000)</b>	-----
In saving accounts	4.1	30,029	63,886
In current accounts		9	-
		<u>30,038</u>	<u>63,886</u>
<b>4.1</b>	Mark-up rate on these accounts is 5.35% per annum (June 30, 2017: 6.00% per annum).		
<b>5. INVESTMENTS</b>			
Financial assets at fair value through profit or loss - held-for-trading			
- Listed equity securities	5.1	<u>312,684</u>	<u>521,086</u>

## 5.1 Investment in listed equity securities - 'Financial Assets at fair value through profit or loss - held-for-trading'

Shares of Listed Companies - Fully paid up ordinary shares of Rupees 10 each unless stated otherwise

Name of the Investee Company	Number of Shares				Market Value			Par value as a percentage of issued capital of the investee company	
	As at July 1, 2017	Purchases during the year	Bonus / right issues	Sales during the period	As at March 31, 2018	As at March 31, 2018 (Rupees in '000)	As a percentage of total investments		As a percentage of net assets
<b>AUTOMOBILE ASSEMBLER</b>									
Indus Motor Company Limited	-	3,700	-	-	3,700	6,446	2.06	1.86	0.00
HondaAtlas Cars (Pakistan) Limited	-	5,500	-	5,500	-	-	-	-	-
Millat Tractors Limited	8,000	-	-	2,760	5,240	6,720	2.15	1.94	0.01
Pak Suzuki Motor Company Limited	20,500	2,000	-	22,500	-	-	-	-	-
	28,500	11,200	-	30,760	8,940	13,166	4.21	3.80	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Thal Limited (par value of Rs. 5 each)	8,600	11,400	-	8,600	11,400	5,878	1.88	1.69	0.03
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Elektron Ltd	157,500	108,000	-	197,500	68,000	3,074	0.98	0.89	0.01
<b>CEMENT</b>									
Cherat Cement Company Limited.	69,000	-	-	69,000	-	-	-	-	-
Lucky Cement Limited	41,800	9,650	-	33,300	18,150	12,517	4.00	3.61	0.01
Fauji Cement Company Limited	-	255,000	-	170,000	85,000	2,486	0.80	0.72	0.01
D. G. Khan Cement Company Limited	81,500	72,000	-	78,500	75,000	12,233	3.91	3.53	0.02
Pioneer Cement Limited	126,000	59,000	-	185,000	-	-	-	-	-
	318,300	395,650	-	535,800	178,150	27,236	8.71	7.86	
<b>CHEMICAL</b>									
Engro Polymer & Chemicals Limited	285,000	115,000	-	400,000	-	-	-	-	-
<b>COMMERCIAL BANKS</b>									
Allied Bank Limited	120,000	17,500	-	137,500	-	-	-	-	0.00
Bank Al-Falah Limited	-	284,000	-	19,500	264,500	13,974	4.47	4.03	0.02
Bank Al-Habib Limited	-	145,000	-	14,000	131,000	10,153	3.25	2.93	0.01
Bank of Punjab Ltd	-	325,000	-	-	325,000	3,211	1.03	0.93	0.01
Faysal Bank Limited	-	242,000	28,800	100,000	170,800	4,506	1.44	1.30	0.01
Habib Bank Limited	83,300	99,000	-	100,700	81,600	17,311	5.54	4.99	0.01
MCB Bank Limited	141,500	21,300	-	110,000	52,800	11,623	3.72	3.35	0.00
United Bank Limited	108,000	53,200	-	76,200	85,000	17,756	5.68	5.12	0.01
	452,800	1,187,000	28,800	557,900	1,110,700	78,534	25.13	22.65	
<b>ENGINEERING</b>									
Amreli Steels Limited	57,000	82,500	-	103,000	36,500	3,359	1.07	0.97	0.01
Crescent Steel & Allied Products Limited	62,500	-	-	62,500	-	-	-	-	-
International Steels Limited	151,500	25,000	-	132,700	43,800	5,077	1.62	1.46	0.01
International Industries Limited	-	42,100	-	26,000	16,100	4,579	1.46	1.32	0.01
Mughal Iron & Steel Industries Limited	-	68,500	-	22,000	46,500	3,413	1.09	0.98	0.02
	271,000	218,100	-	346,200	142,900	16,428	5.24	4.73	
<b>FERTILIZER</b>									
Engro Corporation Limited	78,500	14,500	-	49,000	44,000	13,625	4.36	3.93	0.01
Engro Fertilizers Limited	-	249,000	-	93,500	155,500	10,743	3.44	3.10	0.01
Fauji Fertilizer Company Limited	-	193,500	-	117,500	76,000	7,148	2.29	2.06	0.01
	78,500	457,000	-	260,000	275,500	31,516	10.09	9.09	

**OIL & GAS EXPLORATION COMPANIES**

Mari Petroleum Company Limited	14,670	3,500	-	7,300	10,870	16,094	5.15	4.64	0.01
Oil & Gas Development Company Limited	145,400	75,000	-	98,500	121,900	21,220	6.79	6.12	0.00
Pakistan Oilfields Limited	30,500	20,200	-	29,500	21,200	13,792	4.41	3.98	0.01
Pakistan Petroleum Limited	93,100	27,500	-	40,150	80,450	17,123	5.48	4.94	0.00
	283,670	126,200	-	175,450	234,420	68,229	21.83	19.68	

**OIL & GAS MARKETING COMPANIES**

Attock Petroleum Limited	12,000	-	-	12,000	-	-	-	-	-
Hascol Petroleum Limited	51,100	2,000	-	29,200	23,900	6,344	2.03	1.83	0.02
Hascol Petroleum Limited - LoR	-	5,420	-	5,420	-	-	-	-	-
Pakistan State Oil Company Limited	37,900	44,500	3,080	47,500	37,980	12,210	3.90	3.52	0.01
Sui Northern Gas Pipeline Limited	122,000	14,000	-	77,800	58,200	6,560	2.10	1.89	0.01
	223,000	65,920	3,080	171,920	120,080	25,114	8.03	7.24	

**PAPER & BOARD**

Packages Limited	15,300	-	-	8,650	6,650	3,914	1.25	1.13	0.01
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**PHARMACEUTICALS**

Abbott Laboratories (Pak) Limited	10,900	-	-	10,900	-	-	-	-	-
The Searle Company Limited	40,320	3,000	3,444	37,100	9,664	3,398	1.09	0.98	0.01
	51,220	3,000	3,444	48,000	9,664	3,398	1.09	0.98	

**POWER GENERATION & DISTRIBUTION**

Hub Power Company Limited	250,000	-	-	80,000	170,000	17,085	5.46	4.93	0.01
K.Electric Limited (par value of Rs. 3.5 each)	-	500,000	-	-	500,000	3,505	1.12	1.01	0.01
	250,000	500,000	-	80,000	670,000	20,590	6.58	5.94	

**TECHNOLOGY & COMMUNICATION**

Systems Limited	88,500	24,500	-	85,000	28,000	2,705	0.87	0.78	0.03
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**TEXTILE COMPOSITE**

Nishat (Chunian) Limited	-	108,000	-	108,000	-	-	-	-	-
Nishat Mills Limited	114,200	35,500	-	68,500	81,200	12,902	4.12	3.72	0.02
	114,200	143,500	-	176,500	81,200	12,902	4.12	3.72	

<b>Total March 31, 2018</b>					2,945,604	312,684	100.01	90.18	
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<b>Carrying Value as at March 31, 2018</b>						280,993			
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**5.1.1** The above investments include shares with market value aggregating to Rs. 21.192 million (June 2017: Rs. 27.724 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

**5.1.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. 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% 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 Management Company of the Fund 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 mutual funds under clause 99 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 of the Fund having aggregate fair market value of Rs. 0.15 million at March 31, 2018 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 at fair value in its investments at period end.

		March 31, 2018 (Un-Audited)	June 30, 2017 Audited
Note		(Rupees in '000)	
<b>6. PAYABLE TO MANAGEMENT COMPANY</b>			
	6.1	570	904
	6.2	74	118
		-	191
	6.3	28	45
	6.4	326	687
		<u>998</u>	<u>1,945</u>

- 6.1 In line with amendments introduced in Regulation 61 of the NBFC Regulation, the Management Company has reduced its remuneration at 2% of the average annual net assets of the Fund effective from May 25, 2016. Uptill May 24, 2016, the Management Company was charging its Remuneration at 3% per annum. The remuneration is paid to the Management Company monthly in arrears.
- 6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the scheme or actual whichever is less.
- 6.4 SECP vide its circular No.SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower.

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
Note		(Rupees in '000)	
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
	7.1	5,685	5,685
		40	4,795
	8	2,768	2,768
		-	1,484
		117	482
		199	315
		201	80
		32	43
		<u>9,042</u>	<u>15,652</u>

- 7.1 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal filed by tax authorities against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 5.685 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2018 would have been higher by Rs. 1.917 per unit (June 30, 2017: Rs. 1.51 per unit).

#### 8. WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 13.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

As there is loss for the nine months period ended March 31, 2018, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been made, net assets value per unit at March 31, 2018 would have been higher by Rs. 0.933 per unit (June 30, 2017: Rs. 0.7359 per unit).

## 9. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2018 to its unit holders.

## 10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

10.1 Transactions during the period	Nine months ended March 31,	
	2018	2017
	----- (Rupees in '000) -----	
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	5,037	893
Sindh Sales Tax on remuneration of the Management Company	655	116
Allocation of expenses related to registrar services, accounting, operation and valuation services	252	59
Sales load paid	191	382
<b>MCB Bank Limited (Formerly NIB Bank Limited) - connected person holding 10% or more units</b>		
Bank charges	16	9
Profit on bank deposits	2,058	1,537
Issue of nil units (2017: 3,073,939 units)	-	390,000
Redemption of nil units (2017: 2,143,391 units)	-	288,645
<b>Directors and Executives of the Management Company</b>		
Issue of nil units (2017: 25,685 units)	-	3,036
Redemption of 399 units (2017: 4,444 units)	47	541
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	614	678
Central Depository Service charges	30	82
<b>Habib Bank Limited - associated company</b>		
Purchase of Nil shares (2017: 107,000 shares)	-	24,893
Sale of Nil shares (2017: 93,300 shares)	-	24,149
Gain on sale of shares	2,233	4,217
Bank charges	2	-

	March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	----- (Rupees in '000) -----	
<b>10.2 Balances outstanding as at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Units held: 814,872 units (June 30, 2017: 814,872 units)	95,309	101,569
Remuneration payable to the Management Company	570	904
Sindh sales tax on remuneration of the Management Company	74	118
Sales load payable	-	191
Selling and marketing expenses	326	687
Allocation of expenses related to registrar services, accounting, operation and valuation services	28	45
<b>MCB Bank Limited - connected person holding 10% or more units</b>		
Bank balances	29,951	63,886
Units held: 1,022,050 units (June 30, 2017: 1,022,050 units)	119,541	127,393
<b>Habib Bank Limited - associated company</b>		
Bank balances	18	-
<b>Directors and Executives of the Management Company</b>		
Units held in the Fund: nil units (June 30, 2017: 25,378 units)	-	3,163
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	59	187
Sindh Sales Tax on trustee remuneration	8	24
CDS Charges payable	5	25
Security deposit	100	100

Units as at March 31, 2018 are calculated on the basis of latest announced NAV i.e March 30, 2018.

## 11. 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. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

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

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



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

**11.2 Transfers during the period**

No transfers were made between various levels of fair value hierarchy during the period.

**12. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the nine months ended March 31, 2018 is 1.65% which includes 0.29% representing government levy and SECP fee.

**13. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 23, 2018.

**14. GENERAL**

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

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

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Energy Fund**

# FUND INFORMATION

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Name of Fund	HBL Energy Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited Soneri Bank Limited Habib Bank Limited

**HBL Energy Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*As at March 31, 2018*

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	69,840	46,292
Investments	5	1,013,613	781,709
Dividends and profit receivable		4,016	2,588
Deposits, prepayments and other receivables		6,287	2,814
<b>Total assets</b>		<b>1,093,756</b>	<b>833,403</b>
<b>Liabilities</b>			
Payable to the Management Company	6	3,168	2,849
Payable to the Trustee		195	338
Payable to Securities and Exchange Commission of Pakistan		660	803
Payable against purchase of investments		16,304	-
Payable against redemption of units		-	946
Accrued expenses and other liabilities	7	22,457	24,961
Unclaimed dividend (including dividend payable)		5,394	8,712
<b>Total liabilities</b>		<b>48,178</b>	<b>38,609</b>
<b>Net assets</b>		<b>1,045,578</b>	<b>794,794</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>1,045,578</b>	<b>794,794</b>
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>68,869,061</b>	<b>52,859,581</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>15.1821</b>	<b>15.0359</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Energy Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the nine months ended March 31, 2018**

Note	Nine months ended March 31,		Quarter ended March 31,	
	Un-Audited			
	2018	2017	2018	2017
(Rupees in '000)				
<b>Income</b>				
Capital (loss) / gain on sale of investments - net	(38,294)	66,913	10,538	20,843
Dividend income	33,001	34,985	8,224	6,307
Profit on bank deposits	4,697	2,423	1,987	843
	(596)	104,321	20,749	27,993
Unrealised (diminution) / appreciation on re-measurement of investments classified at 'fair value through profit or loss - held-for-trading' - net	52,596	132,875	65,889	(14,063)
	52,000	237,196	86,638	13,930
<b>Expenses</b>				
Remuneration of the Management Company	15,701	14,049	6,253	4,948
Remuneration of the Trustee	1,534	1,405	591	495
Annual fee to Securities and Exchange Commission of Pakistan	660	591	263	208
Allocation of expenses related to registrar services, accounting, operation and valuation services	695	589	277	186
Selling and marketing expenses	2,779	301	1,107	301
Securities transaction costs	2,136	1,753	735	194
Auditors' remuneration	333	394	113	127
Settlement and bank charges	518	289	155	80
Fees and subscription	132	152	55	46
Printing charges	390	374	117	123
	24,878	19,897	9,666	6,708
<b>Net (loss) / income from operating activities</b>	<b>27,122</b>	<b>217,299</b>	<b>76,972</b>	<b>7,222</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	(11,829)	-	1,436
Provision for Sindh Workers' Welfare Fund	(543)	22,340	(543)	22,340
<b>Net (loss) / income for the period before taxation</b>	<b>26,579</b>	<b>227,810</b>	<b>76,429</b>	<b>30,998</b>
Taxation	-	-	-	-
<b>Net income for the period after taxation</b>	<b>26,579</b>	<b>227,810</b>	<b>76,429</b>	<b>30,998</b>
<b>Allocation of net income for the period</b>	3.6			
Net income / loss for the period after taxation	26,579			
Income already paid on units redeemed	(323)			
	26,256			
<b>Accounting income available for distribution</b>				
- Relating to capital gains	13,518			
- Excluding capital gains	12,738			
	26,256			

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Energy Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the nine months ended March 31, 2018*

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	<b>26,579</b>	227,810	<b>76,429</b>	30,998
<b>Other comprehensive income for the period</b>				
Item that may be reclassified subsequently to Income Statement	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>26,579</b>	227,810	<b>76,429</b>	30,998

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Energy Fund**  
**Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)**  
**For the nine months ended March 31, 2018**

Note	Nine months ended March 31,					
	2018			2017		
	(Rupees in '000)					
	Capital value	Undistributed income / (Accumulated loss)	Total	Capital value	Undistributed income	Total
Net assets at beginning of the period	528,598	266,196	794,794	-	-	954,214
Issuance of 34,280,180 (2017: 24,574,546 units)	3.6	515,432	(21,803)	493,629		359,804
Redemption of 18,270,700 (2017: 49,856,310 units)	3.6	(274,716)	5,292	(269,424)		(675,322)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		-	-	-	-	11,829
Net (loss) / income for the period		-	26,579	26,579	-	227,810
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		-	26,579	26,579	-	227,810
Net assets at end of the period		769,314	276,263	1,045,578	-	878,335
<b>Undistributed income brought forward</b>						
- Realised		175,879			235,804	
- Unrealised		90,317			(75,960)	
		266,196			159,844	
Accounting income available for distribution		26,256				
Net income for the period - for prior period	3.6				227,810	
Undistributed income carried forward		292,452			387,654	
<b>Undistributed income carried forward</b>						
- Realised		239,856			254,779	
- Unrealised		52,596			132,875	
		292,452			387,654	
			(Rupees)		(Rupees)	
Net assets value per unit at beginning of the period			15.0359			12.0122
Net assets value per unit at end of the period			15.1821			16.2189

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Energy Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the nine months ended March 31, 2018**

	Nine months ended	
	March 31,	
Note	2018	2017
	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>		
Net (loss) / income for the period before taxation	26,579	227,810
<b>Adjustments for:</b>		
Capital (loss) / gain on sale of investments - net	38,294	(66,913)
Dividend income	(33,001)	(34,985)
Profit on bank deposits	(4,697)	(2,423)
Unrealised (diminution) / appreciation on re-measurement of investments classified at 'fair value through profit or loss - held-for-trading' - net	(52,596)	(132,875)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	11,829
	(25,419)	2,443
<b>(Increase) / decrease in assets</b>		
Investments - net	(201,298)	281,025
Deposits, prepayments and other receivables	(3,473)	(7)
	(204,770)	281,018
<b>(Decrease) / Increase in liabilities</b>		
Payable to the Management Company	319	212
Payable to the Trustee	(143)	(9)
Payable to Securities and Exchange Commission of Pakistan	(143)	(325)
Accrued expenses and other liabilities	(2,504)	(21,851)
Unclaimed dividend (including dividend payable)	(3,318)	(5)
	(5,788)	(21,978)
<b>Net cash (used in) / generated from operations</b>	(235,978)	261,483
Dividend received	31,936	34,713
Profit received on bank deposits	4,332	2,423
	36,268	37,136
<b>Net cash (used in) / generated from operating activities</b>	(199,710)	298,619
<b>Cash flows from financing activities</b>		
Amount received against issuance of units	493,629	359,804
Amount paid / payable against redemption of units	(270,370)	(675,322)
<b>Net cash generated from / (used in) financing activities</b>	(223,259)	(315,518)
<b>Net increase / (decrease) in cash and cash equivalents</b>	23,548	(16,899)
Cash and cash equivalents at beginning of the period	46,292	79,129
<b>Cash and cash equivalents at end of the period</b>	69,840	62,230

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Energy Fund (Formerly PICIC Energy Fund)**  
**Notes to the Condensed Interim Financial Information (Un-Audited)**  
**For the nine months ended March 31, 2018**

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

HBL Energy Fund ('the Fund') was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

In accordance with clause 65(1) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a meeting of the certificate holders of the Fund was held on January 31, 2013 whereby the conversion of the Fund into an open-end scheme was duly approved through a resolution passed by the majority of the certificate holders present in the meeting who were entitled to vote. The Securities and Exchange Commission of Pakistan (SECP) accorded its final approval for conversion of the Fund into an open-end scheme through its letter dated May 3, 2013. The second supplemental Trust Deed and replacement Offering Document were approved by SECP vide its letter no SCD/PRDD/AMCW/PEF/567/2013 dated May 31, 2013 and letter no SCD/PRDD/AMCW/PEF/606/2013 dated June 24, 2013 respectively. The conversion of the Fund from a closed end fund to an open-end fund was authorised by the SECP vide its letter No. SCD/PRDD/AMCW/PEF/607/2013 dated June 24, 2013. The Fund converted into an open end scheme on the effective date i.e. June 25, 2013. The certificates of the closed-end fund were cancelled on the effective date and were exchanged with the units of the open-end scheme in the swap ratio of 1:1. Each certificate holder was allotted units according to their respective holdings as at that date on the basis of a ratio of 1 certificate to 1 unit. Accordingly 100,000,000 units were issued on the date of conversion.

Since the effective date of conversion, the certificates of the closed-end scheme were de-listed from Pakistan Stock Exchange. Units of the open-end scheme are listed on the Pakistan Stock Exchange Limited. The units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. Effective from September 1, 2016 HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. Accordingly, the trust deed was revised on February 17, 2017.

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

The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CIS).

The core objective of the Fund is to invest in securities of the energy sector in Pakistan so as to provide investors an access to high quality blue chip stocks in the energy sector. The eligible stocks comprise of investment in shares of companies engaged in the following activities:

- Oil and Gas Exploration
- Oil and Gas Marketing
- Oil Refining
- Power Generation and Distribution

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company.

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

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevails.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2017.

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## 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

## 2.3 Functional and presentation currency

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

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

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2017 except as explained in note 3.6.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2017.
- 3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its clarification dated February 7, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the income / loss of the Fund would have been lower by Rs 16.51 million. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)						
Note		----- (Rupees in '000) -----							
<b>4. BANK BALANCES</b>									
In saving accounts	4.1	<u>69,840</u>	<u>46,292</u>						
<b>4.1</b>	Mark-up rates on these accounts range between 3.75% and 5.35% per annum (June 30, 2017: 3.75% and 5.35% per annum).								
<b>5. INVESTMENTS</b>									
<b>Financial assets 'at fair value through profit or loss - held-for-trading'</b>									
Listed equity securities	5.1	<u>1,013,613</u>	<u>781,709</u>						
<b>5.1</b>	<b>Investment in listed equity securities - 'Financial Assets at fair value through profit or loss - held-for-trading'</b>								
Shares of Listed Companies - Fully paid up ordinary shares of Rupees 10 each unless stated otherwise									
Name of the Investee Company	----- Number of shares -----					Market value as percentage of			Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the year	Bonus Issue	Sales during the year	As at March 31, 2018	Market value as at March 31, 2018 (Rupees in '000)	Total Investments	Net assets	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	54,000	31,520	-	7,920	77,600	114,891	11.33	10.99	0.07
Oil and Gas Development Company Limited	462,900	603,000	-	313,900	752,000	130,908	12.92	12.52	0.02
Pakistan Oilfields Limited	160,345	60,800	-	40,900	180,245	17,260	11.57	11.21	0.08
Pakistan Petroleum Limited	290,000	501,100	-	196,000	595,100	126,661	12.50	12.11	0.03
	<b>967,245</b>	<b>1,196,420</b>	<b>-</b>	<b>558,720</b>	<b>1,604,945</b>	<b>489,721</b>	<b>48.31</b>	<b>46.84</b>	
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Attock Petroleum Ltd	78,600	1,950	-	15,150	65,400	37,576	3.71	3.59	0.08
Hascol Petroleum Ltd	124,000	119,660	-	120,700	122,960	32,639	3.22	3.12	0.10
Hascol Petroleum Ltd - LoR	-	38,760	-	38,760	-	-	-	-	-
Hi-Tech Lubricants Ltd	-	15,000	-	15,000	-	-	-	-	-
Pakistan State Oil Company Ltd	165,900	229,200	33,180	6,000	422,280	135,759	13.39	12.98	0.13
Shell Pakistan Ltd	115,000	23,000	-	115,000	23,000	8,378	0.83	0.80	0.02
Sui Northern Gas Pipeline Ltd	634,500	1,005,500	-	742,200	897,800	101,191	9.98	9.68	0.14
Sui Southern Gas Co Ltd	265,000	630,000	-	465,000	430,000	15,678	1.55	1.50	0.05
	<b>1,383,000</b>	<b>2,063,070</b>	<b>33,180</b>	<b>1,517,810</b>	<b>1,961,440</b>	<b>331,219</b>	<b>32.67</b>	<b>31.68</b>	
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Ltd	608,500	666,200	-	226,000	1,048,700	105,394	10.40	10.08	0.09
K-Electric Limited	2,200,000	8,202,500	-	2,200,000	8,202,500	57,500	5.67	5.50	0.03
Kot Addu Power Company Ltd	668,000	450,000	-	1,118,000	-	-	-	-	-
Nishat Chunlian Power Ltd	-	425,000	-	-	425,000	13,014	1.28	1.24	0.12
	<b>3,476,500</b>	<b>9,743,700</b>	<b>-</b>	<b>3,544,000</b>	<b>9,676,200</b>	<b>175,907</b>	<b>17.35</b>	<b>16.82</b>	
<b>REFINERY</b>									
Attock Refinery Limited	100,000	112,000	-	169,500	42,500	10,616	1.05	1.02	0.05
National Refinery Limited	22,000	-	-	7,500	14,500	6,149	0.61	0.58	0.02
	<b>122,000</b>	<b>112,000</b>	<b>-</b>	<b>177,000</b>	<b>57,000</b>	<b>16,765</b>	<b>1.65</b>	<b>1.60</b>	
<b>Total - As at March 31, 2018</b>	<b>5,948,745</b>	<b>13,115,190</b>	<b>33,180</b>	<b>5,797,530</b>	<b>13,299,585</b>	<b>1,013,613</b>			
Carrying value as at March 31, 2018						<u>961,017</u>			

The above investments include shares having market value Rs. 94.79 million (June 30, 2017: Rs. 64.148 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. 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% 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 Management Company of the Fund 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 mutual funds under clause 99 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 of the Fund having aggregate fair market value of Rs. 0.53 million at March 31, 2018 (June 30, 2017: nil) 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 at fair value in its investments at period end.

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
Note		----- (Rupees in '000) -----	
<b>6. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Management fee	6.1	1,744	1,394
Sindh Sales Tax on Management Company's remuneration	6.2	227	181
Sales load payable		3	11
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	87	70
Selling and marketing expenses	6.4	1,107	1,193
		<u>3,168</u>	<u>2,849</u>

- 6.1 Under the provision of the offering document of the Fund, the Management Company is entitled to a Remuneration at the rate of 2% of the average annual net assets on daily basis of the Fund. The remuneration is paid to management company monthly in arrears.
- 6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.
- 6.4 SECP vide its circular No.SCD/PRDD/Circular/β61/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower. The Fund has accrued expense on this account at 0.4% per annum of net assets of the Fund effective from March 01, 2017. During the period a clarification was received from the SECP on September 19, 2017 and as a result expense charged to the Fund amounting to Rs. 1.881 million have been reversed which includes Rs. 1.193 million pertaining to the year ended June 30, 2017.

On October 11, 2017, the SECP further clarified that expenses other than related to opening of new branches can be charged to the Fund. Accordingly, the Fund has been charged Rs. 3.553 million in respect of selling and marketing resulting net impact of Rs. 1.672 million in income statement.

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
Note		----- (Rupees in '000) -----	
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Federal Excise Duty	7.1	13,920	13,920
Provision for Sindh Workers' Welfare Fund	7.2	5,527	4,985
Auditors' remuneration		203	315
Payable to brokers		160	143
Withholding tax payable		89	3,352
Printing charges payable		344	80
Zakat payable		197	194
Other payables		2,017	1,972
		<u>22,457</u>	<u>24,961</u>

	Nine months ended	
	March 31,	
	2018	2017
	----- (Rupees in '000) -----	
<b>9.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	13,895	5,113
Sindh Sales Tax on remuneration of the Management Company	1,806	665
Allocation of expenses related to registrar services, accounting, operation and valuation services	695	256
Selling and marketing expenses	2,779	301
Redemption of 8,283,377 units (2017: nil units)	120,000	-
<b>Habib Bank Limited - Sponsor</b>		
Bank Charges	1	-
Issue of 21,162,742 units (2017: nil units)	300,000	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	1,534	1,405
Central Depository Service charges	53	33
Central Depository Annual Listing Fee	57	-
<b>Directors of the Management Company</b>		
Issue of 163,538 units (2017: 175,052 units)	2,400	2,500
Redemption of 26,639 units (2017: nil units)	404	-
<b>HBL Multi Asset Fund</b>		
Purchase of 5,108 shares of Mari Gas Petroleum (2016: nil shares)	7,504	-
	March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	----- (Rupees in '000) -----	
<b>9.2 Balances outstanding as at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee payable	1,744	1,394
Sindh Sales Tax on Management Company's remuneration	227	181
Sales load payable	3	11
Allocation of expenses related to registrar services, accounting, operation and valuation services	87	70
Selling and marketing expenses	1,107	1,193
Outstanding: 1,719,448 units (June 2017: 10,002,825) units	26,107	150,401
<b>Habib Bank Limited - Sponsor</b>		
Bank Balance	1,015	20
Outstanding: 21,162,742 units ( June 2017: nil) units	321,320	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	195	337
Security deposit	300	300
CDS charges payable	1	1
<b>Directors and Executives of the Management Company</b>		
Outstanding: 320,260 units (June 2017: 183,362) units	4,863	2,757

## 10. 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. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

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

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

Note	March 31, 2018							
	Carrying amount				Fair Value			
	Fair value through profit or loss- held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
	1,013,613	-	-	1,013,613	1,013,613	-	-	1,013,613
Investments - Listed equity securities	1,013,613	-	-	1,013,613	1,013,613	-	-	1,013,613
<b>Financial assets not measured at fair value</b>								
10.1	-	69,840	-	69,840	-	-	-	-
Bank balances	-	69,840	-	69,840	-	-	-	-
Dividend and profit receivable	-	4,016	-	4,016	-	-	-	-
	-	73,856	-	73,856	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
10.1	-	-	3,168	3,168	-	-	-	-
Payable to the Management Company	-	-	3,168	3,168	-	-	-	-
Payable to the Trustee	-	-	195	195	-	-	-	-
Payable against purchase of investments	-	-	16,304	16,304	-	-	-	-
Accrued expenses and other liabilities	-	-	2,724	2,724	-	-	-	-
Unit Holders' Fund	-	-	1,045,578	1,045,578	-	-	-	-
	-	-	1,067,969	1,067,969	-	-	-	-

		June 30, 2017				Fair Value			
		Carrying amount							
		Fair value through profit or loss- held-for- trading	Loans and receivables	Otherfinancial assets /liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments - Listed equity securities		781,709	-	-	781,709	781,709	-	-	781,709
		<u>781,709</u>	<u>-</u>	<u>-</u>	<u>781,709</u>	<u>781,709</u>	<u>-</u>	<u>-</u>	<u>781,709</u>
<b>Financial assets not measured at fair value</b>									
10.1									
Bank balances		-	46,292	-	46,292				
Dividend and other receivable		-	2,588	-	2,588				
		<u>-</u>	<u>48,880</u>	<u>-</u>	<u>48,880</u>				
<b>Financial liabilities not measured at fair value</b>									
10.1									
Payable to the Management Company		-	-	2,849	2,849				
Payable to the Trustee		-	-	338	338				
Payable against redemption of units		-	-	946	946				
Accrued expenses and other liabilities		-	-	2,510	2,510				
Unit Holders' Fund		-	-	794,794	794,794				
		<u>-</u>	<u>-</u>	<u>801,437</u>	<u>801,437</u>				

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

#### 10.2 Transfers during the period

No transfers were made between various levels of fair value hierarchy during the period.

#### 11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the nine months ended March 31, 2018 is 2.74% (March 2017: 2.90%) which includes 0.38% (March 2017: 0.82%) representing government levy and SECP fee.

#### 12. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 23, 2018.

#### 13. GENERAL

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

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

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

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

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

\_\_\_\_\_  
Director



# **HBL**

## **Multi Asset Fund**



## FUND INFORMATION

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Name of Fund	HBL Multi Asset Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited Soneri Bank Limited HBL Bank Limited Bank Alfalah Limited JS Bank Limited Zarai Taraqiat Bank Limited NIB Bank Limited

**HBL Multi Asset Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*As at March 31, 2018*

		March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- Rupees in '000-----	
<b>Assets</b>			
Bank balances	4	108,293	194,333
Investments	5	229,578	781,227
Dividend receivable and accrued mark-up		2,517	3,616
Advances, deposits, prepayments and other receivables	6	8,361	3,480
<b>Total assets</b>		<b>348,749</b>	<b>982,656</b>
<b>Liabilities</b>			
Payable to the Management Company	7	662	1,881
Payable to the Trustee		67	180
Payable to the Securities and Exchange Commission of Pakistan		440	749
Accrued expenses and other liabilities	8	11,587	13,062
<b>Total liabilities</b>		<b>12,756</b>	<b>15,872</b>
<b>Net assets</b>		<b>335,993</b>	<b>966,784</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>335,993</b>	<b>966,784</b>
		-----Number of units-----	
<b>Number of units in issue</b>		<b>3,099,563</b>	<b>8,624,879</b>
		-----Rupees-----	
<b>Net assets value per unit</b>		<b>108.4000</b>	<b>112.0924</b>

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

For HBL Asset Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

**HBL Multi Asset Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the nine months and quarter ended March 31, 2018**

	Nine Months ended		Quarter ended		
	March 31,		March 31,		
	2018	2017	2018	2017	
Note	-----Rupees in '000-----				
<b>Income</b>					
Net realised (loss) / gain on sale of investments	(59,389)	93,292	(2,759)	34,620	
Dividend income	18,333	16,578	2,044	4,575	
Markup on deposits with banks	10,402	2,544	1,765	658	
Markup / return on investments - net	3,001	11,561	565	3,969	
Other income	19	-	4	-	
	<b>(27,634)</b>	123,975	<b>1,619</b>	43,822	
Unrealised diminution on re-measurement of investments at fair value through profit and loss-held-for-trading' - net	11,192	-	17,553	-	
Impairment loss on equity securities classified as available-for-sales	(7,815)	-	-	-	
	<b>(24,257)</b>	123,975	<b>19,172</b>	43,822	
<b>Expenses</b>					
Remuneration of the Management Company	7.1 & 7.2	11,698	14,410	1,863	5,185
Remuneration of the Trustee		1,186	1,448	199	525
Annual fee to Securities & Exchange Commission of Pakistan		440	543	70	196
Allocation of expenses related to registrar Commission of Pakistan	7.3	518	628	83	223
Auditors' remuneration		299	292	101	96
Securities transaction costs		585	-	146	-
Settlement and bank charges		343	305	115	90
Fee and subscription		77	192	22	73
Printing Charges		116	347	28	132
		<b>15,262</b>	18,165	<b>2,627</b>	6,520
<b>Net (loss) / income from operating activities</b>		<b>(39,519)</b>	105,810	<b>16,545</b>	37,302
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - net		-	6,170	-	6,527
Provision for Sindh Workers' Welfare Fund	8.2	-	5,343	-	5,343
<b>Net (loss) / income for the period before taxation</b>		<b>(39,519)</b>	117,323	<b>16,545</b>	49,172
Taxation	9	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		<b>(39,519)</b>	117,323	<b>16,545</b>	49,172
<b>Allocation of net (loss) / income for the period</b>					
Net income for the period after taxation		-	-	-	-
Income already paid on redemption of units		-	-	-	-
<b>Accounting income available for distribution:</b>		-	-	-	-
-Relating to capital gains / (losses)		-	-	-	-
-Excluding to capital gains / (losses)		-	-	-	-

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

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

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

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

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

**HBL Multi Asset Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
**For the nine months and quarter ended March 31, 2018**

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2018	2017	2018	2017
	-----Rupees in '000-----			
Net (loss) / income for the period after taxation	(39,519)	117,323	16,545	49,172
<b>Other comprehensive income for the period</b>				
<b>Items that may be reclassified to income statement in subsequent periods</b>				
Unrealised gain on re-measurement of investments classified as available-for-sale	12,849	27,385	139,585	-
Net reclassification adjustments relating to available-for-sale financial assets	(67,045)	-	(127,215)	-
	(54,196)	27,385	12,370	-
<b>Total comprehensive income for the period</b>	<b>(93,715)</b>	<b>144,708</b>	<b>28,915</b>	<b>49,172</b>

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

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

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

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

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

**HBL Multi Asset Fund**  
**Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)**  
**For the nine months and quarter ended March 31, 2018**

	nine months ended March 31,				2017			
	2018		2017		2017		2017	
	Capital Value	Undistributed Income / (Accumulated loss)	Unrealised income / (loss) on investment	Total	Capital Value	Undistributed Income / (Accumulated loss)	Unrealised income / (loss) on investment	Total
Note	(Rupees in '000)							
<b>Net assets at beginning of the period</b>	889,041	9,332	68,411	966,784	-	-	-	765,506
Amount received on issuance of 600,764 units (2017: 154,587 units)	67,341	(3,584)	-	63,757	-	-	-	56,061
Amount paid on Redemption of 6,126,080 units (2017: 179,503 units)	(686,687)	85,854	-	(600,833)	-	-	-	(18,672)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	-	-	-	-	-	-	(5,573)
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6	-	-	-	-	-	-	(597)
Net (loss) / income for the period after taxation	-	(39,519)	-	(39,519)	-	-	-	117,323
Other comprehensive income for the period	-	-	(54,196)	(54,196)	-	-	-	27,385
Total comprehensive income for the period	-	(39,519)	(54,196)	(93,715)	-	-	-	144,708
<b>Net assets at end of the period</b>	269,695	52,083	14,215	335,993	-	-	-	941,433
<b>Undistributed income / (accumulated loss) brought forward</b>								
- Realised				9,332				(96,050)
- Unrealised				-				-
				9,332				(96,050)
Net loss for the period after taxation				(39,519)				-
Net income for the period - for prior period				-				117,323
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6			-				(597)
<b>Accumulated loss carried forward</b>				(30,187)				20,676
<b>Accumulated loss carried forward</b>								
- Realised				(41,379)				20,676
- Unrealised				11,192				-
				(30,187)				20,676
Net assets value per unit at beginning of the period				112.0924				98.0474
Net assets value per unit at end of the period				108.4000				116.0377

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Multi Asset Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the nine months and quarter ended March 31, 2018**

	Nine months ended March 31,	
	2018	2017
Note	-----Rupees in '000-----	
<b>Cash flows from operating activities</b>		
Net income for the period before taxation	(39,519)	117,323
<b>Adjustments for non cash items:</b>		
Capital loss / (gain) on sale of investments - net	59,389	(93,292)
Mark-up on deposits with banks	(10,421)	(2,544)
Mark-up / return on investments - net	(3,001)	(11,561)
Dividend income	(18,333)	(16,578)
Impairment loss on equity securities classified as available-for-sale	7,815	-
Amortization of preliminary expenses and floatation costs	-	-
Net unrealised appreciation on remeasurement of investments classified at fair value through profit and loss - held-for-trading	(11,192)	-
Element of loss and capital losses included in prices of units issued less those in units redeemed - net in prices of units issued less those in units redeemed - net	-	(6,170)
	(15,262)	(12,822)
<b>Decrease / (increase) in assets</b>		
Investments - net	441,441	126,123
Deposits, prepayments, profit accrued and other receivables	(4,881)	14,727
	436,560	140,850
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(1,219)	615
Payable to the Trustee	(113)	57
Payable to Securities and Exchange Commission of Pakistan	(309)	(86)
Accrued expenses and other liabilities	(1,475)	(6,797)
	(3,116)	(6,211)
Bank profit received	17,941	(244)
Dividend income received	11,676	(159)
Markup on investments received	3,236	(44)
	32,854	(447)
<b>Net cash used in operating activities</b>	<b>451,036</b>	<b>121,370</b>
<b>Cash flows from financing activities</b>		
Receipts against issuance and conversion of units	63,757	56,061
Payment against redemption and conversion of units	(600,833)	(18,672)
<b>Net cash (used in) / generated from financing activities</b>	<b>(537,076)</b>	<b>37,389</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(86,040)</b>	<b>158,759</b>
Cash and cash equivalents at beginning of the period	194,333	21,075
<b>Cash and cash equivalents at end of the period</b>	<b>108,293</b>	<b>179,834</b>

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

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

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

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

\_\_\_\_\_  
Director

**Notes to the Condensed Interim Financial Information (Un-Audited)**  
**For the nine months and quarter ended March 31, 2018**

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

HBL Multi Asset Fund (the Fund) was established under a Trust Deed, dated October 08, 2007, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on September 28, 2007.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes, such as equity securities, government securities, fixed income securities, continuous funding system, derivatives, money market instruments and other asset classes / securities / instruments.

JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+ (AM Two Plus) to the Management Company.

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

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS-34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2017.

**2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

**2.3 Functional and presentation currency**

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

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

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2017 except for as explained in 3.6.

**3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

**3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017

- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended June 30, 2017.
- 3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'income statement' and 'statement of movement in unit holders' fund', whereas disclosure with respect to 'distribution statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the income statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'income statement' and 'statement of movement in unit holders' fund', prospectively from July 1, 2017 as required by SECP vide its email dated February 8, 2018. Accordingly, corresponding figures have not been restated. The 'distribution statement' has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been higher by Rs. 82.269 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'income statement' and 'statement of movement in unit holders' fund' which have been incorporated in these statements.

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
<b>4. BANK BALANCES</b>			
In saving accounts	4.1	<u>108,293</u>	<u>194,333</u>
4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 3.5% - 6.75% per annum (June 30, 2017: 3.75% - 6.75% per annum).			
		(Un-Audited) March 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
<b>5. INVESTMENTS</b>			
Listed equity securities			
- Available-for-sale	5.1	<b>36,457</b>	631,666
- Held-for-trading	5.2	<b>157,733</b>	-
Term finance certificates - Listed			
- Available-for-sale	5.3.1	-	-
Term finance certificates - Unlisted			
- Available-for-sale	5.4.1	<b>18,233</b>	68,561
- Held-for-trading	5.4.2	<b>17,155</b>	-
Loans and receivables			
- Term deposit receipt		-	<u>81,000</u>
		<u><b>229,578</b></u>	<u>781,227</u>

## 5.1 Listed equity securities - available-for-sale

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

Name of Investee Company	Number of Shares				As at Mar 31, 2018	Market value as at Mar 31, 2018 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the year	Bonus / Rights issue	Sales during the year			Total Investments	Net Assets	
<b>Automobile Assembler</b>									
Honda Atlas Cars (Pakistan) Limited	10,800	-	-	10,800	-	-	-	-	-
Indus Motor Company Limited	6,840	-	-	6,840	-	-	-	-	-
Millat Tractors Limited	9,850	-	-	8,400	1,450	1,859	0.81	0.55	0.003
Pak Suzuki Motor Company Limited	23,500	-	-	23,500	-	-	-	-	-
	<b>50,990</b>	<b>-</b>	<b>-</b>	<b>49,540</b>	<b>1,450</b>	<b>1,859</b>	<b>0.81</b>	<b>0.55</b>	
<b>Automobile Parts and Accessories</b>									
Thal Limited (Par value Rs. 5 per share)	10,000	-	-	10,000	-	-	-	-	-
	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cable &amp; Electrical Goods</b>									
Pak Elektron Limited	183,000	-	-	183,000	-	-	-	-	-
	<b>183,000</b>	<b>-</b>	<b>-</b>	<b>183,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cement</b>									
Cherat Cement Company Limited.	95,000	-	-	95,000	-	-	-	-	-
D G Khan Cement Company Limited.	119,400	-	-	119,400	-	-	-	-	-
Lucky Cement Limited	41,150	-	-	37,000	4,150	2,862	1.25	0.85	0.001
Pioneer Cement Limited	152,000	-	-	152,000	-	-	-	-	-
	<b>407,550</b>	<b>-</b>	<b>-</b>	<b>403,400</b>	<b>4,150</b>	<b>2,862</b>	<b>1.25</b>	<b>0.85</b>	
<b>Chemical</b>									
Engro Polymer & Chemicals Limited	328,000	-	-	328,000	-	-	-	-	-
ICI Pakistan Limited	8,900	-	-	8,900	-	-	-	-	-
	<b>336,900</b>	<b>-</b>	<b>-</b>	<b>336,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Commercial Banks</b>									
Allied Bank Limited	128,000	-	-	128,000	-	-	-	-	-
Habib Bank Limited **	105,971	-	-	105,971	-	-	-	-	-
MCB Bank Limited	109,900	-	-	109,900	-	-	-	-	-
United Bank Limited	109,300	-	-	109,300	-	-	-	-	-
	<b>453,171</b>	<b>-</b>	<b>-</b>	<b>453,171</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Engineering</b>									
Amreli Steels Limited	106,000	-	-	106,000	-	-	-	-	-
Crescent Steel & Allied Products Limited	39,300	22,000	-	61,300	-	-	-	-	-
International Industries Limited	34,500	-	-	34,500	-	-	-	-	-
International Steels Limited **	71,500	-	-	71,500	-	-	-	-	-
Mughal Iron & Steel Inds Limited	2,500	-	-	-	2,500	184	0.08	0.05	0.001
	<b>253,800</b>	<b>22,000</b>	<b>-</b>	<b>273,300</b>	<b>2,500</b>	<b>184</b>	<b>0.08</b>	<b>0.05</b>	
<b>Fertilizers</b>									
Engro Corporation Limited	90,500	25,000	-	99,500	16,000	4,954	2.16	1.47	0.003
Engro Fertilizers Limited	149,000	-	-	149,000	-	-	-	-	-
	<b>239,500</b>	<b>25,000</b>	<b>-</b>	<b>248,500</b>	<b>16,000</b>	<b>4,954</b>	<b>2.16</b>	<b>1.47</b>	
<b>Insurance</b>									
Adamjee Insurance Company Limited	6,500	-	-	6,500	-	-	-	-	-
	<b>6,500</b>	<b>-</b>	<b>-</b>	<b>6,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Leather &amp; Tanneries</b>									
Service Industries Limited	5,900	-	-	5,900	-	-	-	-	-
	<b>5,900</b>	<b>-</b>	<b>-</b>	<b>5,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Oil & Gas Exploration**

Mari Petroleum Company Limited	17,600	-	-	13,820	3,780	5,597	2.44	1.67	0.003
Oil & Gas Development Company Limited	193,700	-	-	155,000	38,700	6,737	2.93	2.01	0.001
Pakistan Oilfields Limited	36,000	-	-	36,000	-	-	-	-	-
Pakistan Petroleum Limited	150,000	-	-	126,300	23,700	5,044	2.20	1.50	0.001
	<b>397,300</b>	<b>-</b>	<b>-</b>	<b>331,120</b>	<b>66,180</b>	<b>17,378</b>	<b>7.57</b>	<b>5.17</b>	

**Oil & Gas Marketing Companies**

Hascol Petroleum Limited	57,500	6,500	-	55,500	8,500	2,256	0.98	0.67	0.007
Pakistan State Oil Company Limited	31,100	-	2,820	33,920	-	-	-	-	-
Sui Northern Gas Pipeline Limited	137,500	-	-	137,500	-	-	-	-	-
	<b>226,100</b>	<b>6,500</b>	<b>2,820</b>	<b>226,920</b>	<b>8,500</b>	<b>2,256</b>	<b>0.98</b>	<b>0.67</b>	

**Paper & Board**

Packages Limited **	20,450	-	-	20,450	-	-	-	-	-
	<b>20,450</b>	<b>-</b>	<b>-</b>	<b>20,450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Pharmaceuticals**

Abbott Laboratories (Pak) Limited	8,300	-	-	8,300	-	-	-	-	-
The Searle Company Limited	34,512	-	5,102	39,614	-	-	-	-	-
	<b>42,812</b>	<b>-</b>	<b>5,102</b>	<b>47,914</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Power Generation and Distribution**

Hub Power Company Limited	281,000	-	-	269,100	11,900	1,196	0.52	0.36	0.001
	<b>281,000</b>	<b>-</b>	<b>-</b>	<b>269,100</b>	<b>11,900</b>	<b>1,196</b>	<b>0.52</b>	<b>0.36</b>	

**Sugar & Allied Industries**

Faran Sugar Mills Limited	57,100	-	-	57,100	-	-	-	-	-
	<b>57,100</b>	<b>-</b>	<b>-</b>	<b>57,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Textile Composite**

Nishat Mills Limited	129,300	-	-	93,000	36,300	5,768	2.51	1.72	0.010
	<b>129,300</b>	<b>-</b>	<b>-</b>	<b>93,000</b>	<b>36,300</b>	<b>5,768</b>	<b>2.51</b>	<b>1.72</b>	

**Transport**

Pakistan National Shipping Corporation Limited **	82,300	-	-	82,300	-	-	-	-	-
	<b>82,300</b>	<b>-</b>	<b>-</b>	<b>82,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>3,183,673</b>	<b>53,500</b>	<b>7,922</b>	<b>3,098,115</b>	<b>146,980</b>	<b>36,457</b>	<b>15.88</b>	<b>10.85</b>		
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<b>Cost of investments at March 31, 2018</b>	<b>32,654</b>
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\* Sponsor of the Management Company

\*\* Related party due to common directorship

5.1.1 Investments include shares having market value aggregating to Rs. 52.2551 million (June 30, 2017: 54.286 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. 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% 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 Management Company of the Fund 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 mutual funds under clause 99 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 of the Fund having aggregate fair market value of Rs.0.5108 million at March 31, 2018 (June 30, 2017: Rs 0.1860 million) 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 at fair value in its investments at period end.

## 5.2 Listed equity securities - held-for-trading

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

Name of Investee Company	Number of Shares				As at Mar 31, 2018	Market value as at March 31, 2018 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the year	Bonus / Rights issue	Sales during the year			Total Investments	Net Assets	
<b>Automobile Assembler</b>									
Honda Atlas Cars (Pakistan) Limited	-	13,500	-	13,500	-	-	-	-	-
Indus Motor Company Limited	-	1,400	-	-	1,400	2,439	1.06	0.73	0.002
Millat Tractors Limited	-	1,380	-	-	1,380	1,770	0.77	0.53	0.003
	-	<b>16,280</b>	-	<b>13,500</b>	<b>2,780</b>	<b>4,209</b>	<b>1.83</b>	<b>1.25</b>	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Thal Limited	-	3,500	-	-	3,500	1,805	0.79	0.54	0.001
	-	<b>3,500</b>	-	-	<b>3,500</b>	<b>1,805</b>	<b>0.79</b>	<b>0.54</b>	
<b>Cable &amp; Electrical Goods</b>									
Pak Elektron Limited	-	59,000	-	11,000	48,000	2,170	0.95	0.65	0.010
	-	<b>59,000</b>	-	<b>11,000</b>	<b>48,000</b>	<b>2,170</b>	<b>0.95</b>	<b>0.65</b>	
<b>Cement</b>									
D G Khan Cement Company Limited.	-	78,000	-	27,800	50,200	8,188	3.57	2.44	0.011
Lucky Cement Limited	-	7,500	-	-	7,500	5,172	2.25	1.54	0.002
Pioneer Cement Limited	-	30,000	-	30,000	-	-	-	-	-
Fauji Cement Limited	-	320,000	-	261,500	58,500	1,711	0.75	0.51	0.004
	-	<b>435,500</b>	-	<b>319,300</b>	<b>116,200</b>	<b>15,071</b>	<b>6.56</b>	<b>4.49</b>	
<b>Chemicals</b>									
Engro Polymer & Chemicals Limited	-	143,000	-	143,000	-	-	-	-	-
	-	<b>143,000</b>	-	<b>143,000</b>	-	-	-	-	
<b>Commercial Banks</b>									
Allied Bank Limited	-	19,500	-	19,500	-	-	-	-	-
Bank Alfalah Limited	-	211,000	-	67,000	144,000	7,608	3.31	2.26	0.009
Bank Al-Habib Limited	-	177,000	-	105,000	72,000	5,580	2.43	1.66	0.006
Bank of Punjab Limited	-	235,000	-	-	235,000	2,322	1.01	0.69	0.009
Faysal Bank Limited	-	100,000	15,000	28,000	87,000	2,295	1.00	0.68	0.007
Habib Bank Limited*	-	125,500	-	60,029	65,471	13,890	6.05	4.13	0.004
MCB Bank Limited	-	50,200	-	16,900	33,300	7,330	3.19	2.18	0.003
United Bank Limited	-	83,000	-	27,200	55,800	11,656	5.08	3.47	4.558
	-	<b>1,001,200</b>	<b>15,000</b>	<b>323,629</b>	<b>692,571</b>	<b>50,680</b>	<b>22.08</b>	<b>15.08</b>	
<b>Engineering</b>									
Arnell Steels Limited	-	157,500	-	137,800	19,700	1,813	0.79	0.54	0.007
International Steels Limited	-	41,500	-	30,000	11,500	3,271	1.42	0.97	0.003
International Steels Limited **	-	77,500	-	46,800	30,700	3,558	1.55	1.06	0.026
Mughal Iron & Steel Industries Limited	-	35,000	-	-	35,000	2,569	1.12	0.76	0.014
	-	<b>311,500</b>	-	<b>214,600</b>	<b>96,900</b>	<b>11,211</b>	<b>4.88</b>	<b>3.34</b>	
Engro Corporation Limited	-	16,000	-	-	16,000	4,954	2.16	1.47	0.003
Engro Fertilizers Limited	-	235,000	-	167,000	68,000	4,698	2.05	1.40	0.005
Fauji Fertilizers Limited	-	161,000	-	104,000	57,000	5,361	2.34	1.60	0.004
	-	<b>412,000</b>	-	<b>271,000</b>	<b>141,000</b>	<b>15,013</b>	<b>6.54</b>	<b>4.47</b>	

Name of Investee Company	Number of Shares				As at December 31, 2017	Market value as at December 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
<b>Oil &amp; Gas Exploration</b>									
Mari Petroleum Company Limited	-	3,500	-	-	3,500	5,182	2.26	1.54	0.003
Oil & Gas Development Company Limited	-	30,900	-	-	30,900	5,379	2.34	1.60	0.001
Pakistan Oilfields Limited	-	21,850	-	8,000	13,850	9,010	3.92	2.68	0.006
Pakistan Petroleum Limited	-	35,000	-	-	35,000	7,449	3.24	2.22	0.002
	-	<b>91,250</b>	-	<b>8,000</b>	<b>83,250</b>	<b>27,021</b>	<b>11.77</b>	<b>8.04</b>	
<b>Oil &amp; Gas Marketing Companies</b>									
Hascol Petroleum Limited - LoR	-	10,800	-	10,800	-	-	-	-	-
Pakistan State Oil Company Limited	-	25,000	3,000	7,080	20,920	6,726	2.93	2.00	0.008
Sui Northern Gas Pipeline Limited	-	68,000	-	29,000	39,000	4,396	1.91	1.31	0.006
	-	<b>103,800</b>	<b>3,000</b>	<b>46,880</b>	<b>59,920</b>	<b>11,121</b>	<b>4.84</b>	<b>3.31</b>	
<b>Pharmaceuticals</b>									
The Searle Company Limited	-	6,500	1,300	1,486	6,314	2,220	0.97	0.66	0.004
	-	<b>6,500</b>	<b>1,300</b>	<b>1,486</b>	<b>6,314</b>	<b>2,220</b>	<b>0.97</b>	<b>0.66</b>	
<b>Power Generation and Distribution</b>									
Hub Power Company Limited	-	109,400	-	-	109,400	10,995	4.79	3.27	0.009
K-Electric Limited	-	350,000	-	-	350,000	2,454	1.07	0.73	0.004
	-	<b>459,400</b>	-	-	<b>459,400</b>	<b>13,448</b>	<b>5.86</b>	<b>4.00</b>	
<b>Textile Composite</b>									
Nishat Mills Limited	-	10,000	-	-	10,000	1,589	0.69	0.47	0.003
	-	<b>10,000</b>	-	-	<b>10,000</b>	<b>1,589</b>	<b>0.69</b>	<b>0.47</b>	
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Systems Limited	-	22,500	-	-	22,500	2,174	0.95	0.65	0.020
	-	<b>22,500</b>	-	-	<b>22,500</b>	<b>2,174</b>	<b>0.95</b>	<b>0.65</b>	
	-	<b>3,075,430</b>	<b>19,300</b>	<b>1,352,395</b>	<b>1,742,335</b>	<b>157,733</b>	<b>68.71</b>	<b>46.95</b>	
<b>Cost of investments at March 31, 2018</b>						<b>146,581</b>			

\* Sponsor of the Management Company

\*\* Related party due to common directorship

### 5.3 Term Finance Certificates - Listed

#### 5.3.1 Term Finance Certificates - Available-for-sale

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 5,000 each unless stated otherwise.

Name of the Investee Company	Number of certificates				As at March 31, 2018	Market value / Carrying value* as at March 31, 2018 (Rupees in '000)	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period	As at March 31, 2018			Total Investments	Net Assets
<b>Financial Services</b>								
Saudi Pak Leasing Company Limited - (Note 5.3.2 & 12)	<b>6,000</b>	-	-	<b>6,000</b>	-	-	-	-
<b>Cost of investment as at March 31, 2018</b>						<b>15,197</b>		

\* In case of debt securities against which a provision has been made, these are carried at amortized cost less provision. For non-performing securities, market value / valuation by MUFAP is not available.

5.3.2 Saudi Pak Leasing Company Limited defaulted towards payment falling due in September 2010. Accordingly, the exposure was classified as non-performing and provision was recognised in accordance with the SECP's provisioning guidelines.

Subsequently, on the request of the Issuer, TFC holders approved the restructuring of the facility by extending repayment period from 5 years to 9 years and by reducing mark-up rate to 6% for 24 months from restructuring date and 8% for next 24 months and thereafter fixing the mark-up rate at 1 month KIBOR. Further, half of the accrued mark-up is to be paid in cash and the balance is being deferred.

The Issuer defaulted again in the payment of principal and mark-up due on September 13, 2011. In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by the Securities Exchange Commission of Pakistan (SECP), the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non-performing exposure. Accordingly, the exposure has been fully provided.

#### 5.4 Term Finance Certificates - Unlisted

##### 5.4.1 Term Finance Certificates - available-for-sale

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 5,000 each unless stated otherwise.

Investee Company	Number of certificates				Market value as a percentage		
	As at July 01, 2017	Purchases during the year	Sales / Matured during the year	As at Mar 31, 2018	Market value as at March 31, 2018 (Rupees in '000)	Total Investments	Net Assets
<b>Commercial Banks</b>							
JS Bank Limited	10,000	-	10,000	-	-	-	-
The Bank of Punjab*	180	-	-	180	18,232	7.94	5.43
	<b>10,180</b>	<b>-</b>	<b>10,000</b>	<b>180</b>	<b>18,232</b>	<b>7.94</b>	<b>5.43</b>
<b>Cost of investments at March 31, 2018</b>					<b>15,635</b>		

\* Face value of Term Finance Certificate of the Bank of Punjab is Rs. 100,000

##### 5.4.2 Term Finance Certificates - held-for-trading

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 100,000 each unless stated otherwise.

Investee Company	Number of certificates				Market value as a percentage		
	As at July 01, 2017	Purchases during the year	Sales / Matured during the year	As at March 31, 2018	Market value as at March 31, 2018 (Rupees in '000)	Total Investments	Net Assets
<b>Commercial Banks</b>							
The Bank of Punjab	-	120	-	120	12,155	5.29	3.62
Dawood Hercules Corporation Limited*	-	50	-	50	5	0.20	0.00
	<b>-</b>	<b>120</b>	<b>-</b>	<b>120</b>	<b>17,155</b>	<b>5.49</b>	<b>3.62</b>
<b>Cost of investments at March 31, 2018</b>					<b>17,110</b>		

5.4.3 Significant terms and conditions of Term Finance Certificates outstanding at March 31, 2018 are:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
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##### Term Finance Certificates - Listed

Saudi Pak Leasing Company Limited	2,533	6% Fixed rate	13-Mar-2008	13-Mar-2017
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##### Term Finance Certificates - Unlisted

Bank of Punjab	99,960	6 Month KIBOR + 0.5%	19-Feb-2016	19-Feb-2026
Dawood Hercules Corporation Limited*	100,000	3 Month KIBOR + 1.0%	1-Mar-2018	1-Mar-2023

\*Associated Company due to Common Directorship.

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
<b>5.5 Net unrealised appreciation on remeasurement of investments classified as available-for-sale</b>			
Market value / carrying value of investments	5.1, 5.2, 5.3 & 5.4	54,689	781,227
Cost of investments	5.1, 5.2, 5.3 & 5.4	63,486	739,282
Provision against equity securities	5.5.1	(7,815)	(11,269)
Provision against term finance certificates		(15,197)	(15,197)
		<u>40,474</u>	<u>712,816</u>
		<u>14,215</u>	<u>68,411</u>
<b>5.5.1 Movement in provision against investments</b>			
Opening balance		26,466	17,675
Add: Charge for the period / year		7,815	8,791
Less: Reversals made during the period / year		(11,269)	-
Net charge		(3,454)	8,791
Closing balance		<u>23,012</u>	<u>26,466</u>
<b>6. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Security deposit with National Clearing Company of Pakistan Limited		3,016	3,016
Security deposit with Central Depository Company of Pakistan Limited		100	100
Advance against subscription of Term Finance Certificates (TFC)	6.1	25,000	25,000
Prepaid annual rating and listing fee		7	-
Receivable against Sale of Investment		4,874	-
Advance tax		364	364
		<u>33,361</u>	<u>28,480</u>
Provision in respect of advance against subscription of term finance certificates	6.1 & 12	(25,000)	(25,000)
		<u>8,361</u>	<u>3,480</u>
<b>6.1</b> The Fund had subscribed towards the term finance certificates of an issuer as Pre-IPO investor on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering has been carried out by the issuer as at March 31, 2018. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at March 31, 2018, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management.			
		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
<b>7. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Management fee	7.1	561	1,594
Sindh Sales Tax	7.2	73	207
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	28	80
		<u>662</u>	<u>1,881</u>

- 7.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2017: two percent per annum).
- 7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 % (June 30 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 7.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum up to 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.

Note	(Un-Audited)	(Audited)
	March 31, 2018	June 30, 2017
	-----Rupees in '000-----	
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration	233	320
Federal Excise Duty	6,610	6,610
Withholding tax payable	-	623
Sales load - payable to related parties	-	132
Payable to brokers	76	629
Provision for Sindh Workers' Welfare Fund	4,597	4,597
Other payables	71	151
	<u>11,587</u>	<u>13,062</u>

- 8.1 The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal which was filed by tax authorities against the order by the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 6.610 million. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2018 would have been higher by Rs. 2.04 per unit (June 30, 2017: 0.77 per unit).

- 8.2 The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is the same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

As there is loss for the half year ended March 31, 2018, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at March 31, 2018 would have been higher by Rs. 1.48 per unit (June 30, 2017: 0.53 per unit).

## 9. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ended June 30, 2018 to its unit holders.

## 10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

Details of the transactions with connected persons during the period and balances with them at period/year end, if not disclosed elsewhere in this condensed interim financial information are as follows:

## 10.1 Transactions during the period

	Nine Months ended	
	March 31,	
	2018	2017
	-----Rupees in '000-----	
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	12,884	14,410
Allocation of expenses related to registrar services, accounting, operation and valuation services	440	628
<b>Habib Bank Limited - Sponsor</b>		
Redemption of 5,638,231 units (2016: Nil units)	550,000	-
Bank charges paid during the period	5	15
Mark-up earned during the period	285	397
Mark-up received during the period	323	380
Dividend income earned during the period	276	1,419
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	-	1,448
Central Depository service charges	518	78
<b>Transactions involving shares of connected persons:</b>		
<b>Habib Bank Limited - Sponsor</b>		
Purchase of 125,500 shares (2017: 78,700 shares)	21,870	18,899
Sale of 166,000 shares (2017: 261,300 shares)	29,825	59,404
Gain / (Loss) on sale of shares	(2,511)	10,520

## 10.2 Amounts outstanding as at period / year end

<b>HBL Asset Management Limited - Management Company</b>		
Management fee payable	561	1,594
Sales tax payable	73	207
Sales load payable	-	60
Allocation of expenses related to registrar services, accounting, operation and valuation services	28	80
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund: 1,358,343 units (June 2017: 6,996,574 units)	147,245	774,433
Bank balances	4,077	28,980
Mark-up receivable on deposits with bank	10	36
Ordinary shares held in Habib Bank Limited: 65,471 ordinary shares (June 2017: 105,971 units)	13,890	28,521
Sales load payable	-	72
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	59	159
Sindh Sales Tax	8	21
<b>International Steels Limited - Common Directorship</b>		
Ordinary shares held: Nil ordinary shares (2017: 71,500 ordinary shares)	-	9,144
<b>Packages Limited - Common Directorship</b>		
Ordinary shares held: Nil ordinary shares (2017: 20,450 ordinary shares)	-	14,225
<b>Rafiuddin Zakir Mahmood - Connected Person Due To holding more than 10% unit</b>		
Unit held : 298,482 units (June 30,2017 nil units)	32,356	-
Units outstanding as at March 31, 2018 are calculated on the basis of latest announced NAV i.e March 30, 2018.		

## 11. 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. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

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

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

	March 31, 2018				Fair Value			Total	
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial assets / liabilities	Level 1	Level 2	Level 3		
Carrying amount									
Total									
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
<b>Investments</b>									
Listed equity securities	157,733	36,457	-	-	194,190	194,190	-	-	194,190
Term Finance Certificates - Unlisted	17,155	18,233	-	-	35,388	35,388	-	-	35,388
	<u>174,888</u>	<u>54,690</u>	-	-	<u>229,578</u>	<u>229,578</u>	-	-	<u>229,578</u>
<b>Financial assets not measured at fair value</b>	11.1								
Bank balances	-	-	108,293	-	108,293	-	-	-	108,293
Loans and receivables	-	-	-	-	-	-	-	-	-
Dividend receivable and accrued mark-up	-	-	2,517	-	2,517	-	-	-	2,517
Advances, deposits and other receivables	-	-	3,116	-	3,116	-	-	-	3,116
	-	-	<u>113,926</u>	-	<u>113,926</u>	-	-	-	<u>113,926</u>
<b>Financial liabilities not measured at fair value</b>	11.1								
Payable to the Management Company	-	-	-	662	662	-	-	-	662
Payable to the Trustee	-	-	-	67	67	-	-	-	67
Accrued expenses and other liabilities	-	-	-	380	380	-	-	-	380
Unit holders' fund	-	-	-	3,099,563	3,099,563	-	-	-	3,099,563
	-	-	-	<u>3,100,672</u>	<u>3,100,672</u>	-	-	-	<u>3,100,672</u>

	June 30, 2017								
	Carrying amount				Fair Value				
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
<b>Investments</b>									
- Listed equity securities	-	631,666	-	-	631,666	631,666	-	-	631,666
- Term finance certificates - Unlisted	-	68,561	-	-	68,561	68,561	-	-	68,561
	-	700,227	-	-	700,227	700,227	-	-	700,227
<b>Financial assets not measured at fair value</b>	11.1								
Bank balances	-	-	194,333	-	194,333				
Loans and receivables	-	-	81,000	-	81,000				
Dividend receivable and accrued mark-up	-	-	3,616	-	3,616				
Advances, deposits and other receivables	-	-	3,116	-	3,116				
	-	-	282,065	-	282,065				
<b>Financial liabilities not measured at fair value</b>	11.1								
Payable to the Management Company	-	-	-	1,881	1,881				
Payable to the Trustee	-	-	-	180	180				
Accrued expenses and other liabilities	-	-	-	1,232	1,232				
Unit holders' fund	-	-	-	966,784	966,784				
	-	-	-	970,077	970,077				

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

#### 11.2 Transfers during the period

No transfers were made between various levels of fair value hierarchy during the period.

#### 12. DISCLOSURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The Management Company classified the Fund as 'Balanced Scheme' in accordance with the said circular. As at March 31, 2018, the Fund is compliant with all the requirements of the said circular except for clause 2 (iv) which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

The following securities are included in the portfolio of the Fund which have rating lower than A- (A minus).

Name of Non-Complaint Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	% of Net Assets	% of Gross Assets
(Rupees in '000)						
Saudi Pak Leasing Company Limited	TFC	15,197	15,197	-	-	-
Dewan Cement Limited	Advance	25,000	25,000	-	-	-

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**13. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended March 31, 2018 is 2.21% (March 31, 2017: 2.26%) which includes 0.28% (March 31, 2017: 0.48%) representing government levy, Worker's Welfare Fund and SECP fee.

**14. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **April 23, 2018**.

**15. GENERAL**

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

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

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

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

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

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



**HBL**  
**Financial Planning Fund**



## FUND INFORMATION

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Name of Fund	HBL Financial Planning Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	MCB Financial Services Ltd. (MSCFSL)
Bankers	Habib Bank Limited JS Bank Limited

**HBL Financial Planning Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*As at March 31, 2018*

		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
<b>Note</b>		----- (Rupees '000) -----			
<b>Assets</b>					
Bank balances	4	3,335	150	148	3,633
Investments	5	327,860	149,558	214,652	692,070
Accrued mark-up		-	-	-	-
Preliminary expenses and flotation costs	6	1,210	1,047	1,028	3,285
Advances and prepaid expenses		146	105	122	373
<b>Total assets</b>		<b>332,551</b>	<b>150,860</b>	<b>215,950</b>	<b>699,361</b>
<b>Liabilities</b>					
Payable to the Management Company	7	253	14	19	286
Payable to the Trustee	8	28	13	18	59
Payable to Securities and Exchange Commission of Pakistan	9	126	76	93	295
Accrued expenses and other liabilities	10	421	204	326	951
<b>Total liabilities</b>		<b>828</b>	<b>307</b>	<b>456</b>	<b>1,591</b>
<b>Net assets</b>		<b>331,723</b>	<b>150,553</b>	<b>215,494</b>	<b>697,770</b>
<b>Contingencies and commitments</b>	11				
<b>Unit holders' fund (as per statement attached)</b>		<b>331,723</b>	<b>150,553</b>	<b>215,494</b>	<b>697,770</b>
----- (Number of units) -----					
<b>Number of units in issue</b>		<b>3,122,899</b>	<b>1,447,366</b>	<b>2,033,911</b>	<b>6,604,176</b>
----- (Rupees) -----					
<b>Net asset value per unit</b>		<b>106.2226</b>	<b>104.0190</b>	<b>105.9505</b>	

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Financial Planning Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the period from October 11, 2017 to March 31, 2018**

	Period ended March 31,				Quarter ended March 31,			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note (Rupees in '000)								
<b>Income</b>								
Mark-up on deposits with banks	342	85	62	489	88	28	26	142
Capital gain on sale of investments - net	1,958	1,155	1,384	4,497	1,765	1,126	1,223	4,114
Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	15,941	6,038	11,674	33,653	14,021	4,365	9,412	27,798
	18,241	7,278	13,120	38,639	15,874	5,519	10,661	32,054
<b>Expenses</b>								
Remuneration of the Management Company	7.1 20	12	10	42	12	5	3	20
Sindh Sales Tax on remuneration of the Management Company	7.2 3	1	1	5	2	-	0	2
Remuneration of the Trustee	8.1 134	81	99	314	78	41	52	171
Annual fee to Securities and Exchange Commission of Pakistan	9 126	76	93	295	74	38	49	161
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3 132	79	98	309	77	39	52	168
Amortisation of preliminary expenses and flotation costs	6 126	109	317	552	66	57	166	289
Auditors' remuneration	77	67	78	222	25	12	26	73
Settlement and bank charges	13	8	7	28	5	3	2	10
Fee and subscription	26	22	42	90	15	12	23	50
Printing charges	25	21	24	70	13	11	12	36
	682	476	769	1,927	367	228	385	980
<b>Net income from operating activities</b>	17,559	6,802	12,351	36,712	15,507	5,291	10,276	31,074
Provision for Sindh Workers' Welfare Fund	10.1 (351)	(136)	(247)	(734)	(310)	(106)	(205)	(621)
<b>Net income for the period before taxation</b>	17,208	6,666	12,104	35,978	15,197	5,185	10,071	30,453
Taxation	12 -	-	-	-	-	-	-	-
<b>Net income for the period after taxation</b>	17,208	6,666	12,104	35,978	15,197	5,185	10,071	30,453
<b>Allocation of net income for the period</b>								
Net income for the period after taxation	17,208	6,666	12,104	35,978				
Income already paid on redemption of units	(293)	(890)	(2)	(1,185)				
	16,915	5,776	12,102	34,793				
<b>Accounting income available for distribution</b>								
Relating to capital gains	16,915	5,776	12,102	34,793				
Excluding capital gains	-	-	-	-				
	16,915	5,776	12,102	34,793				

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Financial Planning Fund**  
**Condensed Interim Statement of other Comprehensive Income (Un-Audited)**  
*For the period from October 11, 2017 to March 31, 2018*

	Period ended March 31,			Quarter ended March 31,			Total	
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan		
	(Rupees '000)			(Rupees '000)				
Net income for the period after taxation	16,915	5,776	12,102	34,793	15,197	5,185	10,071	30,453
Other comprehensive income for the period	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>16,915</b>	<b>5,776</b>	<b>12,102</b>	<b>34,793</b>	<b>15,197</b>	<b>5,185</b>	<b>10,071</b>	<b>30,453</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Financial Planning Fund**  
**Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)**  
*For the period from October 11, 2017 to March 31, 2018*

	Period ended									
	March 31,									
	Active Allocation Plan			Conservative Allocation Plan			Strategic Allocation Plan			
Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total		
(Rupees '000)										
Net assets at beginning of the period	-	-	-	-	-	-	-	-	-	-
Amount received on Issuance of 3,870,070 units	387,007	2,657	389,664	-	-	-	-	-	-	-
Amount received on Issuance of 1,804,922 units	-	-	-	180,492	40	180,533	-	-	-	-
Amount received on Issuance of 2,034,612 units	-	-	-	-	-	-	203,461	1	-	203,462
<b>Total proceeds on issuance of units</b>	<b>387,007</b>	<b>2,657</b>	<b>389,664</b>	<b>180,492</b>	<b>40</b>	<b>180,533</b>	<b>203,461</b>	<b>1</b>	<b>203,462</b>	
Amount paid on Redemption of 747,171 units	(74,717)	(432)	(75,149)	-	-	-	-	-	-	-
Amount paid on Redemption of 357,556 units	-	-	-	(35,756)	(890)	(36,645)	-	-	-	-
Amount paid on Redemption of 701 units	-	-	-	-	-	-	(70)	(2)	-	(72)
<b>Total payments on redemption of units</b>	<b>(74,717)</b>	<b>(432)</b>	<b>(75,149)</b>	<b>(35,756)</b>	<b>(890)</b>	<b>(36,645)</b>	<b>(70)</b>	<b>(2)</b>	<b>(72)</b>	
Net income for the period after taxation	-	17,208	17,208	-	6,666	6,666	-	12,104	12,104	
Other comprehensive income of the period	-	-	-	-	-	-	-	-	-	-
Net income for the period less distribution	-	17,208	17,208	-	6,666	6,666	-	12,104	12,104	
<b>Net assets at end of the period</b>	<b>312,290</b>	<b>19,433</b>	<b>331,723</b>	<b>144,737</b>	<b>5,817</b>	<b>150,553</b>	<b>203,391</b>	<b>12,103</b>	<b>215,494</b>	
Undistributed income brought forward	-	-	-	-	-	-	-	-	-	-
Accounting income available for distribution	-	16,915	-	-	5,776	-	-	12,102	-	-
Undistributed income carried forward	-	16,915	-	-	5,776	-	-	12,102	-	-
<b>Undistributed income carried forward</b>										
- Realised	-	974	-	-	(262)	-	-	428	-	-
- Unrealised	-	15,941	-	-	6,038	-	-	11,674	-	-
	-	16,915	-	-	5,776	-	-	12,102	-	-
			(Rupees)			(Rupees)		(Rupees)		
<b>Net assets value per unit at end of the period</b>			<b>106.2226</b>			<b>104.0190</b>			<b>105.9505</b>	

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Financial Planning Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
*For the period from October 11, 2017 to March 31, 2018*

	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
<b>Cash flows from operating activities</b>				
Net income for the period before taxation	17,208	6,666	12,104	35,978
<b>Adjustments for non-cash items</b>				
Mark-up on deposits with banks	(342)	(85)	(62)	(489)
Capital gain on sale of investments - net	(1,958)	(1,155)	(1,384)	(4,497)
Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	(15,941)	(6,038)	(11,674)	(33,653)
Amortisation of preliminary expenses and flotation costs	126	109	317	552
Provision for Sindh Workers' Welfare Fund	351	136	247	734
	(556)	(367)	(452)	(1,375)
<b>Increase in assets</b>				
Investments - net	(309,961)	(142,366)	(201,595)	(653,922)
Preliminary expenses and flotation costs	(1,336)	(1,156)	(1,345)	(3,837)
Advances and prepaid expenses	(146)	(105)	(122)	(373)
	(311,443)	(143,627)	(203,062)	(658,132)
<b>Increase in liabilities</b>				
Payable to the Management Company	253	14	19	286
Payable to the Trustee	28	13	18	59
Payable to Securities and Exchange Commission of Pakistan	126	76	93	295
Accrued expenses and other liabilities	70	68	79	217
	477	171	209	857
	(311,522)	(143,822)	(203,305)	(658,650)
Profit received	342	85	62	489
<b>Net cash used in operating activities</b>	<b>(311,180)</b>	<b>(143,737)</b>	<b>(203,243)</b>	<b>(658,161)</b>
<b>Cash flows from financing activities</b>				
Amount received on issue of units	389,664	180,533	203,462	773,659
Amount paid on redemption of units	(75,149)	(36,645)	(72)	(111,866)
<b>Net cash generated from financing activities</b>	<b>314,515</b>	<b>143,887</b>	<b>203,391</b>	<b>661,793</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,335</b>	<b>150</b>	<b>148</b>	<b>3,633</b>
Cash and cash equivalents at the beginning of the period	-	-	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>3,335</b>	<b>150</b>	<b>148</b>	<b>3,633</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Financial Planning Fund**  
**Notes to the Condensed Interim Financial Information (Un-audited)**  
**For the period from October 11, 2017 to March 31, 2018**

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

HBL Financial Planning Fund (the "Fund"), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was executed on March 22, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 14, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton. The Fund commenced its operations from October 11, 2017.

The Fund is an open ended fund of fund scheme and the Fund is listed on Pakistan Stock Exchange Limited. The Fund has three different plans namely Conservative Allocation Plan, Active Allocation Plan and Strategic Allocation Plan (collectively referred as 'Plans'). The units of Conservative Allocation Plan and Active Allocation Plan were initially offered to public (IPO) on September 11, 2017 to October 10, 2017 whereas units of Strategic Allocation Plan were offered from August 07, 2017 to October 10, 2017. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of the Fund is perpetual however the allocation plans may have a set time frame. Each Allocation Plan will announce separate NAVs which will rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

The Fund aims to generate returns on investment as per the respective Allocation Plan by investing in Mutual Funds in line with the risk tolerance of the Investor. Following is the description of three plans currently in operation:-

The "Conservative Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of investments in equity, income and money market funds. This Allocation Plan is suitable for Investors who have moderate risk tolerance and have a short to medium term investment horizon.

The "Active Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" with an objective to earn a potentially high return through active asset allocation between Equity scheme(s), Income scheme(s) and Money Market Schemes based on the Fund Manager's outlook on the asset classes.

The "Strategic Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" with an objective to earn a potentially high return through active allocation of funds between Equity scheme(s), Income scheme(s) and Money Market Schemes based on fundamental analysis of economic indicators, underlying asset values and a strategy of risk aversion to market volatility. The duration of this plan is 24 months (Two Years). However, SECP or the Management Company may wind it up or revoke, on the occurrence of certain events as specified in the Regulations or clause no.10.4 of the offering document of the Fund.

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

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

No comparative figures / information have been disclosed in these condensed interim financial information as the Fund commenced its operations on October 11, 2017.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2018.

**2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

**2.3 Functional and presentation currency**

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

## 2.4 Critical accounting estimates and judgments

The preparation of the condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the condensed interim financial information as a whole are as follows:

- (i) classification and valuation of financial assets (notes 3.2.1, 3.2.3 and 3.2.4); and
- (ii) impairment of financial assets (note 3.2.5)

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

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund for the period ended December 31, 2017.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the financial statements as at and for the period ended December 31, 2017.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Fund for the period ended December 31, 2017.

		March 31, 2018 (Un-Audited)			
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note		(Rupees in '000)			
<b>4. BANK BALANCES</b>					
In savings accounts	4.1	3,335	150	148	3,633

- 4.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 3.85% to 5.75% per annum.

### 5. INVESTMENTS

		March 31, 2018 (Un-Audited)			
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note		(Rupees in '000)			
<b>Investments by category</b>					
<b>Financial assets 'at fair value through profit or loss' - held-for-trading</b>					
Units of mutual funds	5.1	327,860	149,558	214,652	692,070

## 5.1 Units of mutual funds

Name of Investee Funds	As at June 30, 2017	Purchases during the period	Redemptions during the period	As at March 31, 2018	Total carrying value as at March 31, 2018	Total market value as at March 31, 2018	Appreciation/ (diminution) as at March 31, 2018	Market value as a percentage of total value of Investment	Market value as a percentage of net assets
	Number of units				Rupees in '000			%	
<b>Active Allocation Plan</b>									
HBL Cash Fund	-	2,964,330	1,738,862	1,225,468	125,571	128,093	2,522	39.07	38.61
HBL Stock Fund	-	1,771,112	13,798	1,757,314	186,347	199,767	13,420	60.93	60.22
	-	4,735,442	1,752,660	2,982,782	311,918	327,860	15,941	100.00	98.84
<b>Conservative Allocation Plan</b>									
HBL Cash Fund	-	1,423,823	285,010	1,138,813	116,217	119,035	2,818	79.59	79.07
HBL Stock Fund	-	359,944	91,441	268,503	27,303	30,523	3,220	20.41	20.27
	-	1,783,767	376,451	1,407,316	143,520	149,558	6,038	100.00	99.34
<b>Strategic Allocation Plan</b>									
HBL Cash Fund	-	97,963	97,963	-	-	-	-	-	-
HBL Income Fund	-	1,734,330	978,333	755,997	81,079	83,081	2,003	38.71	38.55
HBL Stock Fund	-	1,157,403	-	1,157,403	121,900	131,571	9,671	61.29	61.06
	-	2,989,696	1,076,296	1,913,400	202,979	214,652	11,674	100.00	99.61
<b>Total as at March 31, 2018</b>	-	<b>9,508,905</b>	<b>3,205,407</b>	<b>6,303,498</b>	<b>658,417</b>	<b>692,070</b>	<b>33,653</b>		

## 6 PRELIMINARY EXPENSES AND FLOATATION COSTS

	March 31, 2018 (Un-Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	Rupees in '000			
Opening balance	-	-	-	-
Cost incurred during the period	1,336	1,156	1,345	3,837
Less: amortised during the period	(126)	(109)	(317)	(552)
Closing balance	1,210	1,047	1,028	3,285

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

	March 31, 2018 (Un-Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	Rupees in '000			
<b>7. PAYABLE TO THE MANAGEMENT COMPANY</b>				
Management fee	7.1	6	1	8
Sindh Sales Tax on Management Company's remuneration	7.2	1	-	1
Sales load payable		218	-	218
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	28	13	59
		253	14	286

- 7.1 As per offering document of the Fund, the Management Company of the Fund is entitled to a remuneration not exceeding 1% of average annual net assets of each plan. No management fee will be charged if the Fund invests in collective investment scheme managed by the Management Company.
- 7.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% on the services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011.
- 7.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets of each plan or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets of each plan, being lower amount, to the Fund during the period.

	Note	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
(Rupees in '000)					
<b>8. PAYABLE TO THE TRUSTEE</b>					
Remuneration payable to the Trustee	8.1	25	12	17	53
Sindh Sales Tax on Trustee's remuneration	8.2	3	1	2	6
		<b>28</b>	<b>13</b>	<b>19</b>	<b>59</b>

- 8.1 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, 2018 is as follows:

Net assets	Tariff per annum
Up to Rs. 1 billion	Rs. 0.09 per annum of the daily average net assets
Over Rs. 1 billion	Rs. 0.9 million plus 0.065% per annum of the daily average net assets exceeding one billion

- 8.2 The Sindh government has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

**9. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

Under the provisions of the NBFC Regulations, 2008 a collective investment scheme categorised as a fund of fund scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the scheme. The fee is payable annually in arrears.

**10. ACCRUED EXPENSES AND OTHER LIABILITIES**

March 31, 2018 (Un-Audited)					
	Note	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
(Rupees in '000)					
Provision for Sindh Workers' Welfare Fund	10.1	351	136	247	734
Printing charges		19	18	21	58
Auditors' remuneration		46	48	56	150
Other payables		5	2	2	9
		<b>421</b>	<b>204</b>	<b>326</b>	<b>951</b>

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

In view of the above developments regarding applicability of SWWF, the MUFAP called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members interalia; and as an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

Based on above, provision against SWWF amounting to Rs.351,178 , Rs. 136,042 and Rs. 247,016 million has been made during the period in Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively. Had the provision not been made, the net asset value per unit would have been higher by Rs. 0.11 per unit, Rs. 0.09 per unit and Rs. 0.12 per unit of the Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively.

#### 11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2018.

#### 12. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income of each plan as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2018 to its unit holders

#### 13. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, MCB Financial Services Limited being the Trustee of the Fund, collective investment schemes managed by the Management Company, directors and officers of the Management Company and directors of the connected persons.

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

Remuneration payable to the Management Company and Trustee is determined in accordance with the provisions of the offering document.

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

	March 31, 2018 (Un-Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	(Rupees in '000)			
<b>13.1 Transactions during the period</b>				
<b>HBL Asset Management Limited - Management Company</b>				
Issue of 999,202 units	-	-	99,920	99,920
Remuneration of the Management Company	20	12	10	42
Sindh Sales Tax on remuneration of the Management Company	3	1	1	5
Allocation of expenses related to registrar services, accounting, operation and valuation services	132	79	98	309
<b>Habib Bank Limited - Sponsor</b>				
Bank charges	13	8	7	28
<b>Patient Welfare Association - Connected person holding more than 10% units</b>				
Issue of 400,000 units	-	40,000	-	40,000
<b>Sapphire Finishing Mills Ltd Emp Provident Fund - Connected person holding more than 10% units</b>				
Issue of 254,254 units	-	-	25,426	25,426
<b>Ferozsons Laboratories Limited Employees Provident Fund - Connected person holding more than 10% units</b>				
Issue of 500,000 units	50,000	-	-	50,000
<b>Connected person holding more than 10% units</b>				
<b>Dr Farid Khan</b>				
Issue of 500,000 units	-	50,000	-	50,000

March 31, 2018 (Un-Audited)			
Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
(Rupees in '000)			
<b>Mr Mudassar Iqbal</b>			
Issue of 150,000 units	15,000	-	15,000
<b>SHAH JAHAN KHAN</b>			
Issue of 150,000 units	15,000	-	15,000
<b>Mir Ghulam Ali Talpur</b>			
Issue of 250,500 units	-	250,050	250,050
<b>Mr Aamer Raza Ataullah Khan</b>			
Issue of 196,811 units	-	20,012	20,012
<b>Directors and Executives of the Management Company</b>			
Issue of 1,006,108 units	102,000	-	102,000
<b>HBL Cash Fund (Formerly PICIC Cash Fund) - CIS managed by the Management Company</b>			
Purchase of 2,964,330 units	303,305	-	303,305
Purchase of 1,423,823 units	-	145,300	145,300
Purchase of 97,963 units	-	10,000	10,000
Redemption of 1,738,862 units	179,645	-	179,645
Redemption of 285,010 units	-	29,525	29,525
Redemption of 97,963 units	-	10,111	10,111
March 31, 2018 (Un-Audited)			
Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
(Rupees in '000)			
<b>HBL Stock Fund- CIS managed by the Management Company</b>			
Purchase of 1,771,112 units	187,800	-	187,800
Purchase of 359,944 units	-	36,600	36,600
Purchase of 1,157,403 units	-	121,900	121,900
Redemption of 13,798 units	1,500	-	1,500
Redemption of 91,441 units	-	10,010	10,010
<b>HBL Income Fund - CIS managed by the Management Company</b>			
Purchase of 1,734,330 units	-	186,000	186,000
Redemption of 978,333 units	-	106,195	106,195
<b>Balances outstanding as at period end</b>			
<b>HBL Asset Management Limited - Management Company</b>			
Investment in 999,202 units	-	100,933	100,933
Remuneration payable to the Management Company	6	1	8
Sindh sales tax on remuneration of the Management Company	1	-	1
Sales load payable	218	-	218
Allocation of expenses related to registrar services, accounting, operation and valuation services	28	13	18
<b>Habib Bank Limited - Sponsor</b>			
Bank balances	3,325	27	137
<b>HBL Cash Fund (Formerly PICIC Cash Fund) - CIS managed by the Management Company</b>			
Units held 1,225,468 units	128,093	-	128,093
Units held 1,138,813 units	-	119,035	119,035

	March 31, 2018 (Un-Audited)			Total
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	
(Rupees in '000)				
<b>HBL Stock Fund - CIS managed by the Management Company</b>				
Units held 1,757,314 units	199,767	-	-	199,767
Units held 268,503 units	-	30,523	-	30,523
Units held 1,157,403 units	-	-	131,571	131,571
<b>HBL Income Fund - CIS managed by the Management Company</b>				
Units held 755,997 units	-	-	83,081	83,081
<b>Sapphire Finishing Mills Ltd Emp Provident Fund - Connected person holding more than 10% units</b>				
Units held: 254,254 units	-	-	26,939	26,939
<b>Patient Welfare Association - Connected person holding more than 10% units</b>				
Units held: 400,000 units	-	41,608	-	41,608
<b>Ferozsons Laboratories Limited Employees Provident Fund - connected person holding more than 10% units</b>				
Units held: 500,000 units	53,112	-	-	53,112
<b>Connected person holding more than 10% units</b>				
<b>Dr Farid Khan</b>				
Units held: 500,000 units	-	52,010	-	52,010
<b>Mr Mudassar Iqbal</b>				
Units held: 150,000 units	-	15,603	-	15,603
<b>Mr Aamer Raza Ataullah Khan</b>				
Units held: 150,000 units	-	15,603	-	15,603
<b>Mir Ghulam Ali Talpur</b>				
Units held: 250,500 units	-	-	26,541	26,541
<b>Mr Aamer Raza Ataullah Khan</b>				
Units held: 196,811 units	-	-	20,853	20,853
<b>Directors and Executives of the Management Company</b>				
Units held: 1,006,108 units	106,872	-	-	106,872

\* Units outstanding as at March 31, 2018 are calculated on the basis of latest announced NAV i.e. March 30, 2018

#### 14. FAIR VALUE AND CATEGORIES 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. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

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

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

Active Allocation Plan (Un Audited)							
March 31, 2018							
Carrying amount				Fair Value			
Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note ----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investments							
-Units of mutual funds	327,860	-	327,860	327,860	-	-	327,860
	<b>327,860</b>	<b>-</b>	<b>327,860</b>	<b>327,860</b>	<b>-</b>	<b>-</b>	<b>327,860</b>
<b>Financial assets not measured at fair value</b> 14.1.1							
Bank balances	-	3,335	3,335				
Accrued mark-up	-	-	-				
	<b>-</b>	<b>3,335</b>	<b>3,335</b>				
<b>Financial liabilities not measured at fair value</b> 14.1.1							
Payable to the Management Company	-	253	253				
Payable to the Trustee	-	28	28				
Accrued expenses and other liabilities	-	65	65				
Unit Holders' Fund	-	331,723	331,723				
	<b>-</b>	<b>332,069</b>	<b>332,069</b>				

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

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

Conservative Allocation Plan (Un-Audited)							
March 31, 2018							
Carrying amount				Fair Value			
Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note ----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investments							
-Units of mutual funds	149,558	-	149,558	149,558	-	-	149,558
	<b>149,558</b>	<b>-</b>	<b>149,558</b>	<b>149,558</b>	<b>-</b>	<b>-</b>	<b>149,558</b>
<b>Financial assets not measured at fair value</b> 14.2.1							
Bank balances	-	150	150				
Accrued mark-up	-	-	-				
	<b>-</b>	<b>150</b>	<b>150</b>				
<b>Financial liabilities not measured at fair value</b> 14.2.1							
Payable to the Management Company	-	14	-				
Payable to the Trustee	-	13	-				
Accrued expenses and other liabilities	-	66	-				
Unit Holders' Fund	-	150,553	-				
	<b>-</b>	<b>150,646</b>	<b>-</b>				

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

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

Strategic Allocation Plan (Un-Audited)							
March 31, 2018							
Carrying amount				Fair Value			
Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note ..... (Rupees in '000) .....							
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investments							
-Units of mutual funds							
214,652	-	-	214,652	214,652	-	-	214,652
<b>214,652</b>	<b>-</b>	<b>-</b>	<b>214,652</b>	<b>214,652</b>	<b>-</b>	<b>-</b>	<b>214,652</b>
<b>Financial assets not measured at fair value</b>							
14.3.1							
Bank balances							
-	148	-	148				
Accrued mark-up							
-	-	-	-				
<b>-</b>	<b>148</b>	<b>-</b>	<b>148</b>				
<b>Financial liabilities not measured at fair value</b>							
14.3.1							
Payable to the Management Company							
-	19	-	-				
Payable to the Trustee							
-	18	-	-				
Accrued expenses and other liabilities							
-	77	-	-				
Unit Holders' Fund							
-	215,494	-	-				
<b>-</b>	<b>215,608</b>	<b>-</b>	<b>-</b>				

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

## 15. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio for the period ended March 31, 2018 is 0.37%, 0.38% and 0.49% (YTD) which includes 0.18%, 0.14% and 0.17% representing government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively.

## 16. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 23, 2018.

## 17. GENERAL

Figures have been rounded off to the nearest rupees.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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# HBL

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