

HBL

ASSET MANAGEMENT LTD.

ایسٹٹ مینجمنٹ لمیٹڈ



HBL Investment Fund

(FORMERLY PICIC INVESTMENT FUND)

Annual Report 2017-18

MOVING TOWARDS
EXCELLENCE

TABLE OF CONTENTS

<i>Vision / Mission</i>	2
<i>Corporate Values</i>	3
<i>Corporate Information</i>	4
<i>Fund Information</i>	5
<i>Report of the Directors of Management Company</i>	6
<i>Fund Manager Report</i>	17
<i>Performance Table</i>	20
<i>Proxy Voting Disclosure</i>	21
<i>Trustee Report to the Certificate holders</i>	22
<i>Statement of Compliance with listed Companies Regulations, 2017</i>	23
<i>Auditors' Review Report to the Certificate Holders on Statement of Compliance contained in Listed Companies Regulations, 2017</i>	25
<i>Independent Audit Report to the Certificate Holders</i>	26
<i>Statement of Assets & Liabilities</i>	29
<i>Income Statement</i>	30
<i>Statement of Comprehensive Income</i>	31
<i>Distribution Statement</i>	32
<i>Statement of Movement in Certificate Holders' Fund - Per Certificate</i>	33
<i>Cash Flow Statement</i>	34
<i>Statement of Changes in Equity</i>	35
<i>Note to the Financial Statements</i>	36
<i>Income Statement of HBL Asset Management Limited in relation to HBL Investment Fund (Formerly PICIC Investment Fund)</i>	60

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.hblasset.com

Head Office & Registered Office

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

NAME OF FUND	HBL INVESTMENT FUND <i>(Formerly PICIC Investment Fund)</i>
NAME OF AUDITOR	Deloitte Yousuf Adil, Chartered Accountants
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited.
NAME OF BANKERS	MCB Bank Limited JS Bank Limited Habib Bank Limited

The Board of Directors of HBL Asset Management Limited, the Management Company of HBL Investment Fund (Formerly: PICIC Investment Fund) is pleased to present the 14th Annual Report of the HBL Investment Fund.

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.

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%. 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.

FINANCIAL RESULTS

The financial results of HBL Investment Fund for the year under review are summarized as under:

(Rupees in '000')

Un-appropriated profit brought forward	357,436
Net Loss after taxation for the year	(358,696)
Amount available for appropriation	(1,260)
Appropriation:	
Final Dividend for the year ended June 30, 2017 @ 1.35%	(383,569)
Accumulated profit carried forward	(384,829)
Loss per certificate (Rupees)	(1.26)

During the period under review total loss stood at Rs. 198 million including unrealized loss of Rs. 155 million (2017: unrealized gain of Rs. 438 million) as compared to a total income of Rs. 977 million reported for the corresponding period.

Realized capital loss during the period stood at Rs. 381 million as compared to realized capital gain of Rs. 281 million in the corresponding period. The dividend income during the period stood at Rs. 304 million as compared to Rs243 million in the corresponding period.

Total expenditure during the period stood at Rs160 million as compared to Rs168 million during the corresponding period.

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

The Fund incurred a net loss of Rs. 359 million for the period as compared to net profit of Rs. 848 million reported for the corresponding period. This translates into loss per certificate of Rs. 1.26 for the period as compared to earning per certificate of Rs. 2.98 in the corresponding period.

The net assets decreased from Rs. 6,331 million as on June 30, 2017 to Rs. 5,435 million as on June 30, 2018 and accordingly the net asset value per certificate decreased from Rs. 22.28 per certificate as on June 30, 2017 to Rs. 19.13 per certificate as on June 30, 2018.

INCOME DISTRIBUTION

The Board of Directors of HBL Asset Management Limited (the Management Company) has declared NIL distribution from HBL Investment Fund (Formerly: PICIC Investment Fund) for the year ended June 30, 2018.

Compliance with the Regulation 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

As per Regulation 65 of the NBFC Regulations, all closed end funds were required to be converted into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. However Closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has Frozen Portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, its conversion into an open end scheme was deferred.

During the year, the Board of the Management Company of the Fund approved the Conversion Plan (the Plan) of the fund for the conversion of the Fund into an Open End Scheme. For this purpose, the Plan was presented to and approved by the Certificate Holders of the Fund in its General Meeting dated January 10, 2018. The Plan was also approved by Securities and Exchange Commission of Pakistan (the Commission) on February 16, 2018.

Subsequently, the Replacement Trust Deed and Replacement Offering Document were approved by the Commission. The Fund has been registered as open-ended Fund notified entity under Regulation 44 of NBFC Regulations, 2008 on June 7, 2018. As per the approved Plan, the conversion took place on July 2, 2018 and every Certificate Holder of the closed end fund was entitled to following for each certificate held;

- i. One Class-A Unit of the Fund was issued to every Certificate Holders of Fund for each certificate held representing Frozen Portfolio and related assets and liabilities.
- ii. One Class-B Unit of the Fund was issued to the every Certificate Holder of Fund for each certificate held representing Unfrozen Portfolio and related assets and liabilities.

This matter is fully disclosed in note 1.5 of the financial statements of the Fund.

Management Company Quality Rating

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

Disclosures in Compliance with Listed Companies Corporate Governance Regulations

This part of the Directors' report to certificate-holders is given as required under Chapter XIII and other provisions of the Listed Companies Corporate Governance Regulations, 2017:

Composition of the Board:

Total No. of Directors:

- | | |
|------------|---|
| a) Male: | 6 |
| b) Female: | 1 |

Composition:

- | | |
|----------------------------------|---|
| a) Independent Directors: | 4 |
| b) Other Nonexecutive Directors: | 2 |
| c) Executive Directors: | 1 |

Committees of the Board:

Board Audit Committee

The composition is as follows:

Name	Status
Mr. Shabbir Hussain Hashmi	Chairman. Appointed as member effective from Apr 11, 2018.
Mr. Rizwan Haider	Member
Ms. Ava A. Cowasjee	Member
Mr. Rayomond H. Kotwal	Member. Appointed as member effective from Oct 9, 2017.
Mr. Shahid Ghaffar	Member. Appointed as member effective from Apr11, 2018.
Mr. Nadeem Abdullah	Resigned from Board effective from Feb 26, 2018.

Board Human Resource and Remuneration Committee (HR&R)

The composition is as follows:

Name	Status
Mr. Aga Sher shah	Chairman. Appointed as member effective from Feb 20, 2018.
Mr. Rayomond H. Kotwal	Member
Mr. Farid Ahmed Khand	Member.
Mr. Towfiq Habib Chinoy	Resigned from Board effective from Nov 23, 2017.
Mr. Shabbir Hussain Hashmi	Member. Appointed as member effective from Aug 24, 2018.

Board Risk Management Committee (BRMC)

The composition is as follows:

Name	Status
Mr. Rizwan Haider	Chairman
Mr. Farid Ahmed Khan	Member
Mr. Shahid Ghaffar	Member. Appointed as member effective from Feb 20, 2018.
Mr. Salah Uddin Manzoor	Resigned from Board effective from Nov 30, 2017.

Remuneration of the Non-Executive & Independent Directors of the Board of Management Company:

The Fund does not pay any remuneration to the Directors of the Management Company. The remuneration to the Directors is paid by the Management Company.

Disclosure of company's risk framework and internal control system:

The overall responsibility of overseeing risk management processes lies with the Board of Directors. This includes risk management and internal control procedures. The Company's risk management processes are designed to safeguard its assets and address possible risks to its Business, including possible impacts on business continuity. The documented processes are subject to regular review. Identified risks which could potentially affect the achievement of strategic, operational, financial and/or compliance objectives are promptly reported to the Board and senior management, allowing them to take timely action where required, to ensure the Company's operations continue smoothly.

The company has a clear organizational structure with a well-defined chain of authority. The Board has formed a Risk and Investment Committee which is responsible for defining the policies for monitoring and review of all material controls, including financial and operational compliance. The Board has also approved well defined Risk Policy which ensures that risk mitigation measures are robust with well-defined roles and responsibilities. The senior management team is responsible for implementing procedures, monitoring risk and assessing the effectiveness of various controls.

AUDITORS

M/s Deloitte Yousuf Adil, Chartered Accountants existing auditors of HBL Investment Fund have retired. The Board of Directors would consider the matter of the appointment of auditors in due course of time.

ACKNOWLEDGEMENT

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

On behalf of the Board of
HBL Asset Management Limited

Chief Executive Officer

ایچ بی ایل انویسٹمنٹ فنڈ (سابق: پک اک انویسٹمنٹ فنڈ)

انتظامی کمپنی کے ڈائریکٹرز کی رپورٹ برائے سال مختتمہ 30 جون 2018

ایچ بی ایل انویسٹمنٹ فنڈ (سابق پک اک انویسٹمنٹ فنڈ) کی انتظامی کمپنی ایچ بی ایل ایسٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز مسرت ایچ بی ایل انویسٹمنٹ فنڈ کی 14 ویں سالانہ رپورٹ پیش کر رہے ہیں۔

معیشت کا جائزہ

مالی سال 2018 میں پاکستان کی معاشی کارکردگی نے مجموعی طلب میں موزوں اضافے کے ساتھ شرح نمو میں بہتری کا سلسلہ جاری رکھا جس کے نتیجے میں بیرونی اکاؤنٹ کے خطرات بھی بڑھے۔ معیشت کو درپیش خطرات تیل کے بین الاقوامی نرخوں کے بلند سطح پر گامزن رہنے کے باعث برقرار رہے جس سے کرنٹ اکاؤنٹ خسارہ حالیہ سطح پر مزید بڑھ گیا (بالخصوص مالی سال 18 کی چوتھی سہ ماہی میں)۔ مزید برآں حال ہی میں پالیسی اقدامات (پاک روپے کی قدر میں کمی، شرح سود میں اضافہ اور درآمدی مصنوعات پر ڈیوٹی کے نفاذ) سے ممکنہ طور پر نتائج کچھ بہتر ظاہر ہوں گے جبکہ ہم مالی سال 2019 میں بھی سخت پالیسی اقدامات کا تسلسل دیکھ رہے ہیں۔

معاشی ترقی میں مسلسل بہتری کے نتیجے میں حقیقی مجموعی پیداوار 5.8 فیصد کی شرح نمو کے ساتھ مسلسل بہتری کی جانب گامزن ہے جو گزشتہ سال 5.4 فیصد تھی۔ مالی سال 2018 میں جی ڈی پی کی شرح نمو گزشتہ 13 سالوں میں سب سے زیادہ تھی۔ اس بلند شرح نمو کے پیچھے کلیدی عوامل میں زرعی شعبے میں بدلاؤ بھی تھا جس نے گزشتہ سال میں صرف 2.1 فیصد شرح نمو کے مقابلے میں اس سال 3.8 فیصد نمو ظاہر کی۔ دریں اثنا صنعتی شرح نمو 5.8 فیصد رہی اور شعبہ ہائے خدمات نے 6.4 فیصد شرح نمو ظاہر کی۔ وسیع پیمانے پر مینوفیکچرنگ (LSM) نے مالی سال 2018 کے 11 ماہ کے دوران YoY % 6.0 شرح نمو ظاہر کی جس میں بالخصوص الیکٹرونکس (% +36.0)، آئرن اور اسٹیل پروڈکٹس (% +22.0)، آٹو موٹائلز (% +18.0) اور نان-مینا لک منرل پروڈکٹس (% +11.9) سرفہرست رہے۔ مالی سال 2018 کے دوران اوسطاً افراط زر % 3.92 پر خاموش رہا۔ تاہم افراط زر سال کے آخر میں بڑھ گیا جیسا کہ جون 2018 کے ماہ کے لئے افراط زر کی ہیڈ لائن اور بنیادی افراط زر بالترتیب 5.2 فیصد اور 7.1 فیصد رہی۔ افراط زر میں یہ بلند ترین جان آئل کے انٹرنیشنل نرخوں میں اضافہ روپے کی قدر میں تین بار کی کمی کے باعث دیکھنے میں آیا۔ پاک روپے کی قدر جون 2018 کے دوران امریکی ڈالر کے مقابلے میں 5.0 فیصد تک کم ہوئی جبکہ مالی سال 2018 کے دوران مجموعی طور پر روپے کی قدر 16.0 فیصد کم ہو گئی۔

مالی سال 2018 کے 9 ماہ میں مالیاتی خسارے میں بگاڑ ظاہر ہوا جہاں مالیاتی خسارہ برائے جی ڈی پی کی شرح گزشتہ سال کی اسی مدت کی 3.9 فیصد سے بڑھ کر 4.3 فیصد ہو گئی۔ معیشت میں تیز رفتار شرح نمو کے سال کے دوران بیرونی محاذ پر عدم توازن کا سامنا رہا اس کے ساتھ مالی سال 2018 کا کرنٹ اکاؤنٹ خسارہ 18.0 بلین یو ایس ڈالر (جی ڈی پی کا % 5.7) تک پہنچ گیا جو اس کے مقابلے میں مالی سال 2017 میں 12.6 بلین یو ایس ڈالر (جی ڈی پی کا % 4.1) تھا۔ مالی سال 2018 میں ایشیا کی درآمدات اور شعبہ ہائے خدمات YoY % 14.0 تک بڑھ کر 66.2 بلین یو ایس ڈالر ہو گئیں جبکہ برآمدات 12.6 فیصد تک بڑھ کر 30.0 بلین یو ایس ڈالر ہو گئیں جس کے نتیجے میں 36.2 بلین یو ایس ڈالر کا تجارتی خسارہ ہوا جو اس کے مقابلے میں مالی سال 2017 کے دوران 31.0 بلین یو ایس ڈالر تھا۔ زرتربیل 1.4 فیصد کے معمولی اضافے کے ساتھ 19.6 بلین یو ایس ڈالر رہے جس کی وجہ مشرق وسطیٰ کے ممالک سے زرتربیل میں کمی تھی۔ اس کے نتیجے میں اسٹیٹ بینک آف پاکستان کے غیر ملکی ربادلہ کے ذخائر جون 2017 سے 6.4 بلین یو ایس ڈالر کم ہو کر مالی سال 2018 کے اختتام تک 9.8 بلین یو ایس ڈالر رہ گئے۔

آگے بڑھتے ہوئے ہم کڑی پالیسی اقدامات کے تسلسل کے ساتھ مانیٹری اور مالیاتی نظم و ضبط کے ضمن میں توجہ اور درآمدات میں کمی دیکھ رہے ہیں کیونکہ بیرونی اکاؤنٹ کے خطرات بدستور بلند سطح پر ہیں۔

بازار زر کا جائزہ

مالی سال 2018 میں شرح سود کا دائرہ بدل گیا کیونکہ مرکزی بینک کی توجہ بڑھتے ہوئے دہرے خسارے اور افراط زر میں اضافے کی توقع پر مہذول ہو گئی تھی جس کی وجہ انتخابات کے وقت مالیاتی لطم و مضبوطی کا فقدان تھا۔ سال کے دوران اسلامی بینکاری کی صنعت کے اثاثہ جات %21.9 (447 ارب روپے) تک بڑھ گئے اور جون 2018 کے آخر میں یہ 2,482 ارب روپے پر موجود تھے۔ اسی طرح اسلامی بینکوں کے ڈپازٹ نے بھی %18.2 کی ایک مستحکم نمو ظاہر کی اور جون 2018 کے اختتام تک 2,033 ارب روپے پر پہنچ گئے۔ اثاثہ جات اور ڈپازٹس میں بیماری شرح نمو کے باوجود ایس بی پی نے مالی سال 2018 میں کوئی فکسڈ یا فلوٹنگ شرح کے سرکاری اجارہ سکوک جاری نہیں کئے۔ تاہم اسلامی بینکوں کی ایس ایل آر شرط کو پورا کرنے کے ضمن میں حکومت پاکستان نے ایس ایل آر کے اہل کارپوریٹ انٹرنیشنل بنیادی مارکیٹ میں جاری کئے۔ سال کے دوران فکسڈ ریٹ کے اجارہ سکوک کے نرخوں نے طلب میں کمی اور شرح سود میں اضافے کے تناظر کے باعث تیزی سے کمی کا سامنا کیا۔ تین سرکاری اجارہ سکوک انسٹرومنٹس فکسڈ ریٹ کے حامل ہیں جنہوں نے مجموعی طور پر 384 ارب روپے کے کل واجب الادا ایٹو میں سے 268 ارب روپے (~70%) فیصد کی شراکت کی۔ کارپوریٹ ڈیٹ بڑھنے کی سرگرمی میں اس مدت کے دوران اضافہ ہوتا رہا جو سسٹم میں اضافی لیکویڈٹی سے فائدہ اٹھانے کے ضمن میں تھا جس کو حکومت پاکستان کے اجارہ سکوک کے مقابلے میں پرکشش نرخوں کے باعث اسلامی مالیاتی اداروں کی جانب سے خوب پذیرائی حاصل ہوئی۔

آگے بڑھتے ہوئے ہم افراط زر کی شرح میں اضافے کی توقع اور کرنٹ اکاؤنٹ خسارے کی موجودگی کے باعث آئندہ تقویمی سال میں شرح سود میں مزید 50 bps کا اضافہ دیکھ رہے ہیں۔

بازار حصص کا جائزہ

پاکستان ایکویٹیز کو مایوس کن غیر ملکی زرمبادلہ کے بہاؤ (بعد از MSCI اپ گریڈ)، سابق وزیر اعظم کے جانے کے بعد سیاسی بے یقینی، میکرو اکنامک چیلنجز اور حال ہی میں ختم ہونے والے عام انتخابات کے بارے میں مختلف قیاس آرائیوں کے باعث الٹ پلٹ اتار چڑھاؤ کا سامنا رہا۔

اسلامک - ایکویٹیز شیئنگ مارک (KMI30 انڈیکس) 7,538 پوائنٹس تک گر کر 71,060 پوائنٹس پر بند ہوا جو 10 فیصد کی کمی کو ظاہر کرتا ہے۔ ایم ایس سی آئی ایمرجنگ مارکیٹس میں پاکستان کی شمولیت کے بعد مستحکم غیر ملکی زرمبادلہ کی مارکیٹ توقعات کے مطابق رہنے کے باوجود غیر ملکی سرمایہ کار خالص فروخت کنندگان ہی رہے اور 289 ملین امریکی ڈالر کے اسٹاکس فروخت کئے۔ مقامی سرمایہ کاروں کے اندر بیہ کمپنوں اور کارپوریشن نے بالترتیب 204 ملین امریکی ڈالر اور 100 ملین امریکی ڈالر کی ایکویٹیز خریدیں جبکہ میوچل فنڈز نے سال کے دوران 35 ملین امریکی ڈالر کی ایکویٹیز فروخت کیں۔ سیاسی محاذ پر سابق وزیر اعظم میاں نواز شریف کو سپریم کورٹ نے جولائی 2017 میں نااہل قرار دے دیا تھا جس سے سرمایہ کاری کا رجحان مزید متاثر ہوا۔ مزید برآں پالیسی سازوں کی جانب سے کڑے پالیسی اقدامات (پاک روپے کی قدر میں 16 فیصد کمی اور شرح سود میں 75bps کا اضافہ) کے بعد دہرے خسارے کے باعث اقتصادی صورتحال مزید سنگین ہو گئیں۔

سینٹ کا شعبہ کے ایم آئی انڈیکس میں سب سے آگے رہا جس میں کمی کی وجہ سے ڈی جی کے سی (DGKC) اور ایل یو سی کے (LUCK) %44 اور %37 YoY کم ہو گیا۔ سینٹ میں کمی کی وجہ اس شعبے میں نرخوں کی جنگ کا خوف تھا جیسا کہ آئندہ توسیع سے زائد سپلائی کی صورتحال سامنے آسکتی تھی بالخصوص جنوبی خطے میں کیونکہ ڈی جی کے سی (DGKC) اور ایل یو سی کے (LUCK) کے نرخوں کی خراب کارکردگی سے سمجھا جا رہا تھا۔ بینکاری کے شعبے کے اندر جانے والے سال کے دوران ایم ای بی ایل کا منافع 10 فیصد رہا جو شرح سود بڑھنے سے ممکن ہوا جس کی توقع منافع جات میں اضافے کی صورت میں لگائی گئی تھی۔

مالی سال 2018 کے دوران آئل و گیس ایکسپلوریشن کمپنیوں کی جانب سے بہترین کارکردگی کا مظاہرہ کیا گیا جس کی وجہ تیل کے بین الاقوامی نرخوں میں 66 فیصد اضافہ اور پاک روپے کی قدر میں 16 فیصد کمی تھی۔ پی او ایل اور پی پی ایل کی کارکردگی غیر معمولی رہی جس کے منافع جات گزشتہ سال کی اسی مدت کے مقابلے میں 58 فیصد اور 53 فیصد بڑھ گئے۔

آگے بڑھتے ہوئے ہمیں توقع ہے کہ پاکستان کی ایکویٹیز سیاسی استحکام (عام انتخابات کے بعد) کی بحالی کے ساتھ بہتر ہو جائیں گی میکرو اکنامک رجحان میں بتدریج بہتری اور پاک روپے کی قدر میں کمی کے بعد غیر ملکی سرمایہ کاروں کی دلچسپی بڑھ جانے سے ممکنہ بحالی سے صورتحال تبدیل ہوگی۔

مالیاتی نتائج

زیر جائزہ سال کے لئے ایچ بی ایل انویسٹمنٹ فنڈ کے مالیاتی نتائج ذیل میں مختصراً بیان کئے گئے ہیں۔

(روپے '000 میں)	
357,436	آگے منتقل کیا جانے والا غیر مختص منافع
(358,696)	سال کے لئے خالص خسارہ بعد از ٹیکس
(1,260)	اختصاص کے لئے دستیاب رقم
	اختصاص:
(383,569)	30 جون 2017 کو ختم ہونے والے سال کے لئے حتمی منافع منقسمہ بشرح 1.35%
(384,429)	منتقل کیا گیا مجموعی منافع
(1.26)	خسارہ فی شیئیکلیٹ (روپے)

زیر جائزہ مدت کے دوران مجموعی خسارہ 198 ملین روپے بشمول 155 ملین روپے کا غیر تسلیم شدہ خسارہ (2017: غیر تسلیم شدہ فائدہ 438 ملین روپے) تھا جبکہ اس کے مقابلے میں گزشتہ مدت کے لئے 977 ملین روپے کی مجموعی آمدنی حاصل ہوئی تھی۔

زیر جائزہ مدت کے دوران تسلیم شدہ کیپٹل خسارہ 381 ملین روپے تھا جبکہ اس کے مقابلے میں گزشتہ مدت کے دوران 281 ملین روپے کا تسلیم شدہ کیپٹل فائدہ ظاہر ہوا تھا۔ اس مدت کے دوران منافع منقسمہ کی آمدنی 304 ملین روپے تھی جو اس کے مقابلے میں گزشتہ مدت کے دوران 243 ملین روپے تھی۔

زیر جائزہ مدت کے دوران کل اخراجات 160 ملین روپے رہے جو گزشتہ مدت کے دوران 168 ملین روپے تھے۔

رواں سال کے لئے ٹیکس کی فراہمی کا حجم کچھ بھی نہ تھا جس کی وجہ اگم ٹیکس آرڈیننس 2001 کے سینڈ شیڈول کے پارٹ 1 کی شق 99 اور این بی ایف سی کے ریگولیشن 63 اور این ای ریگولیشنز 2008 کے تحت ٹیکس سے استثنیٰ تھا۔

فنڈ نے اس مدت کے لئے 359 ملین روپے کا خالص خسارہ حاصل کیا جبکہ گزشتہ مدت کے لئے 848 ملین روپے کا خالص خسارہ حاصل کیا گیا تھا۔ اس کا نتیجہ اس مدت کے دوران 1.26 روپے فی شیئیکلیٹ خسارے کی صورت میں ظاہر ہوا جبکہ گزشتہ مدت میں 2.98 روپے فی شیئیکلیٹ کی آمدنی حاصل کی گئی تھی۔

خالص اثاثہ جات جو 30 جون 2017 کو 6,331 ملین روپے تھے وہ 30 جون 2018 کو کم ہو کر 5,435 ملین روپے رہ گئے اور اس کے مطابق خالص اثاثہ جات کی مالیت فی شیئیکلیٹ بمطابق 30 جون 2017 کی 22.28 روپے فی شیئیکلیٹ سے کم ہو کر 30 جون 2018 کے مطابق 19.13 روپے فی شیئیکلیٹ رہی۔

آمدنی کی تقسیم

ایچ بی ایل ایسیٹ مینجمنٹ لمیٹڈ (اتحادی کمپنی) کے بورڈ آف ڈائریکٹرز نے 30 جون 2018 کو ختم ہونے والے سال کے لئے ایچ بی ایل انویسٹمنٹ فنڈ سے کسی تقسیم کا اعلان نہیں کیا۔

نان بینکنگ فنانس کمپنیز کے ریگولیشن 65 اور نوٹیفائیڈ انٹیلیجنس ریگولیشنز 2008 پر عمل درآمد

سال کے دوران فنڈ کی انتظامی کمپنی کے بورڈ نے فنڈ کی ایک اوپن اینڈ اسکیم میں منتقلی کے لئے فنڈ کے کنورژن پلان (پلان) کی منظوری دی تھی۔ اس مقصد کے لئے پلان کو فنڈ کے سٹریٹجک ہولڈرز کی منظوری حاصل کرنے کے لئے ان کے اجلاس عام منعقدہ 10 جنوری 2018 میں پیش کیا گیا۔ پلان کی منظوری سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (کمیشن) کی جانب سے بھی 16 فروری 2018 کو حاصل کی گئی۔

اس کے مطابق ری پلیسمنٹ ٹرسٹ ڈیڈ اور ری پلیسمنٹ آفرنگ دستاویزات کمیشن سے منظور کرائی گئیں۔ فنڈ کو این بی ایف سی ریگولیشنز 2008 کے ریگولیشن 44 کے تحت 7 جون 2018 کو بطور اوپن- اینڈ ڈ فنڈ نوٹیفائیڈ ادارہ رجسٹرڈ کرایا گیا۔ منظور کردہ پلان کے مطابق منتقلی 2 جولائی 2018 کو عمل میں لائی گئی۔ اس معاملے کو فنڈ کے مالیاتی حسابات کے نوٹ 1.5 میں مکمل طور پر ظاہر کر دیا گیا ہے۔

انتظامی کمپنی کی کوالٹی ریٹنگ

جے سی آر- وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے انتظامی کمپنی کی انتظامی کوالٹی ریٹنگ اے ایم ٹو پلس (AM2+) (مثبت آؤٹ لک) پر برقرار رکھی ہے۔

لسٹڈ کمپنیز کارپوریٹ گورننس ریگولیشنز پر عملدرآمد سے متعلق انکشافات

سٹریٹجک ہولڈرز کے لئے ڈائریکٹرز کی رپورٹ کا یہ حصہ لسٹڈ کمپنیز کارپوریٹ گورننس ریگولیشنز 2017 کے باب XIII اور دیگر شقوں کے تحت دیا گیا ہے۔

بورڈ کی تشکیل

ڈائریکٹرز کی مجموعی تعداد

(اے) مرد: 6

(بی) خاتون: 1

تشکیل

(اے) انڈیپنڈنٹ ڈائریکٹر: 4

(بی) دیگر نان ایگزیکٹو ڈائریکٹر: 2

(سی) ایگزیکٹو ڈائریکٹر: 1

بورڈ کی کمیٹیاں:

بورڈ آڈٹ کمیٹی

تشکیل درج ذیل کے مطابق ہے:

عہدہ	نام
چیئر مین: بطور ممبر 11 اپریل 2018 سے تقرر کیا گیا	جناب شبیر حسین ہاشمی
ممبر	جناب رضوان حیدر
ممبر	محترمہ ایوا اے کاؤس جی

جناب رائنڈا سچ کو تو ال	ممبر: بطور ممبر 19 اکتوبر 2017 سے تقرر کیا گیا
جناب شاہ غفار	ممبر: بطور ممبر 11 اپریل 2018 سے تقرر کیا گیا
جناب ندیم عبداللہ	مورخہ: 26 فروری 2018 سے بورڈ سے مستعفی ہو گئے

بورڈ کی ہیومن ریسورس وری میونریشن کمیٹی (HR&R)

تفصیل درج ذیل کے مطابق ہے:

نام	عہدہ
جناب آغا شیر شاہ	چیئر مین: بطور ممبر 20 فروری 2018 سے تقرر کیا گیا
جناب ریمنڈا سچ کو تو ال	ممبر
جناب فرید احمد کھانڈ	ممبر
جناب توفیق حبیب چنائے	مورخہ: 23 نومبر 2017 سے بورڈ سے مستعفی ہو گئے
جناب شبیر حسین ہاشمی	ممبر: بطور ممبر 24 اگست 2018 سے تقرر کیا گیا

بورڈ رسک مینجمنٹ کمیٹی (BRMC)

تفصیل درج ذیل کے مطابق ہے:

نام	عہدہ
جناب رضوان حیدر	چیئر مین
جناب فرید احمد خان	ممبر
جناب شاہ غفار	ممبر: بطور ممبر 20 فروری 2018 سے تقرر کیا گیا
جناب صلاح الدین منظور	30 نومبر 2017 سے بورڈ سے مستعفی ہو گئے

انتظامی کمیٹی کے بورڈ کے نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کا معاوضہ

فنانس انتظامی کمیٹی کے ڈائریکٹرز کو کسی معاوضے کی ادائیگی نہیں کرتا۔ ڈائریکٹرز کو معاوضے کی ادائیگی انتظامی کمیٹی کی جانب سے کی جاتی ہے۔

کمیٹی کے رسک فریم ورک اور انٹرنل کنٹرول سسٹم کے بارے میں بیان

رسک مینجمنٹ (خطرات سے نمٹنے) کے طریقہ کار کی نگرانی کے لئے تمام تر ذمے داری بورڈ آف ڈائریکٹرز کے سپرد کر دی گئی ہے۔ اس میں رسک مینجمنٹ اور اندرونی کنٹرول کے انتظامات بھی شامل ہیں۔ کمیٹی کے رسک مینجمنٹ کے طریقہ کار اس کے اثاثہ جات کے تحفظ اور اس کے کاروبار کو درپیش ممکنہ خطرات بشمول کاروبار جاری رہنے پر ممکنہ اثرات سے نمٹنے کو مد نظر رکھ کر تیار کئے گئے ہیں۔ دستاویزی طریقہ کار کا باقاعدگی سے جائزہ لیا جاتا ہے۔ شناخت کردہ رسک جو واضح طور پر حکمت عملی، آپریشنل، مالیاتی اہداف کے حصول اور/یا عملدرآمد کے مقاصد پر اثر انداز ہو سکتے ہوں، ان کے بارے میں فوری طور پر بورڈ اور سینئر انتظامیہ کو آگاہ کیا جاتا ہے اور انہیں اجازت دی جاتی ہے کہ وہ کمیٹی کے آپریشنز کو سہل انداز میں جاری رکھنے کو یقینی بنانے کے ضمن میں بروقت اقدامات کریں۔

کمیٹی ایک واضح تنظیمی ڈھانچے کے ساتھ اختیارات کی واضح صراحت کردہ منظم کڑی کی حامل ہے۔ بورڈ نے ایک رسک اور انویسٹمنٹ کمیٹی تشکیل دی ہے جو تمام ضروری انتظامات کی نگرانی اور جائزے کے لئے پالیسیاں بنانے بشمول مالیاتی اور آپریشنل طریقہ کار پر عملدرآمد کے لئے ذمے دار ہے۔ بورڈ نے واضح صراحت کردہ رسک پالیسی بھی منظور کی ہے جو خطرات سے نمٹنے کے لئے اقدامات کو موثر انتظامی کردار اور ذمے داریوں کے ساتھ یقینی بناتی ہے۔ سینئر انتظامی ٹیمیں طریقہ کار پر

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>risk that appropriate quoted prices may not be used to determine fair value.</p> <p>Further, the Fund may have included investments in its financial statements which were not owned by Fund.</p>	<ul style="list-style-type: none"> performing purchases and sales testing on a sample of trades made during the year to obtain evidence regarding movement of securities during the year; and any differences identified during our testing that were over our acceptable threshold were investigated further.

Information Other than the Financial Statements and Auditor's Report Thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management Company and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Management Company are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

 DYA

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.


Chartered Accountants

Place: Karachi

Date: September 19, 2018

آڈیٹرز

میسرز ڈی لائیٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس ایچ بی ایل انو-سٹمٹ فنڈ کے موجودہ آڈیٹرز سبکدوش ہو رہے ہیں۔ بورڈ آف ڈائریکٹرز بعد ازاں آڈیٹرز کی تقرری کے معاملے پر غور و خوض کریں گے۔

اعتراف

آخر میں ہم ایک بار پھر اس موقع سے فائدہ اٹھاتے ہوئے اپنے معزز شائقین ہولڈرز اور نمائندوں کا ان کی مستقل سرپرستی اور تعاون پر شکریہ ادا کرتے ہیں۔ ہم وزارت خزانہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (ڈرٹی)، نیشنل کلیئرنگ کمپنی آف پاکستان لمیٹڈ اور دیگر ریگولیٹری حکام، مالیاتی اداروں اور آڈیٹرز کا بھی ان کی مستقل رہنمائی اور معاونت پر مشکور ہیں۔ بورڈ عملے کو بھی لگن اور انتھک جدوجہد پر خراج تحسین پیش کرنا چاہتا ہے اور شائقین ہولڈرز کو ہم پر اعتماد اور بھروسے کے لئے ان کا شکر گزار ہے۔

منجانب بورڈ

ایچ بی ایل ایسیٹ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر

Type and Category of Fund

Equity / Closed-end

Investment Objective and Accomplishment of Objective

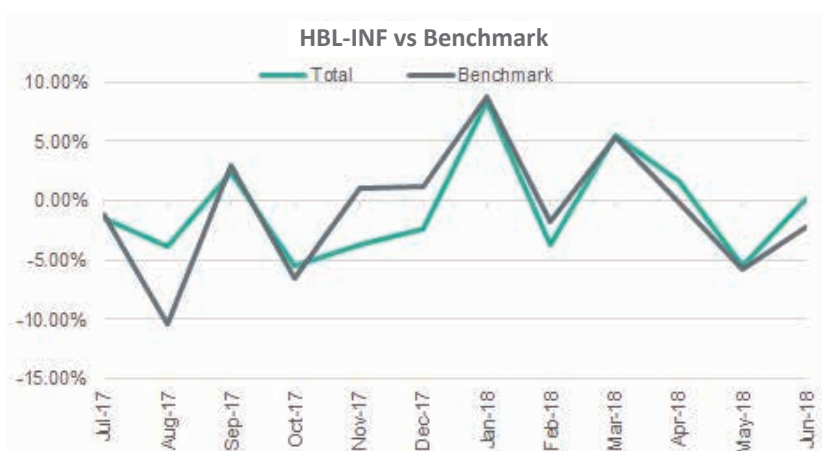
HBL Investment Fund (Formerly PICIC Investment Fund) (HBL-INF) is a closed-end equity fund. The objective of the Fund is capital growth of the Certificate Holders for which investments would be made in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations. The Collective Investment Scheme achieved its stated objective.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KSE-100 Index.

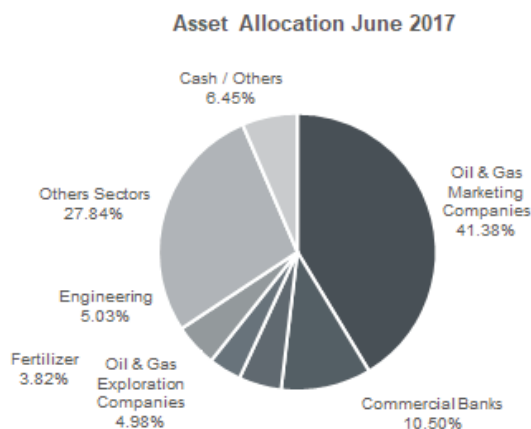
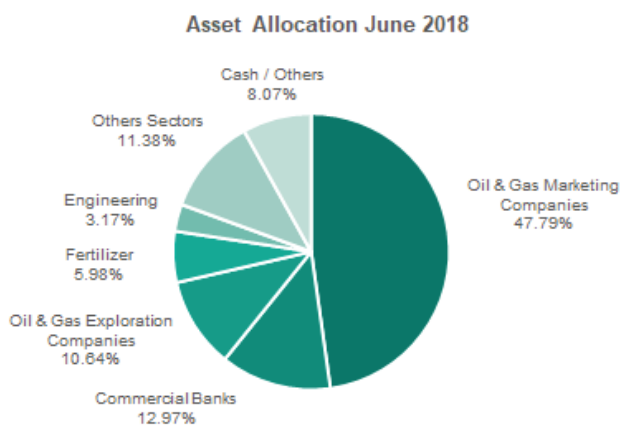
The Fund's total NAV decreased by 8.54%, underperforming the benchmark KSE 100 Index by 1.46% during FY18. The Fund's ex. Frozen NAV decreased by 9.45% during the stated period outperforming the benchmark KSE 100 Index by 0.55%. A comparison of the fund return with the benchmark is given below:

Month	Return of Fund			
	Total	HBL-INF Frozen	HBL-INF-EX Frozen	Benchmark
June 2018	0.21%	-0.06%	0.44%	-2.18%
May 2018	-5.50%	-6.74%	-4.39%	-5.81%
April 2018	1.66%	5.05%	-1.16%	-0.16%
March 2018	5.47%	6.77%	4.41%	5.37%
February 2018	-3.68%	-5.39%	-2.24%	-1.84%
January 2018	8.37%	9.53%	7.40%	8.84%
December 2017	-2.43%	-5.59%	0.34%	1.15%
November 2017	-3.65%	-9.05%	1.66%	0.99%
October 2017	-5.47%	-8.44%	-2.35%	-6.58%
September 2017	2.43%	3.45%	1.68%	2.92%
August 2017	-3.83%	4.87%	-10.54%	-10.44%
July 2017	-1.44%	2.02%	-3.95%	-1.19%



Strategies and Policies employed during the Year

During the year under review, the Fund decreased its exposure in equities marginally from 93.54% on June 30, 2017 to 91.93% on June 30, 2018. Further, sectors wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposures in Oil & Gas Marketing, Oil and Gas Exploration, Commercial Banks and Fertilizers were increased while decreasing exposure to the Cements and Engineering sectors.



Significant Changes in Asset Allocation during the Year

The following table shows a comparison of top sector wise allocation of equity investments in the Fund as on June 30, 2018 and June 30, 2017:

SECTOR ALLOCATION (% of Total Assets)		
	Jun -18	Jun -17
Oil & Gas Marketing Companies	47.79%	41.38%
Commercial Banks	12.97%	10.50 %
Oil & Gas Exploration Companies	10.64%	4.98%
Fertilizer	5.98%	3.82%
Engineering	3.17%	5.03%
Others Sectors	11.38%	27.84%

Fund Performance

During the period under review total loss stood at Rs. 198 million including unrealized loss of Rs. 155 million (2017: unrealized gain of Rs. 438 million) as compared to a total income of Rs. 977 million reported for the corresponding period.

Realized capital loss during the period stood at Rs. 381 million as compared to realized capital gain of Rs. 281 million in the corresponding period. The dividend income during the period stood at Rs. 304 million as compared to Rs243 million in the corresponding period.

Total expenditure during the period stood at Rs160 million as compared to Rs168 million during the corresponding period.

The Fund incurred a net loss of Rs. 359 million for the period as compared to net profit of Rs. 848 million reported for the corresponding period. This translates into loss per certificate of Rs. 1.26 for the period as compared to earning per certificate of Rs. 2.98 in the corresponding period.

The net assets decreased from Rs. 6,331 million as on June 30, 2017 to Rs. 5,435 million as on June 30, 2018 and accordingly the net asset value per certificate decreased from Rs. 22.28 per certificate as on June 30, 2017 to Rs. 19.13 per certificate as on June 30, 2018.

Review of Market invested in

Pakistan Equities witnessed a topsy-turvy ride during outgoing year with disappointing foreign flows (after MSCI upgrade), political uncertainty following the ouster of ex-PM, macroeconomic challenges and ongoing speculation about the upcoming general elections.

KSE100 Index shed by 4,654 points to close at 41,911 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 of 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 policy makers (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. Decline in cements was caused owing to the fears of a price war in the segment as upcoming expansions could lead to an oversupply situation particularly in the Southern region as can be grasped from 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 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 where 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, we expect Pakistan equities 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. Moreover, we highlight that Pakistan market's discount to emerging as well as frontier peers has increased to 30% and 28% against 5-year averages of 25% and 19% respectively reflecting a good entry point.

Distribution

The Board of Directors of HBL Asset Management Limited (the Management Company) has declared NIL distribution from HBL Investment Fund (Formerly PICIC Investment Fund) for the year ended June 30, 2018.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Fund.

Breakdown of Certificate Holding by Size

From – To (No. of Certificates)	No. of Certificate Holders	Total No. of Certificates Held
1 – 100	3,145	196,987
101 – 500	6,767	1,716,849
501 – 1,000	2,195	1,617,976
100,1 – 10,000	2,481	7,954,838
10,001 – 100,000	596	19,828,474
100,001 – 500,000	99	21,565,556
500,001 – 1,000,000	20	13,763,670
1,000,001 – 5,000,000	19	53,291,602
5,000,001 and above	7	164,189,048
Total	15,329	284,125,000

Certificate Splits

There were no certificate splits during the year.

Circumstances materially affecting the Interest of Certificate Holders

Investments are subject to market risk.

Soft Commission

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

PERFORMANCE TABLE –
HBL INVESTMENT FUND (Formerly PICIC Investment Fund)
 As at June 30, 2018

	2018	2017	2016	2015	2014	2013
Net assets at the period end(Rs'000)	5,435,289	6,330,569	5,251,256	5,043,364	5,757,484	4,853,116
Net Assets Value per certificate (Rupees)	19.13	22.28	18.48	17.75	20.26	17.08
RETURN (%)						
Total return	-8.54%	23.18%	4.11%	-1.12%	35.39%	54.85%
Income distribution	0.00%	13.50%	4.20%	-	22.00%	22.00%
Capital growth	-8.54%	9.68%	-0.09%	-1.12%	13.39%	32.85%
DISTRIBUTION						
First Interim dividend distribution	-	1.35	0.42	-	2.20	2.20
Date of Income Distribution	-	25-Aug-17	26-Aug-16	-	27-Aug-14	4-Sep-13
Total dividend distribution for the year/ period	-	1.35	0.42	-	2.20	2.20
AVERAGE RETURNS (%)						
Average annual return 1 year	-8.54%	23.18%	4.11%	-1.12%	35.39%	54.85%
Average annual return 2 year	2.84%	13.25%	1.46%	15.70%	44.79%	27.06%
Average annual return 3 year	3.26%	8.24%	11.70%	27.52%	29.78%	24.08%
PORTFOLIO COMPOSITION - (%)						
Percentage of Assets as at 30 June:						
Bank Balances	6.59%	5%	6%	7%	2%	2%
GoP Ijarah Sukuks	-	-	-	-	-	-
Placement with Banks and DFIs	-	-	-	-	-	-
Corporate Sukuks	-	-	-	-	-	-
Stock / Equities	91.93%	94%	93%	92%	93%	97%
Others	1.49%	1%	1%	1%	5%	1%

Note:

The Fund was reorganized in June 2004

Disclaimer:

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

PROXY VOTING DISCLOSURE

Summary of Actual Proxy voted by CIS

HBL Investment Fund	Meetings	Resolutions	For	Against
Number	7	15	15	-
(%ages)		100%	100%	-

(h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Amreli Steels Limited	25-10-2017	5-7-2018
Bank Al-Falah Ltd	28-3-2018	27-5-2018
Bank Al-Habib Limited	27-3-2018	N-A
Bank of Punjab Ltd	N-A	30-5-2018
Cherat Cement Company Ltd.	16-10-2017	N-A
D G Khan Cement Co.Ltd.	28-10-2017	N-A
Engro Corporation Ltd	24-4-2018	N-A
Engro Fertilizers Limited	26-3-2018	N-A
Engro Polymer & Chemicals Ltd	29-3-2018	2-7-2018
Exide Pakistan Ltd	31-7-2017	28-7-2018
Fauji Fertilizer Bin Qasim Ltd	N-A	(28-08-2017)
Faysal Bank Limited	28-3-2018	(6-3-2018)(10-7-2018)
General Tyre & Rubber Co of Pakistan Ltd	31-10-2017	22-8-2017
Habib Bank Ltd	27-4-2018	N-A
Honda Atlas Cars (Pakistan) Ltd	28-6-2018	N-A
Hub Power Company Ltd	10-5-2017	22-6-2018
ICI Pakistan Ltd	(26-09-2017)(16-2-2018)	N-A
Indus Motor Company Limited	10-6-2017	N-A
International Industries Ltd	28-9-2017	21-5-2018
International Steels Limited	26-9-2017	N-A
Kot Addu Power Company Ltd	19-10-2017	N-A
Lucky Cement Ltd	(25-09-2017)(28-11-2017)	N-A
Mari Petroleum Company Ltd	26-9-2017	N-A
MCB Bank Ltd	27-3-2018	2-10-2018
Nishat Mills Ltd	28-10-2017	28-3-2018
Oil & Gas Development Co Ltd	24-10-2017	N-A
Pak Elektron Ltd	25-4-2018	N-A
Pakistan Oilfields Ltd	19-10-2017	N-A
Pakistan Petroleum Ltd	27-10-2017	N-A
Pakistan State Oil Company Ltd	20-10-2017	N-A
Pioneer Cement Limited	26-10-2017	N-A
Sui Northern Gas Pipeline Ltd	27-11-2017	N-A
Systems Limited	26-4-2018	N-A
Thal Limited	10-9-2017	N-A
The Searle Company Ltd	27-10-2017	31-7-2017
TPL Insurance Limited	19-4-2018	N-A
TPL Trakker Limited	10-10-2017	N-A
United Bank Limited	31-3-2018	N-A
Wyeth Pakistan Ltd	28-3-2018	8-4-2017

The proxy voting policy of the Fund is available on the website of the Management Company and detailed information regarding actual proxies voted by Management Company in respect of the Fund is also available without charge, upon request, to all unit holders.

**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 CERTIFICATE HOLDERS

**HBL INVESTMENT FUND
(FORMERLY PICIC INVESTMENT FUND)**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Investment Fund (formerly PICIC Investment Fund) (the Fund) are of the opinion that HBL Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

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

Karachi, September 18, 2018

The Securities and Exchange Commission of Pakistan (SECP) through its letter # SCD/RS/MUFAP/346/2018 dated April 18, 2018 has exempted the open-ended Mutual Funds and unlisted Asset Management Companies from the applicability of the Listed Companies (Code of Corporate Governance) Regulations, 2017. HBL Investment Fund (Formerly PICIC Investment Fund) has converted into an open-ended mutual fund on July 2, 2018, however at the end of the financial year as on June 30, 2018 the Fund is considered to have existed as closed-ended mutual fund, therefore the Management Company has complied with the requirements of the Regulations in the following manner.

1. The total number of directors are 7 as per the following:

- a) Male : 6
- b) Female : 1

2. The Management Company encourages representation of independent non-executive directors on its Board of Directors. The Management Company, being an un-listed company, does not have any minority interest. At present the Board includes:

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

The independent directors meet the criteria of independence under clause 6.2 of the Regulations.

- 3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including the Management Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 4. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
- 5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of board.
- 8. The Board is in process of developing a formal policy and transparent procedures for remuneration of independent and non-executives directors in accordance with the Act and these Regulations.
- 9. The Board has arranged Directors' Training program for the following:

Name of Director	Designation
Mr. Farid Ahmed Khan	Chief Executive Officer

- 10. The board has approved appointment of existing Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations

11. CFO & CEO duly endorse the financial statements before approval of the Board.
12. The board has formed committees comprises of members give below:

Audit Committee:

Chairman	Mr. Shabbir Hussain Hashmi
Members	
	Mr. Rayomond H. Kotwal
	Ms. Ava A. Cowasjee
	Mr. Shahid Ghaffar
	Mr. Rizwan Haider

HR & Remuneration Committee:

Chairman	Mr. Agha Sher Shah
Members	
	Mr. Rayomond H. Kotwal
	Mr. Farid Ahmed Khan
	Mr. Shabbir Hussain Hashmi

Risk Management Committee:

Chairman	Mr. Rizwan Haider
Members	
	Mr. Shahid Ghaffar
	Mr. Farid Ahmed Khan

13. The term of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly, half yearly, yearly) of the committees were as per following:
 - a) Audit Committee - Quarterly
 - b) HR Remuneration Committee - Quarterly
 - c) Risk Management Committee - Quarterly
15. The Board has set-up an effective internal audit function for the year ended June 30, 2018, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company with regards to the Fund.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other material principles contained in the CCG have been complied with.

For and behalf of the board

AGHA SHER SHAH
Chairman

FARID AHMED KHAN
Chief Executive Officer



Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrāh-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314

www.deloitte.com

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE HOLDERS

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of HBL Asset Management Limited, the Management Company of **HBL Investment Fund (formerly PICIC Investment Fund)** (the Fund) for the year ended June 30, 2018 in accordance with the requirements of Regulation 40 of the Regulations.

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

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

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, the Fund's related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended June 30, 2018.

Deloitte Yousuf Adil
Chartered Accountants

Place: Karachi
Date: September 25, 2018

Member of
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **HBL Investment Fund (Formerly PICIC Investment Fund)** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2018, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in certificate holders' fund – per certificate, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2018, and of its financial performance, cash flows and transactions for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and Management Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. The following matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p>Valuation and existence of investments</p> <p>As disclosed in note 6 to the financial statements, investments amounted to Rs. 5.179 billion as at June 30, 2018.</p> <p>These investments represent a significant item on the statement of assets and liabilities. The Fund invests principally in listed equity securities and their valuation and existence is a significant area during our audit. There is a</p>	<p>We performed the following steps during our audit of investments:</p> <ul style="list-style-type: none"> independent testing of valuations by using the quoted market prices from the Pakistan Stock Exchange Limited and ensuring the existence of number of securities by comparing the internal records with Central Depository Company (CDC) account records;

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HBL INVESTMENT FUND (FORMERLY PICIC INVESTMENT FUND)
Statement of Assets and Liabilities
 As at June 30, 2018

	Note	2018 ------(Rupees in '000)-----	2017
Assets			
Bank balances	5	371,142	350,631
Investments	6	5,179,170	6,095,223
Dividend and profit receivable	7	79,037	66,857
Deposits and prepayments	8	3,317	3,798
Total assets		5,632,666	6,516,509
Liabilities			
Payable to the Management Company	9	10,689	12,447
Payable to the Trustee	10	421	965
Payable to Securities and Exchange Commission of Pakistan	11	5,304	5,897
Payable against purchase of investments		13,183	4,109
Accrued expenses and other liabilities	12	81,509	81,271
Unclaimed dividend		86,271	81,250
Total liabilities		197,377	185,939
Net assets		5,435,289	6,330,570
Capital and reserves			
Issued subscribed and paid up capital	13	2,841,250	2,841,250
Premium on issue of certificates		984,688	984,688
(Accumulated loss) / Unappropriated profit		(384,828)	357,437
General reserve		225	225
Net unrealized appreciation on re-measurement of investments classified as 'available for sale'	6.4	1,993,954	2,146,970
Total certificate holders' funds		5,435,289	6,330,570
Contingencies and commitments	14.		
		----- Rupees -----	
Net assets value per certificate	15.	19.13	22.28

The annexed notes 1 to 31 form an integral part of these financial statements.

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

 Chief Financial Officer

 Chief Executive Officer

 Director

HBL INVESTMENT FUND (FORMERLY PICIC INVESTMENT FUND)
Income Statement
For the year ended June 30, 2018

	Note	2018 ------(Rupees in '000)-----	2017
Income			
Capital (loss) / gain on sale of investments - net		(381,296)	280,508
Dividend income		304,352	242,717
Unrealised (diminution) / appreciation on re-measurement of investment at fair value through profit or loss - held-for-trading' - net		(155,380)	437,875
Markup income on treasury bills		304	-
Profit on bank deposits		33,612	15,629
		(198,408)	976,729
Operating expenses			
Remuneration of the Management Company	9.1	111,662	124,151
Sindh Sales Tax on remuneration of the Management Company	9.2	14,516	16,140
Remuneration of the Trustee	10.1	4,708	5,061
Annual fee to Securities and Exchange Commission of Pakistan	11.1	5,304	5,897
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	5,583	6,252
Conversion expense from close end to open end fund	1.5	10,238	-
Auditors' remuneration	16	973	630
Fee and subscription		603	3,393
Securities transaction cost		5,168	5,984
Settlement and bank charges		1,533	520
		160,288	168,028
Net (loss) / income from operating activities		(358,696)	808,701
Reversal of provision for Workers' Welfare Fund	12.2	-	60,378
Provision for Sindh Workers' Welfare Fund	12.2	-	(21,075)
		-	39,303
Net (loss) / income for the year before taxation		(358,696)	848,004
Taxation	17	-	-
Net (loss) / income for the year after taxation		(358,696)	848,004
(Loss) / earnings per certificate	18	(1.26)	2.98

The annexed notes 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

Note	2018 ------(Rupees in '000)-----	2017
Net (loss) / income for the year after taxation	(358,696)	848,004
Other comprehensive income for the year		
Items that may be reclassified subsequently to income statement		
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale'	(153,016)	350,642
Total comprehensive income for the year	<u>(511,712)</u>	<u>1,198,646</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

Note	2018 ------(Rupees in '000)-----	2017
Unappropriated profit brought forward		
- Realised loss	(80,439)	(483,766)
- Unrealised gain	437,875	112,531
	357,436	(371,235)
Net (loss) / income for the year after taxation	(358,696)	848,003
Final dividend for the year ended June 30, 2017 Rs. 1.35 (2016: Rs. 0.42) per certificate declared on August 28, 2017 (2017: August 26, 2016)	(383,569)	(119,332)
Unappropriated profit carried forward	(384,829)	357,436
Unappropriated (loss) / profit comprising of:		
- Realised loss	(229,449)	(80,439)
- Unrealised (loss) / gain	(155,380)	437,875
	(384,829)	357,436

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

Chief Financial Officer

Chief Executive Officer

Director

	Note	2018 ------(Rupees in '000)-----	2017
Net assets value at the beginning of the year		22.28	18.48
Movement in net assets value from operating activities			
Capital (loss) / gain on sale of investments - net		(1.34)	0.99
Dividend income		1.07	0.85
Net unrealised (diminution) / appreciation on re-measurement of investment at fair value through profit or loss - held-for-trading'		(0.55)	1.54
Profit on bank deposits		0.12	0.06
Operating expenses		(0.70)	3.44
		(0.56)	(0.59)
Net (loss) / income in net assets value from operating activities		(1.26)	2.85
Reversal of provision for Workers' Welfare Fund		-	0.21
Provision for Sindh Workers' Welfare Fund		-	(0.07)
Movement in net assets value from financing and investing activities			
Final dividend		(1.35)	(0.42)
Net unrealised (diminution) / appreciation on re-measurement of investment classified as 'available-for-sale'		(0.54)	1.23
Net (decrease) / increase in net assets value from financing and investing activities		(1.89)	0.81
Net assets value at the end of the year	15	19.13	22.28

The annexed notes 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL INVESTMENT FUND (FORMERLY PICIC INVESTMENT FUND)
Statement of Cash Flows
For the year ended June 30, 2018

Note	2018 ------(Rupees in '000)-----	2017
Cash flows from operating activities		
Net (loss) / income for the year before taxation	(358,696)	848,003
Adjustment for non-cash items:		
Capital loss / (gain) on sale of investments - net	381,296	(280,508)
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	155,380	(437,875)
Profit on bank deposits	(33,612)	(15,629)
Markup income on treasury bills	(304)	-
Dividend income	(304,352)	(242,717)
	(160,288)	(128,726)
Decrease / (increase) in assets		
Investments - net	235,741	87,184
Deposits and prepayments	481	(1,098)
	236,222	86,086
Increase / (decrease) in liabilities		
Payable to the Management Company	(1,758)	2,033
Payable to the Trustee	(544)	549
Payable to Securities and Exchange Commission of Pakistan	(593)	1,285
Accrued expenses and other liabilities	238	(37,121)
	(2,657)	(33,254)
Dividend received	292,446	211,949
Bank profits received	33,336	14,996
	325,782	226,945
Net cash generated from operating activities	399,059	151,050
Cash flows from financing activities		
Dividend paid	(378,548)	(117,030)
Net cash used in financing activities	(378,548)	(117,030)
Net increase in cash and cash equivalents	20,511	34,020
Cash and cash equivalents at the beginning of the year	350,631	316,611
Cash and cash equivalents at the end of the year	371,142	350,631

The annexed notes 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL INVESTMENT FUND (FORMERLY PICIC INVESTMENT FUND)
Statement of Changes in Equity
 For the year ended June 30, 2018

	Issued, subscribed and paid-up capital	Premium on issue of certificates	General Reserve	Unappropriated profit / (Accumulated loss)	Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available -for-sale'	Total
------(Rupees in '000)-----						
Balance as at June 30, 2016	2,841,250	984,688	225	(371,235)	1,796,328	5,251,256
Total comprehensive income for the year						
Net income for the year	-	-	-	848,004	-	848,004
Other comprehensive income						
Net unrealised appreciation on re-measurement of investments classified as 'available-for-sale'	-	-	-	-	350,642	350,642
	-	-	-	848,004	350,642	1,198,646
Transactions with certificate holders						
Final dividend for the year ended June 30, 2016 Rs. 0.42 per certificate declared on August 26, 2016	-	-	-	(119,332)	-	(119,332)
	-	-	-	(119,332)	-	(119,332)
Balance as at June 30, 2017	2,841,250	984,688	225	357,437	2,146,970	6,330,570
Total comprehensive income for the year						
Net loss for the year	-	-	-	(358,696)	-	(358,696)
Other comprehensive income						
Net unrealised diminution on re-measurement of investments classified as 'available-for-sale'	-	-	-	-	(153,016)	(153,016)
	-	-	-	(358,696)	(153,016)	(511,712)
Transactions with certificate holders						
Final dividend for the year ended June 30, 2017 Rs. 1.35 per certificate declared on August 28, 2017	-	-	-	(383,569)	-	(383,569)
	-	-	-	(383,569)	-	(383,569)
Balance as at June 30, 2018	2,841,250	984,688	225	(384,828)	1,993,954	5,435,289

The annexed notes 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

1. STATUS AND NATURE OF BUSINESS

- 1.1** HBL Investment Fund (Formerly PICIC Investment Fund) was established under a Trust Deed, executed between PICIC Asset Management Company (Now HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.
- 1.2** Through an order dated August 31, 2016, SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund For Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.
- 1.3** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.4** The objective of the Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.
- 1.5** As per Regulation 65 of the NBFC Regulations, all closed end funds were required to be converted into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. However Closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has Frozen Portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, its conversion into an open end scheme was deferred.

During the year, the Board of the Management Company (HBL Asset Management Limited) of the Fund in its meeting held on November 23, 2017 approved the Conversion Plan (the Plan) of the fund for the conversion of the Fund into an Open End Scheme, with the approval of the Certificate Holders of the Fund to fulfill the requirements of the merger order dated August 31, 2016. For this purpose, the Plan was presented to and approved by the Certificate Holders of the Fund in its General Meeting dated January 10, 2018. The Plan was also approved by Securities and Exchange Commission of Pakistan (the Commission) on February 16, 2018.

The Replacement Trust Deed and Replacement Offering Document were approved by SECP vide its letter no. SCD/AMCW/HIF/339/2018 dated April 18, 2018 and letter no. SCD/AMCW/HIF/398/2018 dated June 7, 2018 respectively. As per the approved Plan, the conversion took place on July 2, 2018 and every Certificate Holder of the closed end fund was entitled to following for each certificate held;

- One Class-A Unit of the Fund was issued to every Certificate Holders of Fund for each certificate held representing Frozen Portfolio and related assets and liabilities.
- One Class-B Unit of the Fund was issued to the every Certificate Holder of Fund for each certificate held representing Unfrozen Portfolio and related assets and liabilities.

The Plan also envisages that Class-A Units would not be redeemable and would be traded on the Pakistan Stock Exchange. Whereas Class-B Units can be redeemed at the redemption price.

Since the effective date of the conversion i.e. July 2, 2018 is subsequent to the year end of the Fund, these financial statements has been prepared as that of a close-ended Fund.

Net assets of the Fund post conversion into an open end scheme are disclosed in Note 28 of these financial statements. Upon conversion, the open end scheme is known as HBL Investment Fund.

- 1.6** JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2+' (AM Two Plus) to the Management Company.
- 1.7** Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the fund's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) classification and valuation of financial assets (notes 4.2.1.1 and 4.2.1.4); and
- (ii) impairment of financial assets (note 4.2.1.5)

3. APPLICATION OF NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following amendments are effective for the year ended June 30, 2018. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017

Certain annual improvements have also been made to a number of IFRSs, which are also not relevant for the Fund.

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

3.2.1

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments (except IFRS 9 'Financial Instruments') are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
IFRS 15 'Revenue from contracts with customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 9 'Financial Instruments'	July 01, 2018
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement	January 01, 2019
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
Certain annual improvements have also been made to a number of IFRSs, which are also not expected to have material impact on final reporting of the fund.	

3.2.2 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.

3.2.2.1 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.
- All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.
- In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in 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 provision requirements in relation to debt securities for mutual funds.

3.2.2.2 Impact assessment

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

Listed equity securities classified as financial assets at fair value through profit or loss - held for trading qualify for designation as 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 at 'available-for-sale' are to be measured at fair value through profit or loss upon application of IFRS 9 with value changes to be recognised in profit or loss instead of other comprehensive income. The net unrealised appreciation / (diminution) on these financial assets will be recognised in income statement on the sale of investments.

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

3.3 Change in policy in relation to preparation of income statement and statement of comprehensive income

International Accounting Standard (IAS) 1 Presentation of Financial Statements allows an entity to prepare either two performance statements i.e. income statement and statement of comprehensive income, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2017, has changed its policy with regard to preparation of income statement and other comprehensive income and opted to prepare two separate performance statements i.e. "income statement" and "statement of comprehensive income" showing separately both income or loss for the year and items of other comprehensive income in separate statements.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year except that items of other comprehensive income previously presented under 'Income statement and other comprehensive income' in single statement are now presented within 'income statement' and 'statement of comprehensive income' separately.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

4.2 Financial instruments

4.2.1 Financial assets

4.2.1.1 Classification

The management company 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 purchase of financial assets and re-evaluates this classification on a regular basis. The classification depends upon the purpose for which the financial assets are acquired. The financial assets of the Fund are currently categorised as follows:

a) Investments at fair value through profit or loss - held-for-trading

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

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Currently, there are no investments in the fund classified as 'Loans and receivables'.

c) Available for sale

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

4.2.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.2.1.3 Initial recognition and measurement

All financial assets are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the acquisition, except in case of "financial assets at fair value through profit or loss", in which case the transaction costs are charged off to the income statement.

4.2.1.4 Subsequent measurement

a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial measurement, financial assets 'at fair value through profit or loss' and 'available for sale' are valued as follows:

Basis of valuation of equity securities

Equity securities are valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange for which no sale is reported on the reporting date is valued at its last sale price on the next preceding date on which such exchange is open and if no sale is reported for such date, the security is valued at an amount neither higher than the closing asked price nor lower than the closing bid price.

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

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

b) Loans and receivables

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

Gains or losses are recognised in the Income Statement through the amortisation process or when financial assets carried at amortised cost are derecognised or impaired.

4.2.1.5 Impairment

The Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

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 provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the SECP.

4.2.1.6 Derecognition

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

4.2.2 Financial liabilities

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

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

4.2.3 Offsetting of financial assets and liabilities

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

4.3 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.

4.4 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

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

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.5 Proposed distributions

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

4.6 Net assets value per certificate

The net asset value (NAV) per certificate as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of certificates in issue at the year end.

4.7 Revenue recognition

- 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.
- Mark-up / return on government securities, bank profits and investment in debt securities are recognised on a time apportionment basis using the effective interest method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.

4.8 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee and annual fee payable to the SECP) are recognised in the income statement on a time apportionment basis using the effective interest method.

5. BANK BALANCES	Note	2018 ------(Rupees in '000)-----	2017
Savings accounts	5.1	<u>371,142</u>	<u>350,631</u>

5.1 These accounts carry mark-up at rates ranging between 5.35% and 6.70% (2017: 5.35% and 6.60%) per annum

6. INVESTMENTS	Note	2018 ------(Rupees in '000)-----	2017
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Financial assets at fair value through profit or loss - held-for-trading

Listed equity securities	6.1	2,667,725	3,430,762
Market treasury bills	6.3	<u>-</u>	<u>-</u>
		<u>2,667,725</u>	<u>3,430,762</u>

Financial assets at 'available-for-sale'

Available for sale	6.2	2,511,445	2,664,461
		<u>5,179,170</u>	<u>6,095,223</u>

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

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

Name of investee company	Number of Shares					Carrying value as at June 30, 2018	Market value as at June 30, 2018	Appreciation / (diminution)	Capital gain	Dividend Income	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2018						Total Investments	Net Assets	
Rupees in '000													
Automobile Assembler													
Honda Atlas Cars (Pakistan) Limited	67,200	60,500	-	68,950	58,750	29,420	18,588	(10,832)	(23,357)	1,617	0.36%	0.34%	0.04%
Indus Motor Company Limited	28,320	13,460	-	15,100	26,680	44,536	37,925	(6,611)	262	3,671	0.73%	0.70%	0.03%
Millat Tractors Limited	-	45,000	-	-	45,000	58,537	53,463	(5,074)	-	-	1.03%	0.98%	0.10%
Pak Suzuki Motor Company Limited	70,000	-	-	70,000	-	-	-	-	(18,561)	-	0.00%	0.00%	0.00%
	165,520	118,960	-	154,050	130,430	132,493	109,976	(22,517)	(41,656)	5,288	2.12%	2.02%	
Automobile Parts and Accessories													
Exide Pakistan Limited	43,290	-	-	43,290	-	-	-	-	(21,541)	541	0.00%	0.00%	0.00%
General Tyre & Rubber Co of Pakistan Limited	111,000	-	-	111,000	-	-	-	-	(12,544)	-	0.00%	0.00%	0.00%
Thal Limited (Par value Rs. 5 per share)	110,500	136,100	-	110,500	136,100	67,496	64,992	(2,504)	(4,864)	1,187	1.25%	1.20%	0.17%
	264,790	136,100	-	264,790	136,100	67,496	64,992	(2,504)	(38,949)	1,728	1.25%	1.20%	
Cable and Electrical Goods													
Pak Elektron Limited	646,500	190,000	-	275,000	561,500	54,980	19,911	(35,069)	(13,797)	1,764	0.38%	0.37%	0.11%
TPL Trakker Limited	1,211,500	-	-	1,211,500	-	-	-	-	(1,585)	185	0.00%	0.00%	0.00%
	1,858,000	190,000	-	1,486,500	561,500	54,980	19,911	(35,069)	(15,382)	1,949	0.38%	0.37%	
Chemicals													
ICI Pakistan Limited	43,900	-	-	43,900	-	-	-	-	(13,298)	356	0.00%	0.00%	0.00%
Engro Polymer & Chemicals Limited	1,250,000	2,312,500	-	2,687,500	875,000	33,996	27,440	(6,556)	(11,474)	1,452	0.53%	0.50%	0.13%
Engro Polymer & Chemicals Limited - LDR	-	-	314,462	-	314,462	-	2,774	2,774	-	-	0.05%	0.05%	0.13%
	1,293,900	2,312,500	314,462	2,731,400	1,189,462	33,996	30,214	(3,782)	(24,772)	1,808	0.58%	0.56%	
Cement													
Cherat Cement Company Limited	990,000	-	-	990,000	-	-	-	-	(54,449)	1,470	0.00%	0.00%	0.00%
D.G Khan Cement Company Limited	502,500	222,000	-	724,500	-	-	-	-	(33,363)	2,044	0.00%	0.00%	0.00%
Fauji Cement Company Limited	-	1,625,000	-	1,625,000	-	-	-	-	4,155	-	0.00%	0.00%	0.00%
Lucky Cement Limited	265,500	59,500	-	325,000	166,000	122,467	84,316	(38,141)	(23,943)	4,009	1.53%	1.55%	0.05%
Pioneer Cement Limited	1,509,000	250,000	-	1,509,000	250,000	13,000	11,715	(1,285)	(56,876)	2,056	0.23%	0.22%	0.11%
	3,267,000	2,156,500	-	5,007,500	416,000	135,457	96,031	(39,426)	(164,478)	9,659	1.85%	1.77%	
Commercial Banks													
Bank Al-Falah Limited	2,930,500	457,000	-	767,000	2,620,500	111,467	137,026	25,559	3,463	3,245	2.65%	2.52%	0.16%
Bank Al-Habib Limited	-	985,500	-	85,000	900,500	66,703	70,866	4,283	1,174	126	1.37%	1.31%	0.08%
Faysal Bank Limited (note 6.1.1)	-	1,419,000	175,275	375,000	1,219,275	26,732	31,701	4,969	1,388	-	0.61%	0.58%	0.13%
Habib Bank Limited**	788,800	543,000	-	503,800	828,000	176,833	137,812	(39,021)	(15,452)	3,375	2.66%	2.54%	0.06%
MCB Bank Limited	730,500	164,500	-	163,000	732,000	152,384	144,768	(7,616)	(1,131)	10,252	2.80%	2.66%	0.07%
Bank of Punjab	-	4,688,500	-	350,000	4,338,500	44,477	52,366	7,889	459	-	1.01%	0.96%	0.82%
Meezan Bank Limited	-	200,000	-	200,000	200,000	16,126	16,344	218	-	-	0.32%	0.30%	0.02%
United Bank Limited	851,900	187,500	-	213,200	826,200	184,225	139,611	(44,614)	(6,150)	10,129	2.70%	2.57%	0.07%
	5,301,700	8,645,000	175,275	2,457,000	11,664,975	778,947	730,614	(48,333)	(16,249)	27,127	14.11%	13.44%	
Engineering													
Aisha Steel Mills Limited	1,103,600	-	-	-	1,103,600	22,447	17,404	(5,043)	-	-	0.34%	0.32%	0.13%
Aisha Steel Mills Limited - Preference Shares	130,000	-	-	-	130,000	3,078	2,562	(516)	-	-	0.05%	0.05%	0.29%
Aisha Steel Mills Limited - Conv Cum Pref Shares	1,065,000	-	-	-	1,065,000	45,848	45,795	(53)	-	-	0.88%	0.84%	36.58%
Anirell Steel Limited	737,000	-	-	349,000	388,000	47,705	27,373	(20,332)	(10,643)	1,474	0.53%	0.50%	0.13%
International Steels Limited***	606,500	91,100	-	340,000	357,600	45,512	36,368	(9,144)	(5,592)	1,405	0.70%	0.67%	0.08%
International Industries Limited	175,200	50,700	-	96,800	129,100	44,074	29,989	(14,085)	(6,825)	723	0.58%	0.55%	0.11%
Mughal Iron & Steel Industries Limited	-	310,500	-	-	310,500	22,841	19,071	(3,770)	-	-	0.37%	0.35%	0.12%
Crecent Steel & Allied Products Limited	100,000	-	-	100,000	-	-	-	-	(3,332)	150	0.00%	0.00%	0.00%
	3,917,300	457,300	-	885,800	3,483,800	231,505	178,562	(52,943)	(26,392)	3,752	3.45%	3.29%	
Fertilizer													
Engro Corporation Limited	485,100	50,000	-	41,000	494,100	158,115	155,078	(3,037)	(2,097)	10,068	2.99%	2.85%	0.09%
Engro Fertilizers Limited	1,161,000	681,500	-	252,000	1,590,500	96,432	119,144	22,712	2,550	11,597	2.30%	2.19%	0.12%
Fauji Fertilizers Bin Qasim Limited	619,500	-	-	619,500	-	-	-	-	(5,583)	62	0.00%	0.00%	0.00%
Fauji Fertilizers Company Limited	-	1,012,500	-	376,500	636,000	58,721	62,894	4,173	3,159	1,808	1.21%	1.16%	0.05%
	2,265,600	1,744,000	-	1,289,000	2,720,600	313,268	337,116	23,848	(1,971)	23,535	6.51%	6.20%	
Glass & Ceramics													
Shabbir Tiles & Ceramics Limited	-	75,000	-	-	75,000	1,500	1,580	80	-	-	0.03%	0.03%	0.03%
	-	75,000	-	-	75,000	1,500	1,580	80	-	-	0.03%	0.03%	
Insurance													
TPL Direct Insurance Limited (note 6.1.1)	153,708	500	10,070	163,668	610	13	13	-	(510)	-	0.00%	0.00%	0.00%
Adamee Insurance Co Limited	657,500	-	-	657,500	-	-	-	-	80	-	0.00%	0.00%	0.00%
	811,208	500	10,070	821,168	610	13	13	-	(430)	-	0.00%	0.00%	
Oil and Gas Exploration Companies													
Oil and Gas Development Company	985,700	80,000	-	173,300	892,400	126,188	138,875	12,687	2,933	9,461	2.68%	2.56%	0.09%
Pakistan Oilfields Limited	163,500	53,600	-	2,800	214,300	108,612	143,965	35,353	426	6,987	2.78%	2.65%	0.02%
Pakistan Petroleum Limited	425,000	491,200	-	107,500	808,700	139,093	173,790	34,697	5,037	6,909	3.36%	3.20%	0.04%
Mari Petroleum Company Limited	30,620	64,260	-	-	94,880	143,944	142,506	(1,038)	-	334	2.76%	2.63%	0.09%
	1,604,820	689,060	-	283,600	2,010,280	517,837	599,536	81,699	8,396	23,691	11.58%	11.03%	
Oil & Gas Marketing Companies													
Pakistan State Oil Company Ltd	-	337,800	-	20,000	317,800	98,135	101,159	3,024	329	3,178	1.95%	1.86%	0.10%
Hascol Petroleum Limited	-	71,500	-	71,500	71,500	22,320	22,434	114	-	-	0.43%	0.41%	0.05%
Sui Northern Gas Pipeline Limited	215,000	672,500	-	315,000	572,500	66,457	57,376	(9,081)	(3,013)	2,850	1.11%	1.06%	0.09%
	215,000	1,081,800	-	335,000	961,800	186,912	180,969	(5,943)	(2,684)	6,028	3.49%	3.33%	
Technology and Communication													
Systems Limited	-	308,500	-	-	308,500	29,690	31,225	1,535	-	409	0.60%	0.57%	0.28%
	-	308,500	-	-	308,500	29,690	31,225	1,535	-	409	0.60%	0.57%	
Pharmaceuticals													
Abbott Laboratories (Pakistan) Limited	128,650	-	-	128,650	-	-	-	-	(28,701)	2,567	0.00%	0.00%	0.00%
AGP Limited	-	25,000	-	25,000	-	-	-	-	(1,36)	-	0.00%	0.00%	0.00%
GlaosSmith Kline Pakistan Limited	285,000	-	-	285,000	-	-	-	-	(5,212)	855	0.00%	0.00%	0.00%
GlaosSmith Kline Consumer Healthcare Pakistan Limited	420	-	-	420	-	-	-	-	15	-	0.00%	0.00%	0.00%
Wyeth Pakistan Limited	11,220	-	-	11,220	-	-	-	-	(1,200)	1,014	0.00%	0.00%	0.00%
The Searle Company Limited (note 6.1.1)	85,700	54,000	25,440	80,000	85,140	35,536	28,905	(6,631)	(7,580)	1,018	0.56%	0.53%	0.05%
	510,990	79,000	25,440	530,290	85,140	35,536	28,905	(6,631)	(42,813)	5,454	0.56%	0.53%	

Name of investee company	Number of Shares					Carrying value as at June 30, 2018	Market value as at June 30, 2018	Appreciation / (diminution)	Capital gain	Dividend Income	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2018						Total Investments	Net Assets	
----- Rupees in '000 -----													
Power Generation and Distribution													
The Hub Power Company Limited	1,085,000	682,200	-	113,000	1,654,200	183,728	152,451	(31,277)	(2,135)	10,027	2.94%	2.80%	0.14%
K-Electric Limited (Par value Rs. 3.50 per sha	2,531,500	4,527,000	-	2,531,500	4,527,000	28,827	25,713	(3,114)	(960)	-	0.50%	0.47%	0.02%
Kot Addu Power Company Limited	764,000	-	-	764,000	-	-	-	-	(1,848)	2,750	0.00%	0.00%	0.00%
	4,380,500	5,209,200	-	3,408,500	6,181,200	212,555	178,164	(34,391)	(4,943)	12,777	3.44%	3.28%	
Textile													
Nishat (Chunian) Limited	50,000	-	-	50,000	-	-	-	-	(41)	-	0.00%	0.00%	0.00%
Nishat Mills Limited	402,500	313,500	-	148,900	567,100	90,920	79,917	(11,003)	(698)	2,593	1.54%	1.47%	0.16%
Gul Ahmed Textile Mills Limited	340,000	-	-	340,000	-	-	-	-	(735)	-	0.00%	0.00%	0.00%
Mohib Textile Mills Limited*	40,820	-	-	-	40,820	-	-	-	-	-	0.00%	0.00%	0.27%
Sunshine Cloth Limited*	50,000	-	-	-	50,000	-	-	-	-	-	0.00%	0.00%	0.64%
	883,320	313,500	-	538,900	657,920	90,920	79,917	(11,003)	(1,474)	2,593	1.54%	1.47%	
Tobacco													
Pakistan Tobacco Company Limited	33,460	-	-	33,460	-	-	-	-	(7,472)	-	0.00%	0.00%	0.00%
	33,460	-	-	33,460	-	-	-	-	(7,472)	-	0.00%	0.00%	
Total June 30, 2018	26,773,108	23,511,920	525,247	20,226,958	30,583,317	2,823,105	2,667,725	(155,380)	(381,269)	125,798	51.51%	49.08%	
Total June 30, 2017	43,122,708	13,823,440	477,100	30,650,140	26,773,108	2,992,887	3,430,762	437,875	280,508	139,079	56.00%	54.19%	

*Suspended/Delisted Companies
 **Sponsors of Management Company
 *** Related party due to common directorship

Investments include shares having market value aggregating to Rs. 189.070 million (June 30, 2017: Rs. 294.798 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

6.1.1 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.670 million at June 30, 2018 (June 30, 2017: Rs. Nil) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

6.2 Listed equity securities - Available for Sale

Name of investee company	Number of Shares					Carrying value as at June 30, 2018	Market value as at June 30, 2018	Appreciation / (diminution)	Capital gain	Dividend Income	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the year	Bonus Share	Sales during the year	As at June 30, 2018						Total Investments	Net Assets	
----- Rupees in '000 -----													
Oil and Gas Marketing Companies													
Pakistan State Oil Company Limited (note 6.2.1 & 6.2.2)	5,922,149	-	1,184,429	-	7,106,578	484,439	2,262,095	1,777,656	-	159,894	43.68%	41.62%	2.18%
Sui Northern Gas Pipeline Limited	2,488,024	-	-	-	2,488,024	33,052	249,350	216,298	-	18,660	4.81%	4.59%	0.39%
	8,410,173	-	1,184,429	-	9,594,602	517,491	2,511,445	1,993,954	-	178,554	48.49%	46.21%	
Total June 30, 2018	8,410,173	-	1,184,429	-	9,594,602	517,491	2,511,445	1,993,954	-	178,554	48.49%	46.21%	
Total June 30, 2017	8,410,173	-	-	-	8,410,173	517,491	2,464,461	2,186,970	-	103,638	44.00%	42.00%	

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

6.2.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the

Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 18.851 million at June 30, 2018 (June 30, 2017: Rs. Nil) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

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

Issue date	Tenure	As at July 1, 2017	Purchase during the year	Sales during the year	As at June 30, 2018	Balance as at June 30, 2018			Capital Gain / (loss)	Markup income	Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (diminution)				
(Rupees in '000)												
February 15, 2018	3 months	-	200,000	200,000	-	-	-	-	(26)	304	-	-
Total June 30, 2018		-	200,000	200,000	-	-	-	-	(26)	304	-	-
Total - June 30, 2017		-	-	-	-	-	-	-	-	-	-	-

6.4 Net unrealised appreciation on remeasurement of investments classified as available for sale

	Note	2018	2017
----- (Rupees in '000) -----			
Market value of investments	6.2	2,511,445	2,664,461
Cost of investments	6.2	517,491	517,491
		1,993,954	2,146,970

7. DIVIDEND RECEIVABLE AND PROFIT RECEIVABLE

Profit receivable on bank deposits	2,344	2,069
Dividend receivable	76,693	64,788
	79,037	66,857

8. DEPOSITS AND PREPAYMENTS

Security deposits with:

- National Clearing Company of Pakistan Limited	2,500	2,500
- Central Depository Company of Pakistan Limited	300	200
Advance tax	517	422
Other advances	-	676
	3,317	3,798

9. PAYABLE TO THE MANAGEMENT COMPANY

Management fee	9.1	9,058	10,548
Sindh Sales Tax on Management Company's remuneration	9.2	1,178	1,372
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	453	527
		10,689	12,447

- 9.1 Under the provisions of the Offering Document of the Fund the Management Company is entitled to a Remuneration at the rate of 2% of the average annual net asset of the fund. The remuneration is paid to the Management Company monthly in arrears. The remuneration is also subject to Sindh Sales Tax on services at applicable rate.
- 9.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent (2017: 13 percent) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.
- 9.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the year.

10. PAYABLE TO THE TRUSTEE	Note	2018 ------(Rupees in '000)-----	2017
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	10.1	385	892
CDC charges payable		36	73
		<u>421</u>	<u>965</u>

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

10.2 The tariff structure applicable to the Fund is as follows:

Amount of funds under management [Average Net Assets Value (NAV)]	Tariff per annum
Upto 250 million	0.20% per annum
Exceeding Rs 250 million and upto Rs 500 million	Rs. 500,000 plus 0.15% p.a on amount exceeding Rs. 250 million
Exceeding Rs 500 million and upto Rs 2000 million	Rs. 875,000 plus 0.08% p.a on amount exceeding Rs. 500 million
Exceeding Rs 2000 million and upto Rs 5000 million	Rs. 2,075,000 plus 0.06% p.a on amount exceeding Rs. 2000 million
Exceeding Rs 5000 million	Rs. 3,875,000 plus 0.05% p.a on amount exceeding Rs. 5000 million

11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2018 ------(Rupees in '000)-----	2017
Annual fee	11.1	5,304	5,897

11.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a equity scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.095 percent of the average annual net assets of the scheme. The fee is payable annually in arrears.

12. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2018 ------(Rupees in '000)-----	2017
Provision for Federal Excise Duty and additional sales tax on management fee	12.1	55,961	55,961
Provision for Sindh Workers' Welfare Fund	12.2	21,075	21,075
Zakat payable		-	1,891
Printing charges		2,810	1,523
Auditors' remuneration		783	457
Security transaction costs		273	340
Withholding tax payable		607	24
		<u>81,509</u>	<u>81,271</u>

12.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The Finance Act, 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ending June 30, 2018 and June 30, 2017.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company, aggregating to Rs. 55.961 million (2017: Rs. 55.961 million). Had the provision not being made, the Net Asset Value per certificate as at June 30, 2018 would have been higher by Rs. 0.20 (2017: Rs. 0.20) per certificate.

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

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

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

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

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

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

The Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

Further, the Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded that since mutual funds

are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:

- The Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014, and
- Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the remaining provision of WWF should be carried forward unless further clarification is received from the MUFAP.

As a result, the Management Company assessed that no further provision is required for SWWF and additional provision of WWF should be carried forward till the matter is cleared.

In the wake of the aforesaid developments, the MUFAP called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members that effective from January 12, 2017, Workers' Welfare Fund (WWF) recognised earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017, and the SECP through its letter dated February 01, 2017, advised that the adjustment should be prospective and supported by adequate disclosures.

As a result of the above recommendations of the MUFAP, the Fund on January 12, 2017, reversed the provision of WWF amounting to Rs. 60.378 million. Further, the Fund has recognised provision for SWWF amounting to Rs. 21.075 million (2017: 21.075 million) in these financial statements. Had the provision not being made, the net asset value per unit as at June 30, 2018 would have been higher by Rs. 0.0742 (2017: Rs. 0.0742) per certificate.

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
Number of certificates in '000			------(Rupees in '000)-----	
		Fully paid ordinary certificates of Rs. 10 each		
272,875	272,875	Issued for cash	2,728,750	2,728,750
11,250	11,250	Issued as bonus certificates	112,500	112,500
<u>284,125</u>	<u>284,125</u>		<u>2,841,250</u>	<u>2,841,250</u>

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2018 and June 30, 2017.

15. NET ASSETS VALUE PER CERTIFICATE	Note	2018	2017
		------(Rupees in '000)-----	
Total net assets-Rupees in thousands		5,435,289	6,330,569
Total certificates in issue-in thousand		284,125	284,125
Net assets value per certificate - Rupees		19.13	22.28

16. AUDITORS' REMUNERATION

Annual audit fee	360	360
Fee for half yearly review	173	173
Other certifications and out of pocket	440	97
	<u>973</u>	<u>630</u>

17. TAXATION

No provision for taxation has been made as the Fund has incurred a net loss and as such is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Fund is also exempt from provision of Section 113 (minimum tax) under clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. Hence, no provision with respect to tax has been recognized in the 'Income statement'.

18. (LOSS) / EARNING PER CERTIFICATE 2018 2017
------(Rupees in '000)-----

There is no dilutive effect on earning per certificate as computed below:

Net (loss) / income for the year after taxation	(358,696)	848,003
	-----Number of Certificates-----	
Weighted average number of certificates- in thousands	284,125	284,125
	----- Rupees in '000 -----	
(Loss) / earning per certificate	(1.26)	2.98

19. FINANCIAL INSTRUMENTS BY CATEGORY

-----As on June 30, 2018 -----

	Financial assets at fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Total
Assets	----- Rupees in '000 -----			
Bank balances	-	371,142	-	371,142
Investments	2,667,725	-	2,511,445	5,179,170
Dividend and Profit receivable	-	79,037	-	79,037
	2,667,725	450,179	2,511,445	5,629,349

----- As at June 30, 2018 -----

	At fair value through profit or loss	Other financial liabilities	Total
Liabilities	-----Rupees in '000'-----		
Payable to the Management Company	-	9,511	9,511
Payable to the Trustee	-	377	377
Payable against purchase of investment	-	13,183	13,183
Accrued expenses and other liabilities	-	3,866	3,866
Unclaimed dividend	-	86,271	86,271
	-	113,208	113,208

	-----As on June 30, 2017 -----			
	Financial assets at fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Total
Assets				
		----- Rupees in '000 -----		
Bank balances	-	350,631	-	350,631
Investments	3,430,762	-	2,664,461	6,095,223
Dividend and Profit receivable	-	66,857	-	66,857
	<u>3,430,762</u>	<u>417,488</u>	<u>2,664,461</u>	<u>6,512,711</u>

	----- As at June 30, 2017 -----		
	At fair value through profit or loss	Other financial liabilities	Total
Liabilities			
	-----Rupees in '000'-----		
Payable to the Management Company	-	11,075	11,075
Payable to the Trustee	-	862	862
Payable against purchase of investment	-	4,108	4,108
Accrued expenses and other liabilities	-	2,320	2,320
Unclaimed dividend	-	81,250	81,250
	<u>-</u>	<u>99,615</u>	<u>99,615</u>

20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

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

20.1 Transactions during the year	2018	2017
	----- (Rupees in '000) -----	
HBL Asset Management Limited		
Remuneration of Management Company	<u>111,662</u>	<u>124,151</u>
Sindh Sales Tax on remuneration of Management Company	<u>14,516</u>	<u>16,140</u>
Reimbursement of Fund Operations, accounting and Related costs	<u>5,583</u>	<u>6,252</u>
Habib Bank Limited - Sponsor		
Dividend Income	<u>3,375</u>	<u>12,060</u>
Profit on bank deposits	<u>465</u>	<u>-</u>

MCB Bank Limited

Connected Person Due to Holding more than 10% Certificate

Profit on bank deposits	<u>7,107</u>	<u>13,116</u>
Dividend Income	<u>10,252</u>	<u>12,288</u>
Bank charges	<u>92</u>	<u>12</u>

Central Depository Company of Pakistan Limited - Trustee

Remuneration	<u>4,708</u>	<u>5,061</u>
CDC Connection charges	<u>968</u>	<u>491</u>

20.2 Balances outstanding at the year end

HBL Asset Management Limited

Payable to the Management Company	<u>9,058</u>	<u>10,548</u>
Sindh Sales tax payable on remuneration to management company	<u>1,178</u>	<u>1,372</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>453</u>	<u>527</u>

Habib Bank Limited - Sponsor

Certificates held: 48,662,161 (2017: 48,662,161 certificates)	<u>486,622</u>	<u>486,621</u>
Bank balance	<u>392</u>	<u>-</u>

Associated Companies

Jubilee General Insurance Company Limited

Certificates held: 100,379 (2017: 107,879 certificates)	<u>1,004</u>	<u>1,078</u>
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Jubilee General Insurance Company Limited Staff Provident Fund Trust

Certificates held: 118,454 (2017: 118,454 certificates)	<u>1,184</u>	<u>1,184</u>
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Jubilee General Insurance Company Limited Gratuity Fund Trust

Certificates held: 224,000 (2017: 224,000 certificates)	<u>2,240</u>	<u>2,240</u>
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Aga Khan University Employees Provident Fund Trust

Certificates held: 588,000 (2017: 588,000 certificates)	<u>5,880</u>	<u>5,880</u>
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	2018	2017
	------(Rupees in '000)-----	
Aga Khan University Employees Gratuity Fund Trust		
Certificates held: 138,000 (2017: 138,000 certificates)	<u>1,380</u>	<u>1,380</u>
MCB Bank Limited		
Connected Person Due to Holding more than 10% Certificate		
Bank balance	<u>106,436</u>	<u>97,311</u>
Certificates held: 66,090,021 (2017: 48,042,021 certificates)	<u>660,900</u>	<u>480,420</u>
Profit receivable	<u>490</u>	<u>761</u>
Central Depository Company Of Pakistan Limited - Trustee		
Trustee fee payable	<u>385</u>	<u>965</u>
Security deposit held	<u>300</u>	<u>200</u>
CDC Charges Payable	<u>36</u>	<u>73</u>
Directors and Executives of the Management Company		
Certificates held: 26,195 (2017: 5,678 certificates)	<u>262</u>	<u>57</u>

21. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyze the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

21.1 Market risk

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

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

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 its all transactions are carried out in Pak 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 because of changes in market interest rates.

a) Cash flow interest rate risk

The Fund's interest rate risk arises from the balances in savings accounts. The net income for the period would have increased / (decreased) by Rs. 3.711 million (2017 : Rs 3.507 million), had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

b) Fair value interest rate risk

Since the Fund currently does not have any fixed rate instruments that are impacted by market interest rates, therefore, it is not exposed to fair value interest rate risk.

21.1.3 Price risk

Price 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 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 is exposed to equity securities price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities as financial assets 'at fair value through profit or loss held for trading' and 'available for sale'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to 30% of net assets. However, relaxation in this regard has been obtained from the regulators in respect of frozen investments classified as 'available for sale' as disclosed in note 6.2.

In case of 5% increase / decrease in the fair value of the Fund's equity securities on June 30, 2018, net assets of the Fund would have increased / decreased by Rs. 133.386 million (2017: Rs. 171.538 million) as a result of gains / losses on equity securities in 'fair value through profit and loss - held-for-trading' category, with corresponding effect on operating income reported in 'Income statement'.

In case of 5% increase / decrease in the fair value of the Fund's equity securities on June 30, 2018, net assets of the Fund would have increased / decreased by Rs. 125.572 million (2017: Rs. 140.104 million) as a result of gains / losses on equity securities in 'available for sale' category, with corresponding effect on other comprehensive income reported in 'Statement of comprehensive income'.

21.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk mainly arises from deposits with banks and financial institutions and credit exposure arising as a result of dividend receivable on equity securities and profit receivable on bank deposits.

Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protections. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

The analysis below summaries the credit quality of the balances in deposit accounts with Banks with which the Fund has kept such balances as at June 30, 2018:

Name of banks	Balances held by the Fund as at June 30, 2018	Latest available published rating as at June 30, 2018	Rating agency
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Savings Accounts

MCB Bank Limited	106,436	AA-	PACRA
Habib Bank Limited	392	AAA	JCR-VIS
JS Bank Limited	264,314	AA-	PACRA
	<u>371,142</u>		

Name of banks	Balances held by the Fund as at June 30, 2017	Published rating as at June 30, 2017	Rating agency
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Savings Accounts

NIB Bank Limited (merged into MCB on July 7, 2017)	97,311	A1+	PACRA
JS Bank Limited	<u>253,320</u>	A1+	PACRA
	<u><u>350,631</u></u>		

The maximum exposure to credit risk before considering any collateral as at June 30, 2018 and June 30, 2017 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk. None of these assets are 'impaired' nor 'past due but not impaired'.

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration 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 obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through other facilities. The Fund manages the liquidity risk by maintaining sufficient cash balance with banks and marketable securities.

The Fund has a policy to invest the majority of its assets in investments that are traded in an active market and can be readily disposed off. The Fund's listed securities are considered readily realisable, as they are listed on the Pakistan Stock Exchange Limited.

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short-term in nature and are restricted to the extent of available liquidity and significant assets of the Fund are readily disposable in the market.

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

-----As at June 30, 2018 -----

	Upto three months	More than three months and upto one year	More than one year	Total
--	-------------------	--	--------------------	-------

Liabilities

------(Rupees in '000)-----

Payable to the Management Company	9,511	-	-	9,511
Payable to the Trustee	377	-	-	377
Payable against purchase of investment	13,183	-	-	13,183
Accrued expenses and other liabilities	3,866	-	-	3,866
Unclaimed dividend	86,271	-	-	86,271
	<u>113,208</u>	<u>-</u>	<u>-</u>	<u>113,208</u>

	-----As at June 30, 2017 -----			
	Upto three months	More than three months and upto one year	More than one year	Total
Liabilities	------(Rupees in '000)-----			
Payable to the Management Company	11,075	-	-	11,075
Payable to the Trustee	862	-	-	862
Payable against purchase of investment	4,108	-	-	4,108
Accrued expenses and other liabilities	2,320	-	-	2,320
Unclaimed dividend	81,250	-	-	81,250
	<u>99,615</u>	<u>-</u>	<u>-</u>	<u>99,615</u>

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		June 30, 2018								
		Carrying amount				Fair Value				
Note		Fair value through profit or loss - 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										
	Investments - Listed equity securities	2,667,725	2,511,445	-	-	5,179,170	5,179,170	-	-	5,179,170
		<u>2,667,725</u>	<u>2,511,445</u>	<u>-</u>	<u>-</u>	<u>5,179,170</u>	<u>5,179,170</u>	<u>-</u>	<u>-</u>	<u>5,179,170</u>
Financial assets not measured at fair value										
	Bank balances	-	-	371,142	-	371,142				
	Dividend and Profit receivable	-	-	79,037	-	79,037				
		<u>-</u>	<u>-</u>	<u>450,179</u>	<u>-</u>	<u>450,179</u>				
Financial liabilities not measured at fair value										
	Payable to Management Company	-	-	-	9,511	9,511				
	Payable to Trustee	-	-	-	377	377				
	Payable against purchase of investment	-	-	-	13,183	13,183				
	Accrued expenses and other liabilities	-	-	-	3,866	3,866				
	Unclaimed dividend	-	-	-	86,271	86,271				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>113,208</u>	<u>113,208</u>				

		June 30, 2017								
		Carrying amount				Fair Value				
Note		Fair value through profit or loss - 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										
	Investments - Listed equity securities	3,430,762	2,664,461	-	-	6,095,223	6,095,223	-	-	6,095,223
		<u>3,430,762</u>	<u>2,664,461</u>	<u>-</u>	<u>-</u>	<u>6,095,223</u>	<u>6,095,223</u>	<u>-</u>	<u>-</u>	<u>6,095,223</u>
Financial assets not measured at fair value										
	Bank balances	-	-	350,631	-	350,631				
	Dividend and Profit receivable	-	-	66,857	-	66,857				
		<u>-</u>	<u>-</u>	<u>417,488</u>	<u>-</u>	<u>417,488</u>				
Financial liabilities not measured at fair value										
	Payable to Management Company	-	-	-	11,075	11,075				
	Payable to Trustee	-	-	-	862	862				
	Payable against purchase of investment	-	-	-	4,108	4,108				
	Accrued expenses and other liabilities	-	-	-	2,320	2,320				
	Unclaimed dividend	-	-	-	81,250	81,250				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>99,615</u>	<u>99,615</u>				

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

Transfers during the year

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

23. LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

Top ten brokers during the year ended June 30, 2018

- 1 Next Capital Limited
- 2 Intermarket Securities Limited
- 3 Insight Securities (Private) Limited
- 4 DJM Securities (Private) Limited
- 5 Taurus Securities Limited
- 6 Optimus Capital Management (Private) Limited
- 7 BMA Capital Management Limited
- 8 EFG Hermes Pakistan Limited
- 9 JS Global Capital Limited
- 10 IGI Finex Securities Limited

Top ten brokers during the year ended June 30, 2017

- 1 Askari Securities Limited
- 2 BMA Capital Management
- 4 DJM Securities (Private) Limited
- 5 Elixir Securities Pakistan (Private) Limited
- 3 Global Securities Pakistan Limited
- 7 IGI Finex Securities Limited
- 6 JS Global Capital Limited
- 8 Next Capital Limited
- 9 Taurus Securities Limited
- 10 WE Financial Services Limited

24. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund as on June 30, 2018 are as follows:

S.no.	Name	Designation	Qualification	Experience in years
1	Farid Ahmed Khan	Chief Executive Officer	CFA, MBA	25+
2	Muhammad Imran	Chief Investment Officer	MBA - Finance	18+
3	Jawad Naem	Specialist - Equity	MBA	10+
4	Adeel Abdul Wahab	Specialist - Equity	ACCA	10+
5	Noman Ameer	Manager Risk	MBA - Finance	11+
6	Sateesh Balani	Head of Research	CFA, MBA	7+

26. PATTERN OF UNIT HOLDING

-----As at June 30, 2018 -----

Category	Number of unit holders	Number of units held	Investment amount	Percentage
------(Rupees in '000)-----				
Individuals	15,152	102,423,228	1,024,233	36.05%
Associated Companies and Directors	11	60,026,037	600,260	21.13%
Insurance Companies	15	5,936,530	59,365	2.09%
NIT and ICP	19	40,900	409	0.01%
Bank/DFIs	24	75,616,997	756,170	26.61%
NBFCs	1	4,748	47	0.00%
Foreign companies	3	23,816,706	238,167	8.38%
Modarabas	4	6,084	61	0.00%
Others	100	16,253,770	162,538	5.72%
	15,329	284,125,000	2,841,250	100.00%

-----As at June 30, 2017 -----

Category	Number of unit holders	Number of units held	Investment amount	Percentage
------(Rupees in '000)-----				
Individuals	15,380	103,205,836	1,032,058	36.32%
Associated Companies and Directors	9	49,844,172	498,442	17.54%
Insurance Companies	15	5,936,530	59,365	2.09%
Bank/DFIs	26	75,661,917	756,619	26.63%
NBFCs	27	10,225,580	102,256	3.60%
Foreign companies	3	23,152,706	231,527	8.15%
Others	101	16,098,259	160,983	5.67%
	15,561	284,125,000	2,841,250	100.00%

26. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Five meetings of the Board of Directors were held on August 25, 2017, October 27, 2017, November 23, 2017, February 26, 2018 and April 23, 2018 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave	
1	Mr. Agha Sher Shah ¹	2	2	-	-
2	Mr. Farid Ahmed Khan	5	5	-	-
3	Ms. Ava A. Cowasjee	5	3	2	November 23, 2017 & April 23, 2018
4	Mr. Rayomond H. Kotwal	5	5	-	-
5	Mr. Rizwan Haider	5	4	1	October 27, 2017
6	Mr. Shabbir Hussain Hashmi ²	1	1	-	-
7	Mr. Shahid Ghaffar ³	2	1	1	February 26, 2018
8	Mr. Nadeem Abdullah ⁴	4	4	-	-
9	Mr. Towfiq Habib Chinoy ⁵	3	3	-	-
10	Mr. Salahuddin Manzoor ⁶	3	3	-	-
1	Appointed on November 23, 2017				
2	Appointed on February 26, 2018				
3	Appointed on December 4, 2017				
4	Resigned on February 26, 2018				
5	Resigned on November 23, 2017				
6	Resigned on November 30, 2017				

27. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended June 30, 2018 is 2.87% (2017: 2.97%) which includes 0.38% (2017: 0.64%) representing government levy and SECP fee.

28. NON ADJUSTING EVENT AFTER REPORTING DATE - CONVERSION FROM CLOSED END FUND TO OPEN END SCHEME

As disclosed in note 1.5, the Fund converted into an open end scheme effective July 2, 2018. The net assets attributed to the Class A units and Class B units as per conversion plan are as follows;

Assets	Class A	Class B	Total
-----Rupees in '000'-----			
Bank balances	-	371,142	371,142
Investments	2,511,445	2,667,725	5,179,170
Dividend and profit receivable	71,066	7,971	79,037
Deposits and prepayments	100	3,217	3,317
	2,582,611	3,050,055	5,632,666

Liabilities

Payable to the Management Company	-	10,689	10,689
Payable to the Trustee	-	421	421
Payable to Securities and Exchange Commission of Pakistan	-	5,304	5,304
Payable against purchase of investments	-	13,183	13,183
Accrued expenses and other liabilities	-	81,509	81,509
Unclaimed dividend	-	86,271	86,271
	-	<u>197,377</u>	<u>197,377</u>

Net Assets as at June 30, 2018

<u>2,582,611</u>	<u>2,852,678</u>	<u>5,435,289</u>
------------------	------------------	------------------

Number of units allotted

<u>284,125</u>	<u>284,125</u>
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Net assets value per unit

<u>9.09</u>	<u>10.04</u>
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29. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 31, 2018 by the Board of Directors of the Management Company.

30. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

31. 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

INCOME STATEMENT OF HBL ASSET MANAGEMENT LIMITED
IN RELATION TO HBL INVESTMENT FUND (Formerly PICIC INVESTMENT FUND) (SCHEME)
 FOR THE YEAR ENDED JUNE 30, 2018

Rupees in '000'

INCOME	
Management fee	111,663
Dividend income	-
	111,663
EXPENSES	
Salaries and allowances	35,198
Defined benefit plan	539
Directors remuneration	109
Office rent	4,283
Telephone expenses	364
Electricity and water charges	853
Office Repair & maintenance	1,872
Traveling and conveyance	236
Printing and stationary	343
Fee and subscription	1,203
Internal auditors remuneration	421
Insurance Expenses	631
Information technology expenses	1,785
Auditors' remuneration	161
Marketing expenses	1,670
Distribution expenses	-
News papers & periodicals	2
Postage	250
Depreciation	1,672
Amortization of intangible asset	257
Security / Cleaning expenses	83
Written off fixed assets	-
Miscellaneous	407
Finance Cost	26,605
Workers Welfare Fund	593
	80,004
Profit before taxation	31,659
Taxation - current	24,158
Profit after taxation	7,501








Note: Other revenue and expenses not relating to the scheme have not been included in the above statement.










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HBL

ASSET MANAGEMENT LTD.

ایس ایٹ مینجمنٹ لمیٹڈ

Head Office Karachi:
7th Floor, Emerald Tower, Clifton,
Karachi.
UAN:111 HBL AMC (111-425-262)
Fax: 021-35168455
info@hblasstet.com

Lahore:
102-103, Upper Mall, Lahore
Tel: 042-36281600
042-36281640-3
042-36281610
Fax: 042-36281686

Islamabad:
HBL Corporate Center,
HBL building, Jinnah Avenue,
Islamabad
Tel: 051-2821183
Fax: 051-2822206