

HBL

ASSET MANAGEMENT LTD.

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HBL Islamic Pension Fund

HBL Pension Fund

Annual Report

2017-18

MOVING TOWARDS
EXCELLENCE

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OUR VISION

Enabling people to
advance with
confidence and
success.

OUR MISSION

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

PROGRESSIVENESS

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

MERITOCRACY

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

EXCELLENCE

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

OUR CORPORATE VALUES

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

CUSTOMER FOCUS

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

INTEGRITY

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

Management Company

HBL Asset Management Limited

Board of Directors

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

Audit Committee

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

Human Resource Committee

Chairman	Mr. Agha Sher Shah	(Independent Director)
Members	Mr. Farid Ahmed Khan	(Executive Director / CEO)
	Mr. Shabbir Hussain Hashmi	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)

Risk Management Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

AMC Rating

AM2+ (Stable Outlook)

Legal Advisors

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

Website

www.hblasasset.com

Head Office & Registered Office

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

The Board of Directors of HBL Asset Management Limited is pleased to present its report along with Financial Statements Report of HBL Pension Fund and HBL Islamic Pension Fund (the Funds) for the year ended June 30, 2018.

Economic Review

Pakistan's economy sustained its growth trajectory in FY18 with substantial increase in aggregate demand leading to higher external account risks. The challenges faced by the economy largely remained un-mitigated in midst of higher international oil prices which aggravated current account deficit recently (mainly in 4QFY18). More recent policy steps (PKR depreciation, interest rate increase and imposition of duty on import products) would likely yield some results while we foresee continuation of stringent policy measures in FY19 as well.

GDP growth remained impressive at 5.8% in FY18 compared to 5.4% in the year before and the growth rate was the highest in the past 13 years. Key factors behind the higher GDP growth rate was a turnaround in the agricultural sector, which posted 3.8% growth vs. just 2.1% growth in the previous year; meanwhile, industrial growth came in at 5.8% and services sector posted growth of 6.4%. Large-scale manufacturing (LSM) posted 6b.0% YoY growth during 11MFY18 mainly led by Electronics (+36.0%), Iron & Steel Products (+22.0%), Automobiles (+18.0%) and Non-metallic Mineral Products (+11.9%). Average Inflation during FY18 was muted at 3.92%. However, inflation picked up at the end of year as head line inflation and core inflation was recorded at 5.2% and 7.1% respectively for the month of Jun-18. This uptick in inflation was due to higher international oil prices and three rounds of rupee depreciation. PKR depreciated by 5.0% against US dollar during Jun-18, taking cumulative FY18 PKR depreciation to 16.0%.

The fiscal deficit exhibited a deterioration in 9MFY18 where the fiscal deficit-to-GDP ratio rose to 4.3% from 3.9%. During the year, faster economic growth caused imbalances on the external front with FY18 current account deficit soaring to USD 18.0bn (5.7% of GDP) compared to USD 12.6bn (4.1% of GDP) in FY17. In FY18, import of goods and services surged by 14.7% YoY to USD 66.2bn while exports grew by 12.6% to USD 30.0bn resulting in a trade deficit of USD 36.2bn vs USD 31bn during FY17. Remittances showed a nominal increase of 1.4% to USD 19.6bn due to decline in remittances from the Middle East countries. As a result, SBP forex reserves decreased by USD 6.4bn since Jun-17 to reach USD 9.8bn at the end of FY18.

Going forward, continuation of stringent policy measures is expected with focus towards monetary and fiscal tightening and import curtailment as external account risks remain high.

Money Market Review

During the year the Interest rate cycle started its reversal as central bank focus diverted towards containing rising twin deficits rising inflation due to lack of fiscal discipline in election times. During the year, secondary market yields of 3, 5 and 10-year PIBs increased by 180, 171 and 86 bps respectively while yields of 3, 6 and 12 month T-Bills increased by 79, 90 and 116 bps respectively. Government of Pakistan raised only PKR 96bn through the PIB auction against a target of PKR 900bn as eight PIB auctions were scrapped in the year due to lack of interest. The last cut-off yields stood at 7.5000%, 8.4795% and 8.6999% p.a. for 3, 5 and 10-year PIBs respectively. Overall trading in longer tenors remained lackluster due to market participants' consensus of increase in interest rates.

During FY18, Government retired PKR 77bn from scheduled banks against borrowing of PKR 179bn during same period last year due to multiple scrapped PIB Auctions. Meanwhile, Government borrowing from SBP increased by PKR 1,439bn during the period against PKR 908bn during same period last year. Government largely managed its borrowing requirements through domestic sources and raised PKR 16,894bn via T-bills (excluding NCB) compared to the cumulative target of PKR 16,925bn and maturities of PKR 15,971bn.

During the year, Islamic Banking industry assets grew by 21.9% (PKR 447 billion) and stood at PKR 2,482 billion by end June, 2018. Similarly, deposits of Islamic banks also witnessed a sharp growth of 18.2% YoY and reached PKR 2,033 billion by end June, 2018. Despite the massive growth in deposits, SBP did not issue any fixed or floating rate GOP Ijarah Sukuk in FY18. However, in order to meet SLR requirement of Islamic Banks, Government of Pakistan issued SLR eligible corporate instruments in the primary market. During the year, prices of fixed rated Ijarah Sukuk witnessed sharp decline due to lack of demand with rising interest rate scenario. Three GoP Ijarah Sukuk instruments are fixed rated which cumulatively contribute PKR 268 billion (~70%) out of the total outstanding issue of PKR 384 billion. Corporate debt raising activity was brisk during the period in order to benefit from surplus liquidity in the system which was well received by Islamic financial institutions due to attractive pricing compared to GoP Ijarah Sukuk.

SBP increased the policy rate by 25bps in January and a further 50bps in May to 6.50% to control aggregate demand and the current account deficit. Since then the SBP has further increased policy rate by 100bps in Jul-18 MPS. Going forward, we foresee another interest rate hike of 50bps in the calendar year on the back of increasing inflation expectation and sustainability of current account risks.

Stock Market Review

Pakistan Equities witnessed a topsy-turvy ride during FY18 underlined by disappointing foreign flows (after MSCI upgrade), political uncertainty following the ouster of ex-PM, macroeconomic challenges and speculations relating to recently concluded general elections.

KSE100 Index shed 4,654 points during the fiscal year to close at 41,911 points, reflecting a decline of 10% while Islamic Equities benchmark KMI30 Index fell 7,538 points to close at 71,060 points, reflecting a decline of 10%. Despite market expectation of strong foreign inflows following Pakistan's inclusion in the MSCI Emerging Markets, foreign investors continued to remain net sellers and sold stocks worth USD289mn. Within local investors, insurance companies and corporates bought equities of USD204mn and USD100mn respectively while Mutual funds divested equities of USD35mn during the year. On the political front, Ex-Prime Minister Nawaz Sharif was disqualified by Supreme Court in Jul-17 which further marred investor sentiment. Moreover, economic concerns increased due to rising twin deficits followed by stringent policy measures by the government (16% PKR depreciation and 75bps increase in interest rates).

The Cement and Banking sector led the rout in the benchmark index, causing attrition of 2,288 points and 1,083 points respectively. The decline in cements was caused by the fears of a price war in the sector as upcoming expansions could lead to an oversupply situation particularly in the Southern region. Investor sentiment was reflected in poor price performance of DGKC and LUCK which fell 44% and 37% YoY respectively. In the banking sector, large banks caused underperformance where HBL, UBL and NBP fell 37%, 23% and 20% owing to regulatory concerns, pension provisions and other legal issues. Meanwhile mid-tier banks outperformed the index buoyed by rising interest rate environment which is expected to lead to margin expansion.

Oil & Gas Exploration and Production sector defied overall trend during FY18 and posted strong gains. The sector contributed 1,628 points to the market owing to 66% increase in International Oil Prices and 16% PKR depreciation. The outperformance was led by POL and PPL posting returns of 58% and 53% against SPLY.

Going forward, Pakistan equities are expected to rebound with restoration of political stability (after General Elections), gradual improvement in macroeconomic trends and potential revival of foreign investor interest after steep PKR depreciation.

Fund's Performance

HBL Pension Fund

The Fund comprises of three sub funds namely Equity sub-fund, Debt sub-fund and Money Market sub-fund.

The Fund as a whole earned total and net income of Rs. 17.31 million and Rs. 5.04 million respectively during the year under review. The fund size increased from Rs. 574.35 million as on June 30, 2017 to Rs. 577.44 million as at June 30, 2018 thereby showing a growth of 1% during the year under review. Performance review for each sub Fund is given below:

Equity Sub-Fund

During the year under review, the Equity sub-fund incurred a total and net loss of Rs. 4.62 million and Rs. 9.74 million respectively. The net assets of the Equity sub-fund was Rs. 252.45 million representing Net Asset Value (NAV) of Rs. 366.3184 per unit as at June 30, 2018. The Sub Fund earned a negative return of 10.24% for the year under review. The Fund is invested to the extent of 88% in equities.

Debt Sub-Fund

During the year under review, the Debt sub-fund earned total and net income of Rs. 12.16 million and Rs. 8.23 million respectively. The net assets of the Debt sub-fund was Rs. 180.31 million representing Net Asset Value (NAV) of Rs. 159.5394 per unit as at June 30, 2018. The Fund yielded annualized return of 3.99% for the year under review.

Money Market Sub-Fund

During the year under review, the Money Market sub-fund earned total and net income of Rs. 9.78 million and Rs. 6.55 million respectively. The net assets of the Money Market sub-fund was Rs. 144.68 million representing Net Asset Value (NAV) of Rs. 147.2662 per unit as at June 30, 2018. An annualized return of 4.38% was earned by the Fund for the year under review.

HBL Islamic Pension Fund

The Fund comprises of three sub funds namely Equity sub-fund, Debt sub-fund and Money Market sub-fund.

The Fund as a whole incurred a total and net loss of Rs. 1.02 million and Rs. 9.01 million respectively during the year under review. The fund size decreased from Rs. 381.95 million as at June 30, 2017 to Rs. 357.06 million as at June 30, 2018 showing decline of 7%. Performance review for each sub Fund is given below:

Equity Sub-Fund

During the year under review, the Equity sub-fund incurred a total and net loss of Rs. 11.00 million and Rs. 15.22 million respectively. The net assets of the Equity sub-fund was Rs. 171.90 million representing Net Asset Value (NAV) of Rs. 388.2683 per unit as at June 30, 2018. The Fund yielded a negative return of 12.02% for the year. The Sub Fund is invested to the extent of 87% in equities.

Debt Sub-Fund

During the year under review, the Debt sub-fund earned total and net income of Rs. 5.75 million and Rs. 3.62 million respectively. The net assets of the Debt sub-fund was Rs. 101.73 million representing Net Asset Value (NAV) of Rs. 141.8178 per unit as at June 30, 2018. The Fund yielded annualized return of 2.89% for the year under review.

Money Market Sub-Fund

During the year under review, the Money Market sub-fund earned total and net income of Rs. 4.23 million Rs. 2.59 million respectively. The net assets of the Money Market sub-fund was Rs. 83.43 million representing Net Asset Value (NAV) of Rs. 139.3646 per unit as at June 30, 2018. An annualized return of 3.41% was earned by the Fund for the year under review.

Auditors

The existing auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants retired and being eligible, offered themselves for re-appointment. The Board of Directors would consider the matter of the appointment of auditors in due course of time.

Acknowledgement

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

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

On behalf of the Board of
HBL Asset Management Limited

Chief Executive Officer

FUND INFORMATION

NAME OF FUND

HBL Islamic Pension Fund

NAME OF AUDITOR

KPMG Taseer Hadi & Co.

NAME OF TRUSTEE

Central Depository Company of Pakistan

NAME OF BANKERS

Habib Bank Limited
Faysal Bank Limited
Bank Islami Paksitan Limited
Soneri Bank
Bank Al Habib Limited
Meezan Bank
Dubai Islamic Bank
Summit Bank
Allied Bank
Habib Metropolitan Bank

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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Email: info@cdcpak.com



TRUSTEE REPORT TO THE PARTICIPANTS

HBL ISLAMIC PENSION FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Pension Fund (the Fund) are of the opinion that HBL Asset Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 27, 2018



ASSET MANAGEMENT LTD.
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STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Pension Fund (the fund) has fully complied with the Shariah Principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during the year ended June 30, 2018. This has been duly confirmed by the Shariah Advisor of the Fund.

Farid Ahmed Khan

Chief Executive Officer

Dated: August 31, 2018

HBL Asset Management Limited
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Main Clifton Road,
Clifton, Karachi

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



August 10, 2018

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.


Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:


We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2018 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in HBL Islamic Pension Fund (HBL-IPF) are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

For and on behalf of Shariah Supervisory Council of Al-Hilal Shariah Advisors (Pvt) Limited



Mufti Irshad Ahmad Aijaz
Member Shariah Council



Faraz Younus Bandukda, CFA
Chief Executive

Al-Hilal Shariah Advisors (Pvt) Limited

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Chartered Accountants
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Independent Reasonable Assurance Report to the Participant's Holders on the Statement of Compliance with the Shariah Principles

We were engaged by the Board of Directors of HBL Asset Management Limited, Pension Fund Manager of HBL Islamic Pension Fund (the Fund), to report on Fund's Compliance with the Shariah principles as set out in the annexed statement prepared by the Pension Fund Manager for the year ended June 30, 2018, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended June 30, 2018.

Responsibilities of the Pension Fund Manager

The Pension Fund Manager is responsible for preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. The Pension Fund Manager is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund are in substance and in their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and

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



KPMG Taseer Hadi & Co.

procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal control. Reasonable assurance is less than absolute assurance.

The procedures performed included performing tests of controls for making investments, maintaining bank accounts and transferring impure income to charity in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended June 30, 2018, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Date: 31 August 2018

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants



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Chartered Accountants
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Karachi 75530 Pakistan
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Independent Auditors' Report to the Participants

We have audited the annexed financial statements comprising:

- i. Statement of Assets and Liabilities;
- ii. Income Statement and Statement of Comprehensive Income;
- iii. Cash Flow Statement; and
- iv. Statement of Movement in Participants' Sub-Fund,

of **HBL Islamic Pension Fund** ("the Fund") as at June 30, 2018 and for the year then ended together with the notes forming part thereof.

Pension Fund Manager's responsibility for the financial statements

The Pension Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting and Reporting Standards as applicable in Pakistan, and for such internal control as the Pension Fund Manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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



KPMG Taseer Hadi & Co.

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

Opinion


In our opinion:

- a) the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2018 and of the transactions of the Fund for the year ended June 30, 2018 in accordance with the Accounting and Reporting Standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the pension fund;
- e) proper books and records have been kept by the Pension Fund Manager and the financial statements prepared are in agreement with the pension fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

The financial statements of the Fund for the year ended June 30, 2017 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon dated 22 September 2017.

Date: 31 August 2018

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

HBL ISLAMIC PENSION FUND
Statement of Assets and Liabilities
As at June 30, 2018

	Note	2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Assets									
Bank balances	4	22,106	64,977	83,992	171,075	22,092	63,663	79,212	164,667
Investments	5	153,805	36,959	-	190,764	188,834	30,577	-	219,411
Dividend and profit receivable	6	362	778	343	1,483	812	481	257	1,550
Advances, deposits, prepayments and other receivables	7	100	130	112	342	100	2,500	-	2,600
Total assets		176,373	102,844	84,447	363,664	211,838	96,921	79,469	388,228
Liabilities									
Payable to Pension Fund Manager	8	239	138	112	489	296	132	109	537
Payable to Central Depository Company of Pakistan Limited - Trustee	9	24	14	11	49	30	13	11	54
Payable to Securities and Exchange Commission of Pakistan	10	57	32	25	114	66	30	23	119
Accrued expenses and other liabilities	11	4,152	929	868	5,949	4,016	804	746	5,566
Total liabilities		4,472	1,113	1,016	6,601	4,408	979	889	6,276
Net assets		171,901	101,731	83,431	357,063	207,430	95,942	78,580	381,952
Participants' sub funds (as per statement attached)		171,901	101,731	83,431	357,063	207,430	95,942	78,580	381,952
Number of units in issue	13	442,737	717,333	598,657	1,758,727	470,012	696,065	583,084	1,749,161
Net assets value per unit	Rupees	388.2683	141.8178	139.3646		441.3274	137.8331	134.7699	

The annexed notes 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC PENSION FUND

Income Statement and Statement of Comprehensive Income

For the year ended June 30, 2018

Note	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Income								
Dividend income	7,419	-	-	7,419	7,228	-	-	7,228
Profit on bank deposits	895	3,118	3,814	7,827	618	2,021	2,950	5,589
Mark-up / return on investments	-	2,423	363	2,786	-	2,952	707	3,659
Capital (loss) / gain on sale of investments	(3,809)	182	54	(3,573)	37,880	1,346	540	39,766
Unrealized (diminution) / gain on re-measurement of investments at fair value through profit or loss	(555)	25	-	(530)	-	-	-	-
	3,950	5,748	4,231	13,929	45,726	6,319	4,197	56,242
Unrealised appreciation in value of investments at fair value through profit or loss - net	-	-	-	-	-	-	-	-
Impairment loss on investments classified as 'available for sale'	(14,949)	-	-	(14,949)	-	-	-	-
	(10,999)	5,748	4,231	(1,020)	45,726	6,319	4,197	56,242
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	2,887	1,626	1,264	5,777	3,379	1,559	1,149	6,087
Remuneration of Central Depository Company of Pakistan Limited - Trustee	290	163	127	580	338	147	114	599
Annual fee to Securities and Exchange Commission of Pakistan	57	32	25	114	66	30	23	119
Auditors' remuneration	118	118	118	354	119	119	119	357
Settlement and bank charges	39	75	36	150	50	13	7	70
Other expenses	829	40	18	887	68	7	7	82
	4,220	2,054	1,588	7,862	4,020	1,875	1,419	7,314
	(15,219)	3,694	2,643	(8,882)	41,706	4,444	2,778	48,928
Reversal of provision for Workers' Welfare Fund (WWF)	-	-	-	-	1,397	269	223	1,889
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(73)	(53)	(126)	(1,952)	(195)	(145)	(2,292)
	-	(73)	(53)	(126)	(555)	74	78	(403)
Net (loss) / income before taxation	(15,219)	3,621	2,590	(9,008)	41,151	4,518	2,856	48,525
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the year	(15,219)	3,621	2,590	(9,008)	41,151	4,518	2,856	48,525
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent years:</i>								
Unrealised gain / (loss) on re-measurement of investments - classified as available for sale	1,574	(409)	-	1,165	41,862	1,183	540	43,585
Reclassification adjustment relating to available for sale investments sold during the year	(11,473)	(93)	-	(11,566)	(37,880)	(1,346)	(540)	(39,766)
	(9,899)	(502)	-	(10,401)	3,982	(163)	-	3,819
Total comprehensive (loss) / income for the year	(25,118)	3,119	2,590	(19,409)	45,133	4,355	2,856	52,344

The annexed notes 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC PENSION FUND
Statement of Movement in Participants' Funds
For the year ended June 30, 2018

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Net assets at beginning of the year	207,430	95,942	78,580	381,952	163,617	88,185	63,236	315,038
Issuance of units	12 32,117	43,516	31,617	107,250	35,872	23,277	30,385	89,534
Redemption of units	(38,886)	(43,868)	(29,976)	(112,730)	(37,118)	(19,893)	(17,953)	(74,964)
Reallocation among funds	(3,642)	3,022	620	-	(74)	18	56	-
	(10,411)	2,670	2,261	(5,480)	(1,320)	3,402	12,488	14,570
Other comprehensive income								
Net (loss) / income for the year	(15,219)	3,621	2,590	(9,008)	41,151	4,518	2,856	48,525
Net unrealised (loss) / gain on remeasurement of investments classified as available for sale	(9,899)	(502)	-	(10,401)	3,982	(163)	-	3,819
Total comprehensive (loss) / income for the year	(25,118)	3,119	2,590	(19,409)	45,133	4,355	2,856	52,344
Net assets at end of the year	171,901	101,731	83,431	357,063	207,430	95,942	78,580	381,952
Net assets value per unit at beginning of the year	441.3274	137.8331	134.7699		345.9646	131.1891	129.4022	
Net assets value per unit at end of the year	388.2683	141.8178	139.3646		441.3274	137.8331	134.7699	

The annexed notes 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC PENSION FUND

Cash Flow Statement

For the year ended June 30, 2018

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES								
Net (loss) / income for the year	(15,219)	3,621	2,590	(9,008)	41,151	4,518	2,856	48,525
Adjustments								
Unrealized diminution / (appreciation) in the market value of investments classified as fair value through profit or loss - held for trading	555	(25)	-	530	-	-	-	-
Impairment loss on investments classified as 'available for sale'	14,949	-	-	14,949	-	-	-	-
	285	3,596	2,590	6,471	41,151	4,518	2,856	48,525
Decrease / (Increase) in assets								
Investments - net	9,626	(6,859)	-	2,767	(33,173)	38,123	22,810	27,760
Dividend and profit receivable	450	(297)	(86)	67	(417)	806	345	734
Advances, deposits, prepayments and other receivables	-	2,370	(112)	2,258	-	(2,400)	-	(2,400)
	10,076	(4,786)	(198)	5,092	(33,590)	36,529	23,155	26,094
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	(57)	6	3	(48)	64	7	18	89
Payable to Central Depository Company of Pakistan Limited - Trustee	(6)	1	-	(5)	7	1	2	10
Payable to Securities and Exchange Commission of Pakistan	(9)	2	2	(5)	15	2	3	20
Accrued expenses and other liabilities	136	125	122	383	685	(112)	(148)	425
	64	134	127	325	771	(102)	(125)	544
Net cash generated from / (used in) operating activities	10,425	(1,056)	2,519	11,888	8,332	40,945	25,886	75,163
CASH FLOW FROM FINANCING ACTIVITIES								
Amount received on issue of units	32,117	43,516	31,617	107,250	35,872	23,277	30,385	89,534
Amount paid on redemption of units	(38,886)	(43,868)	(29,976)	(112,730)	(37,118)	(19,893)	(17,953)	(74,964)
Reallocation among funds	(3,642)	3,022	620	-	(74)	18	56	-
Net cash (used in) / generated from financing activities	(10,411)	2,670	2,261	(5,480)	(1,320)	3,402	12,488	14,570
Net increase in cash and cash equivalents	14	1,614	4,780	6,408	7,012	44,347	38,374	89,733
Cash and cash equivalents at beginning of the year	22,092	63,363	79,212	164,667	15,080	19,016	40,838	74,934
Cash and cash equivalents at end of the year	22,106	64,977	83,992	171,075	22,092	63,363	79,212	164,667

The annexed notes 1 to 26 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Pension Fund ("the Fund") was established under a Trust Deed, dated August 17, 2011, between HBL Asset Management Limited as the Pension Fund Manager (the Pension Fund Manager) 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 pension fund on October 05, 2011.

The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (VPS Rules) through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 7th floor, Emerald Tower, G-19, block 5, Main Clifton Road, Karachi, Pakistan.

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

The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Pension Fund Manager has appointed Al-Hilal Shariah Advisors (Pvt.) Limited as Shariah Advisor to the Pension Fund to ensure that the activities of the Fund are in compliance with the principles of Shariah.

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

- The Equity Sub-Fund consists of a minimum 90% of net assets invested in Shariah compliant listed equity securities. Investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, subject to a maximum of 35% of NAV. Remaining assets of the Equity Sub-Fund may be invested in any government security having less than one year time to maturity, or be deposited with Islamic Commercial banks or Islamic window of a commercial bank having at least 'A' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Debt Sub-Fund consist of tradable debt securities with weighted average duration of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the assets in the sub-fund shall be invested in debt securities issued by the Federal Government. Up to twenty five percent (25%) may be deposited with banks having not less than 'AA+' rating. In case the Shariah compliant securities issued by Federal Government are not available to comply with above, the assets of a Shariah compliant debt sub-fund may be deposited in Islamic commercial banks, having not less than "A PLUS" rating or Islamic windows of commercial banks, having not less than "AA" rating, or may be invested in Islamic bonds or Sukuks issued by entities wholly-owned by the Federal Government or in such Islamic securities which are fully guaranteed by the Federal Government.
- The Money Market Sub-Fund consists of Shariah compliant short-term money market securities with weighted average time to maturity not exceeding one year. There is no restriction on the amount of investment in securities issued by Federal Government and Islamic windows of commercial banks having 'A+' rating provided that deposits with one bank shall not exceed 20% of net assets of Money Market Sub-Fund. Investments in securities issued by Provincial Government, City Government, Government corporation with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be in proportion as defined in offering document.

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

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+' (2017: AM2+) to the Pension Fund Manager while the Fund is currently not rated.

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The Accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the requirements of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 have been followed.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 1, 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 1, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and / or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after January 1, 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after January 1, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after January 1, 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Fund's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 1, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Fund's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The application of the standard is not likely to have an impact on the Fund's financial statements.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 1, 2018 and January 1, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The impacts on the financial statements on application of this standard are summarised in note 2.2.1.
- IFRS 16 'Leases' (effective for annual period beginning on or after January 1, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leased. The application of the standard is not likely to have an impact on the Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after January 1, 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after January 1, 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Fund's financial statements
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after January 1, 2019 and are not likely to have an impact on the Fund's financial statements.

2.2.1 IFRS 9 'Financial Instruments' Impact Assessment

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018.

Key requirements of IFRS 9 are as follows;

Classification and measurement of financial assets

- All recognized financial asset that are within the scope of IFRS9 are required to be subsequently measured at amortised cost or fair value.
- Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.
- Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at fair value through Other Comprehensive Income.
- Debt instruments that are held within a business model other than the above two are measured at fair value through profit or loss.
- For equity instruments held for trading the entity classify them at fair value through profit or loss.
- For equity instruments other than held for trading the entity has an option at the time of initial recognition to either classify at fair value through profit or loss or fair value through other comprehensive income. Under IFRS 9, entities may make an irrevocable election at the time of initial recognition to present subsequent changes in the fair value of an equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss or to present subsequent changes in fair value through profit or loss.

Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows;

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

Impact assessment

Based on the analysis of Fund's financial assets and liabilities as at June 30, 2018 considering facts and circumstances that exists at that date, the Management Company have assessed the impact of IFRS 9 to the Fund's financial statements as follows;

Listed equity securities and debt securities classified as financial assets at fair value through profit or loss - held for trading are to be measured at fair value through profit or loss upon application of IFRS 9 with value changes continue to recognised in profit or loss.

Listed equity securities classified as financial assets 'available-for-sale' are elected by the Fund to be reclassified to fair value through profit or loss category.

Debt securities classified as financial assets 'available-for-sale' are to be reclassified as 'fair value through profit or loss' based on the business model whose objective is neither to collect the contractual cashflows nor both collecting contractual cashflows and selling of financial assets.

The change in fair value attributed to these available for sale financial assets amounting to Rs. 4.452 million during the current year would be recognised in income statement under IFRS 9.

2.3 Critical accounting estimates and judgments

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

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

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

2.4 Basis of Measurement

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

2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification

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

The Fund classifies its financial assets in the following categories:

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available for sale

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

3.2.2 Regular way contracts

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

3.2.3 Initial recognition and measurement

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

3.2.4 Subsequent measurement

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

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

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Basis of valuation of equity securities

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

c) Basis of valuation of Government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

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

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

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

3.2.5 Impairment of financial assets

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

a) Debt securities and other exposures

Provision for non-performing debt securities and other exposures is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Pension Fund Manager.

b) Equity securities

In case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale equity securities, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that security previously recognised in income statement is reclassified from other comprehensive income to income statement. Impairment losses recognised on equity securities are not reversed through the income statement.

c) Loans and receivables

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

3.2.6 Derecognition

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

3.2.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.3 Financial liabilities

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

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

3.4 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchange and other expenses. These costs are amortised over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund and the VPS Rules.

3.5 Provisions

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

3.6 Revenue recognition

- Mark-up on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on marking to market of investments classified as ' Financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

3.7 Taxation

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

3.8 Issue and redemption of units

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

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

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

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

3.9 Net Asset Value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of each of the sub-fund by the number of units in circulation of that sub-fund at the year end.

3.10 Earnings per unit (EPU)

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

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
4. BANK BALANCES	Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Savings accounts	4.1	22,106	45,477	68,492	136,075	22,092	45,363	65,212	132,667
Term deposit receipts	4.2	-	19,500	15,500	35,000	-	18,000	14,000	32,000
		22,106	64,977	83,992	171,075	22,092	63,363	79,212	164,667

4.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 3.75% to 7.10% per annum (2017: 3.5% - 6.75% per annum).

4.2 This represents investment in TDRs placed with Allied Bank Limited maturing in July 2018 carry profit of 6.75% per annum (2017: 5.75%).

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
5. INVESTMENTS	Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Investments by category									
Available for sale investments									
Listed equity securities	5.1	44,796	-	-	44,796	188,834	-	-	188,834
GoP ijarah sukuks	5.4	-	25,766	-	25,766	-	24,737	-	24,737
Term finance certificates and sukuk bonds	5.6	-	4,803	-	4,803	-	5,840	-	5,840
		44,796	30,569	-	75,365	188,834	30,577	-	219,411
At fair value through profit or loss									
Listed equity securities	5.2	109,009	-	-	109,009	-	-	-	-
GoP ijarah sukuks	5.5	-	-	-	-	-	-	-	-
Term finance certificates and sukuk bonds	5.7	-	6,390	-	6,390	-	-	-	-
		109,009	6,390	-	115,399	-	-	-	-
Loans and Receivables									
Commercial papers	5.8	-	-	-	-	-	-	-	-
		153,805	36,959	-	190,764	188,834	30,577	-	219,411

5.1 Listed equity securities - Available for sale

Held by Equity Sub-Fund

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

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

Name of the Investee Company	As at July 1, 2017	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2018	Cost of holdings as at June 30, 2018	Market value as at June 30, 2018	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	Number of shares				Rupees in '000			%		
Automobile Assembler										
Millat Tractors Limited	4,600	-	-	2,140	2,460	2,591	2,923	1.90	1.70	0.56
Pak Suzuki Motor Company Limited	8,250	-	-	8,250	-	-	-	-	-	-
	12,850	-	-	10,390	2,460	2,591	2,923	1.90	1.70	0.56
Cable and Electrical Goods										
Pak Elektron Limited	86,000	-	-	86,000	-	-	-	-	-	-
	86,000	-	-	86,000	-	-	-	-	-	-
Cement										
Lucky Cement Limited	17,800	-	-	15,900	1,900	1,203	965	0.63	0.56	0.06
D.G. Khan Cement Company Limited	29,000	-	-	29,000	-	-	-	-	-	-
Cherat Cement Company Limited	49,100	-	-	49,100	-	-	-	-	-	-
Pioneer Cement Limited	56,300	-	-	56,300	-	-	-	-	-	-
	152,200	-	-	150,300	1,900	1,203	965	0.63	0.56	0.06
Chemical										
Engro Polymer & Chemicals Limited	134,000	-	-	134,000	-	-	-	-	-	-
ICI Pakistan Limited	4,800	-	-	4,800	-	-	-	-	-	-
Sitara Chemical Industries Limited	7,950	-	-	7,950	-	-	-	-	-	-
	146,750	-	-	146,750	-	-	-	-	-	-
Engineering										
Amreli Steels Limited	500	-	-	500	-	-	-	-	-	-
Crescent Steel & Allied Products Limited	13,000	-	-	13,000	-	-	-	-	-	-
International Steels Limited	49,000	-	-	35,900	13,100	1,829	1,332	0.87	0.77	0.30
	62,500	-	-	49,400	13,100	1,829	1,332	0.87	0.77	0.30
Fertilizer										
Engro Corporation Limited	39,300	-	-	19,600	19,700	6,063	6,183	4.02	3.60	0.37
	39,300	-	-	19,600	19,700	6,063	6,183	4.02	3.60	0.37
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	60,700	-	-	41,600	19,100	3,160	2,972	1.93	1.73	0.04
Pakistan Petroleum Limited	50,000	-	-	37,100	12,900	2,021	2,772	1.80	1.61	0.07
Mari Petroleum Company Limited	5,500	-	-	-	5,500	6,301	8,284	5.39	4.82	0.50
Pakistan Oilfields Limited	16,900	-	-	14,200	2,700	1,089	1,814	1.18	1.06	0.11
	133,100	-	-	92,900	40,200	12,571	15,842	10.30	9.22	0.72
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited***	12,100	-	2,420	2,100	12,420	4,805	3,953	2.57	2.30	0.38
Hascol Petroleum Limited	20,800	-	3,960	21,560	3,200	1,021	1,004	0.65	0.58	0.22
Shell Pakistan Limited	8,500	-	-	8,500	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	57,000	-	-	57,000	-	-	-	-	-	-
	98,400	-	6,380	89,160	15,620	5,826	4,957	3.22	2.88	0.60
Paper and Board										
Packages Limited	7,750	-	-	5,900	1,850	1,166	906	0.59	0.53	0.21
	7,750	-	-	5,900	1,850	1,166	906	0.59	0.53	0.21
Pharmaceuticals										
Abbott Laboratories (Pakistan) Limited	6,000	-	-	6,000	-	-	-	-	-	-
The Searl Company Limited***	14,685	-	1,677	6,300	10,062	4,961	3,416	2.22	1.99	0.54
	20,685	-	1,677	12,300	10,062	4,961	3,416	2.22	1.99	0.54
Power Generation and Distribution										
The Hub Power Company Limited	98,100	-	-	42,600	55,500	6,294	5,115	3.33	2.98	0.48
	98,100	-	-	42,600	55,500	6,294	5,115	3.33	2.98	0.48
Textile Composite										
Nishat Mills Limited	37,500	-	-	15,100	22,400	3,068	3,157	2.05	1.84	0.64
	37,500	-	-	15,100	22,400	3,068	3,157	2.05	1.84	0.64
	895,135	-	8,057	720,400	182,792	45,572	44,796	29.13	26.07	4.48

5.2 Listed equity securities - at fair value through profit or loss - Held for trading

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2017	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2018	Cost of holdings as at June 30, 2018	Market value as at June 30, 2018	Market value as a percentage of total investments	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	-----Number of shares-----				----- (Rupees in '000) -----		-----%-----			
Automobile Assembler										
Millat Tractors Limited	-	1,600	-	-	1,600	1,862	1,901	1.24	1.11	0.36
	-	1,600	-	-	1,600	1,862	1,901	1.24	1.11	0.36
Automobile Parts & Accessories										
Thal Limited	-	9,800	-	-	9,800	4,984	4,680	3.04	2.72	2.42
	-	9,800	-	-	9,800	4,984	4,680	3.04	2.72	2.42
Cable and Electrical Goods										
Pak Elektron Limited	-	65,900	-	65,900	-	-	-	-	-	-
	-	65,900	-	65,900	-	-	-	-	-	-
Cement										
Kohat Cement Company Limited	-	17,700	-	11,800	5,900	814	726	0.47	0.42	0.38
Lucky Cement Limited	-	10,250	-	-	10,250	5,418	5,206	3.38	3.03	0.32
D.G. Khan Cement Company Limited	-	32,000	-	4,000	28,000	3,930	3,206	2.08	1.86	0.64
Fauji Cement Company Limited	-	147,000	-	147,000	-	-	-	-	-	-
Pioneer Cement Limited	-	16,000	-	-	16,000	816	750	0.49	0.44	0.70
	-	222,950	-	162,800	60,150	10,978	9,888	6.42	5.75	2.04
Chemical										
Engro Polymer & Chemicals Limited	-	152,000	-	55,000	97,000	3,864	3,042	1.98	1.77	1.46
Engro Polymer & Chemicals Limited (Rights)	-	35,885	-	-	35,885	-	317	0.21	0.18	1.46
ICI Pakistan Limited	-	1,050	-	1,050	-	-	-	-	-	-
Descon Oxychem	-	56,500	-	-	56,500	1,128	1,090	-	0.63	5.54
	-	245,435	-	56,050	189,385	4,992	4,449	2.19	2.58	8.46
Commercial Banks										
Meezan Bank Limited	-	110,500	-	-	110,500	8,106	9,030	5.87	5.25	1.04
	-	110,500	-	-	110,500	8,106	9,030	5.87	5.25	1.04
Engineering										
Amreli Steel Limited	-	55,800	-	36,500	19,300	1,923	1,361	0.46	0.41	0.65
International Industries Limited	-	14,100	-	6,400	7,700	1,828	1,789	1.16	1.04	0.64
International Steel limited	-	7,700	-	-	7,700	952	783	0.51	0.46	0.18
Aisha Steel Limited	-	45,000	-	-	45,000	792	710	0.46	0.41	0.54
Mughal Iron and Steel Industries Limited	-	33,000	-	-	33,000	2,277	2,027	1.32	1.18	1.31
	-	155,600	-	42,900	112,700	7,772	6,670	3.91	3.50	3.32
Fertilizer										
Engro Corporation Limited	-	16,200	-	-	16,200	4,390	5,085	3.31	2.96	0.31
Engro Fertilizer Limited	-	227,500	-	77,500	150,000	9,681	11,236	7.31	6.54	4.47
Fauji Fertilizers Limited	-	94,500	-	57,500	37,000	3,267	3,659	2.38	2.13	0.40
	-	338,200	-	135,000	203,200	17,338	19,980	13.00	11.63	5.18
Glass and Ceramics										
Shabbir Tiles & Ceramics Limited	-	75,000	-	-	75,000	1,765	1,580	1.03	0.92	4.58
	-	75,000	-	-	75,000	1,765	1,580	1.03	0.92	4.58
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	-	45,200	-	-	45,200	7,342	7,034	4.57	4.09	0.11
Pakistan Petroleum Limited	-	36,000	-	-	36,000	7,017	7,736	5.03	4.50	0.18
Pakistan Oilfields Limited	-	8,600	-	-	8,600	5,063	5,775	3.75	3.36	0.36
Mari Petroleum Company Limited	-	500	-	-	500	759	753	0.49	0.44	0.05
	-	90,300	-	-	90,300	20,181	21,298	13.84	12.39	0.70
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited	-	11,260	-	-	11,260	3,797	3,584	2.33	2.08	0.35
Sui Northern Gas Company Limited	-	63,000	-	21,000	42,000	4,978	4,209	2.74	2.45	0.66
Sui Southern Gas Company Limited	-	70,000	-	-	70,000	2,582	2,298	1.49	1.34	0.79
Hascol Petroleum Limited	-	10,300	-	-	10,300	3,098	3,232	2.10	1.88	0.71
	-	154,560	-	21,000	133,560	14,455	13,323	8.66	7.75	2.51
Paper and Board										
Packages Limited	-	1,300	-	-	1,300	649	637	0.41	0.37	0.15
	-	1,300	-	-	1,300	649	637	0.41	0.37	0.15
Pharmaceuticals										
AGP Limited	-	24,875	-	12,500	12,375	1,127	1,099	0.71	0.64	0.44
	-	24,875	-	12,500	12,375	1,127	1,099	0.71	0.64	0.44
Power Generation and Distribution										
Hub Power Company Limited	-	33,100	-	-	33,100	3,731	3,050	1.98	1.77	0.29
K-Electric Limited	-	725,500	-	-	725,500	4,423	4,121	2.68	2.40	0.75
	-	758,600	-	-	758,600	8,154	7,171	4.66	4.17	1.04
Textile Composite										
Nishat Mills Limited	-	25,600	-	-	25,600	3,961	3,608	2.35	2.10	0.73
	-	25,600	-	-	25,600	3,961	3,608	2.35	2.10	0.73
Technology & Communication										
Systems Limited	-	36,500	-	-	36,500	3,240	3,695	2.40	2.15	3.26
	-	36,500	-	-	36,500	3,240	3,695	2.40	2.15	3.26
	-	2,316,720	-	496,150	1,820,570	109,564	109,009	69.73	63.03	36.23

These represent gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Pension Fund Manager of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, have filed a petition in Honourable 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 57(3)(viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Honourable 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 amounting Rs.0.135 million (2017: 0.117 million) and not yet deposited with Government Treasury. Pension Fund Manager is of the view that the decision will be in its favour and accordingly has recorded the bonus shares on gross basis.

5.3 Net unrealised appreciation on remeasurement of investments

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Market value of investments	5	44,796	30,569	-	75,365	188,834	30,577	-	219,411
Cost of investments		45,572	30,464	-	76,036	174,588	29,971	-	204,559
Impairment loss on equity securities classified as available-for-sale - Net		(5,124)	-	-	(5,124)	-	-	-	-
		40,448	30,464	-	70,912	174,588	29,971	-	204,559
		4,348	105	-	4,453	14,246	606	-	14,852

5.4 Investment in Government Securities - Ijarah sukuk - Available for sale

5.4.1 Held by Debt Sub-Fund

Issue Date	Note	Tenor	Face Value				Amortised Cost as at June 30, 2018	Market value as at June 30, 2018 end of the year	Market value as a percentage of	
			As at July 1, 2017	Purchases during the year	Sales / matured during the year	As at June 30, 2018			Total investments of sub-fund	Net assets of sub-fund
			----- (Rupees in '000) -----						----- % -----	
December 18, 2015	5.4.1.1	3 Years	13,000	1,500	-	14,500	14,522	14,555	39.38	14.31
February 15, 2016	5.4.1.2	3 Years	6,200	-	-	6,200	6,203	6,227	16.85	6.12
March 29, 2016	5.4.1.3	3 Years	5,000	-	-	5,000	5,034	4,984	13.49	4.90
June 30, 2017		3 Years	-	1,000	1,000	-	-	-	-	-
			24,200	2,500	1,000	25,700	25,759	25,766	69.72	25.33

5.4.1.1 These carry markup at the rate of 5.51% (2017: 5.45%) per annum receivable semi-annually in arrears, maturing in December 2018.

5.4.1.2 These carry markup at the rate of 6.10% (2017: 6.10%) per annum receivable semi-annually in arrears, maturing in Feb 2019.

5.4.1.3 These carry mark-up at the rate of 5.59% (2017: 6.15%) per annum receivable semi-annually in arrears, maturing in March 2019.

5.5 Investment in Government Securities - Ijarah sukuk - at fair value through profit or loss - Held for trading

5.5.1 Held by Debt Sub-Fund

Issue Date	Tenor	Face Value				Amortised Cost as at June 30, 2018	Market value as at June 30, 2018 end of the year	Market value as a percentage of		
		As at July 1, 2017	Purchases during the year	Sales / matured during the year	As at June 30, 2018			Total investments of sub-fund	Net assets of sub-fund	
			----- (Rupees in '000) -----						----- % -----	
June 30, 2017	3 years	-	22,000	22,000	-	-	-	-	-	-
June 30, 2017	3 years	-	2,000	2,000	-	-	-	-	-	-
June 30, 2017	3 years	-	25,000	25,000	-	-	-	-	-	-
			49,000	49,000	-	-	-	-	-	-

5.5.2 Held by Money Market Sub-Fund

Issue Date	Tenor	Face Value				Amortised Cost as at June 30, 2018	Market value as at June 30, 2018 end of the year	Market value as a percentage of		
		As at July 1, 2017	Purchases during the year	Sales / matured during the year	As at June 30, 2018			Total investments of sub-fund	Net assets of sub-fund	
			----- (Rupees in '000) -----						----- % -----	
June 30, 2017	3 Years	-	24,000	24,000	-	-	-	-	-	-
June 30, 2017	3 Years	-	9,000	9,000	-	-	-	-	-	-
June 30, 2017	3 Years	-	12,000	12,000	-	-	-	-	-	-
June 30, 2017	3 Years	-	3,000	3,000	-	-	-	-	-	-
			48,000	48,000	-	-	-	-	-	-

5.6 Term finance certificates and sukuk bonds - Available for sale

5.6.1 Held by Debt Sub-Fund

Name of the Investee Company

Name of the Investee Company	Face Value			Amortised Cost as at June 30, 2018	Market value as at June 30, 2018 end of the year	Market value as a percentage of	
	As at July 1, 2017	Purchases during the year	Sales / matured during the year			As at June 30, 2018	Total investments of sub-fund
----- (Rupees in '000) -----							
Fertilizers							----- % -----
Fatima Fertilizers Company Limited	457	-	-	457	1,600	1,625	4.40 1.60
	457	-	-	457	1,600	1,625	4.40 1.60
Multiutilities							
Water and Power Development Authority	474	-	-	474	1,185	1,238	3.35 1.22
K-Electric	400	-	400	-	-	-	- -
	874	-	400	474	1,185	1,238	3.35 1.22
Pharmaceuticals							
AGP Limited	-	24	-	24	1,920	1,940	5.25 1.91
	-	24	-	24	1,920	1,940	5.25 1.91
Total	1,331	24	400	955	4,705	4,803	13.00 4.73

5.6.1.1 Significant terms and conditions of Term finance certificates and Sukuk bonds outstanding as at June 30, 2018 are as follows:

Name of security	Remaining principal (Rupees per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
AGP Limited	80,000	3 months KIBOR + 1.30%	09-Jun-17	09-Jun-22
Water and Power Development Authority	2,500	6 months KIBOR + 1%	14-Oct-13	14-Oct-21
Fatima Fertilizers Company Limited	3,500	6 months KIBOR + 1.1%	28-Nov-16	28-Nov-21

5.7 Term finance certificates and sukuk bonds - at fair value through profit or loss - Held for trading

5.7.1 Held by Debt Sub-Fund

Name of the Investee Company	Face Value			Amortised Cost as at June 30, 2018	Market value as at June 30, 2018 end of the year	Market value as a percentage of	
	As at July 1, 2017	Purchases during the year	Sales / matured during the year			As at June 30, 2018	Total investments of sub-fund
----- (Rupees in '000) -----							
Commercial Banks							
Bank AL Baraka Limited Sukuk	-	2	2	-	-	-	- -
	-	2	2	-	-	-	- -
Fertilizers							
Dawood Hercules Corporation Limited Sukuk*	-	20	-	20	2,000	2,004	5.42 1.97
Engro Fertilizer Limited	-	900	-	900	2,365	2,386	6.46 2.35
	-	920	-	920	4,365	4,390	11.88 4.32
Miscellaneous							
International Brands Limited Sukuk	-	20	-	20	2,000	2,000	5.41 1.97
	-	20	-	20	2,000	2,000	5.41 1.97
Multiutilities							
K-Electric	-	900	900	-	-	-	- -
	-	900	900	-	-	-	- -
Total	-	1,842	902	940	6,365	6,390	17.29 6.29

* Related Party Due to Common Directorship

5.7.1.1 Significant terms and conditions of Term finance certificates and sukuk bonds outstanding as at June 30, 2018 are as follows:

Name of security	Remaining principal (Rupees per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Dawood Hercules Corporation Limited Sukuk	100,000	3 months KIBOR + 1%	15-Nov-17	15-Nov-22
International Brands Limited Sukuk	100,000	12 months KIBOR + 0.5%	15-Nov-17	15-Nov-21
Engro Fertilizer Limited	2,625	6 months KIBOR + 1.75%	09-Jul-14	09-Jul-19

5.8 Commercial papers - Loans and Receivables

5.8.1 Held by Debt Sub-Fund

	Maturity Date	Placement made during the year	Income Accrued	Matured during the year	As at June 30, 2018	Percentage of total value of investments	Percentage of Net Assets
Note							
		----- (Rupees in '000) -----					
Hascol Petroleum Limited	June 29, 2018	1,928	72	2,000	-	-	-
		<u>1,928</u>	<u>72</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

7.8.1.1 This commercial paper has been placed at discount at a rate of 7.46% and is being amortised over a year of 182 days.

5.8.2 Held by Money Market Sub-Fund

	Maturity Date	Placement made during the year	Income Accrued	Matured during the year	As at June 30, 2018	Percentage of total value of investments	Percentage of Net Assets
Note							
		----- (Rupees in '000) -----					
Hascol Petroleum Limited	June 29, 2018	2,892	108	3,000	-	-	-
		<u>2,892</u>	<u>108</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

6. DIVIDEND AND PROFIT RECEIVABLE

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	----- (Rupees in '000) -----							
Dividend receivable	303	-	-	303	739	-	-	739
Profit receivable on bank deposits	59	295	334	688	73	191	257	521
Profit accrued on Term Finance Certificates	-	-	-	-	-	-	-	-
Profit accrued on sukuk bonds	-	235	-	235	-	43	-	43
Profit accrued on government securities - Ijarah Sukuk	-	237	-	237	-	247	-	247
Profit accrued on term deposit receipts	-	11	9	20	-	-	-	-
	<u>362</u>	<u>778</u>	<u>343</u>	<u>1,483</u>	<u>812</u>	<u>481</u>	<u>257</u>	<u>1,550</u>

7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security Deposit with Central Depository Company of Pakistan Limited	100	100	100	300	100	100	-	200
Advance against Initial Public Offer (IPO) of Sukuks	-	-	-	-	-	2,400	-	2,400
Other Receivable	-	30	12	42	-	-	-	-
	<u>100</u>	<u>130</u>	<u>112</u>	<u>342</u>	<u>100</u>	<u>2,500</u>	<u>-</u>	<u>2,600</u>

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

Management fee	8.1	212	122	99	433	262	117	96	475
Sindh Sales Tax	8.2	27	16	13	56	34	15	13	62
		<u>239</u>	<u>138</u>	<u>112</u>	<u>489</u>	<u>296</u>	<u>132</u>	<u>109</u>	<u>537</u>

8.1 As per rule 11 of the Voluntary Pension System Rules, 2005, the Pension Fund Manager of the Fund is allowed to charge an annual management fee of 1.5% of the average of the values of the net assets of each of the Sub-Fund calculated during the year. Accordingly, the management fee has been accrued at 1.5% per annum of the average daily net assets of the Sub-Funds.

8.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax Act, 2011 effective from July 01, 2017.

9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Trustee remuneration	9.1	21	12	10	43	27	12	10	49
Sindh Sales Tax on Trustee remuneration	9.2	3	2	1	6	3	1	1	5
		24	14	11	49	30	13	11	54

9.1 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. 1,000 million	Rs. 0.3 million or 0.15% p.a of NAV, whichever is higher
Exceeding Rs. 1,000 million up to Rs. 3,000 million	Rs. 1.5 million plus 0.10% p.a of NAV exceeding Rs. 1,000 million
Exceeding Rs. 3,000 million up to Rs. 6,000 million	Rs. 3.5 million plus 0.08% p.a of NAV exceeding Rs. 3,000 million
Exceeding Rs. 6,000 million	Rs. 5.9 million plus 0.06% p.a of NAV exceeding Rs. 6,000 million

9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011, effective from July 1, 2016.

10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Auditors' remuneration		79	79	80	238	83	83	83	249
Payable against purchase of investments		724	-	-	724	945	-	-	945
Federal Excise Duty	11.2	879	488	383	1,750	879	488	383	1,750
Provision for Sindh Workers' Welfare Fund	18	1,952	266	196	2,414	1,952	195	145	2,292
Payable against redemption of units		11	94	208	313	-	-	-	-
Other payable	11.1	507	2	1	510	157	38	135	330
		4,152	929	868	5,949	4,016	804	746	5,566

11.1 These includes charity payable amounting to Rs. 0.506 million (2017: Rs. 0.067 million):

	Note	2018 ------(Rupees in '000)-----	2017
Opening payable		67	328
Charge for the year		506	74
Payments made during the year	11.1.1	(67)	(335)
Closing		<u>506</u>	<u>67</u>

11.1.1 These payments are made to Ida Rieu Welfare Association, The Citizens Foundation and Sindh Institute of Urology and Transplantation.

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

The Honorable Sindh High Court (SHC) through its order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have effect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Pension Fund Manager has made a provision with effect from 13 June 2013, aggregating to Rs. 0.879 million, 0.488 million and 0.383 million (2017: Rs. 0.879 million, Rs. 0.488 million and Rs. 0.383 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at June 30, 2018 would have been higher by Rs. 1.98, Rs. 0.68 and Rs. 0.63 (2017: Rs. 1.87 Rs. 0.70 and Rs. 0.65) per unit respectively. However after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

12. CONTRIBUTION TABLE

Contributions received during the year are as follows:

		2018							
		Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
		Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
From:									
Individuals		82,298	32,117	310,830	43,516	204,761	31,617	597,889	107,250
		<u>82,298</u>	<u>32,117</u>	<u>310,830</u>	<u>43,516</u>	<u>204,761</u>	<u>31,617</u>	<u>597,889</u>	<u>107,250</u>
		2017							
		Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
		Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
From:									
Individuals		84,179	35,872	172,056	23,277	231,597	30,385	487,832	89,534
		<u>84,179</u>	<u>35,872</u>	<u>172,056</u>	<u>23,277</u>	<u>231,597</u>	<u>30,385</u>	<u>487,832</u>	<u>89,534</u>

13. NUMBER OF UNITS IN ISSUE

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees in '000) -----							
Opening units in issue	Note	470,012	696,065	583,084	1,749,161	472,936	672,201	488,681	1,633,818
Units issued during the year		82,298	310,830	204,761	597,889	84,179	172,056	231,597	487,832
Units redeemed during the year		(101,291)	(311,459)	(193,430)	(606,180)	(87,535)	(148,331)	(136,981)	(372,847)
Reallocation during the year		(8,282)	21,897	4,242	17,857	432	139	(213)	358
Total units in issue at the end of the year		<u>442,737</u>	<u>717,333</u>	<u>598,657</u>	<u>1,758,727</u>	<u>470,012</u>	<u>696,065</u>	<u>583,084</u>	<u>1,749,161</u>

14. PROFIT ON BANK DEPOSITS

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Profit on bank deposits	895	3,118	3,814	7,827	618	2,021	2,950	5,589

15. MARK-UP / RETURN ON INVESTMENTS

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Mark-up / return on:								
Government of Pakistan -Ijarah Sukuk	-	1,600	255	1,855	-	2,377	424	2,801
Sukuks certificates	-	751	-	751	-	314	79	393
Term deposits receipts	-	-	-	-	-	261	204	465
Commercial papers	-	72	108	180	-	-	-	-
	-	2,423	363	2,786	-	2,952	707	3,659

16. AUDITOR'S REMUNERATION

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Statutory audit fee	43	60	60	163	46	67	67	180
Half yearly review fee	33	32	32	97	31	33	33	97
Shariah compliance certification	25	-	-	25	25	-	-	25
Out of pocket expenses	17	26	26	69	17	19	19	55
	118	118	118	354	119	119	119	357

17. TAXATION

No provision for taxation for the year ended June 30, 2018 has been made in view of the exemption available under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

18. PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and 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, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds and considering the legal opinion obtained on these matters, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and

- the provision in respect of Sindh WWF should be made on 12 January 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from 21 May 2015).

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. The reversal of provision for WWF amounting to Rs. 1.397 million, Rs. 0.269 million and Rs. 0.223 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively and a of provision for SWWF of Rs.1.952 million, Rs. 0.228 million and Rs. 0.170 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund would have been higher by Rs. 4.41, Rs. 0.37 and Rs. 0.33 (2017: Rs. 4.15, Rs. 0.28 and Rs. 0.24) per unit respectively.

19. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Pension Fund Manager, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the

Trustee of the Fund, collective investment schemes managed by the Management Company, directors and officers of the Management Company.

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 Pension Fund Manager and Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules and the Trust Deed respectively.

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

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----								
19.1 Transactions during the year								
HBL Asset Management Limited - Pension Fund Manager								
Management fee	2,887	1,626	1,264	5,777	3,379	1,559	1,149	6,087
Habib Bank Limited - Sponsor								
Bank charges paid	12	26	16	54	8	7	7	22
Profit on bank deposits earned	497	170	86	753	285	170	343	798
Directors and Executives of the Pension Fund Manager and their relatives								
Issue of units	19,575	44,027	11,216	74,818	-	-	-	-
Amount of units issued	7,639	6,111	1,528	15,278	-	-	-	-
Reallocation of units	(1,448)	2,985	1,667	3,204	-	-	-	-
Amount of Units Reallocated	(637)	412	225	-	-	-	-	-
Executives and their relatives								
Issuance of units	6,859	6,593	3,122	16,574	3,820	5,861	3,841	13,522
Amount of units issued	2,688	922	430	4,040	1,790	802	516	3,108
Withdrawal of units	-	-	(3,122)	(3,122)	-	-	-	-
Amount of units withdrawn	-	-	(430)	(430)	-	-	-	-
Reallocation of units	88	(279)	-	(191)	1,068	125	(3,841)	(2,648)
Amount of units reallocated	39	(39)	-	-	499	17	(516)	-
Directors and Executives of the Habib Bank Limited - Sponsor and their relatives								
Executives and their relatives								
Issue of units	6,743	19,646	-	26,389	-	-	-	-
Amount of units issued	2,750	2,750	-	5,500	-	-	-	-
Withdrawal of units	(6,547)	(20,867)	-	(27,414)	-	-	-	-
Amount of units withdrawn	(2,648)	(2,920)	-	(5,568)	-	-	-	-
Reallocation of units	(388)	1,238	-	850	-	-	-	-
Amount of Units Reallocated	(171)	171	-	-	-	-	-	-

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Central Depository Company of Pakistan Limited - Trustee								
Remuneration	290	163	127	580	338	147	114	599
Central Depository System Charges	20	6	3	29	42	5	-	47
Directors of connected persons								
Issue of units	-	-	-	-	4,055	10,722	5,445	20,222
Amount of units issued	-	-	-	-	1,400	1,400	700	3,500
Reallocation of units	(219)	53	660	494	(1,241)	2,230	1,089	2,078
Amount of units reallocated	(96)	7	89	-	(421)	284	137	-
Redemption of units	(235)	(2,994)	(11,472)	(14,701)	-	-	-	-
Amount of units redeemed	(92)	(419)	(1,574)	(2,085)	-	-	-	-
19.2 Balances outstanding as at year end								
HBL Asset Management Limited - Pension Fund Manager								
Management fee payable	212	122	99	433	262	117	96	475
Sindh Sales tax Payable	27	16	13	34	15	13	62	
Federal Excise Duty payable	879	488	383	1,750	879	488	383	1,750
Habib Bank Limited - Sponsor								
Units held	300,000	300,000	300,000	900,000	300,000	300,000	300,000	900,000
Amount of units held	116,480	42,545	41,809	200,834	132,398	41,350	40,431	214,179
Profit receivable on bank deposits	38	8	6	52	48	27	45	120
Bank balances	10,832	5,152	8,494	24,478	12,693	10,320	17,201	40,214
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Units held	33,534	88,519	33,945	155,998	4,891	5,989	-	10,880
Amount of units held	13,020	12,554	4,731	30,305	2,159	825	-	2,984
Executives and their relatives								
Units held	11,838	12,302	-	24,140	4,891	5,989	-	10,880
Amount of units held	4,596	1,745	-	6,341	2,159	825	-	2,984
Executives of the Habib Bank Limited - Sponsor and their relatives								
Units Held	6,743	19,646	-	26,389	-	-	-	-
Amount of Units held	2,618	2,786	-	5,404	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee								
Remuneration payable	24	14	11	49	30	13	11	54
Security deposit receivable	100	100	100	300	100	100	-	200
Directors of connected persons								
Units held	1,424	18,160	69,580	89,164	1,878	21,102	80,392	103,372
Amount of units held	553	2,575	9,697	12,825	829	2,909	10,834	14,572

20. FINANCIAL INSTRUMENTS BY CATEGORY

	2018												
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Total
	Loans and receivables	At fair value through profit or loss	Available for sale	Total	Loans and receivables	At fair value through profit or loss	Available for sale	Total	Loans and receivables	At fair value through profit or loss	Available for sale	Total	
(Rupees in '000)													
Financial Assets													
Bank balances	22,106	-	-	22,106	64,977	-	-	64,977	83,992	-	-	83,992	171,075
Investments	-	109,009	44,796	153,805	-	6,390	30,569	36,959	-	-	-	-	190,764
Dividend and profit receivable	362	-	-	362	778	-	-	778	343	-	-	343	1,483
Advances, deposits, prepayments and other receivables	100	-	-	100	130	-	-	130	112	-	-	112	342
	<u>22,568</u>	<u>109,009</u>	<u>44,796</u>	<u>176,373</u>	<u>65,885</u>	<u>6,390</u>	<u>30,569</u>	<u>102,844</u>	<u>84,447</u>	<u>-</u>	<u>-</u>	<u>84,447</u>	<u>363,664</u>

	2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	At amortised cost (Rupees in '000)			
Financial liabilities				
Payable to the Pension Fund Manager			239	489
Payable to the Trustee			24	49
Accrued expenses and other liabilities			1,321	1,785
			<u>1,584</u>	<u>2,323</u>

	2017												
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Total
	Loans and receivables	At fair value through profit or loss	Available for sale	Total	Loans and receivables	At fair value through profit or loss	Available for sale	Total	Loans and receivables	At fair value through profit or loss	Available for sale	Total	
(Rupees in '000)													
Financial Assets													
Bank balances	22,092	-	-	22,092	63,363	-	-	63,363	79,212	-	-	79,212	164,667
Investments	-	-	188,834	188,834	-	-	30,577	30,577	-	-	-	-	219,411
Dividend and profit receivable	812	-	-	812	481	-	-	481	257	-	-	257	1,550
Advances, deposits, prepayments and other receivables	100	-	-	100	2,500	-	-	2,500	-	-	-	-	2,600
	<u>23,004</u>	<u>-</u>	<u>188,834</u>	<u>211,838</u>	<u>66,344</u>	<u>-</u>	<u>30,577</u>	<u>96,921</u>	<u>79,469</u>	<u>-</u>	<u>-</u>	<u>79,469</u>	<u>388,228</u>

	2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	At amortised cost (Rupees in '000)			
Financial liabilities				
Payable to the Pension Fund Manager			296	537
Payable to the Trustee			30	54
Accrued expenses and other liabilities			1,185	1,524
			<u>1,511</u>	<u>2,115</u>

21. FINANCIAL RISK MANAGEMENT

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

21.1 Market risk

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

The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

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

21.1.1 Currency risk

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

21.1.2 Interest rate risk

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

a) Sensitivity analysis for fixed rate instruments

As at June 30, 2018, the Debt Sub-Fund hold GoP Ijarah Sukuks and Sukuk certificates which are classified as 'available-for-sale', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in mark-up rates on June 30, 2018, with all other variables held constant, the impact on the net assets and total comprehensive income for the year is as follows:

	Total Exposure					
	2018			2017		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----					
Government of Pakistan - Ijarah Sukuks	14,555	-	14,555	-	-	-
	<u>14,555</u>	<u>-</u>	<u>14,555</u>	<u>-</u>	<u>-</u>	<u>-</u>
	----- (Rupees in '000) -----					
	2018			2017		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----					
Change in basis points	100	-	66	-	-	-
	(100)	-	(67)	-	-	-
	<u>66</u>	<u>-</u>	<u>66</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(67)</u>	<u>-</u>	<u>(67)</u>	<u>-</u>	<u>-</u>	<u>-</u>

b) Sensitivity analysis for variable rate instruments

As at June 30, 2018, the Debt Sub-Fund and Money Market Sub-Fund hold GoP Ijarah Sukuks and Sukuk certificates which are classified as 'available-for-sale', exposing the Fund to cash flow interest rate risk and fair value interest rate risk. In case of 100 basis points increase / decrease in mark-up rates on June 30, 2018, with all other variables held constant, the impact on the net assets and total comprehensive income for the year is as follows:

	Total Exposure					
	2018			2017		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----					
Government of Pakistan - Ijarah Sukuks	11,210	-	11,210	24,737	-	24,737
Sukuk certificates	11,193	-	11,193	5,840	-	5,840
	<u>22,403</u>	<u>-</u>	<u>22,403</u>	<u>30,577</u>	<u>-</u>	<u>30,577</u>
	----- (Rupees in '000) -----					
	2018			2017		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----					
Change in basis points-Fair value interest rate risk	100	-	73	306	-	306
	(100)	-	(74)	(306)	-	(306)
	<u>73</u>	<u>-</u>	<u>73</u>	<u>306</u>	<u>-</u>	<u>306</u>
	<u>(74)</u>	<u>-</u>	<u>(74)</u>	<u>(306)</u>	<u>-</u>	<u>(306)</u>
	----- (Rupees in '000) -----					
Change in basis points-Cash flow interest rate risk	100	-	23	58	-	58
	(100)	-	(23)	(58)	-	(58)
	<u>23</u>	<u>-</u>	<u>23</u>	<u>58</u>	<u>-</u>	<u>58</u>
	<u>(23)</u>	<u>-</u>	<u>(23)</u>	<u>(58)</u>	<u>-</u>	<u>(58)</u>

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Market Association are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

	Equity Sub-Fund					Debt Sub-Fund					Money Market Sub-Fund					Total			
	Yield / Interest rate	Exposed to yield / interest rate risk			Total	Yield / Interest rate	Exposed to yield / interest rate risk			Total	Yield / Interest rate	Exposed to yield / interest rate risk			Total				
		Up to three months	More than three months and up to one year	More than one year			Not exposed to yield / interest rate risk	Up to three months	More than three months and up to one year			More than one year	Not exposed to yield / interest rate risk	Up to three months			More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk
	%	(Rupees in '000)				%	(Rupees in '000)				%	(Rupees in '000)							
On-balance sheet financial instruments																			
Financial assets																			
Bank balances	3.75 - 7.10	22,106	-	-	-	22,106	3.75 - 7.10	64,977	-	-	-	64,977	3.75 - 7.10	83,992	-	-	-	83,992	171,075
Investments		-	-	-	153,805	153,805	5.51 - 8.15	-	25,766	11,193	-	36,959		-	-	-	-	36,959	190,764
Dividend and profit receivable		-	-	-	362	362		-	-	-	778	778		-	-	-	343	343	1,483
Advances, deposits and other receivables		-	-	-	100	100		-	-	-	130	130		-	-	-	112	112	342
		22,106	-	-	154,267	176,373		64,977	25,766	11,193	908	102,844		83,992	-	-	455	84,447	363,664
Financial liabilities																			
Payable to the Pension Fund Manager		-	-	-	239	239		-	-	-	138	138		-	-	-	112	112	489
Payable to the Trustee		-	-	-	24	24		-	-	-	14	14		-	-	-	11	11	49
Accrued expenses and other liabilities		-	-	-	1,321	1,321		-	-	-	175	175		-	-	-	289	289	1,785
		-	-	-	1,584	1,584		-	-	-	327	327		-	-	-	412	412	2,333
On-balance sheet gap		22,106	-	-	152,683	174,789		64,977	25,766	11,193	581	102,517		83,992	-	-	43	84,035	361,341
Off-balance sheet financial instruments		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-

	Equity Sub-Fund					Debt Sub-Fund					Money Market Sub-Fund					Total			
	Yield / Interest rate	Exposed to yield / interest rate risk			Total	Yield / Interest rate	Exposed to yield / interest rate risk			Total	Yield / Interest rate	Exposed to yield / interest rate risk			Total				
		Up to three months	More than three months and up to one year	More than one year			Not exposed to yield / interest rate risk	Up to three months	More than three months and up to one year			More than one year	Not exposed to yield / interest rate risk	Up to three months			More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk
	%	(Rupees in '000)				%	(Rupees in '000)				%	(Rupees in '000)							
On-balance sheet financial instruments																			
Financial assets																			
Bank balances	3.50 - 6.25	22,092	-	-	-	22,092	3.50 - 6.25	63,363	-	-	-	63,363	3.50 - 6.25	79,212	-	-	-	79,212	164,667
Investments		-	-	-	188,834	188,834	5.45 - 7.37	-	5,840	24,737	-	30,577		-	-	-	-	30,577	219,411
Dividend and profit receivable		-	-	-	812	812		-	-	-	481	481		-	-	-	257	257	1,550
Advances, deposits, prepayments and other receivables		-	-	-	100	100		-	-	-	2,500	2,500		-	-	-	-	-	2,600
		22,092	-	-	189,746	211,838		63,363	5,840	24,737	2,981	96,921		79,212	-	-	257	79,469	388,228
Financial liabilities																			
Payable to the Pension Fund Manager		-	-	-	296	296		-	-	-	132	132		-	-	-	109	109	537
Payable to the Trustee		-	-	-	30	30		-	-	-	13	13		-	-	-	11	11	54
Accrued expenses and other liabilities		-	-	-	1,185	1,185		-	-	-	121	121		-	-	-	218	218	1,534
		-	-	-	1,511	1,511		-	-	-	266	266		-	-	-	338	338	2,115
On-balance sheet gap		22,092	-	-	188,235	210,327		63,363	5,840	24,737	2,715	96,655		79,212	-	-	(81)	79,131	386,113
Off-balance sheet financial instruments		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-

21.1.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instrument traded in the market.

The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sectors and benchmarking the sector weighting to that of the KMI-30 Index. The Fund's policy is to concentrate the investment portfolio in sectors where management believe the Fund can maximise the returns derived for the level of risk to which the Fund is exposed. The table below is a summary of the significant sector concentrations within the equity portfolio.

Equity Sub-Fund	June 30, 2018		June 30, 2017	
	Equity Sub-Fund		Equity Sub-Fund	
	Funds equity portfolio (%)	KSE-100 benchmark portfolio (%)	Funds equity portfolio (%)	KSE-100 benchmark portfolio (%)
Automobile Assembler	3.14%	0.69%	6.76%	0.77%
Automobile Parts & Accessories	3.04%	0.11%	0.00%	0.00%
Cement	7.06%	2.98%	19.68%	11.99%
Chemical	2.89%	2.05%	7.24%	5.74%
Commercial Banks	5.86%	30.32%	0.00%	0.00%
Engineering	5.20%	5.05%	4.99%	5.98%
Fertilizer	17.01%	4.68%	6.78%	3.87%
Glass & Ceramics	1.03%	0.43%	0.00%	0.00%
Oil & Gas Exploration Companies	24.15%	17.27%	17.13%	48.89%
Oil & Gas Marketing Companies	11.89%	5.18%	13.32%	8.37%
Paper & Board	1.00%	0.23%	2.85%	1.30%
Pharmaceuticals	2.94%	1.54%	6.95%	1.86%
Power Generation & Distribution	7.99%	28.24%	6.10%	8.55%
Technology & Communication	2.35%	0.29%	0.00%	0.00%
Textile Composite	4.45%	0.94%	3.18%	2.60%
Others	0.00%	0.00%	5.02%	0.08%
Total	100.00%	100.00%	100.00%	100.00%

In case of 5% increase / decrease in KMI-30 index on June 30, 2018, with all other variables held constant, other components of equity and the net assets of the Fund would increase / decrease by Rs. 7.58 million as a result of gains / losses on equity securities classified as available for sale.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-30 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KMI-30 index.

21.2 Credit risk

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

The Fund's credit risk is primarily attributable to its investment in debt securities and government securities, balances with banks and advances, deposits and other receivables. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that are financial institutions with reasonably high credit ratings. Risk attributable to investment in government securities is limited as these are guaranteed by the Federal Government.

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

The maximum exposure to credit risk is as follows:

	Rating Agency	Rating	2018			
			Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
			----- (Rupees in '000) -----			
Bank balances by rating category						
Habib Bank Limited	JCR-VIS	AAA	10,832	5,152	8,494	24,478
Bank Islami Pakistan Limited	PACRA	A+	9,885	17,267	15,707	42,859
Dubai Islamic Bank Pakistan Limited	JCR-VIS	AA-	1,389	17,762	15,983	35,134
Allied Bank Limited	PACRA	AAA	-	19,662	15,956	35,618
Soneri Bank Limited	PACRA	AA-	-	-	15,019	15,019
Faysal Bank Limited	JCR-VIS	AA	-	32	101	133
Habib Metropolitan Bank Limited	PACRA	AA+	-	83	1	84
Bank Al-Habib Limited	PACRA	AA+	-	5,004	12,718	17,722
Summit Bank Limited	JCR-VIS	A-	-	10	9	19
Meezan Bank Limited	JCR-VIS	AA+	-	5	4	9
			<u>22,106</u>	<u>64,977</u>	<u>83,992</u>	<u>171,075</u>
Term finance certificates and sukuk bonds by rating category						
AAA			-	1,238	-	1,238
AA-			-	4,326	-	4,326
AA			-	4,004	-	4,004
A			-	1,625	-	1,625
			<u>-</u>	<u>11,193</u>	<u>-</u>	<u>11,193</u>
Dividend and profit receivable			<u>362</u>	<u>778</u>	<u>343</u>	<u>1,483</u>
Advances, deposits, prepayments and other receivables			<u>100</u>	<u>130</u>	<u>112</u>	<u>342</u>

	Rating Agency	Rating	2017			
			Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
			----- (Rupees in '000) -----			
Bank balances by rating category						
Meezan Bank Limited	JCR-VIS	AA	-	202	518	720
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A+	7,983	18,636	15,190	41,809
Bank Islami Pakistan Limited	PACRA	A+	1,875	16,128	15,707	33,710
Bank Al-Habib Limited	PACRA	AA+	-	17,576	15,815	33,391
Habib Bank limited	JCR-VIS	AAA	12,234	10,741	16,731	39,706
Habib Metropolitan Bank Limited	PACRA	AA+	-	80	98	178
Soneri Bank Limited	PACRA	AA-	-	-	15,153	15,153
			<u>22,092</u>	<u>63,363</u>	<u>79,212</u>	<u>164,667</u>
Term finance certificates and sukuk bonds by rating category						
AAA			-	1,598	-	1,598
AA+			-	2,093	-	2,093
AA-			-	2,149	-	2,149
			<u>-</u>	<u>5,840</u>	<u>-</u>	<u>5,840</u>
Investment in commercial paper			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment in term deposit receipts			<u>-</u>	<u>18,000</u>	<u>14,000</u>	<u>32,000</u>
Dividend and profit receivable			<u>812</u>	<u>481</u>	<u>257</u>	<u>1,550</u>
Advances, deposits, prepayments and other receivables			<u>100</u>	<u>2,500</u>	<u>-</u>	<u>2,600</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2018 is the carrying amount of the financial assets.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentrations of credit risk.

21.3 Liquidity risk

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

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the participant's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP). The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realizable.

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

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

	-----As at June 30, 2018 -----				-----As at June 30, 2018 -----				-----As at June 30, 2018 -----				
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				
	Upto three months	Over three months and up to one year	Over one year	Total	Upto three months	Over three months and up to one year	Over one year	Total	Upto three months	Over three months and up to one year	Over one year	Total	Total
Financial Liabilities	------(Rupees in '000)-----												
Payable to the Pension Fund Manager	239	-	-	239	138	-	-	138	112	-	-	112	489
Payable to the Trustee	24	-	-	24	14	-	-	14	11	-	-	11	49
Accrued expenses and other liabilities	1,321	-	-	1,321	175	-	-	175	289	-	-	289	1,785
	<u>1,584</u>	<u>-</u>	<u>-</u>	<u>1,584</u>	<u>327</u>	<u>-</u>	<u>-</u>	<u>327</u>	<u>412</u>	<u>-</u>	<u>-</u>	<u>412</u>	<u>2,323</u>
	-----As at June 30, 2017-----												
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				
	Upto three months	Over three months and up to one year	Over one year	Total	Upto three months	Over three months and up to one year	Over one year	Total	Upto three months	Over three months and up to one year	Over one year	Total	Total
Financial Liabilities	------(Rupees in '000)-----												
Payable to the Pension Fund Manager	296	-	-	296	132	-	-	132	109	-	-	109	537
Payable to the Trustee	30	-	-	30	13	-	-	13	11	-	-	11	54
Accrued expenses and other liabilities	1,185	-	-	1,185	121	-	-	121	218	-	-	218	1,524
	<u>1,511</u>	<u>-</u>	<u>-</u>	<u>1,511</u>	<u>266</u>	<u>-</u>	<u>-</u>	<u>266</u>	<u>338</u>	<u>-</u>	<u>-</u>	<u>338</u>	<u>2,115</u>

The above mentioned financial liabilities do not carry any mark-up.

Units of the Fund are redeemable on demand at the participants' option. However, unit holders typically retain them from medium to long term.

22. PARTICIPANTS' FUNDS RISK MANAGEMENT (CAPITAL RISK)

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

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

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

In accordance with the risk management policies stated in note 21, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with long term objective, the possibility of a significant redemption pressure is limited, such liquidity is augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments, where necessary.

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

23. 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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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.

According to IFRS 7, Financial Instruments: Disclosure - an entity shall 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:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 5.

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

On-balance sheet financial instruments		Note		Held by Equity sub-fund 2018					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)-----									
Financial assets measured at fair value													
- Listed equity securities					109,009	44,796	-	-	153,805	153,805	-	-	153,805
					109,009	44,796	-	-	153,805				
Financial assets not measured at fair value				23.1									
- Bank balances					-	-	22,106	-	22,106				
- Dividend receivable and accrued mark-up					-	-	362	-	362				
- Advances, deposits, prepayments and other receivables					-	-	100	-	100				
					-	-	22,568	-	22,568				
					109,009	44,796	22,568	-	176,373				
Financial liabilities not measured at fair value				23.1									
- Payable to the Pension Fund Manager					-	-	-	239	239				
- Payable to Central Depository Company of Pakistan Limited - Trustee					-	-	-	24	24				
- Accrued expenses and other liabilities					-	-	-	1,321	1,321				
					-	-	-	1,584	1,584				

On-balance sheet financial instruments		Note		Held by Equity sub-fund 2017					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)-----									
Financial assets measured at fair value													
- Listed equity securities					-	188,834	-	-	188,834	188,834	-	-	188,834
					-	188,834	-	-	188,834				
Financial assets not measured at fair value				23.1									
- Bank balances					-	-	22,092	-	22,092				
- Dividend receivable and accrued mark-up					-	-	812	-	812				
- Advances, deposits, prepayments and other receivables					-	-	100	-	100				
					-	-	23,004	-	23,004				
					-	188,834	23,004	-	211,838				
Financial liabilities not measured at fair value				23.1									
- Payable to the Pension Fund Manager					-	-	-	296	296				
- Payable to Central Depository Company of Pakistan Limited - Trustee					-	-	-	30	30				
- Accrued expenses and other liabilities					-	-	-	1,185	1,185				
					-	-	-	1,511	1,511				

On-balance sheet financial instruments		Held by Debt sub-fund								
		2018				2017				
		Carrying amount				Fair Value				
Note	Held For Trading	Available for Sale	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total	
------(Rupees in '000)-----										
Financial assets measured at fair value										
	- Ijarah Sukuks	-	25,766	-	-	25,766	-	25,766	-	25,766
	- Term finance certificates and sukuk bonds - Unlisted	6,390	4,803	-	-	11,193	-	11,193	-	11,193
		6,390	30,569	-	-	36,959	-	11,193	-	11,193
Financial assets not measured at fair value										
23.1	- Bank balances	-	-	45,477	-	45,477				
	- Term Deposit Receipts	-	-	19,500	-	19,500				
	- Dividend receivable and accrued mark-up	-	-	778	-	778				
	- Advances, deposits, prepayments and other receivables	-	-	130	-	130				
		-	-	65,885	-	65,885				
		6,390	30,569	65,885	-	102,844				
Financial liabilities not measured at fair value										
23.1	- Payable to the Pension Fund Manager	-	-	-	138	138				
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	14	14				
	- Accrued expenses and other liabilities	-	-	-	175	175				
		-	-	-	327	327				
------(Rupees in '000)-----										
Financial assets measured at fair value										
	- Ijarah Sukuks	-	24,737	-	-	24,737	-	24,737	-	24,737
	- Term finance certificates and sukuk bonds - Unlisted	-	5,840	-	-	5,840	-	5,840	-	5,840
		-	30,577	-	-	30,577				
Financial assets not measured at fair value										
23.1	- Bank balances	-	-	45,363	-	45,363				
	- Dividend receivable and accrued mark-up	-	-	481	-	481				
	- Term deposits receipts	-	-	18,000	-	18,000				
	- Advances, deposits, prepayments and other receivables	-	-	2,500	-	2,500				
		-	-	66,344	-	66,344				
		-	30,577	66,344	-	96,921				
Financial liabilities not measured at fair value										
23.1	- Payable to the Pension Fund Manager	-	-	-	132	132				
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	13	13				
	- Accrued expenses and other liabilities	-	-	-	121	121				
		-	-	-	266	266				

On-balance sheet financial instruments		Held by Money Market sub-fund							
		2018				Fair Value			
Note		Carrying amount				Level 1	Level 2	Level 3	Total
		Held For Trading	Available for Sale	Loans and receivables	Other financial assets / liabilities				
		----- (Rupees in '000) -----							
	Financial assets not measured at fair value								
	- Bank balances	-	-	68,492	-				68,492
	- Term deposits receipts	-	-	15,500	-				15,500
	- Dividend receivable and accrued mark-up	-	-	343	-				343
	- Advances, deposits, prepayments and other receivables	-	-	112	-				112
		-	-	84,447	-				84,447
	Financial liabilities not measured at fair value								
	- Payable to the Pension Fund Manager	-	-	-	112				112
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	11				11
	- Accrued expenses and other liabilities	-	-	-	289				289
		-	-	-	412				412

On-balance sheet financial instruments		Held by Money Market sub-fund							
		2017				Fair Value			
Note		Carrying amount				Level 1	Level 2	Level 3	Total
		Held For Trading	Available for Sale	Loans and receivables	Other financial assets / liabilities				
		----- (Rupees in '000) -----							
	Financial assets not measured at fair value								
	- Bank balances	-	-	65,212	-				65,212
	- Term deposits receipts	-	-	14,000	-				14,000
	- Dividend receivable and accrued mark-up	-	-	257	-				257
	- Advances, deposits, prepayments and other receivables	-	-	-	-				-
		-	-	79,469	-				79,469
	Financial liabilities not measured at fair value								
	- Payable to the Pension Fund Manager	-	-	-	109				109
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	11				11
	- Accrued expenses and other liabilities	-	-	-	218				218
		-	-	-	338				338

23.1 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.

24. FINANCIAL PERFORMANCE

24.1 Equity sub-fund

	Equity Sub-Fund					
	2018	2017	%Change	2016	2015	2014
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Net income for the year	(15,219)	41,151	-137%	23,945	31,185	25,902
Realized capital gains / (losses)	(3,809)	37,880	-110%	20,959	30,170	23,574
Unrealized capital gains / (losses)	(25,403)	3,982	-738%	(14,881)	(422)	8,621
Dividend income / profit on bank deposits	8,314	7,846	6%	6,558	4,695	5,118
NAV per unit (Rupees)	388.2683	441.3274	-12%	345.9646	327.7553	260.2925
Transactions in securities						
Purchases	140,157	339,346	-59%	339,370	169,639	172,340
Sales	145,973	344,054	-58%	333,622	134,511	161,645
Total contribution received						
Individuals	32,117	35,872	-10%	8,841	10,540	13,741

		Debt sub-fund					
24.2	Debt sub-fund	2018	2017	%Change	2016	2015	2014
	Net income for the year	3,621	4,518	-437%	1,503	3,852	3,257
	Realized capital gains / (losses)	182	1,346	100%	(770)	-	(88)
	Unrealized capital (losses) / gains	(477)	(163)	193%	650	(465)	664
	Mark-up income / profit on bank deposits	5,541	4,973	11%	4,214	5,565	4,819
	NAV per unit (Rupees)	141.8178	137.8331	3%	131.1891	127.0785	121.0647
	Transactions in securities						
	Purchases	63,723	11,861	437%	117,270	17,600	88,570
	Sales	57,647	46,965	100%	50,235	-	10,505
	Total contribution received						
	Individuals	43,516	23,277	87%	12,980	11,638	17,878
		Money market sub-fund					
24.3	Money market sub-fund	2018	2017	%Change	2016	2015	2014
	Net income for the year	2,590	2,856	-9%	1,087	3,009	2,548
	Realized capital gains / (losses)	54	540	100%	(378)	-	6
	Unrealized capital gains / (losses)	-	-	-	203	(84)	306
	Mark-up income / profit on bank deposits	4,177	3,657	14%	2,920	4,431	3,771
	NAV per unit (Rupees)	139.3646	134.7699	3%	129.4022	125.8416	119.5334
	Transactions in securities						
	Purchases	48,007	-	100%	47,559	16,000	71,555
	Sales	48,061	20,368	100%	24,625	-	9,014
	Total contribution received						
	Individuals	31,617	30,385	4%	6,266	4,372	16,711
		Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
		2018	2017	2018	2017	2018	2017
		----- (Rupees in '000) -----		----- (Rupees in '000) -----			
	Highest issue price	446.8664	501.6896	141.8178	137.8635	139.3646	134.7774
	Lowest issue price	348.6521	348.1134	137.8764	131.3379	134.8166	129.4728

25. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on August 31, 2018.

26. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Pension Fund

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



TRUSTEE REPORT TO THE PARTICIPANTS

HBL PENSION FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Pension Fund (the Fund) are of the opinion that HBL Asset Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

A handwritten signature in black ink, appearing to read 'Aftab Ahmed Diwan'.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 27, 2018

FUND INFORMATION

NAME OF FUND	HBL Islamic Pension Fund
NAME OF AUDITOR	KPMG Taseer Hadi & Co.
NAME OF TRUSTEE	Central Depository Company of Pakistan
NAME OF BANKERS	Habib Bank Limited Faysal Bank Limited Allied Bank JS Bank Limited NIB Bank Limited Sindh Bank Limited Soneri Bank Limited Zarai Taraqati Bank Limited



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Independent Auditors' Report to the Participants

We have audited the annexed financial statements comprising:

- i. Statement of Assets and Liabilities;
- ii. Income Statement and Statement of Comprehensive Income;
- iii. Cash Flow Statement; and
- iv. Statement of Movement in Participants' Sub-Fund,

of **HBL Pension Fund** ("the Fund") as at June 30, 2018 and for the year then ended together with the notes forming part thereof.

Pension Fund Manager's responsibility for the financial statements

The Pension Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting and Reporting Standards as applicable in Pakistan, and for such internal control as the Pension Fund Manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

v

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

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

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



KPMG Taseer Hadi & Co.

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

Opinion

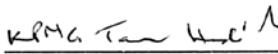
In our opinion:

- a) the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2018 and of the transactions of the Fund for the year ended June 30, 2018 in accordance with the Accounting and Reporting Standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the pension fund;
- e) proper books and records have been kept by the Pension Fund Manager and the financial statements prepared are in agreement with the pension fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

The financial statements of the Fund for the year ended June 30, 2017 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon dated 22 September 2017.

Date: 31 August 2018

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

HBL PENSION FUND
Statement of Assets and Liabilities
As at June 30, 2018

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Assets									
Bank balances	4	30,584	80,285	89,795	200,664	15,488	18,391	96,629	130,508
Investments	5	229,934	101,170	56,676	387,780	218,388	167,775	64,791	450,954
Dividend and profit receivable	6	525	1,054	302	1,881	627	917	664	2,208
Advances, deposits, prepayments and other receivables	7	105	100	102	307	100	100	-	200
Total assets		261,148	182,609	146,875	590,632	234,603	187,183	162,084	583,870
Liabilities									
Payable to Pension Fund Manager	8	355	249	202	806	345	247	213	805
Payable to Central Depository Company of Pakistan Limited - Trustee	9	35	25	20	80	34	26	21	81
Payable to Securities and Exchange Commission of Pakistan	10	78	61	51	190	66	58	51	175
Accrued expenses and other liabilities	11	8,232	1,969	1,920	12,121	4,956	1,735	1,767	8,458
Total liabilities		8,700	2,304	2,193	13,197	5,401	2,066	2,052	9,519
Net assets		252,448	180,305	144,682	577,435	229,202	185,117	160,032	574,351
Participants' sub funds (as per statement attached)		252,448	180,305	144,682	577,435	229,202	185,117	160,032	574,351
Number of units in issue	13	689,150	1,130,160	982,454	2,801,764	561,606	1,206,656	1,134,303	2,902,565
Net assets value per unit	Rupees	366.3184	159.5394	147.2662		408.1194	153.4136	141.0836	

The annexed notes 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL PENSION FUND

Income Statement and Statement of Comprehensive Income

For the year ended June 30, 2018

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Income								
Dividend income	11,261	-	-	11,261	7,066	-	-	7,066
Profit on bank deposits	1,344	1,164	3,051	5,559	826	714	1,977	3,517
Mark-up / return on investments	-	10,880	6,734	17,614	-	10,746	7,771	18,517
Capital (loss) / gain on sale of investments	(2,189)	82	(9)	(2,116)	34,438	1,450	(15)	35,873
Unrealized gain on re-measurement of investments at fair value through profit or loss	3,467	31	2	3,500	-	-	-	-
	13,883	12,157	9,778	35,818	42,330	12,910	9,733	64,973
Unrealised appreciation in value of investments at fair value through profit or loss - net	-	-	-	-	-	-	-	-
Impairment loss on investments classified as 'available for sale'	(18,504)	-	-	(18,504)	(71)	-	-	(71)
	(4,621)	12,157	9,778	17,314	42,259	12,910	9,733	64,902
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	3,988	3,085	2,613	9,686	3,334	2,966	2,591	8,891
Remuneration of Central Depository Company of Pakistan Limited - Trustee	400	309	262	971	335	298	260	893
Annual fee to Securities and Exchange Commission of Pakistan	78	61	51	190	66	58	51	175
Auditors' remuneration	110	110	110	330	119	119	119	357
Settlement and bank charges	521	158	40	719	23	11	5	39
Other expenses	26	36	19	81	-	-	-	-
	5,123	3,759	3,095	11,977	3,877	3,452	3,026	10,355
	(9,744)	8,398	6,683	5,337	38,382	9,458	6,707	54,547
Reversal of provision for Workers' Welfare Fund (WWF)	-	-	-	-	1,125	534	470	2,129
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(165)	(135)	(300)	(1,643)	(635)	(415)	(2,693)
	-	(165)	(135)	(300)	(518)	(101)	55	(564)
Net (loss) / income before taxation	(9,744)	8,233	6,548	5,037	37,864	9,357	6,762	53,983
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the year	(9,744)	8,233	6,548	5,037	37,864	9,357	6,762	53,983
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent years:</i>								
Unrealised (loss) / gain on re-measurement of investments - classified as available for sale	(4,228)	(140)	-	(4,368)	37,078	(587)	(35)	36,456
Reclassification adjustment relating to available for sale investments sold during the year	(9,882)	(235)	5	(10,112)	(34,367)	(1,450)	15	(35,802)
	(14,110)	(375)	5	(14,480)	2,711	(2,037)	(20)	654
Total comprehensive (loss) / income for the year	(23,854)	7,858	6,553	(9,443)	40,575	7,320	6,742	54,637

The annexed notes 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL PENSION FUND
Statement of Movement in Participants' Funds
For the year ended June 30, 2018

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Net assets at beginning of the year	229,202	185,117	160,032	574,351	152,107	178,222	151,602	481,931
Issuance of units	12 71,279	72,342	49,435	193,056	83,481	54,384	42,570	180,435
Redemption of units	(20,379)	(87,812)	(72,338)	(180,529)	(46,794)	(53,380)	(42,478)	(142,652)
Reallocation among funds	(3,800)	2,800	1,000	-	(167)	(1,429)	1,596	-
	47,100	(12,670)	(21,903)	12,527	36,520	(425)	1,688	37,783
Other comprehensive income								
Net (loss) / income for the year	(9,744)	8,233	6,548	5,037	37,864	9,357	6,762	53,983
Net unrealised (loss) / gain on remeasurement of investments - classified as available for sale	(14,110)	(375)	5	(14,480)	2,711	(2,037)	(20)	654
Total comprehensive (loss) / income for the year	(23,854)	7,858	6,553	(9,443)	40,575	7,320	6,742	54,637
Net assets at end of the year	252,448	180,305	144,682	577,435	229,202	185,117	160,032	574,351
Net assets value per unit at beginning of the year	408.1194	153.4136	141.0836		320.5217	146.9919	135.0112	
Net assets value per unit at end of the year	366.3184	159.5394	147.2662		408.1194	153.4136	141.0836	

The annexed notes 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL PENSION FUND
Cash Flow Statement
For the year ended June 30, 2018

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES								
Net (loss) / income for the year	(9,744)	8,233	6,548	5,037	37,864	9,357	6,762	53,983
Adjustments								
Unrealized (appreciation) in the market value of investments classified as fair value through profit or loss	(3,467)	(31)	(2)	(3,500)	-	-	-	-
Impairment loss on investments classified as 'available for sale'	18,504	-	-	18,504	71	-	-	71
	5,293	8,202	6,546	20,041	37,935	9,357	6,762	54,054
(Increase) / decrease in assets								
Investments - net	(40,693)	66,261	8,122	33,690	(69,664)	198	47,098	(22,368)
Dividend and profit receivable	102	(137)	362	327	(353)	1,181	(617)	211
Advances, deposits, prepayments and other receivables	(5)	-	(102)	(107)	-	-	-	-
	(40,596)	66,124	8,382	33,910	(70,017)	1,379	46,481	(22,157)
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	10	2	(11)	1	128	(7)	(2)	119
Payable to Central Depository Company of Pakistan Limited - Trustee	1	(1)	(1)	(1)	13	1	-	14
Payable to Securities and Exchange Commission of Pakistan	12	3	-	15	21	6	4	31
Accrued expenses and other liabilities	3,276	234	153	3,663	(1,794)	(91)	(544)	(2,429)
	3,299	238	141	3,678	(1,632)	(91)	(542)	(2,265)
Net cash (used in) / generated from operating activities	(32,004)	74,564	15,069	57,629	(33,714)	10,645	52,701	29,632
CASH FLOW FROM FINANCING ACTIVITIES								
Amount received on issue of units	71,279	72,342	49,435	193,056	83,481	54,384	42,570	180,435
Amount paid on redemption of units	(20,379)	(87,812)	(72,338)	(180,529)	(46,794)	(53,380)	(42,478)	(142,652)
Reallocation among funds	(3,800)	2,800	1,000	-	(167)	(1,429)	1,596	-
Net cash generated from / (used in) financing activities	47,100	(12,670)	(21,903)	12,527	36,520	(425)	1,688	37,783
Net increase / (decrease) in cash and cash equivalents	15,096	61,894	(6,834)	70,156	2,806	10,220	54,389	67,415
Cash and cash equivalents at beginning of the year	15,488	18,391	96,629	130,508	12,682	8,171	42,240	63,093
Cash and cash equivalents at end of the year	30,584	80,285	89,795	200,664	15,488	18,391	96,629	130,508

The annexed notes 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (VPS Rules) through a certificate of registration issued by 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 unlisted open end pension scheme and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the offering document, no distribution of income or dividend is allowed from any of the sub-funds.

The objective of the Fund is to provide individuals with a portable, individualised, funded (based on defined contribution), flexible pension scheme, assisting and facilitating them to plan and provide for their retirement.

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

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

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

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+ (stable)' (2017: 'AM2+') to the Pension Fund Manager while the Fund is currently not rated.

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The Accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the requirements of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 have been followed.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 1, 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 1, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and / or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property'- effective for annual periods beginning on or after January 1, 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after January 1, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after January 1, 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Fund's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 1, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Fund's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The application of the standard is not likely to have an impact on the Fund's financial statements.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 1, 2018 and January 1, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The impacts on the financial statements on application of this standard are summarised in note 2.2.1.
- IFRS 16 'Leases' (effective for annual period beginning on or after January 1, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of the standard is not likely to have an impact on the Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after January 1, 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after January 1, 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after January 1, 2019 and are not likely to have an impact on the Fund's financial statements.

2.2.1 IFRS 9 'Financial Instruments' Impact Assessment

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018.

Key requirements of IFRS 9 are as follows;

Classification and measurement of financial assets

- All recognized financial asset that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value.

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.
- Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at fair value through Other Comprehensive Income.
- Debt instruments that are held within a business model other than the above two are measured at fair value through profit or loss.
- For equity instruments held for trading the entity classify them at fair value through profit or loss.
- For equity instruments other than held for trading the entity has an option at the time of initial recognition to either classify at fair value through profit or loss or fair value through other comprehensive income. Under IFRS 9, entities may make an irrevocable election at the time of initial recognition to present subsequent changes in the fair value of an equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss or to present subsequent changes in fair value through profit or loss.

Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows;

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

Impact assessment

Based on the analysis of Fund's financial assets and liabilities as at June 30, 2018 considering facts and circumstances that exists at that date, the Management Company have assessed the impact of IFRS 9 to the Fund's financial statements as follows;

Listed equity securities and debt securities classified as financial assets at fair value through profit or loss - held for trading are to be measured at fair value through profit or loss upon application of IFRS 9 with value changes continue to recognised in profit or loss.

Listed equity securities classified as financial assets 'available-for-sale' are elected by the Fund to be reclassified to fair value through profit or loss category.

Debt securities classified as financial assets 'available-for-sale' are to be reclassified as 'fair value through profit or loss' based on the business model whose objective is neither to collect the contractual cashflows nor both collecting contractual cashflows and selling of financial assets.

The change in fair value attributed to these available for sale financial assets amounting to Rs. 1.921 million during the current year would be recognised in income statement under IFRS 9.

Securities classified as loans and receivables are to be measured at amortised cost upon application of IFRS 9.

2.3 Critical accounting estimates and judgments

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

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

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

2.4 Basis of Measurement

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

2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification

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

The Fund classifies its financial assets in the following categories:

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available for sale

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

3.2.2 Regular way contracts

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

3.2.3 Initial recognition and measurement

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

3.2.4 Subsequent measurement

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

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

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Basis of valuation of equity securities

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

c) Basis of valuation of Government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

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

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

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

3.2.5 Impairment of financial assets

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

a) Debt securities and other exposures

Provision for non-performing debt securities and other exposures is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Pension Fund Manager.

b) Equity securities

In case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence

exists for available for sale equity securities, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that security previously recognised in income statement is reclassified from other comprehensive income to income statement. Impairment losses recognised on equity securities are not reversed through the income statement.

c) Loans and receivables

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

3.2.6 Derecognition

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

3.2.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.3 Financial liabilities

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

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

3.4 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchange and other expenses. These costs are amortised over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund and the VPS Rules.

3.5 Provisions

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

3.6 Revenue recognition

- Mark-up on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on marking to market of investments classified as ' Financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

3.7 Taxation

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

3.8 Issue and redemption of units

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

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

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

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

3.9 Net Asset Value per unit

The Net Asset Value (NAV) per unit, as disclosed in statement of assets and liabilities, is calculated by dividing the net assets of each of the sub-fund by the number of units in circulation of that sub-fund at the year end.

3.10 Earnings per unit (EPU)

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

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
4. BANK BALANCES	Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Savings accounts	4.1	30,584	80,285	89,795	200,664	15,488	18,391	71,629	105,508
Term deposit receipts		-	-	-	-	-	-	25,000	25,000
		30,584	80,285	89,795	200,664	15,488	18,391	96,629	130,508

4.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 3.75% to 7.5% per annum (2017: 4% - 6.5% per annum).

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
5. INVESTMENTS	Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Investments by category									
Available for sale investments									
Listed equity securities	5.1	57,753	-	-	57,753	218,388	-	-	218,388
Government securities									
- Treasury bills	5.4 / 5.6	-	-	-	-	-	-	37,791	37,791
- Pakistan investment bonds		-	52	-	52	-	101,502	-	101,502
Term finance certificates and sukuk bonds	5.8	-	10,575	-	10,575	-	34,273	-	34,273
		57,753	10,627	-	68,380	218,388	135,775	37,791	391,954
At fair value through profit or loss									
Listed equity securities	5.2	172,181	-	-	172,181	-	-	-	-
Government securities									
- Treasury bills	5.5 / 5.7	-	51,434	56,676	108,110	-	-	-	-
- Pakistan investment bonds		-	-	-	-	-	-	-	-
Term finance certificates and sukuk bonds	5.9	-	35,143	-	35,143	-	-	-	-
Commercial Papers	7.10	-	-	-	-	-	-	-	-
		172,181	86,577	56,676	315,434	-	-	-	-

	Note	2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Loans and receivables		(Rupees in '000)				(Rupees in '000)			
Commercial papers	5.10	-	3,966	-	3,966	-	-	-	-
Term deposits receipts		-	-	-	-	-	32,000	27,000	59,000
		229,934	101,170	56,676	387,780	218,388	167,775	64,791	450,954

5.1 Listed equity securities - Available for sale

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2017	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2018	Cost of holdings as at June 30, 2018	Market value as at June 30, 2018	Market value as a percentage of total investments	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
Automobile Assembler										
Millat Tractors Limited	4,600	-	-	2,540	2,060	2,501	2,447	1.06	0.97	0.47
Ghandhara Industries Limited	200	-	-	200	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	3,000	-	-	3,000	-	-	-	-	-	-
	7,800	-	-	5,740	2,060	2,501	2,447	1.06	0.97	0.47
Automobile Parts and Accessories										
Thal Limited	8,500	-	-	8,500	-	-	-	-	-	-
	8,500	-	-	8,500	-	-	-	-	-	-
Cable and Electrical Goods										
Pak Elektron Limited	84,500	-	-	84,500	-	-	-	-	-	-
	84,500	-	-	84,500	-	-	-	-	-	-
Cement										
Lucky Cement Limited	17,400	-	-	12,900	4,500	3,175	2,286	0.99	0.91	0.14
Cherat Cement Company Limited	50,000	-	-	50,000	-	-	-	-	-	-
Pioneer Cement Limited	63,400	-	-	63,400	-	-	-	-	-	-
D.G. Khan Cement Company Limited	45,700	-	-	45,700	-	-	-	-	-	-
	176,500	-	-	172,000	4,500	3,175	2,286	0.99	0.91	0.14
Chemical										
ICI Pakistan Limited	3,900	-	-	3,900	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	157,000	-	-	157,000	-	-	-	-	-	-
Sitara Chemical Industries Limited	5,950	-	-	5,950	-	-	-	-	-	-
	166,850	-	-	166,850	-	-	-	-	-	-
Commercial Banks										
United Bank Limited	69,000	-	-	41,100	27,900	5,755	4,715	2.05	1.87	0.23
MCB Bank Limited	48,500	-	-	14,900	33,600	7,433	6,645	2.89	2.63	0.28
	117,500	-	-	56,000	61,500	13,188	11,360	4.94	4.50	0.51
Engineering										
Mughal Iron and Steel Industries Limited	1,000	-	-	1,000	-	-	-	-	-	-
Amreli Steels Limited	35,000	-	-	33,234	1,766	162	125	0.05	0.05	0.07
International Industries Limited	13,700	-	-	13,300	400	108	93	0.04	0.04	0.01
International Steels Limited	44,000	-	-	27,200	16,800	2,303	1,709	0.74	0.68	0.39
Crescent Steel & Allied Products Limited	14,075	-	-	14,075	-	-	-	-	-	-
	107,775	-	-	88,809	18,966	2,573	1,927	0.83	0.77	0.47
Fertilizer										
Engro Corporation Limited	30,500	-	-	7,000	23,500	7,599	7,375	3.21	2.92	0.45
	30,500	-	-	7,000	23,500	7,599	7,375	3.21	2.92	0.45
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	57,300	-	-	32,600	24,700	3,679	3,844	1.67	1.52	0.06
Pakistan Petroleum Limited	22,500	-	-	15,000	7,500	1,206	1,612	0.70	0.64	0.04
Mari Petroleum Company Limited	5,760	-	-	-	5,760	7,903	8,676	3.77	3.44	0.52
Pakistan Oilfields Limited	12,700	-	-	12,000	700	299	470	0.20	0.19	0.03
	98,260	-	-	59,600	38,660	13,087	14,602	6.34	5.79	0.65
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited***	15,200	-	3,040	2,800	15,440	5,481	4,914	2.14	1.95	0.47
Sui Northern Gas Pipelines Limited	64,000	-	-	64,000	-	-	-	-	-	-
Hascol Petroleum Limited	26,500	-	4,200	30,700	-	-	-	-	-	-
	105,700	-	7,240	97,500	15,440	5,481	4,914	2.14	1.95	0.47
Paper and Board										
Packages Limited	6,300	-	-	6,300	-	-	-	-	-	-
	6,300	-	-	6,300	-	-	-	-	-	-
Pharmaceuticals										
Searle Pakistan Limited ***	16,152	-	2,230	11,000	7,382	3,672	2,506	1.09	0.99	0.40
Abbot Laboratories (Pakistan) Limited	4,000	-	-	4,000	-	-	-	-	-	-
	20,152	-	2,230	15,000	7,382	3,672	2,506	1.09	0.99	0.40
Power Generation and Distribution										
Hub Power Company Limited	96,700	-	-	37,600	59,100	6,698	5,446	2.37	2.16	0.51
	96,700	-	-	37,600	59,100	6,698	5,446	2.37	2.16	0.51
Textile Composite										
Nishat Mills Limited	48,500	-	-	13,800	34,700	4,849	4,890	2.13	1.94	0.99
	48,500	-	-	13,800	34,700	4,849	4,890	2.13	1.94	0.99
	1,075,537	-	9,470	819,199	265,808	62,823	57,753	25.10	22.90	5.06

Ordinance, 2001 with reference to tax on bonus shares for collective investment sc as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 57(3)(viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Honourable 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 amounting Rs. 0.206 million (2017: Rs. 0.210 million) and not yet deposited with Government Treasury. Pension Fund Manager is of the view that the decision will be in its favour and accordingly has recorded the bonus shares on gross basis.

5.3 Net unrealised appreciation on remeasurement of investments

	Note	2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Market Value of Investments	5.1 / 5.4	57,753	10,627	-	68,380	218,388	135,775	37,791	391,954
Cost of Investments	5.1 / 5.4	62,823	10,570	-	73,393	206,327	135,343	37,796	379,466
Impairment loss on equity securities classified as available-for-sale		(3,092)	-	-	(3,092)	(71)	-	-	(71)
		59,731	10,570	-	70,301	206,256	135,343	37,796	379,395
		(1,978)	57	-	(1,921)	12,132	432	(5)	12,559

5.4 Investment in Government Securities - Available for sale

Held by Debt Sub-Fund

Issue Date	Tenor	Face Value				Amortised Cost as at June 30, 2018	Market value as at June 30, 2018 end of the year	Market value as a percentage of	
		As at July 1, 2017	Purchases during the year	Sales / matured during the year	As at June 30, 2018			Total investments of sub-fund	Net assets of sub-fund
		----- (Rupees in '000) -----						----- % -----	
Treasury bill									
July 21, 2016	12 months	-	14,000	14,000	-	-	-	-	-
		-	14,000	14,000	-	-	-	-	-
Pakistan investment bonds									
July 17, 2014	5 years	50	-	-	50	53	52	0.0226	0.0288
December 29, 2016	3 years	100,000	-	100,000	-	-	-	-	-
		100,050	-	100,000	50	53	52	0.0226	0.0288

5.5 Investment in Government Securities - at fair value through profit or loss - Held for trading

Held by Debt Sub-Fund

Issue Date	Tenor	Face Value				Amortised Cost as at June 30, 2018	Market value as at June 30, 2018 end of the year	Market value as a percentage of	
		As at July 1, 2017	Purchases during the year	Sales / matured during the year	As at June 30, 2018			Total investments of sub-fund	Net assets of sub-fund
		----- (Rupees in '000) -----						----- % -----	
Treasury bill									
May 11, 2017	3 months	-	100,000	100,000	-	-	-	-	-
May 25, 2017	3 months	-	85,000	85,000	-	-	-	-	-
July 20, 2017	3 months	-	13,000	13,000	-	-	-	-	-
August 17, 2017	3 months	-	30,000	30,000	-	-	-	-	-
September 14, 2017	3 months	-	50,000	50,000	-	-	-	-	-
October 12, 2017	3 months	-	70,000	70,000	-	-	-	-	-
November 9, 2017	3 months	-	60,000	60,000	-	-	-	-	-
November 23, 2017	3 months	-	70,000	70,000	-	-	-	-	-
January 4, 2018	3 months	-	47,000	47,000	-	-	-	-	-
January 18, 2018	3 months	-	149,000	149,000	-	-	-	-	-
February 1, 2018	3 months	-	118,000	118,000	-	-	-	-	-
February 15, 2018	3 months	-	101,000	101,000	-	-	-	-	-
April 12, 2018	3 months	-	124,300	124,300	-	-	-	-	-
June 7, 2018	3 months	-	118,000	66,000	52,000	51,431	51,434	22.37	28.53
		-	1,135,300	1,083,300	52,000	51,431	51,434	22.37	28.53
Pakistan investment bonds									
July 19, 2012	10 years	-	50,000	50,000	-	-	-	-	-
April 21, 2016	3 years	-	50,000	50,000	-	-	-	-	-
December 29, 2016	3 years	-	50,000	50,000	-	-	-	-	-
December 29, 2016	3 years	-	50,000	50,000	-	-	-	-	-
		-	200,000	200,000	-	-	-	-	-

5.6 Investment in Government Securities - Available for sale

Held by Money Market Sub-Fund

Issue Date	Tenor	Face Value			Amortised Cost as at June 30, 2018	Market value as at June 30, 2018 end of the year	Market value as a percentage of	
		As at July 1, 2017	Purchases during the year	Sales / matured during the year			As at June 30, 2018	Total investments of sub-fund
----- (Rupees in '000) -----							----- % -----	
Treasury bill								
February 16, 2017	6 months	20,000	29,000	49,000	-	-	-	-
April 27, 2017	3 months	18,000	6,000	24,000	-	-	-	-
July 21, 2016	12 months	-	28,000	28,000	-	-	-	-
		38,000	63,000	101,000	-	-	-	-

5.7 Investment in Government Securities - at fair value through profit or loss - Held for trading

Held by Money Market Sub-Fund

Issue Date	Tenor	Face Value			Amortised Cost as at June 30, 2018	Market value as at June 30, 2018 end of the year	Market value as a percentage of		
		As at July 1, 2017	Purchases during the year	Sales / matured during the year			As at June 30, 2018	Total investments of sub-fund	Net assets of sub-fund
----- (Rupees in '000) -----							----- % -----		
Treasury bill									
July 20, 2017	3 months	-	52,000	52,000	-	-	-	-	
August 3, 2017	3 months	-	43,000	43,000	-	-	-	-	
August 31, 2017	3 months	-	64,000	64,000	-	-	-	-	
October 12, 2017	3 months	-	45,000	45,000	-	-	-	-	
November 9, 2017	3 months	-	45,000	45,000	-	-	-	-	
November 23, 2017	3 months	-	45,000	45,000	-	-	-	-	
January 4, 2018	3 months	-	31,000	31,000	-	-	-	-	
January 18, 2018	3 months	-	119,000	119,000	-	-	-	-	
February 1, 2018	3 months	-	156,000	156,000	-	-	-	-	
February 15, 2018	3 months	-	90,000	90,000	-	-	-	-	
April 12, 2018	3 months	-	188,200	188,200	-	-	-	-	
June 7, 2018	3 months	-	112,000	54,700	57,300	56,674	56,676	24.65	
		-	990,200	932,900	57,300	56,674	56,676	24.65	31.43

5.8 Term finance certificates and sukuk bonds - Available for sale

Held by Debt Sub-Fund

Name of the Investee Company	Tenor	Face Value			Amortised Cost as at June 30, 2018	Market value as at June 30, 2018 end of the year	Market value as a percentage of		
		As at July 1, 2017	Purchases during the year	Sales / matured during the year			As at June 30, 2018	Total investments of sub-fund	Net assets of sub-fund
----- (Rupees in '000) -----							----- % -----		
Commercial Banks									
JS Bank Limited		850	-	850	-	-	-	-	
Bank Al-Habib Limited		2,500	-	2,500	-	-	-	-	
Bank of Punjab		85	-	-	85	8,522	8,491	3.69	
MCB Bank Limited		800	-	800	-	-	-	-	
		4,235	-	4,150	85	8,522	8,491	3.69	4.71
Multiutilities									
Water and Power Development Authority		798	-	-	798	1,995	2,084	0.91	
		798	-	-	798	1,995	2,084	0.91	1.16
Fertilizers									
Fatima Fertilizers Company Limited Sukuk		418	-	418	-	-	-	-	
		418	-	418	-	-	-	-	
Total		5,451	-	4,568	883	10,517	10,575	4.60	5.87

5.8.1 Significant terms and conditions of Term finance certificates and sukuk bonds outstanding as at June 30, 2018 are as follows:

Name of security	Remaining principal (Rupees per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Bank of Punjab	99,940	6 Month KIBOR + 1%	23-Dec-16	23-Dec-26
Water and Power Development Authority	2,500	6 Month KIBOR + 1%	14-Oct-13	14-Oct-21

5.9 Term finance certificates and sukuk bonds - Held for trading

Held by Debt Sub-Fund

Name of the Investee Company	Tenor	Face Value			Amortised Cost as at June 30, 2018	Market value as at June 30, 2018 end of the year	Market value as a percentage of		
		As at July 1, 2017	Purchases during the year	Sales / matured during the year			As at June 30, 2018	Total investments of sub-fund	Net assets of sub-fund
		----- (Rupees in '000) -----						----- % -----	
Commercial Banks									
Askari Bank Limited		-	9	9	-	-	-	-	
Bank Alfalah Limited		-	3,000	450	2,550	12,863	12,796	5.57	
Bank Albarak Limited Sukuk		-	4	4	-	-	-	-	
JS Bank Limited		-	850	-	850	4,252	4,243	1.85	
		-	3,863	463	3,400	17,115	17,039	7.42	
Multiutilities									
K-Electric Limited		-	3,500	3,500	-	-	-	-	
		-	3,500	3,500	-	-	-	-	
Fertilizers									
Dawood Hercules Corporation Limited Sukuk*		-	40	-	40	4,000	4,008	1.74	
		-	40	-	40	4,000	4,008	1.74	
Pharmaceuticals									
AGP Limited		-	40	40	-	-	-	-	
		-	40	40	-	-	-	-	
Miscellaneous									
International Brands Limited Sukuk		-	40	-	40	4,000	4,000	1.74	
Jahangir Siddiqui and Company Limited		-	2,000	-	2,000	10,000	10,096	2.22	
		-	2,040	-	2,040	14,000	14,096	1.74	
Total		-	9,483	4,003	5,480	35,115	35,143	10.90	

* Related Party Due to common Directorship

5.9.1 Significant terms and conditions of Term finance certificates and sukuk bonds outstanding as at June 30, 2018 are as follows:

Name of security	Remaining principal (Rupees per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Bank Alfalah Limited	6,525	6 month KIBOR + 1.25%	20-Feb-13	20-Feb-21
JS Bank Limited	4,997	6 month KIBOR+1.4%	14-Dec-16	14-Dec-23
Dawood Hercules Corporation Limited Sukuk	100,000	3 months KIBOR + 1%	15-Nov-17	15-Nov-22
International Brands Limited Sukuk	100,000	12 months KIBOR + 0.5%	15-Nov-17	15-Nov-21
Jahangir Siddiqui and Company Limited	5,000	6 Month KIBOR + 1.75%	6-Mar-18	6-Mar-23

5.10 Commercial papers - Loans and Receivables

5.10.1 Held by Debt Sub-Fund

Note	Maturity Date	Placement made during the year	Income Accrued	Matured during the year	As at June 30, 2018	Percentage of total value of investments	Percentage of Net Assets
		----- (Rupees in '000) -----					
	June 29, 2018	3,857	143	4,000	-	-	-
5.10.1.1	August 15, 2018	3,721	245	-	3,966	1.72	2.20
		7,578	388	4,000	3,966	1.72	2.20

5.10.1.1 This commercial paper has been placed at discount at a rate of 7.50% and is being amortised over a period of 365 days.

5.10.2 Held by Money Market Sub-Fund

Note	Maturity Date	Placement made during the year	Income Accrued	Matured during the year	As at June 30, 2018	Percentage of total value of investments	Percentage of Net Assets
		----- (Rupees in '000) -----					
	June 29, 2018	6,749	251	7,000	-	-	-
		6,749	251	7,000	-	-	-

6. DIVIDEND AND PROFIT RECEIVABLE

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Dividend receivable	437	-	-	437	495	-	-	495
Profit receivable on bank deposits	88	174	302	564	132	206	664	1,002
Profit accrued on Term finance certificates and sukuk bonds	-	878	-	878	-	663	-	663
Profit accrued on government securities	-	2	-	2	-	48	-	48
	<u>525</u>	<u>1,054</u>	<u>302</u>	<u>1,881</u>	<u>627</u>	<u>917</u>	<u>664</u>	<u>2,208</u>

7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security Deposit with Central Depository Company of Pakistan Limited	100	100	100	300	100	100	-	200
Others	5	-	2	7	-	-	-	-
	<u>105</u>	<u>100</u>	<u>102</u>	<u>307</u>	<u>100</u>	<u>100</u>	<u>-</u>	<u>200</u>

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

Management fee	8.1	314	220	179	713	305	219	188	712
Sindh Sales Tax	8.2	41	29	23	93	40	28	25	93
		<u>355</u>	<u>249</u>	<u>202</u>	<u>806</u>	<u>345</u>	<u>247</u>	<u>213</u>	<u>805</u>

8.1 As per rule 11 of the Voluntary Pension System Rules, 2005, the Pension Fund Manager of the Fund is allowed to charge an annual management fee of 1.5% of the average of the values of the net assets of each of the Sub-Fund calculated during the year. Accordingly, the management fee has been accrued at 1.5% per annum of the average daily net assets of the Sub-Funds.

8.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through Sindh Sales Tax Act, 2011 effective from July 01, 2017.

9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Trustee remuneration	9.1	31	22	18	71	30	23	19	72
Sindh Sales Tax on Trustee remuneration	9.2	4	3	2	9	4	3	2	9
		<u>35</u>	<u>25</u>	<u>20</u>	<u>80</u>	<u>34</u>	<u>26</u>	<u>21</u>	<u>81</u>

9.1 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

Up to Rs. 1,000 million
Exceeding Rs. 1,000 million
up to Rs. 3,000 million
Exceeding Rs. 3,000 million
up to Rs. 6,000 million
Exceeding Rs. 6,000 million

Tariff per annum

Rs. 0.3 million or 0.15% p.a of NAV, whichever is higher
Rs. 1.5 million plus 0.10% p.a of NAV exceeding Rs. 1,000 million
Rs. 3.5 million plus 0.08% p.a of NAV exceeding Rs. 3,000 million
Rs. 5.9 million plus 0.06% p.a of NAV exceeding Rs. 6,000 million

9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011, effective from July 1, 2016.

10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Auditors' remuneration	78	78	78	234	83	83	83	249
Payable against purchase of shares	5,714	-	-	5,714	2,427	-	-	2,427
Payable against redemption of units	30	215	456	701	-	-	-	-
Federal Excise Duty	763	878	836	2,477	763	878	836	2,477
Provision for Workers' Welfare Fund	-	-	-	-	-	-	-	-
Provision for Sindh Workers' Welfare Fund	1,643	785	548	2,976	1,643	635	415	2,693
Other payable	4	13	2	19	40	139	433	612
	8,232	1,969	1,920	12,121	4,956	1,735	1,767	8,458

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

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have effect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Pension Fund Manager has made a provision with effect from 13 June 2013, aggregating to Rs. 0.763 million, 0.878 million and 0.836 million (2017: Rs. 0.763 million, Rs. 0.878 million and Rs. 0.836 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at June 30, 2018 would have been higher by Rs. 1.11, Rs. 0.78 and Rs. 0.85 (2017: Rs. 1.36, Rs. 0.73 and Rs. 0.74) per unit respectively. However after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

12. CONTRIBUTION TABLE

Contributions received during the year are as follows:

		2018							
		Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
		Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
From:									
Individuals		187,868	71,279	462,372	72,342	342,197	49,435	992,437	193,056
		<u>187,868</u>	<u>71,279</u>	<u>462,372</u>	<u>72,342</u>	<u>342,197</u>	<u>49,435</u>	<u>992,437</u>	<u>193,056</u>

		2017							
		Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
		Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
From:									
Individuals		202,057	83,481	358,489	54,384	308,803	42,570	869,349	180,435
		<u>202,057</u>	<u>83,481</u>	<u>358,489</u>	<u>54,384</u>	<u>308,803</u>	<u>42,570</u>	<u>869,349</u>	<u>180,435</u>

13. NUMBER OF UNITS IN ISSUE

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees in '000) -----							
Opening units in issue		561,606	1,206,656	1,134,303	2,902,565	474,557	1,212,480	1,122,870	2,809,907
Units issued during the year		187,868	462,372	342,197	992,437	202,057	358,489	308,803	869,349
Units redeemed during the year		(50,903)	(557,108)	(501,124)	(1,109,135)	(114,490)	(354,602)	(309,189)	(778,281)
Reallocation during the year		(9,421)	18,240	7,078	15,897	(518)	(9,711)	11,819	1,590
Total units in issue at the end of the year		<u>689,150</u>	<u>1,130,160</u>	<u>982,454</u>	<u>2,801,764</u>	<u>561,606</u>	<u>1,206,656</u>	<u>1,134,303</u>	<u>2,902,565</u>

14. PROFIT ON BANK DEPOSITS

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees in '000) -----							
Profit on bank deposits		<u>1,344</u>	<u>1,164</u>	<u>3,051</u>	<u>5,559</u>	<u>826</u>	<u>714</u>	<u>1,977</u>	<u>3,517</u>

15. MARK-UP / RETURN ON INVESTMENTS

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees in '000) -----							
Mark-up / return on:									
Government securities									
- Treasury bills		-	3,620	3,697	7,317	-	1,942	5,523	7,465
- Pakistan investment bonds		-	1,140	-	1,140	-	6,528	-	6,528
Term finance certificates and sukuk bonds		-	3,292	-	3,292	-	1,327	185	1,512
Term deposits receipts		-	2,440	2,786	5,226	-	949	2,063	3,012
Commercial papers		-	388	251	639	-	-	-	-
		<u>-</u>	<u>10,880</u>	<u>6,734</u>	<u>17,614</u>	<u>-</u>	<u>10,746</u>	<u>7,771</u>	<u>18,517</u>

16. AUDITORS' REMUNERATION

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees in '000) -----							
Statutory audit fee		67	67	67	201	67	67	67	201
Half yearly review fee		33	33	33	99	33	33	33	99
Out of pocket expenses		10	10	10	30	19	19	19	57
		<u>110</u>	<u>110</u>	<u>110</u>	<u>330</u>	<u>119</u>	<u>119</u>	<u>119</u>	<u>357</u>

17. TAXATION

No provision for taxation for the year ended June 30, 2018 has been made in view of the exemption available under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

18. PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and 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, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds and considering the legal opinion obtained on these matters, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till 30 June 2015, be reversed on 12 January 2017; and
- the provision in respect of Sindh WWF should be made on 12 January 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from 21 May 2015).

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. The reversal of provision for WWF amounted to Rs. 1.12 million, Rs. 0.53 million and Rs. 0.47 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively and a provision for SWWF of Rs. 1.643 million, Rs. 0.707 million and Rs. 0.483 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund would have been higher by Rs. 2.38, Rs. 0.69 and Rs. 0.56 (2017: Rs. 2.93, Rs. 0.53 and Rs. 0.37) per unit respectively.

19. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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 Pension Fund Manager and Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules and the Trust Deed respectively.

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

19.1 Transactions during the year

	For the year ended June 30, 2018				For the period from June 17, 2017 to June 30, 2017			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
HBL Asset Management Limited - Pension Fund Manager	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Management fee	3,988	3,085	2,613	9,686	3,334	2,966	2,591	8,891
Habib Bank Limited - Sponsor								
Bank charges paid	13	25	20	58	5	3	3	11
Profit on bank deposits earned	677	475	611	1,763	379	326	384	1,089
Directors and their relatives								
Reallocation of units	(1,126)	2,389	619	1,882	-	-	-	-
Amount of units reallocated	(454)	367	87	-	-	-	-	-
Executives and their relatives								
Issuance of units	10,076	7,796	1,019	18,891	3,363	5,021	2,777	11,161
Amount of units issued	3,613	1,226	148	4,987	1,405	767	390	2,562
Reallocation of units	(14)	36	-	22	309	945	(1,932)	(678)
Amount of units reallocated	(6)	6	-	-	129	143	(272)	-
Directors and Executives of the Habib Bank Limited (Sponsor) their relatives								
Executives and their relatives								
Issuance of units	540	3,809	1,376	5,725	-	-	-	-
Amount of units issued	200	600	200	1,000	-	-	-	-
Reallocation of units	(1,058)	2,111	728	1,781	-	-	-	-
Amount of units reallocated	(427)	324	103	-	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee								
Remuneration	400	309	262	971	335	298	260	893
Central Depository System charges	26	11	3	40	15	7	-	22
Directors of Connected Persons								
Units issued	-	75,495	81,763	157,258	-	-	-	-
Amount of units issued	-	11,847	11,847	23,694	-	-	-	-
Units redeemed	(130)	(21,418)	(23,689)	(45,237)	-	-	-	-
Amount of units redeemed	(354)	(136,217)	(163,209)	(299,780)	-	-	-	-
Units reallocated	(306)	404	435	533	-	-	-	-
Amount of units reallocated	(123)	62	61	-	-	-	-	-

19.2 Balances outstanding as at year end

HBL Asset Management Limited - Pension Fund Manager								
Management fee payable	314	220	179	713	305	219	188	712
Federal Excise Duty payable	763	878	836	2,477	763	878	836	2,477
Sindh Sales Tax payable	41	29	23	93	40	28	25	93
Habib Bank Limited - Sponsor								
Units held	300,000	300,000	300,000	900,000	300,000	300,000	300,000	900,000
Amount of units held	109,896	47,862	44,180	201,938	122,436	46,024	42,325	210,785
Profit receivable on bank deposits	103	16	10	129	75	8	94	177
Bank balances	8,445	8,680	9,856	26,981	4,712	15,159	35,994	55,865
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Units held	8,822	55,627	15,116	79,565	-	-	-	-
Amount of units held	3,231	8,875	2,226	14,332	-	-	-	-
Executives and their relatives								
Units held	10,963	8,059	1,019	20,041	4,478	7,214	1,809	13,501
Amount of units held	4,016	1,286	150	5,452	1,828	1,107	256	3,191
Directors and Executives of the HBL Bank Limited - Sponsor and their relatives								
Executives and their relatives								
Units held	10,286	80,629	29,209	120,124	11,955	89,857	35,356	137,168
Amount of units held	3,768	12,864	4,301	20,933	4,875	13,785	4,988	23,648
Central Depository Company of Pakistan Limited - Trustee								
Remuneration payable	35	25	20	80	34	26	21	81
Security Deposit receivable	100	100	100	300	100	100	-	200

	For the year ended June 30, 2018				For the period from June 17, 2017 to June 30, 2017			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Directors of Connected Persons								
Units held	2,165	88,487	163,911	254,563	-	-	-	-
Amount of units held	793	14,117	24,139	39,049	-	-	-	-

20. FINANCIAL INSTRUMENTS BY CATEGORY

	2018												
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Total
	Loans and receivables	Held For Trading	Available-for-sale	Total	Loans and receivables	Held For Trading	Available-for-sale	Total	Loans and receivables	Held For Trading	Available-for-sale	Total	
	----- (Rupees in '000) -----												
Financial Assets													
Bank balances	30,584	-	-	30,584	80,285	-	-	80,285	89,795	-	-	89,795	200,664
Investments	-	172,181	57,753	229,934	3,966	86,577	10,627	101,170	-	56,676	-	56,676	387,780
Dividend and profit receivable	525	-	-	525	1,054	-	-	1,054	302	-	-	302	1,881
Advances, deposits, prepayments and other receivables	105	-	-	105	100	-	-	100	102	-	-	102	307
	<u>31,214</u>	<u>172,181</u>	<u>57,753</u>	<u>261,148</u>	<u>85,405</u>	<u>86,577</u>	<u>10,627</u>	<u>182,609</u>	<u>90,199</u>	<u>56,676</u>	<u>-</u>	<u>146,875</u>	<u>590,632</u>
	----- (Rupees in '000) -----												
	2018												
	----- (Rupees in '000) -----												
Financial liabilities													
Payable to the Pension Fund Manager										355	249	202	806
Payable to the Trustee										35	25	20	80
Accrued expenses and other liabilities										<u>5,826</u>	<u>306</u>	<u>536</u>	<u>6,668</u>
										<u>6,216</u>	<u>580</u>	<u>758</u>	<u>7,554</u>
	----- (Rupees in '000) -----												
	2017												
	----- (Rupees in '000) -----												
Financial Assets													
Bank balances	15,488	-	-	15,488	18,391	-	-	18,391	96,629	-	-	96,629	130,508
Investments	-	-	218,388	218,388	-	-	167,775	167,775	-	-	64,791	64,791	450,954
Dividend and profit receivable	627	-	-	627	917	-	-	917	664	-	-	664	2,208
Advances, deposits, prepayments and other receivables	100	-	-	100	100	-	-	100	-	-	-	-	200
	<u>16,215</u>	<u>-</u>	<u>218,388</u>	<u>234,603</u>	<u>19,408</u>	<u>-</u>	<u>167,775</u>	<u>187,183</u>	<u>97,293</u>	<u>-</u>	<u>64,791</u>	<u>162,084</u>	<u>583,870</u>
	----- (Rupees in '000) -----												
	2017												
	----- (Rupees in '000) -----												
Financial liabilities													
Payable to the Pension Fund Manager										345	247	213	805
Payable to the Trustee										34	26	21	81
Accrued expenses and other liabilities										<u>2,550</u>	<u>222</u>	<u>516</u>	<u>3,288</u>
										<u>2,929</u>	<u>495</u>	<u>750</u>	<u>4,174</u>
	----- (Rupees in '000) -----												

21. FINANCIAL RISK MANAGEMENT

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

21.1 Market risk

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

The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

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

21.1.1 Currency risk

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

21.1.2 Interest rate risk

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

a) Sensitivity analysis for fixed rate instruments

As at June 30, 2018, the Debt Sub-Fund and Money Market Sub-Fund hold Pakistan Investment Bonds and Treasury bills which are classified as 'available-for-sale' and 'fair value through profit or loss', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in mark-up rates on June 30, 2018, with all other variables held constant, the impact on the net assets and total comprehensive income for the year is as follows:

	Total Exposure					
	2018			2017		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----					
Pakistan Investment Bonds	52	-	52	101,502	-	101,502
Treasury Bills	51,434	56,676	108,110	-	37,791	37,791
	<u>51,486</u>	<u>56,676</u>	<u>108,162</u>	<u>101,502</u>	<u>37,791</u>	<u>139,293</u>
	----- (Rupees in '000) -----					
	2018			2017		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----					
Change in basis points						
100	(86)	(94)	(180)	(2,265)	(34)	(2,299)
(100)	<u>82</u>	<u>90</u>	<u>172</u>	<u>2,330</u>	<u>35</u>	<u>2,365</u>

b) Sensitivity analysis for variable rate instruments

As at June 30, 2018, the Debt Sub-Fund hold Term finance certificates which are classified as 'available-for-sale' and 'fair value through profit or loss', exposing the Fund to cash flow and fair value interest rate risk. In case of 100 basis points increase / decrease in mark-up rates on June 30, 2018, with all other variables held constant, the impact on the net assets and total comprehensive income for the year is as follows:

	Total Exposure					
	2018			2017		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----					
Term finance certificates and sukuk bonds	45,718	-	45,718	34,273	-	34,273
	<u>45,718</u>	<u>-</u>	<u>45,718</u>	<u>34,273</u>	<u>-</u>	<u>34,273</u>
	----- (Rupees in '000) -----					
	2018			2017		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----					
Change in basis points-Fair value interest rate						
100	115	-	115	343	-	343
(100)	<u>(115)</u>	<u>-</u>	<u>(115)</u>	<u>(343)</u>	<u>-</u>	<u>(343)</u>

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Market Association are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

		2018																			
		Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Total							
		Exposed to yield / interest rate risk				Exposed to yield / interest rate risk				Exposed to yield / interest rate risk				Total							
Yield / Interest rate	%	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	Yield / Interest rate	%	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	Yield / Interest rate	%	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	
		(Rupees in '000)				(Rupees in '000)				(Rupees in '000)				(Rupees in '000)							
On-balance sheet financial instruments																					
Financial assets																					
Bank balances	3.75 - 7.50	30,584	-	-	-	30,584	3.75 - 7.50	80,285	-	-	-	80,285	3.75 - 7.50	89,795	-	-	-	-	89,795	200,664	
Investments		-	-	-	229,934	229,934	5.45 - 7.37	55,400	-	45,770	-	1,054	101,170		56,676	-	-	-	56,676	387,780	
Dividend and profit receivable		-	-	-	525	525		-	-	-	-	-		-	-	-	-	302	302	1,881	
Advances, deposits, Prepayments and other receivables		-	-	-	105	105		-	-	-	100	100		-	-	-	-	102	102	307	
		30,584	-	-	230,564	261,148		135,685	-	45,770	1,154	182,609		146,471	-	-	-	404	146,875	590,632	
Financial liabilities																					
Payable to the Pension Fund Manager		-	-	-	355	355		-	-	-	249	249		-	-	-	-	202	202	806	
Payable to the Trustee		-	-	-	35	35		-	-	-	25	25		-	-	-	-	20	20	80	
Accrued expenses and other liabilities		-	-	-	5,826	5,826		-	-	-	306	306		-	-	-	-	536	536	6,668	
		-	-	-	6,216	6,216		-	-	-	580	580		-	-	-	-	758	758	7,554	
On-balance sheet gap		30,584	-	-	224,348	254,932		135,685	-	45,770	574	182,029		146,471	-	-	-	(354)	146,117	583,078	
Off-balance sheet financial instruments																					
		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-	-	
Off-balance sheet gap		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-	-	

		2017																			
		Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Total							
		Exposed to yield / interest rate risk				Exposed to yield / interest rate risk				Exposed to yield / interest rate risk				Total							
Yield / Interest rate	%	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	Yield / Interest rate	%	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	Yield / Interest rate	%	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	
		(Rupees in '000)				(Rupees in '000)				(Rupees in '000)				(Rupees in '000)							
On-balance sheet financial instruments																					
Financial assets																					
Bank balances	4 - 6.75	15,488	-	-	-	15,488	4 - 6.5	18,391	-	-	-	-	18,391	4 - 6.5	96,629	-	-	-	-	96,629	130,508
Investments		-	-	-	218,388	218,388	6.50-11.50	-	32,000	135,775	-	917	167,775	5.98-6.50	37,791	27,000	-	-	-	64,791	450,954
Dividend and profit receivable		-	-	-	627	627		-	-	-	-	-		-	-	-	-	-	664	664	2,208
Advances, deposits, prepayments and other receivables		-	-	-	100	100		-	-	-	100	100		-	-	-	-	-	-	-	200
		15,488	-	-	219,115	234,603		18,391	32,000	135,775	1,017	187,183		134,420	27,000	-	-	-	664	162,084	583,870
Financial liabilities																					
Payable to the Pension Fund Manager		-	-	-	345	345		-	-	-	247	247		-	-	-	-	-	213	213	805
Payable to the Trustee		-	-	-	34	34		-	-	-	26	26		-	-	-	-	-	21	21	81
Accrued expenses and other liabilities		-	-	-	2,550	2,550		-	-	-	222	222		-	-	-	-	-	518	516	3,283
		-	-	-	2,929	2,929		-	-	-	495	495		-	-	-	-	-	750	750	4,174
On-balance sheet gap		15,488	-	-	216,186	231,674		18,391	32,000	135,775	522	186,688		134,420	27,000	-	-	-	(86)	161,334	579,696
Off-balance sheet financial instruments																					
		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-	-	
Off-balance sheet gap		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-	-	

21.1.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

Equity Sub-Fund	June 30, 2018		June 30, 2017	
	Equity Sub-Fund		Equity Sub-Fund	
	Funds equity portfolio (%)	KSE-100 benchmark portfolio (%)	Funds equity portfolio (%)	KSE-100 benchmark portfolio (%)
Automobile Assembler	2.93%	0.70%	4.03%	1.47%
Automobile Parts & Accessories	2.70%	0.11%	2.36%	0.39%
Cement	5.56%	3.00%	18.99%	7.43%
Chemical	2.58%	2.07%	5.79%	4.96%
Commercial Banks	27.66%	30.52%	12.11%	14.90%
Engineering	4.37%	5.08%	8.43%	7.53%
Fertilizer	12.30%	4.71%	4.55%	3.34%
Oil & Gas Exploration Companies	19.98%	17.39%	12.04%	41.21%
Oil & Gas Marketing Companies	8.15%	5.22%	11.20%	6.55%
Pharmaceuticals	2.93%	1.55%	5.50%	1.61%
Power Generation & Distribution	6.04%	28.43%	5.20%	5.38%
Technology & Communication	1.76%	0.29%	0.00%	1.79%
Textile Composite	3.04%	0.93%	3.52%	2.24%
Others	0.00%	0.00%	6.28%	1.20%
Total	100.00%	100.00%	100.00%	100.00%

In case of 5% increase / decrease in KSE-100 index on June 30, 2018, with all other variables held constant, other components of equity and the net assets of the Fund would increase / decrease by Rs. 12.54 million as a result of gains / losses on equity securities classified as available for sale.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE-100 index.

21.2 Credit risk

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

The Fund's credit risk is primarily attributable to its investment in debt securities and government securities, balances with banks and advances, deposits and other receivables. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that are financial institutions with reasonably high credit ratings. Risk attributable to investment in government securities is limited as these are guaranteed by the Federal Government.

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

The maximum exposure to credit risk is as follows:

	Rating Agency	Rating	2018			
			Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----						
Bank balances by rating category						
Faysal Bank Limited	JCR-VIS	AA	211	1	13	225
JS Bank Limited	PACRA	AA-	21,928	-	28,449	50,377
Habib Bank Limited	JCR-VIS	AAA	8,445	8,719	9,856	27,020
Zarai Taraqiati Bank Limited	JCR-VIS	AAA	-	35,579	27,924	63,503
Allied Bank Limited	PACRA	AAA	-	35,986	23,424	59,410
Askari Bank Limited	PACRA	AA+	-	-	11	11
Sindh Bank Limited	JCR-VIS	AA	-	-	100	100
MCB Bank Limited	PACRA	AAA	-	-	9	9
Soneri Bank Limited	PACRA	AA-	-	-	9	9
			<u>30,584</u>	<u>80,285</u>	<u>89,795</u>	<u>200,664</u>

Term finance certificates and sukuk bonds by rating category

AAA	-	2,084	-	2,084
AA+	-	10,096	-	10,096
AA-	-	8,491	-	8,491
AA	-	20,804	-	20,804
A+	-	4,243	-	4,243
	-	<u>45,718</u>	-	<u>45,718</u>

Investment in commercial paper

A-2	-	3,966	-	3,966
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Dividend and profit receivable

<u>525</u>	<u>1,054</u>	<u>302</u>	<u>1,881</u>
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Advances, deposits, prepayments and other receivables

<u>105</u>	<u>100</u>	<u>102</u>	<u>307</u>
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	Rating Agency	Rating	2017			
			Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----						
Bank balances by rating category						
Habib Bank Limited	JCR-VIS	AAA	4,712	15,159	35,994	55,865
Faysal Bank Limited	JCR-VIS	AA	132	2,151	-	2,283
Askari Bank Limited	PACRA	AA+	-	-	-	-
NIB Bank Limited	PACRA	AA-	-	-	-	-
Allied Bank Limited	PACRA	AA+	-	1,081	28,843	29,924
Meezan Bank Limited	JCR-VIS	AA	-	-	12	12
Soneri Bank Limited	PACRA	AA-	-	-	3	3
JS Bank Limited	PACRA	AA-	10,644	-	29,578	40,222
Zarai Taraqiati Bank Limited	JCR-VIS	AAA	-	-	2,199	2,199
			<u>15,488</u>	<u>18,391</u>	<u>96,629</u>	<u>130,508</u>

Term finance certificates and sukuk bonds by rating category

AAA	-	2,690	-	2,690
AA-	-	10,564	-	10,564
AA	-	12,688	-	12,688
A+	-	8,331	-	8,331
	-	<u>34,273</u>	-	<u>34,273</u>

Investment in commercial paper

-	-	-	-
---	---	---	---

Investment in term deposit receipts

-	32,000	27,000	59,000
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Dividend and profit receivable

<u>627</u>	<u>917</u>	<u>664</u>	<u>2,208</u>
------------	------------	------------	--------------

Advances, deposits, prepayments and other receivables

<u>100</u>	<u>100</u>	-	<u>200</u>
------------	------------	---	------------

The maximum exposure to credit risk before any credit enhancement as at June 30, 2018 is the carrying amount of the financial assets.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation

to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties

thereby mitigating any significant concentrations of credit risk.

21.3 Liquidity risk

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

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the participant's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP). The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realizable.

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

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

	-----As at June 30, 2018 -----				-----As at June 30, 2018 -----				-----As at June 30, 2018 -----				
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				
	Upto three months	Over three months and up to one year	Over one year	Total	Upto three months	Over three months and up to one year	Over one year	Total	Upto three months	Over three months and up to one year	Over one year	Total	Total
	------(Rupees in '000)-----												
Financial Liabilities													
Payable to the Pension Fund Manager	355	-	-	355	249	-	-	249	202	-	-	202	806
Payable to the Trustee	35	-	-	35	25	-	-	25	20	-	-	20	80
Accrued expenses and other liabilities	5,826	-	-	5,826	306	-	-	306	536	-	-	536	6,668
	<u>6,216</u>	<u>-</u>	<u>-</u>	<u>6,216</u>	<u>580</u>	<u>-</u>	<u>-</u>	<u>580</u>	<u>758</u>	<u>-</u>	<u>-</u>	<u>758</u>	<u>7,554</u>
	-----As at June 30, 2017-----												
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				
	Upto three months	Over three months and up to one year	Over one year	Total	Upto three months	Over three months and up to one year	Over one year	Total	Upto three months	Over three months and up to one year	Over one year	Total	Total
	------(Rupees in '000)-----												
Financial Liabilities													
Payable to the Pension Fund Manager	345	-	-	345	247	-	-	247	213	-	-	213	805
Payable to the Trustee	34	-	-	34	26	-	-	26	21	-	-	21	81
Accrued expenses and other liabilities	2,550	-	-	2,550	222	-	-	222	516	-	-	516	3,288
	<u>2,929</u>	<u>-</u>	<u>-</u>	<u>2,929</u>	<u>495</u>	<u>-</u>	<u>-</u>	<u>495</u>	<u>750</u>	<u>-</u>	<u>-</u>	<u>750</u>	<u>4,174</u>

The above mentioned financial liabilities do not carry any mark-up.

Units of the Fund are redeemable on demand at the participants' option. However, unit holders typically retain them from medium to long term.

22. PARTICIPANTS' FUNDS RISK MANAGEMENT (CAPITAL RISK)

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

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

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

In accordance with the risk management policies stated in note 21, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with long term objective, the possibility of a significant redemption pressure is limited, such liquidity is augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments, where necessary.

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

23. 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 in the principal or, in its absence, the most advantageous market to which the Fund access at that date. The fair value of a liability reflects its non-performance risk.

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.

According to IFRS 7, Financial Instruments: Disclosure - an entity shall 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:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 5.

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

		Held by Equity sub-fund 2018								
		Carrying amount				Fair Value				
Note	Held For Trading	Available for Sale	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total	
------(Rupees in '000)-----										
On-balance sheet financial instruments										
Financial assets measured at fair value										
	- Listed equity securities	172,181	57,753	-	-	229,934	229,934	-	-	229,934
		172,181	57,753	-	-	229,934				
Financial assets not measured at fair value										
23.1	- Bank balances	-	-	30,584	-	30,584				
	- Dividend receivable and accrued mark-up	-	-	525	-	525				
	- Advances, deposits, prepayments and other receivables	-	-	105	-	105				
		-	-	31,214	-	31,214				
		172,181	57,753	31,214	-	261,148				
Financial liabilities not measured at fair value										
23.1	- Payable to the Pension Fund Manager	-	-	-	355	355				
	- Payable to Trustee	-	-	-	35	35				
	- Accrued expenses and other liabilities	-	-	-	5,826	5,826				
		-	-	-	6,216	6,216				

		Held by Equity sub-fund 2017								
		Carrying amount				Fair Value				
Note	Held For Trading	Available for Sale	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total	
------(Rupees in '000)-----										
On-balance sheet financial instruments										
Financial assets measured at fair value										
	- Listed equity securities	-	218,388	-	-	218,388	218,388	-	-	218,388
		-	218,388	-	-	218,388				
Financial assets not measured at fair value										
23.1	- Bank balances	-	-	15,488	-	15,488				
	- Dividend receivable and accrued mark-up	-	-	627	-	627				
	- Advances, deposits, prepayments and other receivables	-	-	100	-	100				
		-	-	16,215	-	16,215				
		-	218,388	16,215	-	234,603				
Financial liabilities not measured at fair value										
23.1	- Payable to the Pension Fund Manager	-	-	-	345	345				
	- Payable to Trustee	-	-	-	34	34				
	- Accrued expenses and other liabilities	-	-	-	2,550	2,550				
		-	-	-	2,929	2,929				

		Held by Debt sub-fund 2018							
		Carrying amount				Fair Value			
Note	Held For Trading	Available for Sale	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----								
	51,434	-	-	-	51,434	-	51,434	-	51,434
	-	52	-	-	52	-	52	-	52
	35,143	10,575	-	-	45,718	-	45,718	-	45,718
	86,577	10,627	-	-	97,204				
Financial assets not measured at fair value	23.1								
- Bank balances	-	-	80,285	-	80,285				
- Dividend receivable and accrued mark-up	-	-	1,054	-	1,054				
- Advances, deposits, prepayments and other receivables	-	-	100	-	100				
- Commercial papers	-	-	3,966	-	3,966				
	-	-	85,405	-	85,405				
	86,577	10,627	85,405	-	182,609				
Financial liabilities not measured at fair value	23.1								
- Payable to the Pension Fund Manager	-	-	-	249	249				
- Payable to Trustee	-	-	-	25	25				
- Accrued expenses and other liabilities	-	-	-	306	306				
	-	-	-	580	580				
		Held by Debt sub-fund 2017							
		Carrying amount				Fair Value			
Note	Held For Trading	Available for Sale	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----								
	-	101,502	-	-	101,502	-	101,502	-	101,502
	-	34,273	-	-	34,273	-	34,273	-	34,273
	-	135,775	-	-	135,775				
Financial assets not measured at fair value	23.1								
- Bank balances	-	-	18,391	-	18,391				
- Term deposit receipts	-	-	32,000	-	32,000				
- Dividend receivable and accrued mark-up	-	-	917	-	917				
- Advances, deposits, prepayments and other receivables	-	-	100	-	100				
	-	-	51,408	-	51,408				
	-	135,775	51,408	-	187,183				
Financial liabilities not measured at fair value	23.1								
- Payable to the Pension Fund Manager	-	-	-	247	247				
- Payable to Trustee	-	-	-	26	26				
- Accrued expenses and other liabilities	-	-	-	222	222				
	-	-	-	495	495				

On-balance sheet financial instruments		Held by Money Market sub-fund								
		2018				Fair Value				
	Note	Held For Trading	Available for Sale	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----										
Financial assets measured at fair value										
- Government securities										
Treasury Bills		56,676	-	-	-	56,676	-	56,676	-	56,676
		<u>56,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,676</u>				
Financial assets not measured at fair value										
- Bank balances	23.1	-	-	89,795	-	89,795				
- Dividend receivable and accrued mark-up		-	-	302	-	302				
- Advances, deposits, prepayments and other receivables		-	-	102	-	102				
- Commercial papers		-	-	-	-	-				
		-	-	90,199	-	90,199				
		<u>56,676</u>	<u>-</u>	<u>90,199</u>	<u>-</u>	<u>146,875</u>				
Financial liabilities not measured at fair value										
- Payable to the Pension Fund Manager	23.1	-	-	-	202	202				
- Payable to Trustee		-	-	-	20	20				
- Accrued expenses and other liabilities		-	-	-	536	536				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>758</u>	<u>758</u>				

On-balance sheet financial instruments		Held by Money Market sub-fund								
		2017				Fair Value				
	Note	Held For Trading	Available for Sale	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----										
Financial assets measured at fair value										
- Government securities										
Treasury Bills		-	37,791	-	-	37,791	-	37,791	-	37,791
		<u>-</u>	<u>37,791</u>	<u>-</u>	<u>-</u>	<u>37,791</u>				
Financial assets not measured at fair value										
- Bank balances	23.1	-	-	71,629	-	71,629				
- Term Deposit Receipts (TDRs)		-	-	52,000	-	52,000				
- Dividend receivable and accrued mark-up		-	-	664	-	664				
		-	-	124,293	-	124,293				
		<u>-</u>	<u>37,791</u>	<u>124,293</u>	<u>-</u>	<u>162,084</u>				
Financial liabilities not measured at fair value										
- Payable to the Pension Fund Manager	23.1	-	-	-	213	213				
- Payable to Trustee		-	-	-	21	21				
- Accrued expenses and other liabilities		-	-	-	516	516				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>750</u>	<u>750</u>				

24. FINANCIAL PERFORMANCE

24.1 Equity sub-fund

	Equity Sub-Fund					
	2018	2017	%Change	2016	2015	2014
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Net income for the year	(9,744)	37,864	-126%	19,750	23,282	19,179
Realized capital gains	(2,189)	34,438	-106%	17,542	21,689	17,379
Unrealized capital gains / (losses)	(29,147)	2,640	-1204%	(7,497)	6,109	(2,703)
Dividend income / Mark-up income	12,605	7,892	60%	5,340	4,578	4,862
NAV per unit (Rupees)	366.3184	408.1194	-10%	320.5217	294.1652	223.5688
Transactions in securities						
Purchases	221,773	384,050	-42%	298,415	162,440	148,497
Sales	178,889	348,770	-49%	287,330	144,283	147,437
Total contribution received	71,279	83,481	-15%	23,019	18,566	23,796

		Debt sub-fund					
		2018	2017	%Change	2016	2015	2014
24.2	Debt sub-fund						
	Net income for the year	8,233	9,357	-12%	11,044	11,071	7,051
	Realized capital gains / (losses)	82	1,450	-94%	3,250	2,218	(13)
	Unrealized capital gains / (losses)	(344)	(2,037)	-83%	1,042	1,223	202
	Mark-up income	12,044	11,460	5%	11,307	11,881	9,526
	NAV per unit (Rupees)	159.5394	153.4136	4%	146.9919	136.0235	122.5372
	Transactions in securities						
	Purchases	1,416,184	1,220,562	16%	298,469	249,000	536,790
	Sales	1,344,113	849,189	58%	172,012	121,500	52,000
	Total contribution received	72,342	54,384	33%	42,012	51,033	36,774
		Money market sub-fund					
		2018	2017	%Change	2016	2015	2014
24.3	Money market sub-fund						
	Net income for the year	6,548	6,762	-3%	5,744	7,934	6,905
	Realized capital gains / (losses)	(9)	(15)	-40%	12	(9)	10
	Unrealized capital gains / (losses)	7	(20)	-135%	(58)	78	(54)
	Mark-up income	9,785	9,748	0%	8,931	10,867	9,335
	NAV per unit (Rupees)	147.2662	141.0836	4%	135.0112	129.6234	121.2766
	Transactions in securities						
	Purchases	1,040,483	556,830	87%	577,733	483,400	590,850
	Sales	911,274	320,944	184%	154,038	24,000	13,000
	Total contribution received	49,435	42,570	16%	27,413	52,528	23,341
		Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
		2018	2017	2018	2017	2018	2017
		----- (Rupees in '000) -----		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
24.4	Highest and lowest issue price of units during the year						
	Highest issue price	408.1152	458.5737	159.5394	153.4175	147.2662	141.0932
	Lowest issue price	324.4232	322.7776	153.4308	147.1504	141.1468	135.0561

25. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on August 31, 2018.

26. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer















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HBL

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