

HBL

ASSET MANAGEMENT LTD.
ایسیٹ مینجمنٹ لمیٹڈ



HALF YEARLY REPORT 2017

For the Half Year ended December 31, 2017

MOVING TOWARDS
EXCELLENCE

TABLE OF CONTENTS

Corporate Information	03
Report of the Directors of the Management Company	04-10
HBL Income Fund	
<i>Fund Information</i>	12
<i>Trustee Report</i>	13
<i>Auditors' Report</i>	14
<i>Condensed Interim Statement of Assets and Liabilities</i>	15
<i>Condensed Interim Income Statement</i>	16
<i>Condensed Interim Statement of Comprehensive Income</i>	17
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	18
<i>Condensed Interim Cash Flow Statement</i>	19
<i>Notes to the Condensed Interim Financial Information</i>	20-30
HBL Government Securities Fund (Formerly PICIC Income Fund)	
<i>Fund Information</i>	32
<i>Trustee Report</i>	33
<i>Auditors' Report</i>	34
<i>Condensed Interim Statement of Assets and Liabilities</i>	35
<i>Condensed Interim Income Statement</i>	36
<i>Condensed Interim Statement of Comprehensive Income</i>	37
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	38
<i>Condensed Interim Cash Flow Statement</i>	39
<i>Notes to the Condensed Interim Financial Information</i>	40-48
HBL Money Market Fund	
<i>Fund Information</i>	50
<i>Trustee Report</i>	51
<i>Auditors' Report</i>	52
<i>Condensed Interim Statement of Assets and Liabilities</i>	53
<i>Condensed Interim Income Statement</i>	54
<i>Condensed Interim Statement of Comprehensive Income</i>	55
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	56
<i>Condensed Interim Cash Flow Statement</i>	57
<i>Notes to the Condensed Interim Financial Information</i>	58-65
HBL Cash Fund (Formerly PICIC Cash Fund)	
<i>Fund Information</i>	67
<i>Trustee Report</i>	68
<i>Auditors' Report</i>	69
<i>Condensed Interim Statement of Assets and Liabilities</i>	70
<i>Condensed Interim Income Statement</i>	71
<i>Condensed Interim Statement of Comprehensive Income</i>	72
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	73
<i>Condensed Interim Cash Flow Statement</i>	74
<i>Notes to the Condensed Interim Financial Information</i>	75-83

TABLE OF CONTENTS

HBL Stock Fund	
<i>Fund Information</i>	85
<i>Trustee Report</i>	86
<i>Auditors' Report</i>	87
<i>Condensed Interim Statement of Assets and Liabilities</i>	88
<i>Condensed Interim Income Statement</i>	89
<i>Condensed Interim Statement of Comprehensive Income</i>	90
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	91
<i>Condensed Interim Cash Flow Statement</i>	92
<i>Notes to the Condensed Interim Financial Information</i>	93-102
HBL Equity Fund (Formerly PICIC Stock Fund)	
<i>Fund Information</i>	104
<i>Trustee Report</i>	105
<i>Auditors' Report</i>	106
<i>Condensed Interim Statement of Assets and Liabilities</i>	107
<i>Condensed Interim Income Statement</i>	108
<i>Condensed Interim Statement of Comprehensive Income</i>	109
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	110
<i>Condensed Interim Cash Flow Statement</i>	111
<i>Notes to the Condensed Interim Financial Information</i>	112-120
HBL Energy Fund (Formerly PICIC Energy Fund)	
<i>Fund Information</i>	122
<i>Trustee Report</i>	123
<i>Auditors' Report</i>	124
<i>Condensed Interim Statement of Assets and Liabilities</i>	125
<i>Condensed Interim Income Statement</i>	126
<i>Condensed Interim Statement of Comprehensive Income</i>	127
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	128
<i>Condensed Interim Cash Flow Statement</i>	129
<i>Notes to the Condensed Interim Financial Information</i>	130-137
HBL Multi Asset Fund	
<i>Fund Information</i>	139
<i>Trustee Report</i>	140
<i>Auditors' Report</i>	141
<i>Condensed Interim Statement of Assets and Liabilities</i>	142
<i>Condensed Interim Income Statement</i>	143
<i>Condensed Interim Statement of Comprehensive Income</i>	144
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	145
<i>Condensed Interim Cash Flow Statement</i>	146
<i>Notes to the Condensed Interim Financial Information</i>	147-159
HBL Financial Planning Fund	
<i>Fund Information</i>	161
<i>Trustee Report</i>	162
<i>Auditors' Report</i>	163
<i>Condensed Interim Statement of Assets and Liabilities</i>	164
<i>Condensed Interim Income Statement</i>	165
<i>Condensed Interim Statement of Comprehensive Income</i>	166
<i>Condensed Interim Statement of Movement in Unit Holders' Fund</i>	167
<i>Condensed Interim Cash Flow Statement</i>	168
<i>Notes to the Condensed Interim Financial Information</i>	169-183

CORPORATE INFORMATION

Management Company

HBL Asset Management Limited.

Chairman	Mr. Agha Sher Shah	(Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director)
	Ms. Ava A. Cowasjee	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Non-Executive Director)
	Mr. Shahid Ghaffar	(Non-Executive Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Non-Executive Director)
Members	Mr. Rayomond Kotwal	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Non-Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)

Human Resource Committee

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

Risk Management Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

AMC Rating

'AM2'+ (Positive Outlook)

Legal Advisors

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

Website

www.hblasset.com

Head Office

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

REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2017

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with the financial statements for the half year ended December 31, 2017 of the following funds:

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

Economic Review

Pakistan's economic landscape has witnessed mixed trend during 1HFY18 with strong LSM growth, manageable inflation levels and better private sector credit off-take whilst increase in external account pressures. Economic challenges increased towards 2QFY18 as lower inflation strengthened aggregate demand which was primarily met through increased imports resulting in increase in trade deficit. During 2QFY18, Government took steps to address macroeconomic challenges like imposition of regulatory duty on import of non-essential products, PKR depreciation towards the end of December 2017, reducing power generation on furnace oil to curb oil imports (21% of total imports during 1HFY18) and reiteration of support for international trade in Chinese currency.

Average inflation remained muted during 1HFY18 and settled at 3.75% YoY on the back of adequate food supplies and lower tobacco prices. However, core inflation (measured by non-food-non-energy CPI), was recorded higher at 5.5% in 1HFY18 as compared to 4.9% last year, reflecting the underlying demand pressures in the economy. Sustaining core inflation coupled with a lagged impact of 5% PKR depreciation towards the end of the 1H and higher international oil prices would keep increase inflation in the coming months. Due to recent uptick in inflationary pressures, monthly CPI inflation reading would likely reach 5 - 5.5% YoY by the end of FY18 while average for FY18 is expected to remain below 4.5%.

Large-scale manufacturing (LSM) posted 7.2% YoY growth during 4MFY18 mainly led by Electronics (+55.7%), Iron & Steel Products (40.4%), Automobiles (+24.4%), Coke & Petroleum Products (+11.6%) and Non-metallic Mineral Products (+11.1%). Promising growth of the manufacturing sector along with an encouraging assessment of major crops is likely to bode well for the services sector and in turn the GDP growth for FY18. However so far, faster economic growth (driven by higher machinery imports particularly related to power plants for CPEC and petroleum imports) has caused imbalances on the external front with 1HFY18 current account deficit soaring to USD 7.4bn (4.4% of GDP) vs. 4.7bn (3.1% of GDP) same period last year. In 1HFY18, import of goods surged by 18.8% YoY to USD 26.1bn while exports grew by 10.8% to USD 11.8bn resulting in a trade deficit of USD 14.3bn against USD 11.3bn during same period last year. As a result, SBP forex reserves decreased by USD 2.0bn since Jun-17 to reach USD 14.1bn at the end of 1HFY18. Towards the end of 1HFY18, Government successfully completed Eurobond issue worth USD 2.5bn in international bond market which provided respite to declining FX reserves. In this regard, Government's efforts to maintain FX reserves (currently at 3.2 months of import cover) remains crucial for macroeconomic stability.

Money Market Review

In the 1HFY18, the yield curve steepened with secondary market yields on 3, 5 and 10-year PIBs increased by 80, 82 and 22 bps respectively. Meanwhile, yields on the 3-month as well as 6-month T-Bills increased by 2bps each but 12-month yield remained flat. Government of Pakistan raised PKR 54.2bn through the PIB auction held in Jul-17 while next five PIB auctions held were all scrapped. The last cut-off yields stood at 6.4091%, 6.8961% and 7.9360% p.a. for 3, 5 and 10-year PIBs respectively. Overall trading in longer tenures remained lackluster during 1HFY18 due to market participants' expectation of interest rates having bottomed out and building up of pressure on balance of payment account.

During 1HFY18, Government borrowed PKR 345bn from scheduled banks against a net retirement of PKR 470bn same period last year owing to hefty PIB maturity at that time. Meanwhile, Government borrowing from SBP increased by PKR 73bn during the period against PKR 915bn during same period last year. Through T-Bills, the GoP raised PKR 7,712bn (excluding NCB) compared to the cumulative target of PKR 7,500bn and maturities of PKR 6,868bn. In the last T-Bill Auction held in Dec-17 no amount was accepted in the 6 and 12 month T-Bills. The cutoff yield was 5.9910% for the 3 month T-Bills. During the half, SBP kept the policy rate unchanged at 5.75% in the monetary policy announcements. Recent changes in economic indicators have increased inflationary expectation and likelihood of interest rate increase going forward. Consequently, demand for floating rate instruments has increased manifold which is evident from high subscription of recently issued corporate bonds. In Jan-18, SBP increased the policy rate by 25bps in the MPS and we foresee potential interest rate hike of another 25-50 bps in ongoing fiscal year.

Stock Market Review

In 1HFY18 the benchmark KSE 100 Index lost 6,094 points (13%) to close at 40,471 points. This came on the back of continued political instability following the ouster of ex-PM and concerns on the economic front emanating from ballooning current account deficit which created pressure on foreign exchange reserves. Besides sentiment change, sector and stock specific was also negative which dragged valuations of index heavyweights primarily banks, cements and power generation stocks.

Cement sector witnessed highest decline of 37% during first half, dragging index by ~2,000 points, following fears of oversupply in the industry and increased possibility of a price war. Another major laggard was banking sector with 16% drop, reducing index by ~1,800 points, after imposition of penalty by DFS NY on one of the largest commercial banks of Pakistan and decision by Supreme Court in pension case in favor of pensioners against largest public sector bank. Other banking stocks also witnessed de-rating with continued negative sentiment pertaining to ongoing pension case. Government's decision to reduce reliance on furnace oil for power generation increased investor concerns pertaining to earnings' decline and cash flow constraints for Oil Marketing Companies and Independent Power Producers respectively. SNGP was also amongst the major losers with 32% decline after OGRA initiated discussions for changing gas pricing and return mechanism creating uncertainty over sustainability of earnings growth going forward.

Index heavyweight, Oil & Gas exploration sector posted stellar gain of 26% during 1HFY18 contributing 1,260 points buoyed by 44%, 36% and 19% returns in PPL, POL and OGDC respectively. This strong gains were mainly driven by whopping 40% increase in international oil prices. On the flows front, foreigners remained net sellers with net foreign out flow of USD 155mn. During the period under review, Pakistan market weight was adjusted in MSCI Emerging Market Standard Index and stocks were added in FTSE rebalancing. FTSE announced inclusion of five Pakistani companies (MCB, SNGP, BAFL, MTL and THALL) in its Asia Pacific ex-Japan Index. MSCI reduced Pakistan's weight in Emerging Market Standard Index to 0.075% from 0.097% and also excluded ENGR0 (down 11% during 1H) adding further selling pressures (by passive funds). We foresee rebound in Pakistan equities during 2HFY18 with reduction in political uncertainty (post senate election announcement), and renewed foreign investor interest after PKR depreciation and widening of valuation discount to other comparable markets.

FUND'S PERFORMANCE

HBL Income Fund

The total income and net income of the Fund was Rs.146.21 million and Rs. 99.47 million respectively during the half year ended December 31, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs 106.0146 per unit as on June 30, 2017. The NAV of the Fund was Rs108.3385 per unit as on December 31, 2017, thereby giving an annualized return of 4.34%. During the same period the benchmark (6 Month KIBOR) return was 6.17%.The size of Fund was Rs.42 billion as on December 31, 2017.

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

HBL Government Securities Fund (Formerly: PICIC Income Fund)

The total income and net income of the Fund was Rs.33.33 million and Rs. 22.31 million respectively during the half year ended December 31, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs105.4266 per unit as on June 30, 2017. The NAV of the Fund was Rs107.7676 per unit as on December 31, 2017, thereby giving an annualized return of 4.41%. During the same period the benchmark (6 Month PKRV Rates) return was 6.01%.The size of Fund was Rs0.65 billion as on December 31, 2017.

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

HBL Money Market Fund

The total income and net income of the Fund was Rs.168.57 million and Rs. 128.78 million respectively during the half year ended December 31, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs101.7683 per unit as on June 30, 2017. The NAV of the Fund was Rs104.3555 per unit as on December 31, 2017, thereby giving an annualized return of 5.03%. During the same period the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 5.18%.The size of Fund was Rs4.97 billion as on December 31, 2017.

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

HBL Cash Fund (Formerly: PICIC Cash Fund)

The total income and net income of the Fund was Rs.299.45million and Rs. 253.63 million respectively during the half year ended December 31, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs100.4888 per unit as on June 30, 2016. The NAV of the Fund was Rs103.2030 per unit as on December 31, 2017, thereby giving an annualized return of 5.39%. During the same year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 5.18%.The size of Fund was Rs10.41 billion as on December 31, 2017.

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

HBL Stock Fund

The Fund incurred total loss and net loss of Rs. 371.83million and Rs. 459.95million respectively during the half year ended December 31, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs121.4498 per unit as on June 30, 2017. The NAV of the Fund was Rs. 101.9911 per unit as on December 31, 2017, thereby giving a return of -16.01%. During the same period the benchmark KSE 30 index return was -13.73%.The size of Fund was Rs. 5.36 billion as on December 31, 2017.

HBL Equity Fund (Formerly: PICIC Stock Fund)

The Fund incurred total loss and net loss of Rs.58.81 million and Rs. 65.30 million respectively during the half year ended December 31, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs. 124.6444 per unit as on June 30, 2017. The NAV of the Fund was Rs. 104.8584 per unit as on December 31, 2017, thereby giving a return of -15.86%. During the same period the benchmark KSE 100 index return was -13.09%.The size of Fund was Rs. 0.30 billion as on December 31, 2017.

HBL Energy Fund (Formerly: PICIC Energy Fund)

The Fund incurred total loss and net loss of Rs.34.64 million and Rs. 49.85million respectively during the half year ended December 31, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs. 15.0359 per unit as on June 30, 2017. The NAV of the Fund was Rs14.1651 per unit as on December 31, 2017, thereby giving a return of -5.78%. During the same period the benchmark KSE 30 index return was -13.73%.The size of Fund was Rs. 1.16 billion as on December 31, 2017.

HBL Multi Asset Fund

The Fund incurred total loss and net loss of Rs.43.43 million and Rs. 56.06 million respectively during the half year ended December 31, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs112.0924 per unit as on June 30, 2017. The NAV of the Fund was Rs100.1006 per unit as on December 31, 2017, thereby giving an annualized return of -10.55%. During the same period the benchmark index (Weighted average daily return KSE 100 and 6 Month PKRV rates) return was-7.19%.The size of Fund was Rs 0.32 billion as on December 31, 2017.

HBL Financial Planning Fund

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

The Fund as a whole earned total and net income of Rs. 6.59million and Rs. 5.53million respectively during the period under review. The fund size of the fund stood at Rs. 0.68 billion. Performance review for plan is given below:

Active Allocation Plan

During the period under review, the Active allocation plan earned total and net income of Rs. 2.37 million and Rs2.01 million respectively. The net assets of the Active allocation plan stood at Rs. 299 million representing Net Asset Value (NAV) of Rs. 101.2075 per unit as at December 31, 2017. The plan earned a return of 1.22% for the period under review. During the same period, the benchmark return of the fund was 1.45%.

Conservative Allocation Plan

During the period under review, the Conservative allocation plan earned total and net income of Rs. 1.76 million and Rs1.48 million respectively. The net assets of the Conservative allocation plan stood at Rs. 177 million representing Net Asset Value (NAV) of Rs. 100.8571 per unit as at December 31, 2017. The plan earned a return of 0.87% for the period under review. During the same period, the benchmark return of the fund was 0.90%.

Strategic Allocation Plan

During the period under review, the Strategic allocation plan earned total and net income of Rs. 2.46 million and Rs2.03 million respectively. The net assets of the Strategic allocation plan stood at Rs.205 million representing Net Asset Value (NAV) of Rs. 101.0003per unit as at December 31, 2017. The plan earned a return of 1.01% for the period under review. During the same period, the benchmark return of the fund was 1.46%.

MANAGEMENT COMPANY RATING

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

ACKNOWLEDGEMENT

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

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

On behalf of the Board of
HBL Asset Management Limited

Chief Executive Officer

Director

ایچ بی ایل منشی ایسیٹ فنڈ:

31 دسمبر 2017 کو ختم ہونے والے نصف سال کے دوران فنڈ کے کل نقصان اور نقصان افسانہ 43.43 ملین روپے اور 56.06 ملین روپے میں ترتیب ہو گئے۔ یہ مطابق 30 جون 2017ء پر فنڈ کی خارجہ ازمائش سے منافع مایلت 100.100 جو نصف سال کے دوران فنڈ کے لیے آگے بڑھی جس سے 10.55% کا سالانہ منافع دیا گیا۔ اسی عرصے کے دوران فنڈ کے مارجن ایکس (میجیج ایوریج ڈیلی ریٹرن کے ایس ای 100 اور 6 ماہی کے آروی ریٹس) منافع 7.19% تھا۔ برطانوی 31 دسمبر 2017ء پر فنڈ کی نیٹ اثاثہ جات 0.32 ارب روپے تھے۔

ایچ بی ایل فنانشل پلاننگ فنڈ:

ایچ بی ایل فنانشل پلاننگ فنڈ کے فنڈ کی اسکیم ہے۔ فنڈ میں سب فنڈرز (پانڈرز) یعنی ایکٹیو ایلیٹیشن پلاننگز، ریٹرو ایڈیٹیو ایلیٹیشن پلان اور اسٹریٹجک ایلیٹیشن پلان پر مشتمل ہے۔ فنڈ کا شیئر مارک ویٹیو ایوریج ڈیلی ریٹرن آف کے ایس ای 100 ایکس 170 کا کافی پورادور 3 ماہ کی ٹی کے آروی 70% اور 70% ہاڈیل سے ریٹرو ایلیٹیشن کا پوزٹ ایوریج ریٹ (30%) ہے۔

تجربیت مجموعی فنڈ نے زیر پانڈرز عرصے کے دوران 6.59 ملین روپے اور 5.53 ملین روپے میں ترتیب کا کل اور منافع منافع حاصل کیا۔ فنڈ کی بنیاد 0.68 ارب روپے پر قائم ہے۔ پلان کیلئے کارروائی چاکرہ درج ذیل ہے۔

ایکیٹیو ایلیٹیشن پلان:

زیر پانڈرز عرصے کے دوران ایکٹیو ایلیٹیشن پلان نے 2.37 ملین اور 2.01 ملین روپے میں ترتیب کا کل اور منافع منافع نمایاں کیا۔ ایکٹیو ایلیٹیشن پلان کے منافع اثاثہ جات 299 ملین روپے پر قائم رہے جو 31 دسمبر 2017ء پر منافع مایلت 101.2075 ملین روپے کی پوزٹ کی ترجیحی کرتے ہیں۔ زیر پانڈرز عرصے کے لیے پلان نے 1.22% کا منافع حاصل کیا۔ اسی عرصے کے دوران فنڈ کا شیئر مارک منافع 1.45% تھا۔

کنزرو ویٹیو ایلیٹیشن پلان:

زیر پانڈرز عرصے کے دوران کنزرو ویٹیو ایلیٹیشن پلان نے 1.76 ملین روپے اور 1.48 ملین روپے میں ترتیب کا کل اور منافع آمدن حاصل کی۔ کنزرو ویٹیو ایلیٹیشن پلان کے منافع اثاثہ جات کی مایلت 177 ملین روپے پر قائم رہے جو 31 دسمبر 2017ء پر پوزٹ 100.857 ملین روپے کی منافع مایلت اثاثہ جات ظاہر کرتی ہے۔ زیر پانڈرز عرصے کے لیے پلان نے 0.87% کا منافع حاصل کیا۔ اسی عرصے کے دوران فنڈ کا شیئر مارک منافع 0.90% تھا۔

اسٹریٹیجک ایلیٹیشن پلان:

زیر پانڈرز عرصے کے دوران اسٹریٹجک ایلیٹیشن پلان نے 2.46 ملین روپے اور 2.03 ملین روپے میں ترتیب کا کل اور منافع آمدن حاصل کی۔ اسٹریٹجک ایلیٹیشن پلان کے منافع اثاثہ جات 205 ملین روپے پر قائم رہے جس سے 31 دسمبر 2017ء پر پوزٹ 101.0003 ملین روپے کی منافع مایلت اثاثہ جات ظاہر ہوتی ہے۔ زیر پانڈرز عرصے کے لیے پلان نے 1.01% کا منافع حاصل کیا۔ اسی عرصے کے دوران فنڈ کا شیئر مارک منافع 1.46% تھا۔

مینجمنٹ کمیٹی کوالٹی ریٹنگ

سی بی آر۔ وی آئی ایس کرڈیٹ ریٹنگ ایجنسی نے جی سی جی (JCR-VIS) نے مینجمنٹ کمیٹی کو مینجمنٹ کی وجہ بندی میں "AM2+" (اوسط اہم نوٹس) کا رپ گریڈ کر دیا ہے۔

اعتراف نامہ

آخر میں ہم ایک بار پھر اس موقع کا فائدہ اٹھاتے ہوئے مسلسل سرپرستی اور حمایت کے لئے اپنے تمام قابل قدر پوزٹ ہولڈرز اور نامہ نگاروں کا شکریہ ادا کرتے ہیں۔ ہم وزارت خزانہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ایلٹریٹیو ایلیٹیشن آف پاکستان، سینٹرل ڈیپازٹری کمیٹی آف پاکستان (ڈی سی)، نیشنل سیکورٹیز کمیشن آف پاکستان اور دیگر ریگولیٹری کام، مالیاتی ادارے اور آڈیٹرز کی جانب سے مسلسل رہنمائی اور حمایت کرنے پر شکر گزار ہیں۔ پورے اپنے اسٹاف کا سخت محنت اور اہمگی کے لئے اور اپنے پوزٹ ہولڈرز کا ہم پر ہونے والے اعتماد کے لئے بھی ان کی تعریف ریکارڈ کرنا چاہتا ہے۔

پورڈ کی جانب سے

ایچ بی ایل ایسیٹ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

گیا۔ ای غرض سے کے دوران شیخ مارک (6، 6، 6) منافع 6.17% تھا۔ فنڈ کی نیت اٹھ جات یعنی ساگر برطانیہ 31 دسمبر 2017ء پر 3.42 ارب روپے تھی۔
جی آر وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کو اسے (ایف) فنڈ اسٹیٹمنٹس کی توثیق کر دی ہے۔

ایچ بی ایل گورنمنٹ سیکورٹیز فنڈ (سابقہ پی آئی سی آئی سی انکم فنڈ):

31 دسمبر 2017ء کو ختم ہونے والے نصف سال کے دوران فنڈ کی کل آمد اور خالص آمدنی 33.33 ملین روپے اور 22.31 ملین روپے تھی۔ ترتیباً۔ برطانیہ 30 جون 2017ء پر فنڈ کی خارج اور منافع خالص مالیت اٹھ جات (NAV) 105.426 تھی۔ فنڈ کی بین کے دی برطانیہ 31 دسمبر 2017ء پر 107.7676 فی یونٹ تھی۔ جس کے ذریعے 4.41% کا سالانہ منافع دیا گیا۔ اس غرض سے کے دوران شیخ مارک (6) ماہی کے آر وی ریش) منافع 6.01% تھا۔ فنڈ کی نیت اٹھ جات برطانیہ 31 دسمبر 2017ء پر 0.65 ارب روپے تھی۔
جی آر وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کو اسے (ایف) فنڈ اسٹیٹمنٹس کی توثیق کر دی ہے۔

ایچ بی ایل منی مارکیٹ فنڈ:

31 دسمبر 2017ء کو ختم ہونے والے نصف سال کے دوران فنڈ کی کل آمد اور خالص آمدنی 168.57 ملین روپے اور 128.78 ملین روپے تھی۔ برطانیہ 30 جون 2017ء پر فنڈ کی خارج اور منافع منفی خالص مالیت اٹھ جات (NAV) 101.7683 تھی۔ فنڈ کی این اسے دی برطانیہ 31 دسمبر 2017ء پر 104.3555 روپے فی یونٹ تھی۔ جس کے ذریعے 5.03% کا سالانہ منافع دیا گیا۔ ای غرض سے کے دوران شیخ مارک (70% تین ماہی کے آر وی اور 30% تین ماہ کے پائرس ریش) منافع 5.18% تھا۔ فنڈ کی جسامت برطانیہ 31 دسمبر 2017ء پر 4.97 ارب روپے تھی۔
جی آر وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کو اسے (ایف) فنڈ اسٹیٹمنٹس کی توثیق کی ہے۔

ایچ بی ایل کیٹس فنڈ (سابقہ پی آئی سی آئی سی کیٹس فنڈ):

31 دسمبر 2017ء کو ختم ہونے والے نصف سال کے دوران فنڈ کی کل آمد اور خالص آمدنی 299.45 ملین روپے اور 253.63 ملین روپے تھی۔ برطانیہ 30 جون 2017ء پر فنڈ کی خارج از منافع منصفہ خالص مالیت اٹھ جات (NAV) 100.4888 تھی۔ فنڈ کی این اسے دی برطانیہ 31 دسمبر 2017ء پر 103.2030 روپے فی یونٹ تھی جس کے ذریعے 5.39% کا سالانہ منافع دیا گیا۔ ای غرض سے کے دوران شیخ مارک (70% تین ماہی کے آر وی اور 30% تین ماہ کے پائرس ریش) منافع 5.18% تھا۔ فنڈ کی جسامت برطانیہ 31 دسمبر 2017ء پر 10.41 ارب روپے تھی۔
جی آر وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کو اسے (ایف) فنڈ اسٹیٹمنٹس کی توثیق کی ہے۔

ایچ بی ایل اسٹاک فنڈ:

31 دسمبر 2017ء کو ختم ہونے والے نصف سال کے دوران فنڈ نے 58.81 ملین روپے اور 65.30 ملین روپے تھی۔ ترتیباً کا نقصان اور خالص نقصان برداشت کیا ہے۔ برطانیہ 30 جون 2017ء پر فنڈ کی خارج از منافع منصفہ خالص مالیت اٹھ جات (NAV) 124.6444 روپے فی یونٹ تھی۔ برطانیہ 31 دسمبر 2017ء پر فنڈ کی خالص مالیت اٹھ (NAV) 104.8584 روپے فی یونٹ تھی۔ جس سے 15.86% کا منافع آیا۔ ای غرض سے کے دوران شیخ مارک کے ایس ای 100 انڈیکس منافع 13.09% تھا۔ فنڈ کی نیت اٹھ جات برطانیہ 31 دسمبر 2017ء پر 0.30 ارب روپے تھی۔

ایچ بی ایل ایکویٹی فنڈ (سابقہ پی آئی سی آئی سی اسٹاک فنڈ):

31 دسمبر 2017ء کو ختم ہونے والے نصف سال کے دوران فنڈ نے 371.83 ملین روپے اور 459.95 ملین روپے تھی۔ ترتیباً کا نقصان اور خالص نقصان برداشت کیا ہے۔ برطانیہ 30 جون 2017ء پر فنڈ کی خارج از منافع منصفہ خالص مالیت اٹھ جات (NAV) 121.4498 روپے فی یونٹ تھی۔ برطانیہ 31 دسمبر 2017ء پر فنڈ کی خالص مالیت اٹھ (NAV) 101.991 روپے فی یونٹ تھی۔ جس سے 16.01% کا منافع آیا۔ ای غرض سے کے دوران شیخ مارک کے ایس ای 100 انڈیکس منافع 13.73% تھا۔ فنڈ کی نیت اٹھ جات برطانیہ 31 دسمبر 2017ء پر 5.36 ارب روپے تھی۔

ایچ بی ایل انرجی فنڈ (سابقہ پی آئی سی آئی سی انرجی فنڈ):

31 دسمبر 2017ء کو ختم ہونے والے نصف سال کے دوران فنڈ نے 34.64 ملین روپے اور 49.85 ملین روپے تھی۔ ترتیباً کا نکل نقصان اور خالص نقصان اٹھایا برطانیہ 30 جون 2017ء پر فنڈ کی خارج از منافع منصفہ خالص مالیت اٹھ جات (NAV) 15.035 روپے فی یونٹ تھی۔ برطانیہ 31 دسمبر 2017ء پر فنڈ کی خالص مالیت اٹھ جات (NAV) 14.165 روپے فی یونٹ تھی جس سے 5.78% کا منافع تیار کیا گیا۔ برطانیہ 31 دسمبر 2017ء پر فنڈ کی نیت اٹھ جات 1.16 ارب روپے تھی۔

جائزہ برائے منی مارکیٹ

1HFY18 میں، جلدی مارکیٹ میں 5.3 اور 10 سال کے ٹی آئی بی کی شرح سود میں باہر تہیب 82.80 اور 22.22 بی پی (bps) اضافہ ہوا۔ اسی دوران، 3 ماہ اور 6 ماہ کے T-Bills کی شرح سود میں 2bps اضافہ ہوا۔ اگلے 12 ماہ کی ہوم لوری - پاکستانی حکومت نے جولائی 17 میں منصفہ ہونے والے PIB کی بنیادی رقم کے ذریعے 54.2 بلین روپے حاصل کیے۔ جبکہ اگلی پانچ منصفہ کی گیمیں PIB کی بنیاد میں منسوخ ہو گئیں۔ آخری گیمت آفٹس کی شرح سود باہر تہیب 5.3 اور 10 سال ٹی آئی بی کے لئے 6.4091%، 6.8961% اور 7.9360% p.a. رہی۔ 1HFY18 کے دوران شرح سود کی چلی ترین شرح اور ادائیگی کے کاؤنٹ پر ہاؤسنگ سے طویل مدتی ٹی آئی بی کی تجارت میں کمی رہی۔

1HFY18 کے دوران حکومت نے شیڈول بینکوں سے 345 بلین پاکستانی روپے قرض لئے کیے جو اسی مدت کے دوران پچھلے سال PIB کی بھاری ادائیگیوں کے ساتھ 470 بلین پاکستانی روپے کی ادائیگیاں تھے۔ دوسرا، اس مدت کے دوران SBP نے حکومتی قرضوں میں 73 بلین پاکستانی روپے کا اضافہ ہوا جو کہ گزشتہ مالی سال اسی مدت کے دوران 915 بلین پاکستانی روپے رہے۔ GoP نے ٹی بڑے ذریعے 7,500 بلین پاکستانی روپے کے مجموعی ہدف کے مقابلے میں 7,712 بلین پاکستانی روپے (NCB کے علاوہ) قرض لئے اور 6,868 بلین پاکستانی روپے کیا اور ایلیاں کی - دسمبر 17 میں منصفہ ہونے والی آخری ٹی بی ٹی بنیادی رقم 12 ماہ کے ٹی بڑے میں سے کوئی رقم قبول نہیں کی گئی۔ 3 ماہ کے ٹی بڑے کے لئے کٹ آف کی شرح سود 5.9910% رہی۔ ششماہی کے دوران اسٹیٹ بینک نے ٹائیٹری پالیسی میں پالیسی ریٹ کا اعلان 5.75% پر برقرار رکھا۔ حالیہ اقتصادی اشاروں میں تبدیلی کے باعث افزا اور زرخیز اضافے کی توقع میں اضافہ ہوا ہے اور آگے بڑھتی ہوئے سود کی شرح میں اضافہ کا امکان ہے۔ بلونگ ریٹ کے باہر منصفہ کی ٹانگ میں کمی کا اضافہ ہوا ہے جو کہ حالیہ میں جاری کردہ کارپوریٹ بانڈنگ سٹرکچر میں سے بھی ظاہر ہوتا ہے۔ جنوری 18 میں SBP نے MPS کی پالیسی کی شرح میں 25bps سے اضافہ کیا ہے اور ہوم لوری مالی سال میں کم از کم شرح سود میں ایک مرتبہ 25bps اضافے کی توقع کرتے ہیں۔

جائزہ برائے اسٹاک مارکیٹ

1HFY18 کے دوران، KSE100 انڈیکس میں 13% کمی کے ساتھ 40,471 پوائنٹس پر بند ہوا۔ سابق وزیر اعظم کی بے عملی کے بعد مسلسل سیاسی عدم استحکام اور اقتصادی تھلاہٹ موجودہ کاؤنٹ کا شمارہ ذرا سہلہ کے خلاف پڑنے والے دو ماہ کے سبب ہوا۔ چھ ماہ کی تھلاہٹ کے علاوہ، شیعہ اور کشمیر اسٹاک بھی ملنے لگی، جس نے بنیادی طور پر سینٹ اور بجلی کی پیداوار کے اسٹاکس کی قیمتوں میں بھاری کمی کی۔

بجلی ششماہی کے دوران سینٹ سیکٹر میں 37% کمی بلندیوں کی دیکھنے میں آئی جس سے انٹرنیٹ میں ڈاکٹر مدد ہو جانے اور قیمتوں کی جنگ میں اضافہ ہونے کے امکان کا خدشہ ہے۔ دوسری مندی بینکنگ شیعہ میں دیکھی گئی جس میں 16% کمی کی ہوئی۔ DFS NY کی جانب سے ملک کے ایک بڑے بینک پر جرمانہ مانگنے اور منصفہ میں کس میں ملک کے سب سے بڑے بینک سیکٹر بینک کے خلاف سپریم کورٹ کی طرف سے چیلنج کے نتیجے میں فیصلے کی وجہ سے ہوا۔ دیگر بینکنگ اسٹاکس نے جاری منصفہ میں سے متعلقہ منصفہ میں جذبات کے ساتھ ذریعہ بینکنگ کا مشاہدہ بھی کیا۔ بجلی کی پیداوار کے لئے کرنس آئل پر کم اہتمام کرنے کے لئے حکومتی فیصلے نے باہر تہیب آئل مارکیٹنگ کمپنی اور آزاد پاور پروڈیوسرز کے لئے آدھن میں کمی اور کرنس فلو میں رکاوٹوں سے متعلق سرمایہ کاروں کے خدشات میں اضافہ کر دیا ہے۔ اور اگر کسی کی قیمتوں اور وہ اسی کے طریقہ کار کے ضمن میں تبدیلی کرنے کے لیے بات چیت کے آغاز پر پالیسی میں کمی کی بھی 32 فیصد کمی کے ساتھ اہتمام خسارے میں رہا۔

1HFY18 کے دوران انڈیکس ہیبی اینڈ، آئل اینڈ گیس ایکسل ریٹین نے 26% کا شمارہ اضافہ حاصل کیا جس میں بی پی، ایل، ایل اور ایل سی ڈی کی قیمتوں میں باہر تہیب 44%، 36% اور 19% اضافہ ہوا۔ یہ زبردست اضافہ بنیادی طور پر بجلی کی مالیاتی قیمتوں میں 140% اضافے کی وجہ سے ممکن ہوا۔

بہاؤ کے لحاظ پر، غیر ملکی 155 بلین امریکی ڈالر کے غیر ملکی ایند آئل کے فلو کے ساتھ صیغہ فروخت کرنے والے رے - زیر جائزہ مدت کے دوران MSCI ایر چینگ مارکیٹ اسٹیٹرز انڈیکس میں پاکستانی مارکیٹ کا حجم آدھن سے کیا گیا۔ FTSE نے اپنے انڈیکس سیکٹر ساتھ جاپان انڈیکس میں پانچ پاکستانی کمپنیاں (MCB, SNGP, BAFL, MTL, THADL) کی شمولیت کا اعلان کیا۔ MSCI نے ایر چینگ مارکیٹ اسٹیٹرز انڈیکس میں پاکستانی مارکیٹ کا حجم 0.097% سے کم کر کے 0.075% کر دیا ہے اور ENGRG کو 1H کے دوران 11% (نیچے) خارج بھی کر دیا ہے جس کی نتیجے میں فروخت کے بہاؤ میں اضافہ (غیر فعال ٹنڈر کی جانب سے) ہوا ہے۔ 2HFY18 کے دوران غیر ملکی سیاسی صورتحال میں کمی (سخت اٹھامات کے اعلان سے) اور پاکستانی روپے کی قدر میں کمی اور دوسری موازنہ مڈل ٹریڈ میں دلچسپیشن کاؤنٹ وسیع ہونے کے باعث غیر ملکی سرمایہ کاروں میں اضافہ کے ساتھ مارکیٹ کی بہتری کی توقع کرتے ہیں۔

فنانس کی کارکردگی:

ایچ بی ایل انکم فنڈ:

فنڈ کی گلی آمدن اور خالص آمدن 31 دسمبر 2017 کو کم ہونے والے نصف سال کے دوران 146.2 بلین روپے اور 99.47 بلین روپے کی باہر تہیب تھی۔ فنڈ کی خارجہ تقسیم خالص ایلٹ ایڈجسٹڈ (NAV) کی قیمت 30 دسمبر 2017 کے مطابق 106.0146 کی قیمت تھی۔ فنڈ کی این ایف ای 31 دسمبر 2017 کے مطابق 108.3385 کی قیمت تھی جس کے ذریعے 4.34% کا شمارہ اضافہ یا

مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ:

انٹرنیٹ ایبل ایسٹ پیمنٹس لیجنڈ کے بورڈ آف ڈائریکٹرز اور جنرل منیجرز کے 31 دسمبر 2017 کو ختم ہونے والے نصف سال کیلئے مالیاتی گوشواروں کے ساتھ اس کا رپورٹ پیش کرتے ہوئے اظہارِ مسرت کرتا ہے۔

- 1۔ انٹرنیٹ ایبل گیم فنڈ
- 2۔ انٹرنیٹ ایبل گورنمنٹ سکیورٹیز فنڈ (سابقہ پی آئی سی آئی سی گیم فنڈ)
- 3۔ انٹرنیٹ ایبل می مارکیٹ فنڈ
- 4۔ انٹرنیٹ ایبل سیکورٹیز فنڈ (سابقہ پی آئی سی آئی سی سیکورٹیز فنڈ)
- 5۔ انٹرنیٹ ایبل اسٹاک فنڈ
- 6۔ انٹرنیٹ ایبل ایکٹیو فنڈ (سابقہ پی آئی سی آئی سی اسٹاک فنڈ)
- 7۔ انٹرنیٹ ایبل انٹرنیٹ فنڈ (سابقہ پی آئی سی آئی سی انٹرنیٹ فنڈ)
- 8۔ انٹرنیٹ ایبل ٹیلی ایسٹ پیمنٹس فنڈ
- 9۔ انٹرنیٹ ایبل ٹیلی فونکس چارجس فنڈ

اقتصادی جائزہ

1HFY18 کے دوران پاکستان کے اقتصادی مظاہرے میں ملحوظ رجحان دیکھنے میں نظر آئے۔ LSM کی قومی ترقی کے ساتھ قابل انتظام افراط زر کی سطح اور ملٹی شعبے میں بہتر گریٹ آف ایک (قرض لینے کی شرح) جبکہ برقی انکوائزیشن پر پڑنے والے باؤنس اضافہ ہے۔ 2QFY18 کی جانب بڑھتے ہوئے اقتصادی چیلنجوں میں اضافہ ہوا جیسا کہ افراط زر میں کمی نے مجموعی طلب کو مضبوط بنا دیا جو کہ ابتدائی طور پر درآمدات میں اضافے کا باعث بنی جس کے نتیجے میں تجارتی خسارے میں اضافہ ہوا۔ 2QFY18 کے دوران حکومت نے اقتصادی چیلنجوں کو حل کرنے کے لئے جو اقدامات کیے ہیں ان میں غیر ضروری مصنوعات کی درآمدات پر ریگولیٹری ڈیوٹی عائد کرنا، دسمبر 2017 کے اختتام تک پاکستانی روپے کی قدر میں کمی، بجلی کی درآمدات کو روکنے کے لئے فرس آئل پر بجلی کی پیداوار میں کمی (1HFY18 کے دوران مجموعی درآمدات کا 21% ہو گیا) اور بین الاقوامی تجارت کے لئے سختی کرنسی کی حمایت کا اعادہ کرنا شامل ہیں۔

1HFY18 کے دوران اوسط افراط زر مناسب قدرتی اجناس کی فراہمی اور تباہی کی وجہ سے کمزور رہی۔ YoY 3.75% باعث 1HFY18 کے دوران بنیادی افراط زر (غیر خود راک کی غیر توانائی) CPI سے لگاتار گئے اندازے کے تحت (اصلی درجے پر 5.5% ریکارڈ کیا گیا جو کہ گزشتہ سال اسی عرصے میں سے 4.9% تھا جو کہ مصیبت پر موجود مجموعی طلب کے باؤ کی عکاسی کرتا ہے۔ بنیادی افراط زر میں دباؤ کے ساتھ 1H کے اختتام کی جانب پاکستانی روپے کی قدر میں 5% کمی اور بین الاقوامی تیل کی قیمتوں میں اضافہ ہونے کے باعث آئندہ آنے والے مہینوں میں افراط زر میں مزید اضافہ ہوتا رہے گا۔ افراط زر کے دباؤ میں حالیہ اضافے کی وجہ سے 1HFY18 کے اختتام تک ماہانہ CPI افراط زر کی ریڈنگ کا 5% -5.5% (سالانہ) تک پہنچنے کا امکان ہے جبکہ FY18 کے لئے اوسط 4.5% سے نیچے رہنے کی توقع ہے۔

4MFY18 کے دوران اارج سکیل سٹیبل فیکٹرینگ (LSM) نے بنیادی طور پر الیکٹریٹس (+55.7%)، لوہے اور اسٹیل کی مصنوعات (40.4%)، آٹوموبائل (+24.4%)، لوک اور پٹرولیم مصنوعات (+11.6%) اور غیر روایتی معدنی مصنوعات (+11.1%) کی مدد سے YoY 7.2% ترقی حاصل کی۔ بیٹری فیکٹرینگ سیکٹور کی ترقی کے ساتھ بڑی نمو افراط زر میں دباؤ اور سیکٹر کے لیے اچھی فوڈ کوئی کامیابی ہے جس کے نتیجے میں 1HFY18 کے لئے بی ڈی پی میں اضافہ ممکن ہے۔ تاہم اب تک، دیگر تر اقتصادی ترقی (زیادہ پیشینہ درآمدات سے متعلق ہے جو کہ خصوصاً CPEC اور پٹرولیم درآمدات کے لیے پاور پلانٹس کے لیے کارفرما ہیں) نے 1HFY18 کے لیے خارجی عائد کو کچھ توازن کا حکم کر کے کرنٹ اکاؤنٹ کے خسارے کو 7.4 بلین امریکی ڈالر (بی ڈی پی کا 4.4%) کر دیا ہے جو کہ گزشتہ سال اسی دورانیے میں 11.8 بلین امریکی ڈالر ہو گئے جس کے نتیجے میں تجارتی خسارہ 14.3 بلین ڈالر یا گزشتہ سال اسی مدت کے دوران 11.3 بلین ڈالر تھا۔ جس کے نتیجے میں 1HFY18 کے آخر میں SBP کے ذمہ داروں کے ذخائر میں جون 2017 سے 2 ارب ڈالر کی کمی واقع ہو گئی اور وہ 14.1 ارب ڈالر کی سطح پر پہنچ گئے۔ 1HFY18 کے آخر میں حکومت نے بین الاقوامی بائڈ مارکیٹ میں 2.5 بلین ڈالر مالیت کے یورپ بائڈ کا اجرا کا کامیابی سے مکمل کر لیا جس سے FX؛ خزانہ کو استحکام ملا۔ اس سلسلے میں اقتصادی استحکام کے لئے FX؛ خزانہ (ذاتی مالیات) 3.2 ارب ڈالر درآمدات کا احاطہ (کو برقرار رکھنے کے لئے سختی کو شش ماہی انتہائی ضروری ہیں۔

HBL

Income Fund

FUND INFORMATION

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S. Main Shahra-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 UNIT HOLDERS

HBL INCOME FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Income 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 six month period ended December 31, 2017 in accordance with the provisions of the following:

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


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

Karachi, February 23, 2018



AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Income Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Income Fund
Condensed Interim Statement of Assets and Liabilities
As At December 31, 2017

	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)	
Note	----- (Rupees in '000) -----		
Assets			
Bank balances	4	572,486	881,829
Investments	5	2,050,520	2,718,877
Accrued mark-up		26,487	43,405
Advances, deposits and other receivables	6	828,243	921,578
Total assets		3,477,736	4,565,689
Liabilities			
Payable to the Management Company	7	6,111	8,335
Payable to the Trustee		421	498
Payable to Securities and Exchange Commission of Pakistan		1,571	4,291
Accrued expenses and other liabilities	8	49,124	62,269
Total liabilities		57,227	75,393
Net assets		3,420,509	4,490,296
Unit holders' fund (as per statement attached)		3,420,509	4,490,296
----- (Number of units) -----			
Number of units in issue		31,572,439	42,355,455
----- (Rupees) -----			
Net assets value per unit		108.3385	106.0146

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Income Fund
Condensed Interim Income Statement (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

Note	Half year ended		Quarter ended	
	December 31,		December 31,	
	2017	2016	2017	2016
(Rupees in '000)				
Income				
Mark-up / return on banks	50,516	46,065	25,126	24,607
Mark-up / return on investments	84,462	142,682	39,986	60,946
Dividend income	11,561	7,696	10,167	-
Unrealised appreciation / (diminution) on revaluation of investments at fair value through profit or loss - held-for-trading	513	(211)	199	-
Capital (loss) / gain on sale of investments - net	(839)	(1,901)	(8,218)	(933)
	146,213	194,331	67,260	84,620
Expenses				
Remuneration of the Management Company	35,508	51,171	17,130	24,300
Remuneration of the Trustee	2,496	2,908	1,222	1,378
Annual fee to the Securities and Exchange Commission of Pakistan	1,571	2,252	758	1,063
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,095	2,999	1,011	1,414
Settlement and bank charges	2,632	162	1,635	32
Auditors' remuneration	205	172	117	42
Legal and professional charges	12	22	6	22
Printing and stationery	33	175	33	175
Listing fee	14	30	7	12
Rating fee	150	34	73	14
	44,716	59,925	21,992	28,452
Net income from operating activities	101,497	134,406	45,268	56,168
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	(13,090)	-	(4,022)
Provision for Sindh Workers' Welfare Fund	(2,030)	-	(816)	-
Net income for the period before taxation	99,467	121,316	44,452	52,146
Taxation	-	-	-	-
Net income for the period after taxation	99,467	121,316	44,452	52,146
Allocation of net income for the period				
Income already paid on redemption of units	22,975		26,538	
Accounting income available for distribution:				
- Relating to capital losses	(251)		(3,232)	
- Excluding capital losses	76,743		21,146	
	76,492		17,914	
	99,467		44,452	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Income Fund
Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended, December 31,	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net income for the period after taxation	99,467	121,316	44,452	52,146
Other comprehensive income for the period				
Item that may be reclassified subsequently to Income Statement				
Unrealised gain on re-measurement of investments classified as available-for-sale	(7,179)	(12,976)	4,224	(12,065)
Net reclassification adjustments relating to available-for-sale	(1,911)	(1,206)	(1,531)	(853)
	(9,090)	(14,182)	2,693	(12,918)
Total comprehensive income for the period	90,377	107,134	47,145	39,228

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Income Fund
Condensed Interim Statement of Movement In Unitholders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended							
	2017				2016			
	Capital Value	Undistributed Income	Unrealised (loss)/ income on investment	Total	Capital Value	Undistributed Income	Unrealised (loss)/ income on investment	Total
	(Rupees in '000)							
Net assets at beginning of the period	4,378,846	117,658	(6,208)	4,490,296				6,726,060
Issue of 4,855,714 units (2016: 3,898,164 units)								
- Capital value (at net asset value per unit at the beginning of the period)	514,777	-	-	514,777				
- Element of income	4,338	-	-	4,338				
Total proceeds on issuance of units	3.6	519,115	-	519,115	-	-	-	410,714
Redemption of 15,638,730 units (2016: 2,296,747 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(1,657,933)	-	-	(1,657,933)				
- Element of loss	1,629	-	-	1,629				
- Income already paid on redemption of units	-	(22,975)	-	(22,975)				
Total payments on redemption of units	3.6	(1,656,304)	(22,975)	(1,679,279)	-	-	-	(1,980,018)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-	-	-	102,140
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6	-	-	-	-	-	-	(89,050)
Net income for the period after taxation	-	99,467	-	99,467	-	-	-	121,316
Other comprehensive income for the period	-	-	(9,090)	(9,090)	-	-	-	(14,182)
Total comprehensive income for the period	-	99,467	(9,090)	90,377	-	-	-	107,134
Net assets at end of the period	3,241,657	194,150	(15,298)	3,420,509				5,276,980
Undistributed income brought forward								
- Realised				117,670				240,413
- Unrealised				(12)				-
				117,658				240,413
Accounting income available for distribution								
- Relating to capital losses				(251)				
- Excluding capital losses				76,743				
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6			-				(89,050)
Undistributed income carried forward				194,150				272,679
Undistributed income carried forward								
- Realised				193,637				272,890
- Unrealised				513				(211)
				194,150				272,679
				(Rupees)				(Rupees)
Net assets value per unit at beginning of the period				106.0146				106.0938
Net assets value per unit at end of the period				108.3385				108.1703

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Income Fund
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,	
	2017	2016
Note	(Rupees in '000)	
Cash flows from operating activities		
Net income for the period before taxation	99,467	121,316
Adjustments		
Mark-up / return on banks	(50,516)	(46,065)
Mark-up / return on investments	(84,462)	(142,682)
Dividend income	(11,561)	(7,696)
Provision for Sindh Workers' Welfare Fund	2,030	-
Unrealised (appreciation) / diminution on revaluation of investments at fair value through profit or loss - held-for-trading	(513)	211
Capital loss on sale of investments - net	839	1,901
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	13,090
	(44,716)	(59,925)
Decrease / (increase) in assets		
Investments - net	(88,237)	1,631,529
Advances, deposits and other receivables	840,513	(498,826)
	752,276	1,132,703
(Decrease) / increase in liabilities		
Payable to the Management Company	(2,224)	(6,261)
Payable to Central Depository Company of Pakistan Limited - Trustee	(77)	(104)
Payable to the Securities and Exchange Commission of Pakistan	(2,720)	(2,592)
Accrued expenses and other liabilities	(15,175)	43,884
	(20,196)	34,927
Net cash generated from operating activities	687,364	1,107,705
Dividend received	11,561	7,696
Profit received	151,896	180,799
	163,457	188,495
Net cash generated from operating activities	850,821	1,296,200
Cash flows from financing activities		
Amount received on issue of units	519,115	410,714
Payment against redemption of units	(1,679,279)	(1,980,018)
Net cash used in financing activities	(1,160,164)	(1,569,304)
Net decrease in cash and cash equivalents	(309,343)	(273,104)
Cash and cash equivalents at beginning of the period	881,829	3,259,842
Cash and cash equivalents at end of the period	572,486	2,986,738

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Income Fund
Notes To The Condensed Interim Financial Information (Un-audited)
For The Half Year Ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

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

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

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

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

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

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

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been lower by Rs. 17.008 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'income statement' and 'statement of movement in unit holders' fund' which have been incorporated in these statements.

- 3.7 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 period 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/period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'income statement' and 'statement of comprehensive income' separately.

- 3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: 'Financial Instruments' (IFRS 9), which will replace IAS 39: 'Financial Instruments: Recognition and Measurement' (IAS 39) of financial assets and financial liabilities. The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.

		(Un-Audited)	(Audited)
		December 31,	June 30,
		2017	2017
		----- (Rupees in '000) -----	
4	BANK BALANCES	Note	
	Balances with bank in:		
	PLS saving deposit account under mark-up arrangements	4.1	
		572,486	881,829

- 4.1 Mark-up rates on these accounts range between 4.00% - 6.75% (June 30, 2017: 4.00% - 6.60%) per annum.

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000)	
5. INVESTMENTS			
Available-for-sale			
- Term finance certificates - Listed	5.1.1	119,668	301,041
- Term finance certificates and sukuk bonds - Unlisted	5.1.2	476,220	1,170,083
- Government securities	5.1.3	-	-
Fair value through profit or loss - Held-for-trading			
- Term finance certificates - Listed	5.2.1	64,906	-
- Term finance certificates and sukuk bonds - Unlisted	5.2.2	95,746	-
- Investment in ready / future - spread transaction	5.3.1	33,565	222,649
		<u>790,105</u>	<u>1,693,773</u>
Loans and Receivables			
- Placements	5.4.1	1,135,000	890,000
- Commercial paper	5.4.2	125,415	135,104
		<u>2,050,520</u>	<u>2,718,877</u>
Available-for-sale investments			

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

5.1.1 Term finance certificates - Listed

Name of the Investee Company	Number of certificates			As at December 31, 2017	Market value as at December 31, 2017 (Rupees in '000)	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
Financial Services							
Saudi Pak Leasing Company Limited - (Note 5.1.1.1)	2,000	-	-	2,000	-	-	-
Commercial Banks							
MCB Bank Limited (Formerly NIB Bank Limited)	43,200	-	19,600	23,600	119,668	5.84	3.50
Chemicals							
Fatima Fertilizer Company Limited	17,517	-	17,517	-	-	-	-
Fixed Line Telecommunication							
World Call Telecom Limited - (Note 5.1.1.2)	23,750	-	-	23,750	-	-	-
	<u>86,467</u>	-	<u>37,117</u>	<u>49,350</u>	<u>119,668</u>	<u>5.84</u>	<u>3.50</u>
Cost of investments at December 31, 2017					<u>119,363</u>		

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

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

5.1.2 Term finance certificates and sukuk bonds - Unlisted

5.1.2 Term finance certificates and sukuk bonds - Unlisted

Name of the Investee Company	Number of certificates			As at December 31, 2017	Market value / Carrying value* as at December 31, 2017	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matures during the period			Total Investments	Net Assets
(Rupees in '000)							
Commercial Banks							
Bank Al Habib Limited	22,228	-	22,228	-	-	-	-
Habib Bank Limited*	2,710	-	2,710	-	-	-	-
JS Bank Limited	46,000	-	34,750	11,250	56,233	2.74	1.64
Bank of Punjab*	2,400	-	1,000	1,400	139,804	6.82	4.09
	73,338	-	60,688	12,650	196,037	9.56	5.73
Chemicals							
Agritech Limited - (Note 5.1.2.1)	2,000	-	-	2,000	-	-	-
Ghani Gases Limited*	1,200	-	-	1,200	105,339	5.14	3.08
	3,200	-	-	3,200	105,339	5.14	3.08
Multiutilities							
Water and Power Development Authority	60,200	-	-	60,200	174,844	8.53	5.11
Others							
New Allied Electronics Industries (Pvt) Limited - (Note 5.1.2.2)	9,000	-	-	9,000	-	-	-
New Allied Electronics Industries (Pvt) Limited - Sukuk (Note 5.1.2.2)	9,000	-	-	9,000	-	-	-
	18,000	-	-	18,000	-	-	-
	154,738	-	60,688	94,050	476,220	23.23	13.92

Cost of investments at December 31, 2017

475,002

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

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

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

	December 31, 2017 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2017 (Audited)
Agritech Limited	<u>1,998</u>	<u>1,998</u>

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

5.1.3 Investment in Government securities

Issue Date	Tenure	Face value			As at December 31, 2017	Market value as at December 31, 2017	Market Value as a percentage of	
		As at July 1, 2017	Purchases during the period	Sales / Matures during the period			Total Investments	Net Assets
(Rupees in '000)								
Treasury bill								
November 23, 2017	3 months	-	1,800,000	1,800,000	-	-	-	-
GoP Ijara								
June 30, 2017	3 years	-	500,000	500,000	-	-	-	-
Grand total		-	2,300,000	2,300,000	-	-	-	-
Cost of investments at December 31, 2017						<u>-</u>		

5.2 Fair value through profit or loss - Held for trading

5.2.1 Term finance certificates - Listed

Name of the Investee Company	Number of certificates			As at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
Bank of Punjab	-	650	-	650	64,906	3.17	1.90
Cost of investments at December 31, 2017					64,901		

5.2.2 Term finance certificates and sukuk bonds - Unlisted

Name of the Investee Company	Number of certificates			As at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
					(Rupees in '000)		
Commercial Banks							
JS Bank Limited	-	18,150	18,000	150	750	0.04	0.02
Habib Bank Limited*	-	1,250	1,250	-	-	-	-
Bank Al-Habib	-	37,988	24,000	13,988	69,968	3.41	2.05
Bank Al-Falah	-	4,075	4,075	-	-	-	-
Askari Bank	-	10,000	5,000	5,000	25,028	1.22	0.73
	-	71,463	52,325	19,138	95,746	4.67	2.80
Cost of investments at December 31, 2017					95,648		

Cost of investments at December 31, 2017

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

5.2.3 Significant terms and conditions of Term Finance Certificates Sukuk bonds outstanding as at December 31, 2017 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Term Finance Certificates - Listed				
Saudi Pak Leasing Company Limited	2,775	6% Fixed Rate	March 13, 2008	March 13, 2017
World Call Telecom Limited	2,011	6 Month KIBOR + 1.60%	October 7, 2008	October 7, 2016
Bank of Punjab	99,960	6 Month KIBOR + 1.00%	December 23, 2017	December 23, 2026
MCB Bank Limited (Formerly NIB Bank Limited)	4,993	6 Month KIBOR + 1.15%	June 19, 2014	June 19, 2022
Term Finance Certificates and Sukuk bonds - Unlisted				
New Allied Electronics Industries (Pvt) Limited - Sukuk	4,905	6 Month KIBOR + 2.50%	May 15, 2007	May 15, 2011
Agritech Limited - TFC	3,997	6 Month KIBOR + 1.75%	November 30, 2007	November 30, 2014
New Allied Electronics Industries (Pvt) Limited - TFC	2,114	6 Month KIBOR + 2.20%	December 3, 2007	December 3, 2012
Bank Al-Habib Limited - TFC	4,997	6 Month KIBOR + 1.00%	March 17, 2016	March 17, 2026
JS Bank Limited - TFC	4,998	6 Month KIBOR + 1.40%	December 14, 2016	December 16, 2023
Ghani Gases Limited	87,500	3 Month KIBOR + 1.00%	February 2, 2017	February 2, 2021
Water and Power Development Authority - TFC	2,857	6 Month KIBOR + 1.00%	September 27, 2013	September 19, 2023
Askari Bank	4,994	6 Month KIBOR + 1.20%	September 30, 2014	September 30, 2024

5.3.1 Investment in ready / future - spread transaction

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

Name of the Investee Company	Number of shares -----Rupees in '000-----		Market value as a percentage of				
	As at December 31, 2017	Carrying Cost	Market value as at December 31, 2017	Unrealized appreciation / (diminution) on re-measurement	Total Investments	Net Assets	Par value as a percentage of issued capital of the investee company
Cable and Electrical Goods							
Pak Elektron Limited	300,000	14,840	14,957	117	0.73	0.44	0.06
K-Electric Limited	2,935,000	18,314	18,608	294	0.91	0.54	0.03
		33,154	33,565	411	1.64	0.98	

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

5.3.3 This includes unrealised mark-to-market ready-buy-future sale transactions amounting to Rs. 0.798 million.

5.4 Loans and Receivables

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

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

Note	December 31, 2017	June 30, 2017
	(Un-Audited)	(Audited)
	----- (Rupees in '000) -----	
5.5 Net unrealised appreciation on remeasurement of investments classified as available for sale		
Market value / carrying value of investments	595,888	1,471,124
Cost of investments	718,851	1,584,997
Provision against non-performing TFCs and Sukuk bonds	(124,486)	(124,486)
	594,365	1,460,511
	1,523	10,613
6. ADVANCES, DEPOSITS AND OTHER RECEIVABLES		
Security deposit with National Clearing Company of Pakistan Limited	79,303	183,843
Security deposit with Central Depository Company of Pakistan Limited	100	100
Receivable against investments of term finance certificates and sukuk bonds	1,998	1,998
Advance tax	645	645
Dividend receivable	885	3,466
Receivable against investment	212,178	733,524
Advance against initial public offering (IPO)	6.1 535,000	-
Prepaid expenses	132	-
	830,241	923,576
Less: Provision against overdue installments of term finance certificates and sukuk bonds	1,998	1,998
	828,243	921,578

6.1 This represents advances amounted to Rs. 285 million, Rs. 50 million and Rs. 200 million (June 30, 2017: nil) paid in relation to initial public offering of term finance certificates to be issued by Dawood Hercules Company Limited, TPL Insurance Limited and JS Bank Limited respectively.

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
		----- (Rupees in '000) -----	
7. PAYABLE TO THE MANAGEMENT COMPANY			
Management fee	7.1	4,814	6,413
Sindh Sales Tax	7.2	626	960
Sales load payable		350	526
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	321	436
		6,111	8,335

7.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of one and a half percent per annum (June 30, 2017: one and a half percent per annum) of the average net assets for the current period.

7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

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

	Note	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
		----- (Rupees in '000) -----	
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		202	330
Federal Excise Duty payable	8.1	27,578	27,578
Capital gain tax payable		303	2,352
Withholding tax payable		15	14,279
Provision for Sindh Workers' Welfare Fund Other payables	8.2	19,479	17,449
		1,547	281
		49,124	62,269

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

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

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

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 2.03 million for the half year ended December 31, 2017 in this condensed interim financial information, Had the provision not been made, net assets value per unit at December 31, 2017 would have been higher by Rs. 0.6170 per unit (June 30, 2017: Rs. 0.4119 per unit).

9. TAXATION

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

	December 31, 2017	December 31, 2016
	(Rupees in '000)	
10. CASH AND CASH EQUIVALENTS		
Bank balances	572,486	1,026,738
Term deposit receipts	-	1,960,000
	572,486	2,986,738

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2017 is 1.367% (December 31, 2016: 1.01%), which includes 0.18% (December 31, 2016: 0.14%) representing government levy, Worker's Welfare Fund and SECP fee.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	Half year ended December 31,	
	2017 (Un-Audited)	2016 (Un-Audited)
	(Rupees in '000)	
12.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee inclusive of sales tax	35,508	51,171
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,095	2,999
Issue of 422,082 units (2016: nil units)	45,000	-
Redemption of nil units (2016: 377,025 units)	-	40,513
Habib Bank Limited - Sponsor		
Bank charges paid	12	51
Redemption of 4,621,852 units (2016: nil units)	500,000	-
Mark-up earned during the period	1,715	2,209
Purchase of term finance certificate: 1,250 units (2016: nil units)	123,676	-
Sale of term finance certificate: 3,960 units (2016: nil units)	392,019	-
MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan - CIS Managed by the Management Company		
Issue of 1,734,330 units (2016: nil units)	186,000	-
Redemption of 404,113 units (2016: nil units)	43,500	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	2,496	2,908
CDC charges	465	6
Executives and their relatives		
Redemption of 1,887 units (2016: 9,681 units)	201	1,035

December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
----- (Rupees in '000) -----	

12.2 Balances outstanding as at period / year end

HBL Asset Management Limited - Management Company

Management fee	4,814	6,413
Sindh Sales Tax	626	960
Sales Load payable	350	526
Allocation of expenses related to registrar services, accounting, operation and valuation services	321	436
Investment held by Management Company in funds: 422,082 units (June 2017: nil units)	45,715	-

Habib Bank Limited - Sponsor

Investment held by HBL in the Fund: 14,884,389 units (June 30, 2017: 19,506,241 units)	1,612,118	2,067,946
Bank balances with HBL	28,416	111,454
Investment in term finance certificate	-	271,569

MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan - CIS Managed by the Management Company

Investment held in the Fund: 1,330,218 units	144,075	-
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Directors and Executives of the Management Company and their relatives

Executives and their relatives

Investment held in the Fund: nil units (June 30, 2017: 4,840 units)	-	513
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Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	373	440
Sindh Sales tax	48	58
Security deposit	100	100

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		December 31, 2017 (Un-Audited)								
		Carrying amount				Fair Value				
		Available-for-sale	Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
		595,888	160,652	-	-	756,540	-	756,540	-	756,540
		-	33,565	-	-	33,565	33,565	-	-	33,565
		<u>595,888</u>	<u>194,217</u>	<u>-</u>	<u>-</u>	<u>790,105</u>	<u>33,565</u>	<u>756,540</u>	<u>-</u>	<u>790,105</u>
Financial assets not measured at fair value										
	13.1			572,486		572,486				
				1,260,415		1,260,415				
				26,487		26,487				
				213,063		213,063				
				<u>2,072,451</u>		<u>2,072,451</u>				
Financial liabilities not measured at fair value										
	13.1				6,111	6,111				
					421	421				
					1,749	1,749				
					3,420,509	3,420,509				
					<u>3,428,790</u>	<u>3,428,790</u>				
		June 30, 2017 (Audited)								
		Carrying amount				Fair Value				
		Available-for-sale	Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
		1,471,124	-	-	-	1,471,124	-	1,471,124	-	1,471,124
		-	222,649	-	-	222,649	222,649	-	-	222,649
		<u>1,471,124</u>	<u>222,649</u>	<u>-</u>	<u>-</u>	<u>1,693,773</u>	<u>222,649</u>	<u>1,471,124</u>	<u>-</u>	<u>1,693,773</u>
Financial assets not measured at fair value										
	13.1			881,829		881,829				
				1,025,104		1,025,104				
				43,405		43,405				
				736,990		736,990				
				<u>2,687,328</u>		<u>2,687,328</u>				
Financial liabilities not measured at fair value										
	13.1				8,335	8,335				
					498	498				
					611	611				
					4,490,296	4,490,296				
					<u>4,499,740</u>	<u>4,499,740</u>				

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

13.2 Transfers during the period

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

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

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Income Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at December 31, 2017, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

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

The above securities have ratings lower than investment grade.

December 31,	June 30,
2017	2017
(Un-Audited)	(Audited)
----- (Rupees in '000) -----	

15. COMMITMENTS

Sale of future stock contracts

33,637	224,226
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16. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 26, 2018.

17. GENERAL

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

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

17.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Government Securities Fund
(Formerly: PICIC Income Fund)

FUND INFORMATION

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

**HBL GOVERNMENT SECURITIES FUND
(Formerly PICIC INCOME FUND)**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Government Securities Fund (Formerly PICIC Income 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 six month period ended December 31, 2017 in accordance with the provisions of the following:

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


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

Karachi, February 23, 2018



AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Government Securities Fund [Formerly PICIC Income Fund]** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Government Securities Fund (Formerly: PICIC Income Fund)
Condensed Interim Statement of Assets And Liabilities
As At December 31, 2017

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	-----Rupees in '000-----	
Assets			
Bank balances	4	247,791	546,623
Investments	5	526,706	1,167,845
Receivable against margin trading system		155	37,261
Accrued markup on bank balances and investments		2,708	12,737
Security deposits		1,550	350
Prepayments		494	482
Total assets		779,404	1,765,298
Liabilities			
Payable to the Management Company	6	858	1,873
Payable to the Trustee		122	472
Payable to Securities and Exchange Commission of Pakistan		386	1,452
Payable against redemption of units		502	362,820
Payable against purchase of investment		102,730	-
Accrued expenses and other liabilities	7	21,906	28,731
Total liabilities		126,504	395,348
Net assets		652,900	1,369,950
Units holders' fund (as per statement attached)		652,900	1,369,950
Contingencies and commitments	8		
-----Number of units-----			
Number of units in issue		6,058,407	12,994,349
-----Rupees-----			
Net assets value per unit		107.7676	105.4266

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Government Securities Fund (Formerly: PICIC Income Fund)
Condensed Interim Income Statement (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended December 31,		
	2017	2016	2017	2016	
Note	-----Rupees in '000-----				
Income					
Capital gain / (loss) on sale of investments - net	19	(3,393)	270	(1,480)	
Income from government securities	12,994	17,267	2,164	1,621	
Income from term deposit receipts	5,801	28,083	2,143	19,213	
Income from margin trading system	1,634	8,808	671	2,239	
Profit on bank deposits	12,896	16,889	7,545	10,855	
	33,344	67,654	12,793	32,448	
Unrealised (diminution) / appreciation on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	(17)	2,380	(59)	2,536	
	33,327	70,034	12,734	34,984	
Expenses					
Remuneration of the Management Company	6.1 & 6.2	7,270	15,154	2,731	8,215
Remuneration of the Trustee		921	1,515	370	740
Annual fee to Securities and Exchange Commission of Pakistan		386	809	145	393
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	515	1,068	194	505
Auditors' remuneration		222	254	108	109
Fees and subscription		186	168	96	87
Securities transaction cost		823	1,484	294	511
Bank charges		43	51	13	20
Printing charges		193	176	105	91
		10,599	20,679	4,056	10,671
Net income from operating activities		22,768	49,355	8,678	24,313
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	3.6	-	(3,755)	-	(3,030)
Provision for Sindh Workers' Welfare Fund	7.1	(455)	-	(173)	-
Net income for the period before taxation		22,313	45,600	8,505	21,283
Taxation	9	-	-	-	-
Net income for the period after taxation		22,313	45,600	8,505	21,283
Allocation of net income for the period					
Income already paid on redemption of units	3.6	8,165		5,428	
Accounting income available for distribution:					
- Relating to capital gains / (losses)		1		76	
- Excluding capital gains / (losses)		14,147		3,001	
		14,148		3,077	
		22,313		8,505	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Government Securities Fund (Formerly: PICIC Income Fund)
Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	-----Rupees in '000-----			
Net income for the period after taxation	22,313	45,600	8,505	21,283
Other comprehensive income for the period				
Items that may be reclassified to income statement	-	-	-	-
Total comprehensive income for the period	22,313	45,600	8,505	21,283

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Government Securities Fund (Formerly: PICIC Income Fund)
Condensed Interim Statement of Movement In Unitholders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,					
	2017			2016		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Note	-----Rupees in '000-----					
Net assets at beginning of the period	1,299,434	70,516	1,369,950	-	-	2,114,271
Issuance of 222,503 units (2016: 2,280,533 units)						
- Capital value (at net asset value per unit at the beginning of the period)	23,458	-	23,458			
- Element of income	96	-	96			
Total proceeds on issuance of units	23,554	-	23,554	-	-	2,280,533
Redemption of 7,158,445 units (2016: 2,473,270 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(754,691)	-	(754,691)			
- Income already paid on redemption of units	-	(8,165)	(8,165)			
- Element of loss	(61)	-	(61)			
Total payments on redemption of units	(754,752)	(8,165)	(762,917)	-	-	(2,473,270)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-	13,113
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to Distribution Statement	3.6	-	-	-	-	(9,358)
Net income for the period after taxation	-	22,313	22,313	-	-	45,600
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	22,313	22,313	-	-	45,600
Net assets at end of the period	568,236	84,664	652,900	-	-	1,970,889
Undistributed income brought forward						
- Realised			69,776			94,185
- Unrealised			740			10,510
			70,516			104,695
Accounting income available for distribution	3.6					
- Relating to capital gains / (losses)			1			
- Excluding capital gains / (losses)			14,147			
			14,148			45,600
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to Distribution Statement	3.6		-			(9,358)
Undistributed income carried forward			84,664			140,937
Undistributed income carried forward						
- Realised			84,681			138,557
- Unrealised			(17)			2,380
			84,664			140,937
Net assets value per unit at beginning of the period			105.4266			105.2098
Net assets value per unit at end of the period			107.7676			107.7016

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Government Securities Fund (Formerly: PICIC Income Fund)
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended	
	December 31,	
	2017	2016
Note	-----Rupees in '000-----	
Cash flows from operating activities		
Net income for the period after taxation	22,313	45,600
Adjustments for:		
Income from government securities	(12,994)	(17,267)
Income from term deposit receipts	(5,801)	(28,083)
Income from margin trading system	(1,634)	(8,808)
Profit on bank deposits	(12,896)	(16,889)
Unrealised diminution / (appreciation) on re-measurement of investments at "fair value through profit or loss - held-for-trading" - net	17	(2,380)
Capital (gain) / loss on sale of investments - net	(19)	3,393
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	3,755
	(11,014)	(20,679)
(Increase) / decrease in assets		
Investments - net	743,871	295,095
Receivable against margin trading system	37,106	200,813
Advance against purchase of term finance certificates	-	(235,000)
Security deposits	(1,200)	-
Deposits and prepayments	(12)	(84)
	779,765	260,824
(Decrease) / increase in liabilities		
Payable to the Management Company	(1,015)	1,478
Payable to the Trustee	(350)	(9)
Payable to the Securities and Exchange Commission of Pakistan	(1,066)	(789)
Accrued expenses and other liabilities	(6,825)	(7,833)
	(9,256)	(7,153)
	759,495	232,992
Income received from government securities	22,686	27,249
Income received from term deposit receipts	6,903	15,740
Income received from margin trading system	2,015	9,196
Bank profits received	11,750	18,160
Net cash generated from operating activities	802,849	303,337
Cash flows from financing activities		
Amount received on issue of units	23,554	2,280,533
Payment against redemption of units	(1,125,235)	(2,473,270)
Dividend paid	-	(30,012)
Net cash used in financing activities	(1,101,681)	(222,749)
Net (decrease) / increase in cash and cash equivalents	(298,832)	80,588
Cash and cash equivalents at beginning of the period	546,623	992,954
Cash and cash equivalents at end of the period	247,791	1,073,542

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Government Securities Fund (Formerly: PICIC Income Fund)
Notes to the Condensed Interim Financial Information (Un-audited)
For The Half Year Ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

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

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

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

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

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been lower by Rs. 8.130 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'income statement' and 'statement of movement in unit holders' fund' which have been incorporated in these statements.

- 3.7 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 period 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 / period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'income statement' and "statement of comprehensive income" separately.

- 3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: Financial Instruments (IFRS 9), which will replace IAS 39: Financial Instruments: Recognition and Measurement of Financial assets and Financial liabilities (IAS 39). The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.

	Note	December 31, 2017 (Un-Audited)	June 30, 2017 Audited
-----Rupees in '000-----			
4. BANK BALANCES			
In savings accounts	4.1	247,791	546,623

4.1 Mark-up rates on these accounts range between 3.25% - 6.75% per annum (June 30, 2017: 3.75% - 6.60% per annum).

	Note	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
-----Rupees in '000-----			
5. INVESTMENTS			

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

Investments in government securities:

Market treasury bills	5.1	466,706	36,929
Pakistan investment bond	5.2	-	890,916
GOP ijara sukuk certificates	5.3	-	-
		466,706	927,845

Loans and receivables:

Term deposit receipts	5.4	60,000	240,000
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Total investments

526,706	1,167,845
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5.1 Financial assets at fair value through profit or loss - held-for-trading:- Market treasury bills

Issue date	Tenure	Face value			Balance as at December 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total investments	
		As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at December 31, 2017	Carrying value	Market value			Appreciation / (diminution)
-----Rupees in '000-----										
April 13, 2017	3 Month	22,000	-	22,000	-	-	-	-	-	
April 27, 2017	3 Month	15,000	-	15,000	-	-	-	-	-	
January 19, 2017	6 Month	-	600,000	600,000	-	-	-	-	-	
July 6, 2017	3 Month	-	200,000	200,000	-	-	-	-	-	
May 25, 2017	3 Month	-	595,000	595,000	-	-	-	-	-	
February 2, 2017	6 Month	-	500,000	500,000	-	-	-	-	-	
July 20, 2017	3 Month	-	1,245,000	1,245,000	-	-	-	-	-	
February 16, 2017	6 Month	-	117,000	117,000	-	-	-	-	-	
August 3, 2017	3 Month	-	1,635,000	1,635,000	-	-	-	-	-	
August 17, 2017	3 Month	-	775,000	775,000	-	-	-	-	-	
August 31, 2017	3 Month	-	2,675,000	2,675,000	-	-	-	-	-	
September 14, 2017	3 Month	-	2,795,000	2,795,000	-	-	-	-	-	
October 12, 2017	3 Month	-	2,495,000	2,495,000	-	-	-	-	-	
November 9, 2017	3 Month	-	1,750,000	1,750,000	-	-	-	-	-	
November 23, 2017	3 Month	-	1,520,000	1,520,000	-	-	-	-	-	
September 28, 2017	3 Month	-	400,000	400,000	-	-	-	-	-	
July 6, 2017	6 Month	-	285,000	285,000	-	-	-	-	-	
October 26, 2017	3 Month	-	820,000	480,000	340,000	339,063	339,048	(15)	51.93	
January 19, 2017	12 Month	-	25,000	-	25,000	24,930	24,929	(1)	3.82	
July 20, 2017	6 Month	-	103,000	-	103,000	102,730	102,729	(1)	15.73	
Total - As at December 31, 2017		37,000	18,535,000	18,104,000	468,000	466,723	466,706	(17)	71.48	88.60
Total - As at June 30, 2017		55,000	13,643,000	13,661,000	37,000	36,936	36,929	(7)	2.70%	3.16%

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

5.1.2 The effective yield on market treasury bills range from 5.94% to 6.00% per annum (June 30, 2017: 5.97% to 5.98%) per annum.

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

- Pakistan Investment Bonds

Issue date	Tenure	Face value				Balance as at December 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at December 31, 2017	Carrying value	Market value	Appreciation / (diminution)		
-----Rupees in '000-----										
July 19, 2012	10 Years	150,000	50,000	200,000	-	-	-	-	-	-
April 21, 2016	3 Years	100,000	250,000	350,000	-	-	-	-	-	-
December 29, 2016	3 Years	600,000	300,000	900,000	-	-	-	-	-	-
March 26, 2015	5 Years	-	100,000	100,000	-	-	-	-	-	-
Total - As at December 31, 2017		850,000	700,000	1,550,000	-	-	-	-	-	-
Total - As at June 30, 2017		350,000	1,830,000	1,330,000	850,000	890,169	890,916	747	65.03	76.29

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

5.3 GOP Ijarah sukuk certificates

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

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

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	-----Rupees in '000-----	
6. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration of the Management Company	6.1	709	1,501
Sindh Sales Tax on Management Company's remuneration	6.2	92	195
Sales load payable			57
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	57	120
		858	1,873

- 6.1 As per the offering document of the Fund, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.50% of average annual net assets. The Management Company has charged its remuneration at the rate of 1.25% per annum (June 30, 2017: 1.25% per annum) of the average net assets for the current period subject to the guidelines as may be issued by the Commission from time to time. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.
- 6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	-----Rupees in '000-----	
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	7.1	5,793	5,338
Provision for Federal Excise Duty and additional sales tax on management fee	7.2	15,531	15,531
Withholding tax payable		24	7,336
Auditors' remuneration		223	315
Printing charges		159	80
Others		176	131
		21,906	28,731

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

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 0.455 million for the half year ended December 31, 2017 in this condensed interim financial information, Had the provision not been made, net assets value per unit at December 31, 2017 would have been higher by Rs. 0.96 per unit (June 30, 2017: Rs. 0.41 per unit).

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

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 15.531 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 2.5635 per unit (June 30, 2017: Rs. 1.1952 per unit).

December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
--------------------------------------	-------------------------------

-----Rupees in '000-----

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There are no contingencies outstanding as at December 31, 2017.

8.2 Commitments

Payable against margin trading system investments	-	(4,439)
Receivable against margin trading system investments	<u>157</u>	<u>2,659</u>
	<u>157</u>	<u>(1,780)</u>

9. TAXATION

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

10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

Half year ended December 31,	
2017	2016

-----Rupees in '000-----

10.1 Transactions during the period

HBL Asset Management Limited - Management Company

Remuneration of the Management Company	<u>6,434</u>	<u>13,410</u>
Sindh Sales Tax on remuneration of the Management Company	<u>836</u>	<u>1,744</u>
Sales load paid	<u>-</u>	<u>3,206</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>515</u>	<u>1,068</u>
Issue of Nil units (2016: 970,138)	<u>-</u>	<u>104,000</u>
Redemption of 847,699 units (2016: 3,094,251)	<u>(90,000)</u>	<u>(330,786)</u>

	Half year ended December 31,	
	2017	2016
	-----Rupees in '000-----	
Habib Bank Limited - Sponsor		
Bank charges paid	<u>4</u>	<u>3</u>
Profit on bank deposits earned	<u>611</u>	<u>1,260</u>
MCB Bank Limited Connected person due to holding of 10% or more		
Issue of Nil units (2016: 9,374,177 units)	<u>-</u>	<u>1,000,000</u>
Redemption of 2,338,901 units (2016: 9,846,127 units)	<u>(250,000)</u>	<u>(1,050,061)</u>
Bank charges paid	<u>6</u>	<u>27</u>
Profit on bank deposits earned	<u>11</u>	<u>-</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	<u>921</u>	<u>1,515</u>
Central Depository system charges	<u>22</u>	<u>199</u>
Jubilee Life Insurance Company Limited Associated company due to common Directorship		
Sale of GOP Ijara Sukuk	<u>101,881</u>	<u>-</u>
10.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	<u>709</u>	<u>1,501</u>
Sindh Sales Tax on remuneration of the Management Company	<u>92</u>	<u>195</u>
Sales Load payable	<u>-</u>	<u>57</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>57</u>	<u>120</u>
Investment held in the Fund: 916,873 units (June 30, 2017: 1,764,572 units)	<u>98,787</u>	<u>186,033</u>
Habib Bank Limited - Sponsor		
Bank balances	<u>200,333</u>	<u>2,390</u>
MCB Bank Limited Connected person due to holding of 10% or more		
Investment held in the Fund: 2,554,085 units (June 30, 2017: 4,892,987 units)	<u>275,185</u>	<u>515,851</u>
Bank Balances	<u>111</u>	<u>589</u>
Profit receivable	<u>-</u>	<u>29</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>109</u>	<u>411</u>
CDC charges payable	<u>13</u>	<u>61</u>
Security deposit	<u>100</u>	<u>100</u>
HBL Asset Management Limited - Employees Gratuity Fund		
Investment held in the Fund: 3,966 units (June 30, 2017: 3,966 units)	<u>427</u>	<u>418</u>
HBL Asset Management Limited - Employees Gratuity Fund		
Investment held in the Fund: 3,823 units (June 30, 2017: 3,823 units)	<u>412</u>	<u>403</u>

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		December 31, 2017							
		Carrying Amount			Fair Value				
		Fair value through profit or loss- held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	-----Rupees in '000-----							
On-balance sheet financial instruments									
Financial assets measured at fair value									
	11.1	466,706	-	-	466,706	-	466,706	-	466,706
		-	-	-	-	-	-	-	-
		466,706	-	-	466,706	-	466,706	-	466,706
Financial assets not measured at fair value									
	11.1	-	247,791	-	247,791	-	-	-	-
		-	60,000	-	60,000	-	-	-	-
		-	2,708	-	2,708	-	-	-	-
		-	155	-	155	-	-	-	-
		-	310,654	-	310,654	-	-	-	-
Financial liabilities not measured at fair value									
	11.1	-	-	858	858	-	-	-	-
		-	-	122	122	-	-	-	-
		-	-	502	502	-	-	-	-
		-	-	102,730	102,730	-	-	-	-
		-	-	416	416	-	-	-	-
		-	-	652,900	652,900	-	-	-	-
		-	-	757,528	757,528	-	-	-	-

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

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

11.2 Transfers during the period

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

12. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended December 31, 2017 is 1.08% (December 31, 2016: 0.98%) which includes 0.18% (December 31, 2016: 0.13%) representing government levy and SECP fee.

13. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 26, 2018.

14. GENERAL

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

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

14.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim statement of income and other comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

For HBL Asset Management Limited (Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL

Money Market Fund

FUND INFORMATION

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL MONEY MARKET FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Money Market Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six month period ended December 31, 2017 in accordance with the provisions of the following:

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

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

Karachi, February 23, 2018



AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Money Market Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared in all material respects in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Money Market Fund
Condensed Interim Statement Of Assets And Liabilities
As At December 31, 2017

		December 31, 2017 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2017 (Audited) ----- (Rupees in '000) -----
Assets			
Bank balances	4	3,696,490	3,542,143
Investments	5	1,300,000	477,309
Profit receivable		36,268	21,546
Deposits and prepayments		241	100
Total assets		5,032,999	4,041,098
Liabilities			
Payable to the Management Company	6	5,136	4,625
Payable to the Trustee		426	388
Payable to Securities and Exchange Commission of Pakistan		1,936	3,125
Accrued expenses and other liabilities	7	59,839	90,950
Total liabilities		67,337	99,088
Net assets		4,965,662	3,942,010
Unit holders' fund (as per statement attached)		4,965,662	3,942,010
		----- (Number of units) -----	
Number of units in issue		47,584,074	38,735,140
		----- (Rupees) -----	
Net assets value per unit		104.3555	101.7683

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Money Market Fund
Condensed Interim Income Statement (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Note	Half year ended December 31,		Quarter ended December 31,	
		2017	2016	2017	2016
(Rupees in '000)					
Income					
Profit on bank deposits		110,158	54,010	53,929	11,689
Income from investments		58,041	65,493	30,594	47,373
Capital gain / (loss) on sale of investments - net		375	(796)	268	(129)
		168,574	118,707	84,791	58,933
Expenses					
Remuneration of the Management Company	6.1 & 6.2	29,250	21,825	14,853	10,586
Remuneration of the Trustee		2,621	2,063	1,328	1,014
Annual fee of Securities and Exchange Commission of Pakistan		1,936	1,449	983	703
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	2,588	1,930	1,313	409
Settlement and bank charges		124	107	85	12
Auditors' remuneration		304	302	209	302
Fee and Subscription		159	202	97	83
Securities transaction cost		94	14	39	34
Printing charges		90	165	51	44
		37,166	28,057	18,958	13,187
Net income from operating activities		131,408	90,650	65,833	45,746
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	24,324	-	17,972
Provision for Sindh Workers' Welfare Fund	7.2	(2,628)	-	(1,317)	-
Net income for the period before taxation		128,780	114,974	64,516	63,718
Taxation	8	-	-	-	-
Net income for the period after taxation		128,780	114,974	64,516	63,718
Allocation of income for the period					
Income already paid on redemption of units	3.6	36,106		25,402	
Accounting income available for distribution:					
- Relating to capital gains		270		162	
- Excluding capital gains		92,404		38,952	
		92,674		39,114	
		128,780		64,516	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Money Market Fund
Condensed Interim Statement Of Comprehensive Income (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended, December 31,	
	2017	2016	2017	2016
----- (Rupees in '000) -----				
Net income for the period after taxation	128,780	114,974	64,516	63,718
Other comprehensive income for the period	-	-	-	-
Item that may be reclassified subsequently to Income Statement				
Unrealised (loss) / gain on re-measurement of investments classified as available-for-sale	-	(168)	-	280
Net reclassification adjustments relating to available-for-sale	-	(168)	-	280
Total comprehensive income for the period	128,780	114,806	64,516	63,998

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Money Market Fund
Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,					
	2017			2016		
	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period	3,901,721	40,289	3,942,010	-	-	3,523,715
Issuance of 56,024,781 units (2016: 56,945,071 units)						
- Capital value (at net asset value per unit at the beginning of the period)	5,701,548	-	5,701,548			
- Element of income	66,472	-	66,472			
Total proceeds on issuance of units	3.6	5,768,020	5,768,020	-	-	5,878,644
Redemption of 47,175,847 units (2016: 44,245,930 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(4,801,007)	-	(4,801,007)			
- Income already paid on redemption of units	-	(36,106)	(36,106)			
- Element of loss	(36,035)	-	(36,035)			
Total payments on redemption of units	3.6	(4,837,042)	(4,873,148)	-	-	4,563,963
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-	24,324
Net income for the period after taxation		128,780	128,780			114,974
Other comprehensive income for the period		-	-			(168)
Total comprehensive income for the period		128,780	128,780			114,806
Net assets at end of the period		4,832,699	4,965,662			4,927,878
Undistributed income brought forward						
- Realised		40,289			24,925	
- Unrealised		-			-	
		40,289			24,925	
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6	-			19,643	
Accounting income available for distribution:						
- Relating to capital gains		270				
- Excluding capital gains		92,404				
		92,674			114,974	
Undistributed income carried forward		132,963			159,542	
Undistributed income carried forward						
Relating to realised gain		132,963			159,542	
Relating to unrealised gain		-			-	
		132,963			159,542	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		101.7683			101.5468	
Net assets value per unit at end of the period		104.3555			103.9863	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Money Market Fund
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,	
	2017	2016
Note	----- (Rupees in '000) -----	
Cash flows from operating activities		
Net income for the period before taxation	128,780	114,974
Adjustments for non-cash items:		
Capital (gain) / loss on sale of investments - net	(375)	796
Income from investments	(58,041)	(65,493)
Profit on bank deposits	(110,158)	(54,010)
Provision for Sindh Worker's Welfare Fund	2,628	-
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(24,324)
	(37,166)	(28,057)
(Decrease) / increase in assets		
Investments - net	(822,316)	528,458
Deposits and prepayments	(141)	(25)
	(822,457)	528,433
(Decrease) / increase in liabilities		
Payable to the Management Company	511	710
Payable to the Trustee	38	17
Payable to the Securities and Exchange Commission of Pakistan	(1,189)	(1,995)
Accrued expenses and other liabilities	(33,739)	(81,850)
	(34,379)	(83,118)
	(894,002)	417,258
Bank profit received	115,457	58,262
Income on investments received	38,020	37,540
	153,477	95,802
Net cash (used in) / generated from operating activities	(740,525)	513,060
Cash flows from financing activities		
Amount received on issue of units	5,768,020	5,878,644
Payment against redemption of units	(4,873,148)	(4,563,963)
Net cash generated from financing activities	894,872	1,314,681
Net increase in cash and cash equivalents	154,347	1,827,741
Cash and cash equivalents at beginning of the period	3,542,143	2,371,639
Cash and cash equivalents at end of the period	3,696,490	4,199,380

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Money Market Fund
Notes To The Condensed Interim Financial Information (Un-audited)
For The Half Year Ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

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

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

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

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

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

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'income statement' and 'statement of movement in unit holders' fund', prospectively from July 1, 2017 as required by SECP vide its email dated February 08, 2017. Accordingly, corresponding figures have not been restated. The 'distribution statement' has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

Had the element of loss been recognised as per the previous accounting policy, the profit of the Fund would have been lower by Rs. 5.669 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

- 3.7 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 period 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/period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'income statement' and "statement of comprehensive income" separately.

- 3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: 'Financial Instruments', (IFRS 9) which will replace IAS 39: Financial Instruments: 'Recognition and Measurement' (IAS 39) of financial assets and financial liabilities. The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.

		(Un-Audited)	(Audited)
		December 31,	June 30,
		2017	2017
	Note	----- (Rupees in '000) -----	-----
4 BANK BALANCES			
Balances with bank in:			
- PLS savings accounts under mark-up arrangements	4.1	<u>3,696,490</u>	<u>3,542,143</u>

- 4.1 Mark-up on these accounts ranges between 4.00% - 6.75% per annum (June 30, 2017: 4.00% - 6.7% per annum).

5. INVESTMENTS	Note	(Un-Audited)	(Audited)
		December 31, 2017	June 30, 2017
		----- (Rupees in '000) -----	
Available for sale			
- Government Securities	5.1	-	-
Held for trading			
- Government Securities	5.2	-	-
Loans and receivables			
- Term deposit receipts	5.3	900,000	380,000
- Clean placement	5.4	400,000	-
- Commercial paper		-	97,309
		1,300,000	477,309

5.1 Investment in Government Securities - Available-for-sale

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

5.2 Investment in Government Securities - Held-for-trading

Issue Date	Tenure	Face value			Market Value as at December 31, 2017	Market value as a percentage of	
		As at July 1, 2017	Purchases during the year	Sales / Matured during the year		Total Investments	Net Assets
----- (Rupees in '000) -----							
Treasury bills							
May 25, 2017	3 month	-	915,000	915,000	-	-	-
July 20, 2017	3 month	-	2,570,000	2,570,000	-	-	-
August 3, 2017	3 month	-	1,600,000	1,600,000	-	-	-
August 17, 2017	3 month	-	550,000	550,000	-	-	-
August 31, 2017	3 month	-	1,550,000	1,550,000	-	-	-
September 14, 2017	3 month	-	450,000	450,000	-	-	-
September 28, 2017	3 month	-	1,000,000	1,000,000	-	-	-
October 12, 2017	3 month	-	1,299,000	1,299,000	-	-	-
October 26, 2017	3 month	-	1,500,000	1,500,000	-	-	-
November 9, 2017	3 month	-	4,000,000	4,000,000	-	-	-
November 23, 2017	3 month	-	3,325,000	3,325,000	-	-	-
Total - As at December 31, 2017		-	18,759,000	18,759,000	-	-	-
Total - As at June 30, 2017		-	-	-	-	-	-

5.3 Term Deposit Receipts

Name of Company	As at July 01, 2017	Purchased made during the period	Matured during the period	As at December 31, 2017	Percentage of total value of investments (%)	Percentage of Net Assets (%)
----- (Rupees in '000) -----						
Bank Alfalah Limited	-	910,000	470,000	440,000	33.85	8.86
Habib Bank Limited	-	-	-	-	-	-
Sindh Bank Limited	-	-	-	-	-	-
Zarai Taraqiati Bank limited	380,000	460,000	380,000	460,000	35.38	9.26
Total - As at December 31, 2017	380,000	1,370,000	850,000	900,000	69.23	18.12
Total - As at June 30, 2017	400,000	2,645,000	2,665,000	380,000	79.61	9.64

5.3.1 Term deposit receipts carries mark-up at rates ranging between 6.20% to 6.45% (June 30, 2017:6.50%) per annum. These will mature at various dates maximum by March 31st, 2018.

5.4 Clean placement carries mark-up at the rate of 6.2% (June 30, 2017: Nil) per annum and will mature on February 06, 2018.

	Note	(Un-Audited)	(Audited)
		December 31, 2017	June 30, 2017
----- (Rupees in '000) -----			
6 PAYABLE TO THE MANAGEMENT COMPANY			
Management fee	6.1	4,175	3,760
Sindh sales tax on Management Company's remuneration	6.2	543	489
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	418	376
		5,136	4,625

6.1 As per the offering document of the Fund, the Management Company shall charge a fee at the rate of 1% of the average annual net assets on daily basis of the scheme subject to the guidelines as may be issued by the Commission from time to time. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

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

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

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		301	530
Capital gain tax payable		747	8,152
Withholding tax payable		-	26,101
Federal Excise Duty	7.1	41,211	41,211
Provision for Sindh Workers' Welfare Fund	7.2	9,230	6,602
Advance received against units to be issued		2,500	2,500
Others		5,850	5,854
		59,839	90,950

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

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 41.211 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.87 per unit (June 30, 2017: 1.064 per unit).

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

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 9.232 million as at December 31, 2017 in this condensed interim financial information, Had the provision not been made, net assets value per unit at December 31, 2017 would have been higher by Rs. 0.19 per unit (June 30, 2017: Rs. 0.17 per unit).

8 TAXATION

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

9 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

		(Un-Audited) Half year ended December 31,	
		2017	2016
		----- (Rupees in '000) -----	
9.1	Transactions during the period		
	HBL Asset Management Limited - Management Company		
	Management fee inclusive of Sales tax	29,250	21,825
	Allocation of expenses related to registrar services, accounting, operation and valuation services	2,588	1,930
	Issue of 1,106,290 units (2016: 384,920 units)	114,079	40,000
	Redemption of 115,577 units (2016: 5,312,401 units)	12,000	546,921
	Habib Bank Limited - Sponsor		
	Mark-up earned during the period	21,401	14,419
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration of the Trustee	2,621	2,063
	Directors, Executives and Key Management personnel		
	Issue of Nil units (2016: 127,002 units)	-	13,000
	Redemption of 137,374 units (2016: Nil units)	14,100	-
	Millat Tractors Limited - Connected persons due to holding 10% or more units		
	Issue of 460 units (2016: 4,579,000 units)	48	500,000
	Pakistan Petroleum Limited - Connected persons due to holding 10% or more units*		
	Issue of 4,627,897 units (2016: Nil units)	476,000	-
		(Un-Audited) December 31,	(Audited) June 30,
		2017	2017
		----- (Rupees in '000) -----	
9.2	Amounts outstanding as at period / year end		
	HBL Asset Management Limited - Management Company		
	Management Fee	4,175	3,760
	Sindh Sales Tax	543	489
	Allocation of expenses related to registrar services, accounting, operation and valuation services	418	376
	Investment held in the Fund : 990,713 units (June 30, 2017 : Nil units)	103,353	-
	Habib Bank Limited - Sponsor		
	Investment held in the Fund : 1,781,757 units (June 30, 2017: 1,781,757 units)	185,876	181,326
	Bank balances	2,327,984	899,493
	Mark-up receivable on deposits with bank	5,546	2,637
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable	377	695
	Sindh Sales tax	49	90
	Directors, Executives and Key Management personnel		
	Investment held in the Fund : Nil units (June 30, 2017: 8,510 units)	-	866
	Millat Tractors Limited - Connected persons due to holding 10% or more units		
	Investment held in the Fund : 4,579,459 units (June 30, 2017: 4,578,999 units)	477,738	465,997
	Pakistan Petroleum Limited - Connected persons due to holding 10% or more units*		
	Investment held in the Fund : 4,627,897 units (June 30, 2017: Nil units)	482,791	-

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

10 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2017 is 0.78% (December 31, 2016: 0.73%) which includes 0.17% (December 31, 2016: 0.11%) representing government levies and SECP fee.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		December 31, 2017						
		Carrying amount			Fair Value			
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note	-----	(Rupees in '000) -----						
Financial assets not measured at fair value	11.1							
Bank balance		3,696,490	-	3,696,490				
Investments								
- Term deposit receipts		900,000	-	900,000				
- Clean placements		400,000	-	400,000				
Accrued mark-up		36,268	-	36,268				
		<u>5,032,758</u>	<u>-</u>	<u>5,032,758</u>				
Financial liabilities not measured at fair value	11.1							
Payable to the Management Company		-	5,136	5,136				
Payable to the Trustee		-	426	426				
Accrued expenses and other liabilities		-	8,651	8,651				
Unit holders' fund		-	4,965,662	4,965,662				
		<u>-</u>	<u>4,979,875</u>	<u>4,979,875</u>				

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

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

11.2 Transfers during the period

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

12. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue by the Board of Directors of the Management Company on February 26, 2018.

13. GENERAL

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

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

13.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Cash Fund

(Formerly: PICIC Cash Fund)

FUND INFORMATION

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

TRUSTEE REPORT TO THE UNIT HOLDERS

HBL CASH FUND (Formerly PICIC Cash Fund)

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL CASH FUND (Formerly PICIC CASH FUND)

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Cash Fund (Formerly PICIC Cash 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 six month period ended December 31, 2017 in accordance with the provisions of the following:

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

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

Karachi, February 23, 2018



AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Cash Fund [Formerly PICIC Cash Fund]**(the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared in all material respects in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Cash Fund (Formerly PICIC Cash Fund)
Condensed Interim Statement Of Assets And Liabilities
As At December 31, 2017

	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
Note	----- (Rupees in '000) -----	
Assets		
Bank balances	4 7,995,058	6,537,316
Investments	5 2,375,000	637,309
Profit receivable	73,826	20,561
Deposits and prepayments	337	192
Total assets	10,444,221	7,195,378
Liabilities		
Payable to the Management Company	6 8,828	3,457
Payable to the Trustee	882	974
Payable to Securities and Exchange Commission of Pakistan	3,578	3,270
Redemption payable	-	1,183,625
Accrued expenses and other liabilities	7 24,707	49,922
Total liabilities	37,995	1,241,248
Net assets	10,406,226	5,954,130
Unit holders' fund (as per statement attached)	10,406,226	5,954,130
	----- (Number of Units) -----	
Number of units in issue	100,832,558	59,251,693
	----- (Rupees) -----	
Net assets value per unit	103.2030	100.4888

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Cash Fund (Formerly PICIC Cash Fund)
Condensed Interim Income Statement (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Note	Half year ended December 31,		Quarter ended December 31,	
		2017	2016	2017	2016
------(Rupees in '000)-----					
Income					
Capital gain / (loss) on sale of investments - net		533	(320)	376	(386)
Income from government securities		68,261	20,296	31,049	4,267
Income from money market transactions and placements		51,412	27,154	34,335	20,556
Profit on bank deposits		179,240	56,527	109,693	40,637
		299,446	103,657	175,453	65,074
Unrealized appreciation on re-measurement of investment classified as ' financial assets at fair value through profit or loss - held-for-trading - net		-	-	-	778
		299,446	103,657	175,453	65,852
Expenses					
Remuneration of the Management Company	6.1 & 6.2	26,916	9,480	15,843	5,949
Remuneration of the Trustee		4,421	1,849	2,541	1,106
Annual fee to the Securities and Exchange Commission of Pakistan		3,578	1,258	2,103	788
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	4,770	1,683	2,804	1,051
Auditors' remuneration		221	238	114	107
Securities transaction costs		216	36	96	25
Settlement and bank charges		161	61	91	27
Fee and subscription		171	161	72	86
Printing charges		188	176	100	88
Total operating expense		40,642	14,941	23,764	9,227
Net income for the period from operating activities		258,804	88,715	151,689	56,625
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	31,611	-	29,245
Provision for Sindh Workers' Welfare Fund	7.2	(5,176)	-	(3,034)	-
Net income for the period before taxation		253,628	120,326	148,655	85,870
Taxation	8	-	-	-	-
Net income for the period after taxation		253,628	120,326	148,655	85,870
Allocation of income for the period					
Income already paid on redemption of units	3.6	90,650		78,326	
Accounting income available for distribution:					
- Relating to capital gains		342		178	
- Excluding capital gains		162,636		70,151	
		162,978		70,329	
		253,628		148,655	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Cash Fund (Formerly PICIC Cash Fund)
Condensed Interim Statement Of Comprehensive Income (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended, December 31,	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net income for the period after taxation	253,628	120,326	148,655	85,870
Other comprehensive income for the period				
Items that will be reclassified to income statement	-	-	-	-
Total comprehensive income for the period	253,628	120,326	148,655	85,870

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Cash Fund (Formerly PICIC Cash Fund)
Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,					
	2017			2016		
	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total
Note	(Rupees in '000)					
Net assets at beginning of the period	5,925,167	28,963	5,954,130	-	-	2,103,956
Issuance of 134,171,541 units (2016: 45,975,287 units)						
- Capital value (at net asset value per unit at the beginning of the period)	13,482,734	-	13,482,734			
- Element of income	188,249	-	188,249			
Total proceeds on issuance of units	3.6 13,670,983	-	13,670,983	-	-	4,693,831
Redemption of 92,590,676 units (2016: 22,006,160 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(9,304,324)	-	(9,304,324)			
- Income already paid on redemption of units	-	(90,650)	(90,650)			
- Element of loss	(77,541)	-	(77,541)			
Total payments on redemption of units	3.6 (9,381,865)	(90,650)	(9,472,515)	-	-	2,252,551
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6 -	-	-	-	-	31,611
Net income for the period	-	253,628	253,628	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	253,628	253,628	-	-	120,327
Net assets at end of the period	10,214,285	191,941	10,406,226	-	-	4,633,952
Undistributed income brought forward						
- Realised		28,963			11,901	
- Unrealised		-			17	
		28,963			11,918	
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6	-	-	-	-	13,237
Accounting income available for distribution						
- Relating to capital gains		342				
- Excluding capital gains		162,636				
		162,978				120,327
Undistributed income carried forward		191,941				145,482
Undistributed income carried forward		191,941				145,482
- Realised		-			-	
- Unrealised		191,941			145,482	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		100.4888			100.5696	
Net assets value per unit at end of the period		103.2030			103.2301	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Cash Fund (Formerly PICIC Cash Fund)
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended	
	December 31,	
	2017	2016
Note	----- (Rupees in '000) -----	
Cash flow from operating activities		
Net income for the period before taxation	253,628	120,327
Adjustments:		
Capital (gain) / loss	(533)	320
Income from government securities	(68,261)	(20,296)
Income from money market placements	(51,412)	(27,154)
Profit from bank deposit	(179,240)	(56,527)
Income already paid on redemption of units		
Net element of Income and capital gains included in prices of units less those in units redeemed - net	-	(31,611)
	(45,818)	(14,941)
(Increase) in assets		
Investments - net	(1,737,158)	(22,628)
Deposits and prepayments	(145)	(157)
	(1,737,303)	(22,785)
Increase / (decrease) in liabilities		
Payable to the Management Company	5,371	1,348
Payable to the Trustee	(92)	177
Payable to Securities and Exchange Commission of Pakistan	308	(1,204)
Dividend payable	-	(490)
Accrued expenses and other liabilities	(25,214)	(18,822)
	(19,627)	(18,991)
Net cash used in operations	(1,802,748)	(56,717)
Income received from government securities	68,261	20,296
Income received from money market placement	28,318	14,377
Profit received from bank deposits	149,068	43,227
	245,647	77,900
Net cash (used in) / generated from operating activities	(1,557,101)	21,183
Cash flow from financing activities		
Receipts from issue of units	13,670,983	4,693,832
Payments / Payable on redemption of units	(10,656,140)	(2,252,551)
Net cash generated from financing activities	3,014,843	2,441,281
Net increase in cash and cash equivalents during the period	1,457,742	2,462,464
Cash and cash equivalents at the beginning of the period	6,537,316	1,624,223
Cash and cash equivalents at the end of the period	7,995,058	4,086,687

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Cash Fund (Formerly PICIC Cash Fund)
Notes To The Condensed Interim Financial Information (Un-audited)
For The Half Year Ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

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

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

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

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'income statement' and 'statement of movement in unit holders' fund', prospectively from July 1, 2017 as required by SECP vide its email dated February 08, 2017. Accordingly, corresponding figures have not been restated. The 'distribution statement' has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been higher by Rs.20 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

- 3.7 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 period 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/period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'Income statement' and "statement of comprehensive income" separately.

- 3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: 'Financial Instruments', (IFRS 9) which will replace IAS 39: Financial Instruments: 'Recognition and Measurement' (IAS 39) of financial assets and financial liabilities. The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.

4	BANK BALANCES	Note	December 31,	June 30,
			2017	2017
			Un-Audited	(Audited)
			(Rupees in '000)	
	In savings accounts	4.1	6,985,058	6,537,316
	Term deposit receipts	4.2	1,010,000	-
			7,995,058	6,537,316

4.1 These accounts carry mark-up at rates ranging between 4.50% to 6.90% (2017: 3.75% and 6.70%) per annum

4.2 These term deposits receipts carry mark-up at the rate of 6.20% to 6.30% (June 30, 2017: Nil). These will mature at various dates maximum by March 31, 2018.

5	INVESTMENTS	Note	December 31,	June 30,
			2017	2017
			Un-Audited	(Audited)
			(Rupees in '000)	
Financial assets at fair value through profit or loss - held-for-trading				
	Market treasury bills	5.1	-	-
	Loans and receivables	5.2	2,375,000	637,309
			2,375,000	637,309

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

Issue date	Tenure	As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at December 31, 2017	Balance as at December 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (diminution)		
----- (Rupees in '000) -----										
July 21, 2016	12 months	-	675,000	675,000	-	-	-	-	-	-
January 19, 2017	6 months	-	2,800,000	2,800,000	-	-	-	-	-	-
May 11, 2017	3 months	-	585,000	585,000	-	-	-	-	-	-
May 25, 2017	3 months	-	700,000	700,000	-	-	-	-	-	-
July 6, 2017	3 months	-	300,000	300,000	-	-	-	-	-	-
July 20, 2017	3 months	-	3,978,500	3,978,500	-	-	-	-	-	-
August 3, 2017	3 months	-	2,090,000	2,090,000	-	-	-	-	-	-
August 17, 2017	3 months	-	700,000	700,000	-	-	-	-	-	-
August 31, 2017	3 months	-	2,874,000	2,874,000	-	-	-	-	-	-
September 14, 2017	3 months	-	3,350,000	3,350,000	-	-	-	-	-	-
October 12, 2017	3 months	-	2,550,000	2,550,000	-	-	-	-	-	-
October 26, 2017	3 months	-	4,250,000	4,250,000	-	-	-	-	-	-
November 9, 2017	3 months	-	5,650,000	5,650,000	-	-	-	-	-	-
November 23, 2017	3 months	-	7,100,000	7,100,000	-	-	-	-	-	-
Total - As at December 31, 2017			37,602,500	37,602,500	-	-	-	-	-	-
Total - June 30, 2017			17,732,000	17,832,000	-	-	-	-	-	-

	Note	Un-audited December 31, 2017 (Rupees in '000)	(Audited) June 30, 2017
5.2 Loans and receivables			
Certificates of investments	5.2.1	850,000	-
Letter of placement	5.2.2	500,000	-
Term deposit receipts	5.2.3	1,025,000	540,000
Commercial paper		-	97,309
		2,375,000	637,309

5.2.1 Loans and receivable - Certificate of investment

Name of Company	As at July 01, 2017	Placement made during the year	Matured during the year	As at December 31, 2017	Percentage of total value of investments	Percentage of Net Assets
	Note ----- (Rupees in '000) -----					
Pak Brunel Investment Company Limited	5.2.1.1	-	850,000	-	850,000	36
						8

5.2.1.1 This carries mark-up at the rate of 6.2 percent per annum (June 30, 2017: Nil). This will mature on February 6, 2018.

5.2.2 Loans and receivable - Letter of placement

Name of Company	As at July 01, 2017	Placement made during the year	Matured during the year	As at December 31, 2017	Percentage of total value of investments	Percentage of Net Assets
	----- (Rupees in '000) -----					
Saudi Pak Industrial & Agricultural Investment Company Limited	-	400,000	400,000	-	-	-
Habib Bank Limited	-	400,000	400,000	-	-	-
Pair Investment Company Limited	-	250,000	250,000	-	-	-
Pak Oman Investment Company Limited	-	1,000,000	1,000,000	-	-	-
Pak Oman Investment Company Limited (note 5.2.2.1)	-	500,000	-	500,000	21	5
Total - As at December 31, 2017	-	2,550,000	2,050,000	500,000	21	5

5.2.2.1 This carries mark-up at the rate of 6.25 percent per annum (June 30, 2017: Nil). This will mature on March 14, 2018.

5.2.3 This carries mark-up at the rate of 6.45% (June 2017: 6.25% to 6.50%) per annum. This will mature on May 28, 2018.

	Note	Un-audited December 31, 2017 (Un-Audited)	(Audited) June 30, 2017 (Audited)
6 PAYABLE TO MANAGEMENT COMPANY			
Management fee	6.1	4,911	2,623
Sindh sales tax on Management Company's remuneration	6.2	638	341
Sales load payable		2,297	948
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	982	493
		8,828	4,405

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

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

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

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000)	
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty and additional sales tax on management fee	7.1	7,528	7,528
Provision for Sindh Workers' Welfare Fund	7.2	6,778	1,602
Withholding tax payable		9,889	39,405
Auditors' remuneration		222	315
Printing charges		167	80
Brokerage payable		123	44
		24,707	48,974

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

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

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

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs.6.778 million as at December 31, 2017 in this condensed interim financial information, Had the provision not been made, net assets value per unit at December 31, 2017 would have been higher by Rs.0.07 per unit (June 30, 2017: Rs.0.03 per unit).

8 TAXATION

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

9 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

Half year ended December 31,	
2017	2016
----- (Rupees in '000) -----	

9.1 Transaction during the period

HBL Asset Management Company Limited

Remuneration of Management Company	23,819	6,274
Sindh Sales Tax on remuneration of Management Company	3,097	816
Allocation of expenses related to registrar services, accounting, operation and valuation services	4,770	1,264
Issue of 1,073,478 (2016: 1,033 units) units	110,000	105
Redemption of 588,277 (2016: 6,982,386 units) units	60,000	715,049

Central Depository Company Of Pakistan Limited - Trustee

Remuneration	4,421	1,849
CDS connection charges	3	3

Habib Bank Limited - Sponsor

Return on Deposit Accounts	38,770	14,073
Bank charges	72	4

Directors and Executives of the Management Company

Issue of 363,436 (2016: 126,551 units) units	36,893	12,937
Redemption of 30,548 (2016: 41,926 units) units	3,137	4,313

MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - Associate*

Issue of 2,710,972 (2016: Nil units) units	277,000	-
Redemption of 606,666 (2016: Nil units) units	62,100	-

MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Associate*

Issue of 1,387,105 (2016: Nil units) units	141,500	-
Redemption of 39,905 (2016: Nil units) units	4,100	-

MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan - Associate*

Issue of 97,963 (2016: Nil units) units	10,000	-
Redemption of 926 (2016: Nil units) units	95	-

Maple Leaf Capital Limited -Connected Person due to holding of more than 10% units*

Issue of 5,917,193 (2016: Nil units) units	600,967	-
Redemption of 3,414,073 (2016: Nil units) units	350,000	-

	December 31, 2017 (Un-Audited)	June 30, 2017 Audited
	----- (Rupees in '000) -----	
9.2 Balances outstanding at the period / year end		
HBL Asset Management Company Limited		
Outstanding 833,849 (June 30, 2017: 348,649) units	86,017	35,035
Payable the Management Company	5,550	2,964
Payable against allocation of expenses related to registrar services, accounting, operation and valuation services	982	493
Sales load payable	2,297	84
Central Depository Company Of Pakistan Limited - Trustee		
Trustee fee payable	882	974
Security deposit held	100	100
Habib Bank Limited - Sponsor		
Bank balances	3,718,894	1,283,033
Profit receivable	20,579	4,163
Sales load payable	-	864
Directors and Executives of the Management Company		
Outstanding 456,366 (June 30, 2017: 182,262 units) units	47,077	18,315
MCBFSL Trustee Hbl Financial Planning Fund Active Allocation Plan - Associate*		
Outstanding 2,104,306 (June 30, 2017: Nil units) units	217,073	-
MCBFSL Trustee Hbl Financial Planning Fund Conservative Allocation Plan - Associate*		
Outstanding 1,347,200 (June 30, 2017: Nil units) units	138,973	-
MCBFSL Trustee Hbl Financial Planning Fund Strategic Allocation Plan - Associate*		
Outstanding 97,306 (June 30, 2017: Nil units) units	10,038	-
Maple Leaf Capital Limited -Connected Person due to holding of more than 10% units		
Outstanding 11,494,121 (June 30, 2017: 8,991,001 units) units	1,185,696	903,495

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

10 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2017 is 0.48% (2016: 0.45%) which includes 0.13% (2016: 0.08%) representing government levy and SECP fee.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		December 31, 2017						
		Carrying amount			Fair value			
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----						
On-balance sheet financial instruments								
Financial assets not measured at fair value								
	11.1							
Bank balances		7,995,058	-	7,995,058				
Profit receivable		73,826	-	73,826				
Loans and receivables		2,375,000	-	2,375,000				
		10,443,884	-	10,443,884				
Financial liabilities not measured at fair value								
	11.1							
Payable to the Management Company		-	8,828	8,828				
Payable to the Trustee		-	882	882				
Accrued expenses and other liabilities		-	512	512				
Unit holder's fund		-	10,406,226	10,406,226				
		-	10,416,448	10,416,448				
		June 30, 2017						
		Carrying amount			Fair value			
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----						
On-balance sheet financial instruments								
Financial assets not measured at fair value								
	11.1							
Bank balances		6,537,316	-	6,537,316				
Profit receivable		20,561	-	20,561				
Loan and receivable		637,309	-	637,309				
		7,195,186	-	7,195,186				
Financial liabilities not measured at fair value								
	11.1							
Payable to the Management Company		-	4,405	4,405				
Payable to the Trustee		-	974	974				
Redemption payable		-	1,183,625	1,183,625				
Accrued expenses and other liabilities		-	439	439				
Unit holder's fund		-	5,954,130	5,954,130				
		-	7,143,573	7,143,573				

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

11.2 Transfers during the period

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

12 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Management company on February 26, 2018.

13 GENERAL

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

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

13.3 This condensed interim financial information is unaudited, but has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Stock Fund

FUND INFORMATION

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

**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 UNIT HOLDERS

HBL STOCK FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Stock 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 six month period ended December 31, 2017 in accordance with the provisions of the following:

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

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

Karachi, February 23, 2018



AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Stock Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Stock Fund
Condensed Interim Statement of Assets and Liabilities
As At December 31, 2017

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	945,466	650,713
Investments	5	4,543,175	5,800,585
Dividend receivable and accrued mark-up		19,546	33,494
Advances, deposits, prepayments and other receivables	6	4,575	216,628
Total assets		5,512,762	6,701,420
Liabilities			
Payable to the Management Company	7	16,359	21,503
Payable to the Trustee		600	1,418
Payable to the Securities and Exchange Commission of Pakistan		2,675	5,403
Payable against redemption of units		120	181,864
Payable against purchase of investments		61,594	52,836
Dividend payable		-	5,331
Accrued expenses and other liabilities	8	73,900	78,393
Total liabilities		155,248	346,748
Net assets		5,357,514	6,354,672
Unit holders' fund (as per statement attached)		5,357,514	6,354,672
		----- (Number of units) -----	
Number of units in issue		52,529,216	52,323,461
		----- (Rupees) -----	
Net assets value per unit		101.9911	121.4498

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Stock Fund
Condensed Interim Income Statement (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
Note	------(Rupees in '000)-----			
Income				
Dividend income	151,090	113,405	105,172	84,654
Mark-up on deposits with banks	22,759	6,323	11,687	2,694
Mark-up / return on investments - net	-	3,626	-	1,077
Capital (loss) / gain on sale of investments - net	(229,600)	384,099	(213,546)	132,342
	(55,751)	507,453	(96,687)	220,767
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'fair value through profit and loss - held-for-trading' - net	(21,411)	-	21,213	-
Impairment loss on investments classified as 'available-for-sale'	(294,670)	-	(294,670)	-
	(371,832)	507,453	(370,144)	220,767
Expenses				
Remuneration of The Management Company				
Remuneration of Trustee	7.1 & 7.2	63,588	56,475	30,524
Annual fee to the Securities and Exchange Commission of Pakistan		3,749	3,393	1,752
		2,670	2,374	1,278
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.4	2,810	2,369	1,347
Selling and marketing expense	7.3	11,250	-	17,809
Securities transaction costs		3,129	19	-
Auditors' remuneration		304	327	210
Settlement and bank charges		498	826	338
Fee and subscription		30	172	6
Printing expenses		90	185	6
		88,118	66,140	53,310
				34,607
Net (loss) / income from operating activities		(459,950)	441,313	(423,454)
Element of income and capital gains included in prices of units issued less those in units redeemed - net		-	56,243	-
				55,875
Provision for Sindh Workers' Welfare Fund	8.2	-	-	-
Net (loss) / income for the period before taxation		(459,950)	497,556	(423,454)
Taxation	9	-	-	-
Net (loss) / income for the period after taxation		(459,950)	497,556	(423,454)
Allocation of net income for the period:	3.6	-	-	-

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Stock Fund
Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended, December 31,	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(459,950)	497,556	(423,454)	242,035
Other comprehensive income for the period				
Item that may be reclassified subsequently to income statement				
Unrealised (loss) / gain on re-measurement of investments classified as available-for-sale	(42,096)	224,897	339,790	427,088
Net reclassification adjustments relating to available-for-sale financial assets	(517,830)	384,099	(508,216)	132,342
	(559,926)	608,996	(168,426)	559,430
Total comprehensive (loss) / income for the period	(1,019,876)	1,106,552	(591,880)	801,465

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Stock Fund
Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

Note	Half year ended December 31,							
	2017				2016			
	Capital Value	Undistributed income / (accumulated loss)	Unrealised (losses) / gains on investment	Total	Capital Value	Undistributed income / (accumulated loss)	Unrealised (losses) / gains on investment	Total
	-----Rupees in '000-----							
Net assets as at the beginning of the period	5,899,589	(96,624)	551,707	6,354,672	-	-	-	4,519,241
Issuance of 8,746,171 units (2016: 4,253,949 units)								
- Capital value (at net asset value per unit at the beginning of the period)	1,062,221	-	-	1,062,221	-	-	-	-
- Element of loss	(101,503)	-	-	(101,503)	-	-	-	-
Total proceeds on issuance of units	960,718	-	-	960,718	-	-	-	511,022
Redemption of 8,540,416 units (2016: 1,559,444 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(1,037,232)	-	-	(1,037,232)	-	-	-	-
- Element of income	99,232	-	-	99,232	-	-	-	-
Total payments on redemption of units	(938,000)	-	-	(938,000)	-	-	-	(174,983)
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - transferred to Income Statement - net	-	-	-	-	-	-	-	(66,149)
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - transferred to Distribution statement - net	-	-	-	-	-	-	-	9,906
Net (loss) / income for the period	-	(459,950)	-	(459,950)	-	-	-	497,556
Other comprehensive income for the period	-	-	(559,926)	(559,926)	-	-	-	608,996
Total comprehensive income for the period	-	(459,950)	(559,926)	(1,019,876)	-	-	-	1,106,552
Net assets as at the end of the period	5,922,307	(556,574)	(8,219)	5,357,514	-	-	-	5,905,589
Accumulated loss								
- Realised				(96,624)				(872,245)
- Unrealised				-				-
				(96,624)				(872,245)
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - transferred to Distribution statement - net	-	-	-	-	-	-	-	9,906
Net (loss) / income for the period				(459,950)				497,556
Accumulated loss carried forward				(556,574)				(364,783)
Accumulated loss carried forward								
- Realised				(535,163)				(364,783)
- Unrealised				(21,411)				-
				(556,574)				(364,783)
Net asset value per unit at the beginning of the period				127.5936				103.6764
Net asset value per unit at end of the period				101.9911				127.5936

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Stock Fund
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

	2017	2016
Note	----- Rupees in '000 -----	-----
Cash flows from operating activities		
Net (loss) / income for the year before taxation	(459,950)	497,556
Adjustments for:		
Impairment loss on investments classified as available-for-sale	294,670	-
Mark-up on deposits with banks	(22,759)	(6,323)
Dividend income	(151,090)	(113,405)
Capital loss on sale of investments - net	229,600	(384,099)
Net unrealised diminution on re-measurement of investments classified as 'fair value through profit and loss - held-for-trading' - net	21,411	-
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(56,243)
	(88,118)	(62,514)
(Increase) / Decrease in assets		
Investments - net	160,562	(35,621)
Advances, deposits, and other receivables	212,053	455
	372,615	(35,166)
(Decrease) / Increase in liabilities		
Payable to the Management Company	(5,144)	3,303
Payable to the Trustee	(818)	108
Payable to Securities and Exchange Commission of Pakistan	(2,728)	(1,736)
Accrued expenses and other liabilities	(4,493)	15,537
	(13,183)	17,212
Profit on bank deposits received	23,374	4,676
Dividend received	164,422	110,056
	459,110	34,264
Net cash generated from operating activities	459,110	34,264
Cash flows from financing activities		
Amount received on issue of units	960,718	511,022
Payments / Payable against redemption of units	(1,119,744)	(174,983)
Cash dividend paid	(5,331)	-
Net cash (used in) / generated from financing activities	(164,357)	336,039
Net increase in cash and cash equivalents	294,753	370,303
Cash and cash equivalents at beginning of the year	650,713	38,406
Cash and cash equivalents at end of the year	945,466	408,709

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Stock Fund
Notes To The Condensed Interim Financial Information (Un-audited)
For The Half Year Ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

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

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

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

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

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

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

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

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its email dated February 08, 2017. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been higher by Rs 2.27 million. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

3.7 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 period 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/period except that items of other comprehensive income previously presented under 'Statement of income statement and other comprehensive income' in single statement are now presented within 'Income statement' and "statement of comprehensive income" separately.

3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: Financial Instruments (IFRS 9), which will replace IAS 39: Financial Instruments: Recognition and Measurement of Financial assets and Financial liabilities (IAS 39). The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the Fund.

4. BANK BALANCES	Note	(Un-Audited)	(Audited)
		December 31,	June 30,
		2017	2017
----- (Rupees in '000) -----			
Balances with banks in:			
Saving accounts	4.1	943,016	648,263
Current accounts		2,450	2,450
		<u>945,466</u>	<u>650,713</u>

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

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

5. INVESTMENTS

Available-for-sale

- Listed equity securities

5.1 **2,805,595** 5,800,585

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

- Listed equity securities

5.2 **1,737,580** -

4,543,175 **5,800,585**

5.1 Listed equity securities - Available-for-sale

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

Name of the Investee Company	Number of shares					Market value as at December 31, 2017 (Rupees in '000)	Market value as a percentage of		Fair value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2017		Total Investments	Net Assets	
TEXTILE COMPOSITE									
Nishat Mills Limited	1,169,200	-	-	222,000	947,200	141,606	0.03	0.03	0.27
CEMENT									
D G Khan Cement Company Limited	1,184,100	-	-	129,400	1,054,700	141,034	3.10	2.63	0.24
Lucky Cement Limited	415,100	-	-	94,800	320,300	165,726	3.65	3.09	0.10
Pioneer Cement Limited	1,417,800	46,500	-	498,300	966,000	60,974	1.34	1.14	0.43
Cherak Cement Limited	724,100	-	-	724,100	-	-	-	-	-
	3,741,100	46,500	-	1,446,600	2,341,000	367,734	8.09	6.86	-
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	2,616,700	-	-	10,000	2,606,700	237,210	5.22	4.43	0.23
K-electric Limited (face value Rs 3.5 each)	15,000,000	-	-	15,000,000	-	-	-	-	-
	17,616,700	-	-	15,010,000	2,606,700	237,210	5.22	4.43	-
ENGINEERING									
International Industries Limited	360,100	-	-	186,500	173,600	41,683	0.92	0.78	0.14
International Steels Limited	1,056,000	-	-	240,700	815,300	86,723	1.91	1.62	0.19
Mughal Iron & Steel Industries Limited	18,165	-	-	-	18,165	1,085	0.02	0.02	0.01
Crescent Steel & Allied Products Limited	534,800	15,800	-	550,600	-	-	-	-	-
	1,969,065	15,800	-	977,800	1,007,065	129,461	2.85	2.42	-
AUTOMOBILE ASSEMBLER									
Honda Atlas Cars Pakistan Limited	126,550	-	-	92,950	33,600	17,217	0.38	0.32	0.02
Indus Motor Company Limited	66,180	-	-	25,560	40,620	68,249	1.50	1.27	0.05
Motilal Tractors Limited	82,750	-	-	1,100	81,650	95,664	2.11	1.79	0.18
Pak Suzuki Motor Company Limited	189,200	-	-	189,200	-	-	-	-	-
	464,680	-	-	308,810	155,870	181,130	3.99	3.38	-
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	1,726,000	200,000	-	1,055,400	870,600	41,345	0.91	0.77	0.17
PAPER & BOARD									
Packages Limited	239,700	-	-	80,600	159,100	81,114	1.79	1.51	0.18
LEATHER & TANNERIES									
Service Industries Limited	40,800	-	-	1,520	39,280	29,460	0.65	0.55	0.33
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	170,140	-	-	52,720	117,420	170,361	3.75	3.18	0.11
Oil & Gas Development Company Limited	1,752,900	-	-	557,700	1,195,200	194,567	4.28	3.63	0.03
Pakistan Oilfields Limited	347,900	-	-	85,000	262,900	156,231	3.44	2.92	0.11
Pakistan Petroleum Limited	856,300	141,600	-	300,000	697,900	143,705	3.16	2.68	0.04
	3,127,240	141,600	-	995,420	2,273,420	664,864	14.63	12.41	-
OIL & GAS MARKETING COMPANIES									
Hasecol Petroleum Limited	580,900	-	-	229,800	351,100	86,736	1.91	1.62	0.24
Pakistan State Oil Company Limited	436,800	50,700	48,640	244,300	291,840	85,541	1.88	1.60	0.09
Sui Northern Gas Pipeline Limited	1,466,000	-	-	633,300	832,700	78,782	1.73	1.47	0.13
	2,483,700	50,700	48,640	1,107,400	1,475,640	251,059	5.52	4.69	-
COMMERCIAL BANKS									
Allied Bank Limited	1,251,700	-	-	567,058	684,642	58,181	1.28	1.09	0.06
MCB Bank Limited	1,234,700	-	-	725,000	509,700	108,220	2.38	2.02	0.04
United Bank Limited	1,343,500	-	-	386,000	1,155,500	217,199	4.78	4.05	0.09
Habib Bank Limited	942,619	-	-	942,619	-	-	-	-	-
	4,770,519	-	-	2,420,677	2,349,842	383,600	8.44	7.16	-
FERTILIZER									
Engro Corporation Limited	1,044,000	100,000	-	402,000	762,000	209,360	4.61	3.91	0.15
Engro Fertilizers Limited	315,500	-	-	315,500	-	-	-	-	-
Engro Polymer & Chemicals Limited	3,101,000	-	-	3,101,000	-	-	-	-	-
	4,460,500	100,000	-	3,818,500	762,000	209,360	4.61	3.91	-
PHARMACEUTICAL									
Searle Company Limited	361,804	10,000	57,730	151,150	278,384	87,652	1.93	1.64	0.05
Total as at December 31, 2017									
	47,191,008	564,600	106,270	27,595,877	15,266,101	2,805,595	58.66	49.70	-
Carrying value as at December 31, 2017									
						3,153,479			

5.1.1 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 3.78 million at December 31, 2017 (June 30, 2017: Rs. 2.79 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

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

5.2.1 Listed equity securities

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

Name of the Investee Company	Number of shares				As at December 31, 2017	Market value as at December 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
TEXTILE COMPOSITE									
Nishat Mills Limited	-	117,000	-	-	117,000	17,492	0.39	0.33	0.03
Nishat Chunian Limited	-	1,032,500	-	1,032,500	-	-	-	-	-
	-	1,149,500	-	-	117,000	17,492	0.39	0.33	-
CEMENT									
D G Khan Cement Company Limited.	-	409,500	-	-	409,500	54,758	1.21	1.02	0.09
Fauji Cement Company Limited	-	2,410,500	-	-	2,410,500	60,287	1.33	1.13	0.17
Lucky Cement Limited	-	98,800	-	-	98,800	51,120	1.13	0.95	0.03
Pioneer Cement Limited	-	26,000	-	-	26,000	1,641	0.04	0.03	0.01
	-	2,944,800	-	-	2,944,800	167,806	3.71	3.13	-
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	-	584,200	-	-	584,200	53,162	1.17	0.99	0.05
ENGINEERING									
Amrel Steels Limited	-	1,514,200	-	320,500	1,193,700	110,608	2.43	2.06	0.40
International Industries Limited	-	264,500	-	-	264,500	63,509	1.40	1.19	0.22
Crecent Steels & Allied Products Ltd	-	92,800	-	92,800	-	-	-	-	-
	-	1,778,700	-	320,500	1,458,200	174,117	3.83	3.25	-
CHEMICALS									
Engro Polymer & Chemicals Ltd	-	400,000	-	400,000	-	-	-	-	-
AUTOMOBILE ASSEMBLER									
Honda Atlas Cars (Pakistan) Limited	-	58,700	-	-	58,700	30,078	0.66	0.56	0.04
Indus Motor Company Limited	-	6,000	-	-	6,000	10,081	0.22	0.19	0.01
Millat Tractors Limited	-	15,040	-	-	15,040	17,621	0.39	0.33	0.03
	-	79,740	-	-	79,740	57,780	1.27	1.08	-
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	-	558,200	-	-	558,200	26,509	0.58	0.49	0.11
PHARMACEUTICALS									
The Searle Company Limited	-	31,000	6,200	-	37,200	11,713	0.26	0.22	0.02
LEATHER & TANNERIES									
Service Industries Limited	-	1,500	-	-	1,500	1,125	0.02	0.02	0.01
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	-	20,200	-	-	20,200	29,308	0.65	0.55	0.02
Oil & Gas Development Company Limited	-	513,000	-	-	513,000	83,511	1.84	1.56	0.01
Pakistan Oilfields Limited	-	140,500	-	-	140,500	83,494	1.84	1.56	0.06
Pakistan Petroleum Limited	-	614,600	-	-	614,600	126,552	2.79	2.36	0.03
	-	1,288,300	-	-	1,288,300	322,865	7.12	6.03	-
OIL & GAS MARKETING COMPANIES									
Hascal Petroleum Limited	-	36,500	-	-	36,500	9,017	0.20	0.17	0.03
Hascal Petroleum Limited -LDR	-	90,960	-	90,960	-	-	-	-	-
Pakistan State Oil Company Limited	-	87,000	-	-	87,000	25,501	0.56	0.48	0.03
Sui Northern Gas Pipeline Limited	-	223,700	-	-	223,700	21,164	0.47	0.40	0.04
	-	438,160	-	90,960	347,200	55,682	1.23	1.05	-
COMMERCIAL BANKS									
Allied Bank Ltd	-	19,000	-	-	19,000	1,615	0.04	0.03	0.00
Bank Al-Falah Ltd	-	2,729,000	-	-	2,729,000	115,983	2.55	2.16	0.17
Bank Al-Habib Limited	-	1,487,500	-	-	1,487,500	86,811	1.91	1.62	0.13
Habibs Bank Ltd	-	1,769,800	-	34,381	1,735,419	289,971	6.38	5.41	0.12
NCB Bank Ltd	-	260,400	-	-	260,400	55,288	1.22	1.03	0.02
United Bank Limited	-	458,200	-	-	458,200	86,128	1.90	1.61	0.04
	-	6,723,900	-	34,381	6,689,519	635,796	14.00	11.86	-
FERTILIZER									
Engro Corporation Ltd	-	193,900	-	-	193,900	53,274	1.17	0.99	0.04
Engro Fertilizers Limited	-	2,466,500	-	100,000	2,366,500	160,259	3.53	2.99	0.18
	-	2,660,400	-	100,000	2,566,400	213,533	4.70	3.98	-
Total as at December 31, 2017	-	18,731,200	6,200	2,071,141	16,666,259	1,737,580	38.28	32.43	-

Carrying value as at December 31, 2017

1,758,991

5.3 Investments include shares having market value aggregating to Rs. 214.52 million (June 30, 2017: Rs. 369.25 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

5.4.1 Net unrealised (diminution) / appreciation on

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	(Rupees in '000)	
available for sale			
Market value of investments	5.1	2,805,595	5,800,585
Cost of investments	5.1	3,153,479	5,293,873
Provision against equity securities	5.4.1.1	(339,665)	(44,995)
		2,813,814	5,248,878
		(8,219)	551,707

5.4.1.1 Movement in impairment against equity securities

Opening balance		44,995	81,273
Add: Charge for the period / year		294,670	35,921
Less: Reversals made during the period / year		-	(72,199)
Net charge / (reversal)		294,670	(36,278)
Closing balance		339,665	44,995

6. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Receivable against sale of securities		1,955	2,159
Advance against subscription of Term Finance Certificates (TFC)		25,000	25,000
Receivable against sale of units		20	-
Prepaid annual listing fee		-	211,869
		29,575	241,628
Less: Provision in respect of advance against subscription of term finance certificates		(25,000)	(25,000)
		4,575	216,628

7. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee	7.1	8,936	10,522
Sindh Sales Tax	7.2	1,162	1,368
Sales load payable		411	426
Selling and marketing payable	7.3	5,403	8,661
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.4	447	526
		16,359	21,503

7.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2017: two percent per annum) of the average annual net assets of the Fund for the current period.

7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

7.3 SECP vide its circular No.SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower. The Fund has accrued expense on this account at 0.4% per annum of net assets of the Fund effective from March 01, 2017. During the period a clarification was received from the SECP on September 19, 2017 and as a result expense charged to the Fund amounting to Rs. 13.794 million have been reversed which includes Rs. 8.661 million pertaining to the year ended June 30, 2017.

On October 11, 2017, the SECP further clarified that expenses other than related to opening of new branches can be charged to the Fund.- Accordingly, the Fund has been charged Rs. 17.814 million in respect of selling and marketing resulting net impact of Rs. 11.255 million in income statement.

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

	Note	(Un-Audited)	(Audited)
		December 31, 2017	June 30, 2017
(Rupees in '000)			
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Federal Excise Duty	8.1	37,838	37,838
Provision for Sindh Workers' Welfare Fund	8.2	34,381	34,381
Withholding tax payable		678	5,178
Auditors remuneration		302	530
Other Payables		701	466
		<u>73,900</u>	<u>78,393</u>

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

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

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

As there is loss for the half year ended December 31, 2017, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.654 per unit (June 30, 2017: 0.657 per unit).

9. TAXATION

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

10. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2017 is 1.58% (December 31, 2016 : 1.33%), which includes 0.19% (December 31, 2017 : 0.19%) representing government levy, Sindh Worker's Welfare Fund and SECP fee.

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

11.1 Transactions during the period	(Un-Audited)	
	Half year ended	
	December 31,	2016
	2017	2016
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee including sales tax thereon	63,588	56,475
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,810	2,369
Selling and Marketing expense	11,250	-
Habib Bank Limited - Sponsor		
Bank charges paid	5	5
Profit on bank deposits earned	2,449	1,173
Dividend income earned	1,225	9,020
Purchase of Nil shares (December 31, 2016: 840,800 shares)	-	204,236
Sale of 34,381 shares (December 31, 2016: 770,700 shares)	5,501	168,168
Capital gain on sale of shares	-	33,487
Executives and their relatives		
Issuance of 60,366 units (December 31, 2016: Nil units)	6,258	2,000
Redemption of 10,431 units (December 31, 2016: Nil units)	1,083	200
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	3,749	3,393
Central Depository Service charges	138	385
MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan		
Issuance of 723,889 units (December 31, 2016 : Nil units)	73,900	-
MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan		
Issuance of 357,628 units (December 31, 2016 : Nil units)	36,350	-
MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan		
Issuance of 491,579 units (December 31, 2016 : Nil units)	49,400	-
Packages Limited		
Purchase of shares Nil units (December 31, 2016: 55,000 shares)	-	37,733
Sale of 80,600 shares (December 31, 2016: 52,050 shares)	40,784	43,442
Capital gain on sale of shares	3,722	13,395
11.2 Balances outstanding as at period / year end		
	(Un-Audited)	(Audited)
	December 31,	June 30,
	2017	2017
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	8,936	10,522
Sindh Sales Tax	1,162	1,368
Sales load payable	411	426
Selling and marketing payable	5,403	8,661
Allocation of expenses related to registrar services, accounting, operation and valuation services	447	526
Habib Bank Limited - Sponsor		
Investment held in the Fund: 37,754,700 units (June 30, 2017: 37,754,700 units)	3,851,115	4,480,452
Bank balances	784,101	57,148
Ordinary Shares held in Habib Bank Limited: 1,735,419 shares (June 30, 2017: 942,619 shares)	289,971	253,696
Markup receivable	857	219

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	----- (Rupees in '000) -----	
Directors and Executives of the Management Company and their relatives		
Directors and their relatives		
Investment held in the Fund: 95,343 units (June 30, 2017: 45,408 units)	<u>9,725</u>	<u>1,197</u>
HBL Employees Provident Fund - Associated Entity		
Investment held in the Fund: 7,125,389 units (June 30, 2017: 6,737,264 units)	<u>726,815</u>	<u>698,495</u>
MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan		
Investment held in the Fund: 723,889 units (June 30, 2017: Nil units)	<u>73,839</u>	<u>-</u>
MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan		
Investment held in the Fund: 357,628 units (June 30, 2017: Nil units)	<u>36,479</u>	<u>-</u>
MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan		
Investment held in the Fund: 491,579 units (June 30, 2017: Nil units)	<u>50,143</u>	<u>-</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable including sales tax thereon	<u>600</u>	<u>1,418</u>
Security deposit	<u>100</u>	<u>100</u>

Units outstanding as at December 31, 2017 are calculated on the basis of latest announced NAV i.e. December 29, 2017.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		December 31, 2017 (Un-Audited)					Fair Value			
		Carrying amount								
	Note	Available-for-sale	Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments - Listed equity securities										
		2,805,595	1,737,580	-	-	4,543,175	4,543,175	-	-	4,543,175
Financial assets not measured at fair value										
	14.1	-	-	945,466	-	945,466	-	-	-	-
		-	-	19,546	-	19,546	-	-	-	-
		-	-	1,955	-	1,955	-	-	-	-
		-	-	969,967	-	969,967	-	-	-	-
Financial liabilities not measured at fair value										
	14.1	-	-	-	15,197	15,197	-	-	-	-
		-	-	-	531	531	-	-	-	-
		-	-	-	2,675	2,675	-	-	-	-
		-	-	-	1,003	1,003	-	-	-	-
		-	-	-	19,406	19,406	-	-	-	-
June 30, 2017										
		Carrying amount				Fair Value				
	Note	Available-for-sale	Held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments - Listed equity securities										
		5,800,585	-	-	-	5,800,585	5,800,585	-	-	5,800,585
Financial assets not measured at fair value										
		-	-	650,713	-	650,713	-	-	-	-
		-	-	33,494	-	33,494	-	-	-	-
		-	-	216,628	-	216,628	-	-	-	-
		-	-	900,835	-	900,835	-	-	-	-
Financial liabilities not measured at fair value										
		-	-	-	21,503	21,503	-	-	-	-
		-	-	-	1,418	1,418	-	-	-	-
		-	-	-	5,331	5,331	-	-	-	-
		-	-	-	53,832	53,832	-	-	-	-
		-	-	-	6,354,672	6,354,672	-	-	-	-
		-	-	-	6,436,756	6,436,756	-	-	-	-

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

12.2 Transfers during the period

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

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

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Income Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at December 31, 2017, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

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

14. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 26, 2018.

15. GENERAL

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

15.2 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Equity Fund
(Formerly: PICIC Stock Fund)

FUND INFORMATION

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

**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
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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

**HBL EQUITY FUND
(Formerly PICIC STOCK FUND)**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Equity Fund (Formerly PICIC Stock 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 six month period ended December 31, 2017 in accordance with the provisions of the following:

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

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

Karachi, February 23, 2018



AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Equity Fund [Formerly PICIC Stock Fund]**(the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Equity Fund (Formerly PICIC Stock Fund)
Condensed Interim Statement of Assets and Liabilities
As At December 31, 2017

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	57,045	63,886
Investments	5	249,558	521,086
Dividend and profit receivable		1,469	2,123
Receivable against sale of investments		4,336	-
Deposits and prepayments		2,716	2,636
Total assets		315,124	589,731
Liabilities			
Payable to the Management Company	6	992	1,945
Payable to the Trustee		72	236
Payable to Securities and Exchange Commission of Pakistan		162	396
Payable against redemption of units		30	102,677
Accrued expenses and other liabilities	7	8,973	15,652
Total liabilities		10,229	120,906
Net assets		304,895	468,825
Unit holders' fund (as per statement attached)		304,895	468,825
----- (Number of Units) -----			
Number of units in issue		2,907,683	3,761,312
----- (Rupees) -----			
Net assets value per unit		104.8584	124.6444

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Equity Fund (Formerly PICIC Stock Fund)
Condensed Interim Income Statement (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2017	2016	2017	2016
----- (Rupees in '000) -----					
Income					
Capital (loss) / gain on sale of investments - net		(37,230)	26,684	(20,888)	16,281
Dividend income		8,428	8,258	5,801	5,565
Profit on bank deposits		1,428	981	675	293
		(27,374)	35,923	(14,412)	22,139
Unrealised (diminution) / appreciation on re-measurement of investments at 'fair value through profit and loss - held-for-trading' - net		(31,435)	43,966	5,182	40,561
		(58,809)	79,889	(9,230)	62,700
Expenses					
Remuneration of the Management Company	6.1 & 6.2	3,850	3,854	1,700	2,188
Remuneration of the Trustee		419	421	199	219
Annual fee to Securities and Exchange Commission of Pakistan		162	162	72	92
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	170	176	75	96
Selling and marketing expenses	6.4	681	-	1,192	-
Amortisation of preliminary expenses and floatation costs		-	54	-	-
Securities transaction costs and bank charges		787	2,126	355	1,178
Auditors' remuneration		222	342	106	210
Printing and postage expenses		173	176	89	65
Fees and subscription		29	99	16	15
		6,493	7,410	3,804	4,063
Net (loss) / income from operating activities		(65,302)	72,479	(13,034)	58,637
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to income statement	3.6	-	6,630	-	(2,900)
Provision for Sindh Workers' Welfare Fund	8	-	-	-	-
Net (loss) / income for the period before taxation		(65,302)	79,109	(13,034)	55,737
Taxation	9	-	-	-	-
Net (loss) / income for the period after taxation		(65,302)	79,109	(13,034)	55,737
Allocation of net income for the period	3.6	-	-	-	-

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Equity Fund (Formerly PICIC Stock Fund)
Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended, December 31,	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(65,302)	79,109	(13,034)	55,737
Other comprehensive income for the period				
Item that may be reclassified subsequently to income statement	-	-	-	-
Total comprehensive (loss) / income for the period	(65,302)	79,109	(13,034)	55,737

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Equity Fund (Formerly PICIC Stock Fund)
Condensed Interim Statement of Movement in Unitholders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,					
	2017			2016		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Note	(Rupees in '000)					
Net assets at beginning of the period	376,127	92,698	468,825	-	-	173,508
Issuance of 596,784 units (2016: 3,712,375 units)						
- Capital value (at net asset value per unit at the beginning of the period)	74,386	-	74,386			
- Element of loss	(5,821)	-	(5,821)			
Total proceeds on issuance of units	3.6	68,565	68,565	-	-	440,806
Redemption of 1,450,413 units (2016: 2,296,747 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(180,786)	-	(180,786)			
- Element of income	13,593	-	13,593			
Total payments on redemption of units	3.6	(167,193)	(167,193)	-	-	(282,379)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-	(16,864)
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to Distribution Statement	3.6	-	-	-	-	10,234
Net (loss) / income for the period after taxation		(65,302)	(65,302)	-	-	79,109
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		(65,302)	(65,302)	-	-	79,109
Net assets at end of the period	277,499	27,396	304,895	-	-	404,414
Undistributed income brought forward						
- Realised			84,641			12,132
- Unrealised			8,057			(431)
			92,698			11,701
Net (loss) / income for the period			(65,302)			79,109
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to Distribution Statement	3.6		-			10,234
Undistributed income carried forward			27,396			101,044
Undistributed income carried forward						
- Realised			58,831			57,078
- Unrealised			(31,435)			43,966
			27,396			101,044
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			124.6444			107.2297
Net assets value per unit at end of the period			104.8584			133.3060

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Equity Fund (Formerly PICIC Stock Fund)
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,	
	2017	2016
Note	----- (Rupees in '000) -----	
Cash flows from operating activities		
Net (loss) / income for the period before taxation	(65,302)	79,109
Adjustments for:		
Dividend Income	(8,428)	(8,258)
Profit on bank deposits	(1,428)	(981)
Capital loss / (gain) on sale of investments - net	37,230	(26,684)
Amortisation of preliminary expenses and floatation costs	-	54
Unrealised diminution / (appreciation) on re-measurement of investments at fair value through 'profit and loss - held-for-trading' - net	31,435	(43,966)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(6,630)
	(6,493)	(7,356)
Decrease / (increase) in assets		
Investments - net	198,527	(193,496)
Deposits, prepayments and other receivables	(80)	57
	198,447	(193,439)
(Decrease) / increase in liabilities		
Payable to the Management Company	(953)	80
Payable to the Trustee	(164)	12
Payable to Securities and Exchange Commission of Pakistan	(234)	(129)
Accrued expenses and other liabilities	(6,679)	(1,821)
	(8,030)	(1,858)
Net cash generated from / (used in) operations		
	183,924	(202,653)
Dividend received	9,171	7,582
Profit received on bank deposits	1,339	1,016
	10,510	8,598
Net cash generated from / (used in) operating activities		
	194,434	(194,055)
Cash flows from financing activities		
Amount received on issue of units	68,565	440,806
Payment against redemption of units	(269,840)	(282,379)
Net cash (used in) / generated from financing activities		
	(201,275)	158,427
Net decrease in cash and cash equivalents		
	(6,841)	(35,628)
Cash and cash equivalents at beginning of the period	63,886	41,775
Cash and cash equivalents at end of the period	4	57,045
	6,147	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Equity Fund (Formerly PICIC Stock Fund)
Notes To The Condensed Interim Financial Information (Un-audited)
For The Half Year Ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2017 except as explained in note 3.6 and note 3.7.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.4 "Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2017.
- 3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to 'element of income' and excludes the element of income from the expression 'accounting income' as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'income statement' and 'statement of movement in unit holders' fund', whereas disclosure with respect to 'distribution statement' has been deleted in the revised regulations.

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

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

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been lower by Rs. 7.77 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income statement' and 'Statement of movement in unit holders' fund' which have been incorporated in these statements.

- 3.7 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 period 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/period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'Income statement' and 'statement of comprehensive income' separately.

- 3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: 'Financial Instruments' (IFRS 9), which will replace IAS 39: 'Financial Instruments: Recognition and Measurement' (IAS 39) of financial assets and financial liabilities. The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.
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		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000)	(Rupees in '000)
4. BANK BALANCES			
In saving accounts	4.1	57,045	63,886
Mark-up rate on these accounts is 5.35% per annum (June 30, 2017: 6.00% per annum).			
5. INVESTMENTS			
Financial assets at fair value through profit or loss - held-for-trading - Listed equity securities	5.1	249,558	521,086

5.1 Financial assets at fair value through profit or loss - held-for-trading - listed equity securities

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

Name of the Investee Company	Number of Shares				As at December 31, 2017	Market Value			Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the year	Bonus / right issues	Sales during the period		As at December 31, 2017 (Rupees in '000)	As a percentage of total investments	As a percentage of net assets	
AUTOMOBILE ASSEMBLER									
Indus Motor Company Limited	-	2,700	-	-	2,700	4,536	1.82	1.49	0.00
Honda Atlas Cars (Pakistan) Limited	-	5,500	-	5,500	-	-	-	-	-
Millat Tractors Limited	8,000	-	-	2,760	5,240	6,139	2.46	2.01	0.01
Pak Suzuki Motor Company Limited	20,500	2,000	-	22,500	-	-	-	-	-
	28,500	10,200	-	30,760	7,940	10,675	4.28	3.50	
AUTOMOBILE PARTS & ACCESSORIES									
Thal Limited (par value of Rs. 5 each)	8,600	-	-	8,600	-	-	-	-	-
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	157,500	68,000	-	154,000	71,500	3,396	1.36	1.11	0.01
CEMENT									
Cherat Cement Company Limited.	69,000	-	-	69,000	-	-	-	-	-
Lucky Cement Limited	41,800	6,650	-	25,300	23,150	11,978	4.80	3.93	0.01
Fauji Cement Company Limited	-	135,000	-	-	135,000	3,376	1.35	1.11	0.00
D. G. Khan Cement Company Limited	81,500	35,000	-	39,000	77,500	10,363	4.15	3.40	0.02
Pioneer Cement Limited	126,000	59,000	-	126,000	59,000	3,724	1.49	1.22	0.03
	318,300	235,650	-	259,300	294,650	29,441	11.79	9.66	
CHEMICAL									
Engro Polymer & Chemicals Limited	285,000	-	-	285,000	-	-	-	-	-
COMMERCIAL BANKS									
Allied Bank Limited	120,000	-	-	81,000	39,000	3,314	1.33	1.09	0.00
Bank Al-Falah Limited	-	135,000	-	-	135,000	5,738	2.30	1.88	0.01
Bank Al-Habib Limited	-	81,500	-	-	81,500	4,756	1.91	1.56	0.01
Habib Bank Limited	83,300	71,000	-	73,200	81,100	13,551	5.43	4.44	0.01
MCB Bank Limited	141,500	12,000	-	110,000	43,500	9,236	3.70	3.03	0.00
United Bank Limited	108,000	29,700	-	43,700	94,000	17,669	7.08	5.80	0.01
	452,800	329,200	-	307,900	474,100	54,264	21.75	17.80	
ENGINEERING									
Amrrell Steels Limited	57,000	77,500	-	71,000	63,500	5,884	2.36	1.93	0.02
Crescent Steel & Allied Products Limited	62,500	-	-	62,500	-	-	-	-	-
International Steels Limited	151,500	25,000	-	119,700	56,800	6,042	2.42	1.98	0.01
International Industries Ltd	-	42,100	-	15,500	26,600	6,387	2.56	2.09	0.02
	271,000	144,600	-	268,700	146,900	18,313	7.34	6.00	

Name of the Investee Company	Number of Shares				Market Value				Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the year	Bonus / right issues	Sales during the period	As at December 31, 2017	As at December 31, 2017 (Rupees in '000)	As a percentage of total investments	As a percentage of net assets	
FERTILIZER									
Engro Corporation Limited	78,500	13,000	-	37,000	54,500	14,974	6.00	4.91	0.01
Engro Fertilizers Limited	-	110,000	-	-	110,000	7,449	2.98	2.44	0.01
Fauji Fertilizer Company Limited	-	75,000	-	75,000	-	-	-	-	-
	78,500	198,000	-	112,000	164,500	22,423	8.98	7.35	
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	14,670	2,000	-	7,300	9,370	13,595	5.45	4.46	0.01
Oil & Gas Development Company Limited	145,400	38,000	-	89,000	94,400	15,367	6.16	5.04	0.00
Pakistan Oilfields Limited	30,500	3,700	-	13,500	20,700	12,301	4.93	4.03	0.01
Pakistan Petroleum Limited	93,100	15,000	-	36,150	71,950	14,815	5.94	4.86	0.00
	283,670	58,700	-	145,950	196,420	56,078	22.48	18.39	
OIL & GAS MARKETING COMPANIES									
Attock Petroleum Limited	12,000	-	-	12,000	-	-	-	-	-
Hascol Petroleum Limited	51,100	-	-	29,000	22,100	5,460	2.19	1.79	0.02
Hascol Petroleum Limited - LoR	-	5,420	-	5,420	-	-	-	-	-
Pakistan State Oil Company Limited	37,900	22,000	3,080	42,500	20,480	6,003	2.41	1.99	0.01
Sui Northern Gas Pipeline Limited	122,000	-	-	61,300	60,700	5,743	2.30	1.88	0.01
	223,000	27,420	3,080	150,220	103,280	17,206	6.90	5.66	
PAPER & BOARD									
Packages Limited	15,300	-	-	3,000	12,300	6,271	2.51	2.06	0.01
PHARMACEUTICALS									
Abbott Laboratories (Pak) Limited	10,900	-	-	10,900	-	-	-	-	-
The Searle Company Limited	40,320	-	3,444	27,100	16,664	5,247	2.10	1.72	0.01
	51,220	-	3,444	38,000	16,664	5,247	2.10	1.72	
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	250,000	-	-	65,000	185,000	16,836	6.75	5.52	0.02
TECHNOLOGY & COMMUNICATION									
Systems Limited	88,500	-	-	85,000	3,500	259	0.10	0.08	0.00
TEXTILE COMPOSITE									
Nishat (Chunian) Limited	-	108,000	-	108,000	-	-	-	-	-
Nishat Mills Limited	114,200	14,000	-	67,000	61,200	9,149	3.66	3.00	0.02
	114,200	122,000	-	175,000	61,200	9,149	3.66	3.00	
Total December 31, 2017					1,737,954	249,558	100.00	81.85	
Carrying Value as at December 31, 2017						280,993			

5.1.1 The above investments include shares with market value aggregating to Rs. 19,482 million (June 2017: Rs. 27,724 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

		December 31, 2017 (Un-Audited)	June 30, 2017 Audited
	Note	(Rupees in '000) -----	
6. PAYABLE TO MANAGEMENT COMPANY			
Remuneration of the Management Company	6.1	492	904
Sindh Sales tax on remuneration of the Management Company	6.2	64	118
Sales load payable		110	191
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	25	45
Selling and marketing expenses	6.4	301	687
		<u>992</u>	<u>1,945</u>

6.1 In line with amendments introduced in Regulation 61 of the NBFC Regulation, the Management Company has reduced its remuneration at 2% of the average annual net assets of the Fund effective from May 25, 2016. Uptill May 24, 2016, the Management Company was charging its Remuneration at 3% per annum. The remuneration is paid to the Management Company monthly in arrears.

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

6.3 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the scheme or actual whichever is less.

6.4 SECP vide its circular No.SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower. The Fund has started accruing expense on this account at 0.4% per annum of net assets of the Fund effective from March 21, 2017. During the period a clarification was received from the SECP on September 19, 2017 and as a result expense charged to the Fund amounting to Rs. 1.025 million have been reversed which includes Rs. 0.687 million pertaining to the year ended June 30, 2017.

On October 11, 2017, the SECP further clarified that expenses other than related to opening of new branches can be charged to the Fund. Accordingly, the Fund has been charged Rs. 1.706 million in respect of selling and marketing resulting net impact of Rs. 0.681 million in income statement.

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000) -----	
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	7.1	5,685	5,685
Withholding tax payable		-	4,795
Provision for Sindh Workers' Welfare Fund	8	2,768	2,768
Dividend payable		-	1,484
Brokerage payable		123	482
Auditors' remuneration		223	315
Printing and other related cost		140	80
Others		34	43
		<u>8,973</u>	<u>15,652</u>

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

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 5.685 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 1.96 per unit (June 30, 2017: Rs. 1.51 per unit).

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

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

As there is loss for the half year ended December 31, 2017, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been made, net assets value per unit at December 31, 2017 would have been higher by Rs. 0.9520 per unit (June 30, 2017: Rs. 0.7359 per unit).

9. TAXATION

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

10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

		Half year ended December 31,	
		2017	2016
		----- (Rupees in '000) -----	
10.1	Transactions during the period		
	HBL Asset Management Limited - Management Company		
	Remuneration of the Management Company	3,407	3,411
	Sindh Sales Tax on remuneration of the Management Company	443	443
	Allocation of expenses related to registrar services, accounting, operation and valuation services	170	176
	Sales load paid	191	608
	MCB Bank Limited (Formerly NIB Bank Limited) - connected person holding 10% or more units		
	Bank charges	11	3
	Profit on bank deposits	1,428	981
	Issue of nil units (2016: 2,143,391 units)	-	260,000
	Redemption of nil units (2016: 1,145,555 units)	-	149,245

	Half year ended December 31,	
	2017	2016
	----- (Rupees in '000) -----	
Directors and Executives of the Management Company		
Issue of nil units (2016: 24,686 units)	-	2,896
Redemption of 25,378 units (2016: 3,511 units)	2,741	441
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	419	-
Central Depository Service charges	20	56
Habib Bank Limited - associated company		
Purchase of 71,000 shares (2016: 85,000 shares)	12,801	19,059
Sale of 73,200 shares (2016: 45,100 shares)	16,358	10,426
Gain on sale of shares	2,364	1,260
Packages Limited - associated company		
Purchase of nil shares (2016: 5,300 shares)	-	3,782
Sale of 3,000 shares (2016: nil shares)	2,085	-
	December 31,	June 30,
	2017	2017
	(Un-Audited)	(Audited)
	----- (Rupees in '000) -----	
10.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Units held: 814,872 units (June 30, 2017: 814,872 units)	85,457	101,569
Remuneration payable to the Management Company	492	904
Sindh sales tax on remuneration of the Management Company	64	118
Sales load payable	110	191
Selling and marketing expenses	301	687
Allocation of expenses related to registrar services, accounting, operation and valuation services	25	45
MCB Bank Limited (Formerly NIB Bank Limited) - connected person holding 10% or more units		
Bank balances	56,651	63,886
Units held: 1,022,050 units (June 30, 2017: 1,022,050 units)	107,184	127,393
Directors and Executives of the Management Company		
Units held in the Fund: nil units (June 30, 2017: 25,378 units)	-	3,163
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	59	187
Sindh Sales Tax on trustee remuneration	8	24
CDS Charges payable	5	25
Security deposit	100	100

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		December 31, 2017							
		Carrying amount			Fair Value				
		Fair value through profit or loss - held-for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
At fair value through profit or loss account - held-for-trading - Listed equity securities									
		249,558	-	-	249,558	249,558	-	-	249,558
		249,558	-	-	249,558	249,558	-	-	249,558
Financial assets not measured at fair value									
	11.1								
		-	57,045	-	57,045				
		-	1,469	-	1,469				
		-	4,336	-	4,336				
		-	62,850	-	62,850				
Financial liabilities not measured at fair value									
	11.1								
		-	-	992	992				
		-	-	72	72				
		-	-	520	520				
		-	-	304,895	304,895				
		-	-	306,479	306,479				

		June 30, 2017						
		Carrying amount			Fair Value			
On-balance sheet financial instruments	Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
Financial assets measured at fair value								
At fair value through profit or loss - held-for-trading								
- Listed equity securities								
	521,086	-	-	521,086	521,086	-	-	521,086
	521,086	-	-	521,086	521,086	-	-	521,086
Financial assets not measured at fair value								
	11.1							
Bank balances								
	-	63,886	-	63,886				
Dividend receivable and accrued mark-up								
	-	2,123	-	2,123				
	-	66,009	-	66,009				
Financial liabilities not measured at fair value								
	11.1							
Payable to the Management Company								
	-	-	1,945	1,945				
Payable to the Trustee								
	-	-	236	236				
Accrued expenses and other liabilities								
	-	-	2,404	2,404				
Unit holder's fund								
	-	-	468,825	468,825				
	-	-	473,410	473,410				

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

11.2 Transfers during the period

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

12. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended December 31, 2017 is 2.13% which includes 0.21% representing government levy and SECP fee.

13. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 26, 2018 .

14. GENERAL

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

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

14.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL
Energy Fund
(Formerly: PICIC Energy Fund)

FUND INFORMATION

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

TRUSTEE REPORT TO THE UNIT HOLDERS
HBL ENERGY FUND (Formerly PICIC Energy Fund)

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-8, Block 'B',
S.M.C.H.S. Main Shakra-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ENERGY FUND
(Formerly PICIC ENERGY FUND)

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Energy Fund (Formerly PICIC Energy 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 six month period ended December 31, 2017 in accordance with the provisions of the following:

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


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

Karachi, February 23, 2018



AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Energy Fund** [Formerly PICIC Energy Fund] (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Energy Fund (Formerly PICIC Energy Fund)
 Condensed Interim Statement of Assets and Liabilities
 As at December 31, 2017

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	298,916	46,292
Investments	5	960,283	781,709
Dividends and profit receivable		7,894	2,588
Deposits, prepayments and other receivables		2,865	2,814
Total assets		1,269,958	833,403
Liabilities			
Payable to the Management Company	6	2,739	2,849
Payable to the Trustee		171	338
Payable to Securities and Exchange Commission of Pakistan		397	803
Payable against purchase of investments		81,350	-
Payable against redemption of units		-	946
Accrued expenses and other liabilities	7	22,495	24,961
Unclaimed dividend (including dividend payable)		5,394	8,712
Total liabilities		112,546	38,609
Net assets		1,157,412	794,794
Unit holders' fund (as per statement attached)		1,157,412	794,794
		----- (Number of units) -----	
Number of units in issue		81,708,712	52,859,581
		----- (Rupees) -----	
Net assets value per unit		14.1651	15.0359

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

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

 Chief Financial Officer

 Chief Executive Officer

 Director

HBL Energy Fund (Formerly PICIC Energy Fund)
Condensed Interim Income Statement (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

Note	Half year ended December 31,		Quarter ended December 31,	
	Un-Audited			
	2017	2016	2017	2016
	(Rupees in '000)			
Income				
Capital (loss) / gain on sale of investments - net	(48,832)	46,070	(46,465)	30,633
Dividend income	24,777	28,678	21,986	15,243
Profit on bank deposits	2,710	1,580	1,548	774
	(21,345)	76,328	(22,931)	46,650
Unrealised (diminution) / appreciation on re-measurement of investments classified at 'fair value through profit or loss - held-for-trading' - net	(13,293)	146,938	(10,763)	79,453
	(34,638)	223,266	(33,694)	126,103
Expenses				
Remuneration of the Management Company	9,448	9,101	4,945	4,444
Remuneration of the Trustee	943	910	493	444
Annual fee to Securities and Exchange Commission of Pakistan	397	383	208	187
Allocation of expenses related to registrar services, accounting, operation and valuation services	418	403	217	197
Selling and marketing expenses	1,672	-	2,544	-
Securities transaction costs	1,401	1,459	1,028	695
Auditors' remuneration	220	267	99	122
Settlement and bank charges	363	208	125	116
Fees and subscription	77	207	40	72
Printing charges	273	251	147	167
	15,212	13,189	9,846	6,444
Net (loss) / income from operating activities	(49,850)	210,077	(43,540)	119,659
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	(13,265)	-	(1,974)
Provision for Sindh Workers' Welfare Fund	-	-	-	-
Net (loss) / income for the period before taxation	(49,850)	196,812	(43,540)	117,685
Taxation	-	-	-	-
Net (loss) / income for the period after taxation	(49,850)	196,812	(43,540)	117,685
Allocation of net income for the period	-	-	-	-

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Energy Fund (Formerly PICIC Energy Fund)

Condensed Interim Statement Of Comprehensive Income (Un-audited)

For The Half Year and Quarter Ended December 31, 2017

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(49,850)	196,812	(43,540)	117,685
Other comprehensive income for the period				
Item that may be reclassified subsequently to Income Statement	-	-	-	-
Total comprehensive (loss) / income for the period	(49,850)	196,812	(43,540)	117,685

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Energy Fund (Formerly PICIC Energy Fund)
Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

		Half year ended December 31,					
		2017			2016		
Note		(Rupees in '000)					
		Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	Net assets at beginning of the period	528,598	266,196	794,794	-	-	954,213
	Issuance of 33,802,992 (2016: 16,399,907 units)						
	- Capital value (at net asset value per unit at the beginning of the period)	508,257	-	508,257			
	- Element of loss	(21,701)	-	(21,701)			
	Total proceeds on issuance of units	3.6	486,556	-	486,556	-	227,942
	Redemption of 4,953,861 (2016: 41,989,365 units)						
	- Capital value (at net asset value per unit at the beginning of the period)	(74,486)	-	(74,486)			
	- Element of income	398	-	398			
	Total payments on redemption of units	3.6	(74,088)	-	(74,088)	-	(548,592)
	Element of loss and capital losses included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-	64,756
	Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distributed statement	3.6	-	-	-	-	(51,491)
	Net (loss) / income for the period	-	(49,850)	(49,850)	-	-	196,812
	Other comprehensive income for the period	-	-	-	-	-	-
	Total comprehensive income for the period	-	(49,850)	(49,850)	-	-	196,812
	Net assets at end of the period	941,066	216,346	1,157,412	-	-	843,640
	Undistributed income brought forward						
	- Realised			175,879			235,804
	- Unrealised			90,317			(75,960)
				266,196			159,844
	Net (loss) / income for the period			(49,850)			196,812
	Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6		-			(51,491)
	Undistributed income carried forward			216,346			305,165
	Undistributed income carried forward						
	- Realised			229,639			158,227
	- Unrealised			(13,293)			146,938
				216,346			305,165
				(Rupees)			(Rupees)
	Net assets value per unit at beginning of the period			15,0359			12,0122
	Net assets value per unit at end of the period			14,1651			15,6673

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Energy Fund (Formerly PICIC Energy Fund)
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

	Note	Half year ended	
		December 31,	
		2017	2016
		----- (Rupees in '000) -----	
Cash flows from operating activities			
Net (loss) / income for the period before taxation		(49,850)	196,812
Adjustments for:			
Capital loss / (gain) on sale of investments - net		48,832	(46,070)
Dividend income		(24,777)	(28,678)
Profit on bank deposits		(2,710)	(1,580)
Unrealised diminution / (appreciation) on re-measurement of investments classified at 'fair value through profit or loss - held-for-trading' - net		13,293	(146,938)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		-	13,265
		(15,212)	(13,189)
(Increase) / decrease in assets			
Investments - net		(159,349)	272,762
Deposits, prepayments and other receivables		(51)	(46)
		(159,400)	272,716
(Decrease) / Increase in liabilities			
Payable to the Management Company		(110)	57
Payable to the Trustee		(167)	(20)
Payable to Securities and Exchange Commission of Pakistan		(406)	(533)
Accrued expenses and other liabilities		(2,466)	533
Unclaimed dividend (including dividend payable)		(3,318)	(8)
		(6,467)	29
Net cash (used in) / generated from operations		(181,079)	259,556
Dividend received		19,807	26,126
Profit received on bank deposits		2,374	1,644
		22,181	27,770
Net cash (used in) / generated from operating activities		(158,898)	287,326
Cash flows from financing activities			
Amount received against issuance of units		486,556	227,942
Amount paid / payable against redemption of units		(75,034)	(548,592)
Net cash generated from / (used in) financing activities		411,522	(320,650)
Net increase / (decrease) in cash and cash equivalents		252,624	(33,324)
Cash and cash equivalents at beginning of the period		46,292	79,129
Cash and cash equivalents at end of the period	4	298,916	45,805

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Energy Fund (Formerly PICIC Energy Fund)
Notes To The Condensed Interim Financial Information (Un-audited)
For The Half Year Ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

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

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

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

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

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

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

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

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'income statement' and 'statement of movement in unit holders' fund', prospectively from July 1, 2017 as required by email dated February 08, 2018. Accordingly, corresponding figures have not been restated. The 'distribution statement' has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been higher by Rs. 21.30 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'income statement' and 'statement of movement in unit holders' fund' which have been incorporated in these statements.

3.7 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 period 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 / period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'income statement' and 'statement of comprehensive income' separately.

- 3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: 'Financial Instruments' (IFRS 9), which will replace IAS 39: Financial Instruments: 'Recognition and Measurement' (IAS 39) of financial assets and financial liabilities. The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
4. BANK BALANCES			
In saving accounts	4.1	<u>298,916</u>	<u>46,292</u>

- 4.1 Mark-up rates on these accounts range between 3.75% and 5.35% per annum (June 30, 2017: 3.75% and 5.35% per annum).

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
5. INVESTMENTS			

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

Listed equity securities	5.1	<u>960,283</u>	<u>781,709</u>
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5.1 Investment in listed equity securities - 'Financial Assets at fair value through profit or loss - held-for-trading'

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

Name of the Investee Company	----- Number of shares -----					Market value as at December 31, 2017 (Rupees in '000)	Market value as percentage of		Par value as a percentage of issued capital of the Investee company
	As at July 1, 2017	Purchases during the year	Bonus Issue	Sales during the year	As at December 31, 2017		Total investments	Net assets	

OIL & GAS EXPLORATION COMPANIES

Mari Petroleum Company Limited	54,000	24,020	-	7,920	70,100	101,706	10.59	8.79	0.06
Oil and Gas Development Company Limited	462,900	392,000	-	-	854,900	139,169	14.49	12.02	0.02
Pakistan Oilfields Limited	160,345	35,800	-	1,000	195,145	115,967	12.08	10.02	0.08
Pakistan Petroleum Limited	290,000	408,600	-	-	698,600	143,849	14.98	12.43	0.04
	<u>967,245</u>	<u>860,420</u>	<u>-</u>	<u>8,920</u>	<u>1,818,745</u>	<u>500,691</u>	<u>52.14</u>	<u>43.26</u>	

OIL & GAS MARKETING COMPANIES

Attock Petroleum Limited	78,600	50	-	15,150	63,500	33,216	3.46	2.87	0.08
Hascol Petroleum Limited	124,000	86,060	-	68,800	141,260	34,897	3.63	3.02	0.12
Hascol Petroleum Limited - LoR	-	38,760	-	38,760	-	-	-	-	-
Pakistan State Oil Company Limited (5.3)	165,900	112,200	33,180	-	311,280	91,239	9.50	7.88	0.10
Shell Pakistan Limited	115,000	-	-	115,000	-	-	-	-	-
Sui Northern Gas Pipelines Limited	634,500	795,400	-	450,000	979,900	92,708	9.65	8.01	0.15
Sui Southern Gas Company Limited	265,000	200,000	-	465,000	-	-	-	-	-
	<u>1,383,000</u>	<u>1,232,470</u>	<u>33,180</u>	<u>1,152,710</u>	<u>1,495,940</u>	<u>252,060</u>	<u>26.24</u>	<u>21.78</u>	

POWER GENERATION & DISTRIBUTION

Hub Power Company Limited	608,500	666,200	-	-	1,274,700	115,998	12.08	10.02	0.11
K-Electric Limited (Par value Rs. 3.5 per share)	2,200,000	5,980,500	-	2,200,000	5,980,500	37,737	3.93	3.26	0.02
Kot Addu Power Company Limited	668,000	450,000	-	668,000	450,000	24,255	2.53	2.10	0.05
	<u>3,476,500</u>	<u>7,096,700</u>	<u>-</u>	<u>2,868,000</u>	<u>7,705,200</u>	<u>177,990</u>	<u>18.54</u>	<u>15.38</u>	

Name of the Investee Company	Number of shares					Market value as at December 31, 2017 (Rupees in '000)	Market value as percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the year	Bonus Issue	Sales during the year	As at December 31, 2017		Total investments	Net assets	
REFINERY									
Attock Refinery Limited	100,000	68,000	-	68,500	99,500	23,295	2.43	2.01	0.12
National Refinery Limited	22,000	-	-	7,500	14,500	6,247	0.65	0.54	0.02
	122,000	68,000	-	76,000	114,000	29,542	3.08	2.55	
Total - As at December 31, 2017	5,948,745	9,257,590	33,180	4,105,630	11,133,885	960,283			
Carrying value as at December 31, 2017						973,576			

5.2 The above investments include shares having market value Rs. 90.019 million (June 30, 2017: Rs. 64.148 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

5.3 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. 0.486 million at December 31, 2017 (June 30, 2017: nil) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

Note	December 31, 2017	June 30, 2017	
	(Un-Audited)	(Audited)	
	----- (Rupees in '000) -----		
6. PAYABLE TO THE MANAGEMENT COMPANY			
Management fee	6.1	1,532	1,394
Sindh Sales Tax on Management Company's remuneration	6.2	199	181
Sales load payable		56	11
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	77	70
Selling and marketing expenses	6.4	875	1,193
		2,739	2,849

6.1 Under the provision of the offering document of the Fund, the Management Company is entitled to a Remuneration at the rate of 2% of the average annual net assets on daily basis of the Fund. The remuneration is paid to management company monthly in arrears.

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

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

6.4 SECP vide its circular No.SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower. The Fund has accrued expense on this account at 0.4% per annum of net assets of the Fund effective from March 01, 2017. During the period a clarification was received from the SECP on September 19, 2017 and as a result expense charged to the Fund amounting to Rs. 1.881 million have been reversed which includes Rs. 1.193 million pertaining to the year ended June 30, 2017.

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

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	7.1	13,920	13,920
Provision for Sindh Workers' Welfare Fund	7.2	4,985	4,985
Auditors' remuneration		221	315
Payable to brokers		860	143
Withholding tax payable		68	3,352
Printing charges payable		240	80
Zakat payable		196	194
Other payables		2,005	1,972
		<u>22,495</u>	<u>24,961</u>

7.1 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal which was filed by tax authorities against the order by the Honorable Supreme Court of Pakistan dated July 16, 2016, is pending for decision. In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 13.920 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.17 per unit (June 30, 2017: Rs. 0.26 per unit).

7.2 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is the same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017. As there is loss for the half year ended December 31, 2017, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.06 per unit (June 30, 2017: Rs. 0.09 per unit)."

8. TAXATION

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

9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

As mentioned in note 1, PICIC Asset Management Company Limited merged with and into HBL Asset Management Limited, therefore PICIC Asset Management Company Limited remained related party till August 31, 2016.

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

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

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

	Half year ended December 31,	
	2017	2016
	----- (Rupees in '000) -----	
9.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	8,361	5,113
Sindh Sales Tax on remuneration of the Management Company	1,087	665
Allocation of expenses related to registrar services, accounting, operation and valuation services	418	256
Selling and marketing expenses	1,672	-
Habib Bank Limited - Sponsor		
Bank Charges	1	-
Issue of 21,162,742 units (2016: nil units)	300,000	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	943	910
Central Depository Service charges	26	33
Directors of the Management Company		
Issue of 163,538 units (2016: 175,052 units)	2,400	2,500
HBL Multi Asset Fund		
Purchase of 5,108 shares of Mari Gas Petroleum (2016: nil shares)	7,504	-
	December 31,	June 30,
	2017	2017
	(Un-Audited)	(Audited)
	----- (Rupees in '000) -----	
9.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Management fee payable	1,532	1,394
Sindh Sales Tax on Management Company's remuneration	199	181
Sales load payable	56	11
Allocation of expenses related to registrar services, accounting, operation and valuation services	77	70
Selling and marketing expenses	875	1,193
Outstanding: 10,002,825 units (June 2017: 10,002,825) units	141,714	150,401
Habib Bank Limited - Sponsor		
Bank Balance	18	20
Outstanding: 21,162,742 units (June 2017: nil) units	299,821	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	171	337
Security deposit	300	300
CDS charges payable	-	1
Directors and Executives of the Management Company		
Outstanding: 346,899 units (June 2017: 183,362) units	4,915	2,757

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

	Note	December 31, 2017				Fair Value			
		Carrying amount				Level 1	Level 2	Level 3	Total
		Fair value through profit or loss- held-for-trading	Loans and receivables	Other financial assets / liabilities	Total				
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments - Listed equity securities		960,283	-	-	960,283	960,283	-	-	960,283
		<u>960,283</u>	<u>-</u>	<u>-</u>	<u>960,283</u>	<u>960,283</u>	<u>-</u>	<u>-</u>	<u>960,283</u>
Financial assets not measured at fair value									
Bank balances	10.1	-	288,916	-	288,916	-	-	-	-
Dividend and profit receivable		-	7,894	-	7,894	-	-	-	-
		<u>-</u>	<u>306,810</u>	<u>-</u>	<u>306,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to the Management Company	10.1	-	-	2,739	2,739	-	-	-	-
Payable to the Trustee		-	-	171	171	-	-	-	-
Payable against purchase of investments		-	-	81,350	81,350	-	-	-	-
Accrued expenses and other liabilities		-	-	3,326	3,326	-	-	-	-
Unit Holders' Fund		-	-	1,157,412	1,157,412	-	-	-	-
		<u>-</u>	<u>-</u>	<u>1,244,998</u>	<u>1,244,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2017									
		Carrying amount				Fair Value			
		Fair value through profit or loss- held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments - Listed equity securities		781,709	-	-	781,709	781,709	-	-	781,709
		<u>781,709</u>	<u>-</u>	<u>-</u>	<u>781,709</u>	<u>781,709</u>	<u>-</u>	<u>-</u>	<u>781,709</u>
Financial assets not measured at fair value									
Bank balances	10.1	-	46,292	-	46,292	-	-	-	-
Dividend and other receivable		-	2,588	-	2,588	-	-	-	-
		<u>-</u>	<u>48,880</u>	<u>-</u>	<u>48,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to the Management Company	10.1	-	-	2,849	2,849	-	-	-	-
Payable to the Trustee		-	-	338	338	-	-	-	-
Payable against redemption of units		-	-	946	946	-	-	-	-
Accrued expenses and other liabilities		-	-	2,510	2,510	-	-	-	-
Unit Holders' Fund		-	-	794,794	794,794	-	-	-	-
		<u>-</u>	<u>-</u>	<u>801,437</u>	<u>801,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

10.2 Transfers during the period

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

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended December 31, 2017 is 1.83% (December 2016: 1.65%) which includes 0.22% (December 2016: 0.22%) representing government levy and SECP fee.

12. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 26, 2018 .

13. GENERAL

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

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

13.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and other comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Multi Asset Fund

FUND INFORMATION

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:
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Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL MULTI ASSET FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Multi Asset 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 six month period ended December 31, 2017 in accordance with the provisions of the following:

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

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

Karachi, February 23, 2018



AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Multi Asset Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Multi Asset Fund
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2017

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- Rupees in '000-----	
Assets			
Bank balances	4	114,316	194,333
Investments	5	219,124	781,227
Dividend receivable and accrued mark-up		2,299	3,616
Advances, deposits, prepayments and other receivables	6	3,493	3,480
Total assets		339,232	982,656
Liabilities			
Payable to the Management Company	7	1,104	1,881
Payable to the Trustee		109	180
Payable to the Securities and Exchange Commission of Pakistan		370	749
Payable against purchase of investments		1,523	-
Accrued expenses and other liabilities	8	12,116	13,062
Total liabilities		15,222	15,872
Net assets		324,010	966,784
Unit holders' fund (as per statement attached)		324,010	966,784
-----Number of units-----			
Number of units in issue		3,236,846	8,624,879
-----Rupees-----			
Net assets value per unit		100.1006	112.0924

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Multi Asset Fund
Condensed Interim Income Statement (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
Note	-----Rupees in '000-----			
Income				
Dividend income	16,289	12,003	11,521	9,465
Mark-up on deposits with banks	8,637	1,886	3,941	1,481
Mark-up / return on investments - net	2,436	7,592	1,163	3,169
Capital (loss) / gain on sale of investments - net	(56,630)	58,672	(44,625)	23,957
Other income	15	-	15	-
	(29,253)	80,153	(27,985)	38,072
Unrealised diminution on re-measurement of investments at 'fair value through profit and loss - held-for-trading' - net	(6,361)	-	(2,322)	-
Impairment loss on equity securities classified as available-for-sale	(7,815)	-	(7,815)	-
	(43,429)	80,153	(38,122)	38,072
Expenses				
Remuneration of the Management Company	9,835	9,225	4,455	4,710
Remuneration of the Trustee	987	923	449	467
Annual fee to Securities and Exchange Commission of Pakistan	370	347	168	177
Allocation of expenses related to registrar services, accounting, operation and valuation services	435	405	197	212
Auditors' remuneration	198	196	98	101
Securities transaction costs	439	-	326	-
Settlement and bank charges	228	215	120	207
Fee and subscription	55	127	18	105
Printing Charges	88	207	60	172
	12,635	11,645	5,891	6,151
Net (loss) / income from operating activities	(56,064)	68,508	(44,013)	31,921
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	(357)	-	(551)
Provision for Sindh Workers' Welfare Fund	-	-	-	-
Net (loss) / income for the period before taxation	(56,064)	68,151	(44,013)	31,370
Taxation	-	-	-	-
Net (loss) / income for the period after taxation	(56,064)	68,151	(44,013)	31,370
Allocation of net (loss) / income for the period	-	-	-	-

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Multi Asset Fund (Formerly PICIC Energy Fund)
Condensed Interim Statement Of Comprehensive Income (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	-----Rupees in '000-----			
Net (loss) / income for the period after taxation	(56,064)	68,151	(44,013)	31,370
Other comprehensive income for the period				
Items that may be reclassified to income statement in subsequent periods				
Unrealised (loss) / gain on re-measurement of investments classified as available-for-sale	(126,736)	109,279	54,180	87,378
Net reclassification adjustments relating to available-for-sale financial assets	60,170	(58,672)	(48,189)	(23,957)
	(66,566)	50,607	5,991	63,421
Total comprehensive (loss) / income for the period	(122,630)	118,758	(38,022)	94,791

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Multi Asset Fund
Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,						
	2017			Total	2016		
	Capital Value	Undistributed Income / (Accumulated loss)	Unrealised income / (loss) on investment		Capital Value	Undistributed Income / (Accumulated loss)	Unrealised income / (loss) on investment
Note	(Rupees in '000)						
Net assets at beginning of the period	944,122	9,332	13,330	966,784	-	-	765,506
Issuance of 580,377 units (2016: 154,587 units)							
- Capital value (at net asset value per unit at the beginning of the period)	65,056	-	-	65,056			
- Element of loss	(3,433)	-	-	(3,433)			
Total proceeds on issuance of units	61,623			61,623	-	-	15,839
Redemption of 5,968,410 units (2016: 179,503 units)							
- Capital value (at net asset value per unit at the beginning of the period)	(669,013)	-	-	(669,013)			
- Element of income	87,246	-	-	87,246			
Total payments on redemption of units	(581,767)			(581,767)	-	-	(18,672)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	-	-	-	-	-	308
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6	-	-	-	-	-	49
Net (loss) / income for the period after taxation	-	(56,064)	-	(56,064)			68,151
Other comprehensive income for the period	-	-	(66,566)	(66,566)			50,607
Total comprehensive income for the period	-	(56,064)	(66,566)	(122,630)	-	-	118,758
Net assets at end of the period	423,978	(46,732)	(53,236)	324,010	-	-	881,788
Undistributed income / (accumulated loss) brought forward							
- Realised				9,332			(96,050)
- Unrealised				-			-
				9,332			(96,050)
Net (loss) / income for the period				(56,064)			68,151
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6			-			49
Accumulated loss carried forward				(46,732)			(27,851)
Accumulated loss carried forward							
- Realised				(40,371)			(27,851)
- Unrealised				(6,361)			-
				(46,732)			(27,851)
Net assets value per unit at beginning of the period				112.0924			98.0474
Net assets value per unit at end of the period				100.1006			113.3025

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Multi Asset Fund
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,	
	2017	2016
Note	-----Rupees in '000-----	
Cash flows from operating activities		
Net (loss) / income for the period	(56,064)	68,151
Adjustments		
Capital loss / (gain) on sale of investments - net	56,630	(58,672)
Return / mark-up on;		
- bank profit	(8,637)	(1,886)
- investments	(2,436)	(7,592)
Dividend income	(16,289)	(12,003)
Impairment loss on investments	7,815	-
Unrealised diminution on re-measurement of investments at 'fair value through profit and loss - held-for-trading' - net	6,361	-
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	357
	(12,620)	(11,645)
Decrease / (increase) in assets		
Investments - net	426,255	188,405
Advances, deposits, prepayments and other receivables	(13)	(117,957)
	426,242	70,448
(Decrease) / increase in liabilities		
Payable to the Management Company	(777)	409
Payable to the Trustee	(71)	38
Payable to Securities and Exchange Commission of Pakistan	(379)	(282)
Accrued expenses and other liabilities	(946)	1,701
	(2,173)	1,866
Bank profits received	9,463	1,171
Markup on investments received	3,236	10,854
Dividend income received	15,980	11,441
	28,679	23,466
Net cash generated from operating activities	440,128	84,135
Cash flows from financing activities		
Amount received on issue of units	62,110	15,839
Payment against redemption of units	(582,255)	(18,672)
Net cash used in financing activities	(520,145)	(2,833)
Net (decrease) / increase in cash and cash equivalents	(80,017)	81,302
Cash and cash equivalents at beginning of the period	194,333	21,075
Cash and cash equivalents at end of the period	114,316	102,377

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

For The Half Year Ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 HBL Multi Asset Fund (the Fund) was established under a Trust Deed, dated October 08, 2007, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on September 28, 2007.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3 The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes, such as equity securities, government securities, fixed income securities, continuous funding system, derivatives, money market instruments and other asset classes / securities / instruments.
- 1.5 JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+ (AM Two Plus) to the Management Company.
- 1.6 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2017 except for as explained in 3.6 & 3.7.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017
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- 3.4 "Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended June 30, 2017.
- 3.6 "The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividends bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'income statement' and 'statement of movement in unit holders' fund', whereas disclosure with respect to 'distribution statement' has been deleted in the revised regulations.

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

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

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been higher by Rs. 83.813 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'income statement' and 'statement of movement in unit holders' fund which have been incorporated in these statements.

- 3.7 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 period 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/period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'income statement' and 'statement of comprehensive income' separately.

- 3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: Financial Instruments (IFRS 9), which will replace IAS 39: Financial Instruments: Recognition and Measurement of Financial assets and Financial liabilities (IAS 39). The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.

	(Un-Audited)	(Audited)
	December 31,	June 30,
	2017	2017
	-----Rupees in '000-----	
4. BANK BALANCES		
In saving accounts	4.1 <u>114,316</u>	<u>194,333</u>
4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 3.5% - 6.75% per annum (June 30, 2017: 3.75% - 6.75% per annum).		

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
5. INVESTMENTS			
Listed equity securities			
- Available-for-sale	5.1	53,288	631,666
- Held-for-trading	5.2	135,878	-
Term finance certificates - Listed			
- Available-for-sale	5.3.1	-	-
Term finance certificates - Unlisted			
- Available-for-sale	5.4.1	17,975	68,561
- Held-for-trading	5.4.2	11,983	-
Loans and receivables			
- Term deposit receipt		-	81,000
		219,124	781,227

5.1 Listed equity securities - available-for-sale

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

Name of Investee Company	Number of Shares					Market value as at December 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2017		Total Investments	Net Assets	
Automobile Assembler									
Honda Atlas Cars (Pakistan) Limited	10,800	-	-	10,800	-	-	-	-	-
Indus Motor Company Limited	6,840	-	-	6,840	-	-	-	-	-
Millat Tractors Limited	9,850	-	-	7,200	2,650	3,105	1.42	0.96	0.006
Pak Suzuki Motor Company Limited	23,500	-	-	23,500	-	-	-	-	-
	50,990	-	-	48,340	2,650	3,105	1.42	0.96	
Automobile Parts and Accessories									
Thal Limited (Par value Rs. 5 per share)	10,000	-	-	10,000	-	-	-	-	-
	10,000	-	-	10,000	-	-	-	-	-
Table & Electrical Goods									
Pak Elektron Limited	183,000	-	-	153,000	30,000	1,425	0.65	0.44	0.006
	183,000	-	-	153,000	30,000	1,425	0.65	0.44	
Cement									
Cherat Cement Company Limited.	95,000	-	-	95,000	-	-	-	-	-
D G Khan Cement Company Limited.	119,400	-	-	118,700	700	94	0.04	0.03	0.000
Lucky Cement Limited	41,150	-	-	29,000	12,150	6,287	2.87	1.94	0.004
Pioneer Cement Limited	152,000	-	-	137,900	14,100	890	0.41	0.27	0.006
	407,550	-	-	380,600	26,950	7,271	3.32	2.24	
Chemical									
Engro Polymer & Chemicals Limited	328,000	-	-	328,000	-	-	-	-	-
ICI Pakistan Limited	8,900	-	-	8,900	-	-	-	-	-
	336,900	-	-	336,900	-	-	-	-	-
Commercial Banks									
Allied Bank Limited	128,000	-	-	128,000	-	-	-	-	-
Habib Bank Limited *	105,971	-	-	105,971	-	-	-	-	-
MCB Bank Limited	109,900	-	-	109,900	-	-	-	-	-
United Bank Limited	109,300	-	-	107,000	2,300	432	0.20	0.13	0.188
	453,171	-	-	450,871	2,300	432	0.20	0.13	
Engineering									
Amrell Steels Limited	106,000	-	-	106,000	-	-	-	-	-
Crescent Steel & Allied Products Limited	39,300	22,000	-	61,300	-	-	-	-	-
International Industries Limited	34,500	-	-	34,500	-	-	-	-	-
International Steels Limited **	71,500	-	-	71,500	-	-	-	-	-
Mughal Iron & Steel Inds Limited	2,500	-	-	-	2,500	145	0.07	0.04	0.001
	253,800	22,000	-	273,300	2,500	145	0.07	0.04	

Name of Investee Company	Number of Shares				As at December 31, 2017	Market value as at December 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
Fertilizers									
Engro Corporation Limited	90,500	25,000	-	90,500	25,000	6,869	3.13	2.12	0.005
Engro Fertilizers Limited	149,000	-	-	149,000	-	-	-	-	-
	239,500	25,000	-	239,500	25,000	6,869	3.13	2.12	
Insurance									
Adamjee Insurance Company Limited	6,500	-	-	6,500	-	-	-	-	-
	6,500	-	-	6,500	-	-	-	-	-
Leather & Tanneries									
Service Industries Limited	5,900	-	-	3,780	2,120	1,590	0.73	0.49	0.018
	5,900	-	-	3,780	2,120	1,590	0.73	0.49	
Oil & Gas Exploration									
Mari Petroleum Company Limited	17,600	-	-	13,820	3,780	5,484	2.50	1.69	0.003
Oil & Gas Development Company Limited	193,700	-	-	155,000	38,700	6,300	2.88	1.94	0.001
Pakistan Oilfields Limited	36,000	-	-	33,500	2,500	1,486	0.68	0.46	0.001
Pakistan Petroleum Limited	150,000	-	-	126,300	23,700	4,880	2.23	1.51	0.001
	397,300	-	-	328,620	68,680	18,150	8.28	5.60	
Oil & Gas Marketing Companies									
Hascol Petroleum Limited	57,500	6,500	-	44,200	19,800	4,890	2.23	1.51	0.016
Pakistan State Oil Company Limited	31,100	-	2,820	33,920	-	-	-	-	-
Sui Northern Gas Pipeline Limited	137,500	-	-	137,500	-	-	-	-	-
	226,100	6,500	2,820	215,620	19,800	4,890	2.23	1.51	
Paper & Board									
Packages Limited **	20,450	-	-	20,450	-	-	-	-	-
	20,450	-	-	20,450	-	-	-	-	-
Pharmaceuticals									
Abbott Laboratories (Pak) Limited	8,300	-	-	8,300	-	-	-	-	-
The Searle Company Limited	34,512	-	5,102	30,400	9,214	2,901	1.32	0.90	0.006
	42,812	-	5,102	38,700	9,214	2,901	1.32	0.90	
Power Generation and Distribution									
Hub Power Company Limited	281,000	-	-	269,100	11,900	1,083	0.49	0.33	0.001
	281,000	-	-	269,100	11,900	1,083	0.49	0.33	
Sugar & Allied Industries									
Faran Sugar Mills Limited	57,100	-	-	57,100	-	-	-	-	-
	57,100	-	-	57,100	-	-	-	-	-
Textile Composite									
Nishat Mills Limited	129,300	-	-	93,000	36,300	5,427	2.48	1.67	0.010
	129,300	-	-	93,000	36,300	5,427	2.48	1.67	
Transport									
Pakistan National Shipping Corporation Limited **	82,300	-	-	82,300	-	-	-	-	-
	82,300	-	-	82,300	-	-	-	-	-
	3,183,673	53,500	7,922	3,007,681	237,414	53,288	24.32	16.45	
Cost of investments at December 31, 2017						59,063			

* Sponsor of the Management Company

** Related party due to common directorship

5.1.1 Investments include shares having market value aggregating to Rs. 44.440 million (June 30, 2017: 54.286 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs.121,649 at December 31, 2017 (June 30, 2017: Rs 185,976) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

5.2 Listed equity securities - held-for-trading

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

Name of Investee Company	Number of Shares				As at December 31, 2017	Market value as at December 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
Automobile Assembler									
Honda Atlas Cars (Pakistan) Limited	-	13,500	-	13,500	-	-	-	-	-
Millat Tractors Limited	-	1,380	-	-	1,380	1,617	0.74	0.50	0.003
	-	14,880	-	13,500	1,380	1,617	0.74	0.50	
Cable & Electrical Goods									
Pak Elektron Limited	-	59,000	-	-	59,000	2,802	1.28	0.86	0.012
	-	59,000	-	-	59,000	2,802	1.28	0.86	
Cement									
D G Khan Cement Company Limited.	-	62,000	-	-	62,000	8,291	3.78	2.56	0.014
Lucky Cement Limited	-	7,500	-	-	7,500	3,881	1.77	1.20	0.002
Pioneer Cement Limited	-	30,000	-	-	30,000	1,894	0.86	0.58	0.013
Fauji Cement Limited	-	250,000	-	152,000	98,000	2,451	1.12	0.76	0.007
	-	349,500	-	152,000	197,500	16,517	7.54	5.10	
Chemicals									
Engro Polymer & Chemicals Limited	-	53,000	-	53,000	-	-	-	-	-
	-	53,000	-	53,000	-	-	-	-	-
Commercial Banks									
Allied Bank Limited	-	19,500	-	19,500	-	-	-	-	-
Bank Alfalah Limited	-	175,000	-	67,000	108,000	4,590	2.09	1.42	0.007
Bank Al-Habib Limited	-	165,000	-	105,000	60,000	3,502	1.60	1.08	0.005
Habib Bank Limited *	-	109,500	-	31,529	77,971	13,028	5.95	4.02	0.005
MCB Bank Limited	-	50,200	-	16,900	33,300	7,070	3.23	2.18	0.003
United Bank Limited	-	72,000	-	72,000	72,000	13,534	6.18	4.18	5.881
	-	591,200	-	239,929	351,271	41,724	19.04	12.88	
Engineering									
Amreli Steels Limited	-	157,500	-	105,800	51,700	4,791	2.19	1.48	0.017
International Industries Limited	-	41,500	-	22,500	19,000	4,562	2.08	1.41	0.004
International Steels Limited **	-	70,000	-	96,500	23,500	2,468	1.13	0.76	0.019
	-	269,000	-	175,100	93,900	11,821	5.39	3.65	
Fertilizers									
Engro Corporation Limited	-	15,000	-	-	15,000	4,121	1.88	1.27	0.003
Engro Fertilizers Limited	-	235,000	-	167,000	68,000	4,605	2.10	1.42	0.005
Fauji Fertilizers Limited	-	155,000	-	96,500	58,500	4,638	2.11	1.43	0.005
	-	405,000	-	263,500	141,500	13,354	6.09	4.12	
Oil & Gas Exploration									
Mari Petroleum Company Limited	-	3,500	-	-	3,500	5,078	2.32	1.57	0.003
Oil & Gas Development Company Limited	-	25,900	-	-	25,900	4,216	1.92	1.30	0.001
Pakistan Oilfields Limited	-	15,750	-	-	15,750	9,359	4.27	2.89	0.007
Pakistan Petroleum Limited	-	30,000	-	-	30,000	6,177	2.82	1.91	0.002
	-	75,150	-	-	75,150	24,830	11.33	7.66	

Name of Investee Company	Number of Shares				Market value as at December 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets	
Oil & Gas Marketing Companies								
Hascol Petroleum Limited - LoR	-	10,800	-	10,800	-	-	-	-
Pakistan State Oil Company Limited	-	17,000	3,000	3,580	16,420	4,813	2.20	1.49
Sui Northern Gas Pipeline Limited	-	58,000	-	10,500	47,500	4,494	2.05	1.39
	-	85,800	3,000	24,880	63,920	9,307	4.25	2.87
Pharmaceuticals								
The Searle Company Limited	-	6,500	1,300	-	7,800	2,456	1.12	0.76
	-	6,500	1,300	-	7,800	2,456	1.12	0.76
Power Generation and Distribution								
Hub Power Company Limited	-	109,400	-	-	109,400	9,955	4.54	3.07
	-	109,400	-	-	109,400	9,955	4.54	3.07
Textile Composite								
Nishat Mills Limited	-	10,000	-	-	10,000	1,495	0.68	0.46
	-	10,000	-	-	10,000	1,495	0.68	0.46
	-	2,028,430	4,300	921,909	1,110,821	135,878	62.01	41.94
Cost of investments at December 31, 2017						142,107		

* Sponsor of the Management Company

** Related party due to common directorship

5.2.1 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 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs.64,432 at December 31, 2017 (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 period end.

5.3 Term Finance Certificates - Listed

5.3.1 Term Finance Certificates - Available-for-sale

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 5,000 each unless stated otherwise.

Name of the Investee Company	Number of certificates			Market value / Carrying value* as at December 31, 2017 (Rupees in '000)	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period		Total Investments	Net Assets
Financial Services						
Saudi Pak Leasing Company Limited - (Note 5.3.2 & 12)	6,000	-	-	6,000	-	-
Cost of investment as at December 31, 2017				15,197		

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

5.3.2 Saudi Pak Leasing Company Limited defaulted towards payment falling due in September 2010. Accordingly, the exposure was classified as non-performing and provision was recognised in accordance with the SECP's provisioning guidelines.

Subsequently, on the request of the Issuer, TFC holders approved the restructuring of the facility by extending repayment period from 5 years to 9 years and by reducing mark-up rate to 6% for 24 months from restructuring date and 8% for next 24 months and thereafter fixing the mark-up rate at 1 month KIBOR. Further, half of the accrued mark-up is to be paid in cash and the balance is being deferred.

The Issuer defaulted again in the payment of principal and mark-up due on September 13, 2011. In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by the Securities Exchange Commission of Pakistan (SECP), the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non-performing exposure. Accordingly, the exposure has been fully provided.

5.4 Term Finance Certificates - Unlisted

5.4.1 Term Finance Certificates - available-for-sale

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 5,000 each unless stated otherwise.

Investee Company	Number of certificates			As at December 31, 2017	Market value as at December 31, 2017 (Rupees in '000)	Market value as a	
	As at July 01, 2017	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
Commercial Banks							
JS Bank Limited	10,000	-	10,000	-	-	-	-
The Bank of Punjab*	180	-	-	180	17,975	8.20	5.55
	10,180	-	10,000	180	17,975	8.20	5.55
Cost of investments at December 31, 2017					18,170		

* Face value of Term Finance Certificate of the Bank of Punjab is Rs. 100,000

5.4.2 Term Finance Certificates - held-for-trading

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 100,000 each unless stated otherwise.

Investee Company	Number of certificates			As at December 31, 2017	Market value as at December 31, 2017 (Rupees in '000)	Market value as a	
	As at July 01, 2017	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
Commercial Banks							
The Bank of Punjab	-	120	-	120	11,983	5.47	3.70
	-	120	-	120	11,983	5.47	3.70
Cost of investments at December 31, 2017					12,115		

5.4.3 Significant terms and conditions of Term Finance Certificates outstanding at December 31, 2017 are:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Term Finance Certificates - Listed				
Saudi Pak Leasing Company Limited	2,533	6% Fixed rate	March 13, 2008	March 13, 2017
Term Finance Certificates - Unlisted				
Bank of Punjab	99,960	6 Month KIBOR + 0.5%	February 19, 2016	February 19, 2026

	Note	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
-----Rupees in '000-----			
5.5 Net unrealised appreciation on remeasurement of investments classified as available-for-sale			
Market value / carrying value of investments	5.1, 5.2, 5.3 & 5.4	71,263	781,227
Cost of investments	5.1, 5.2, 5.3 & 5.4	92,430	739,282
Provision against equity securities	5.5.1	(7,815)	(11,269)
Provision against term finance certificates		(15,197)	(15,197)
		69,418	712,816
		1,845	68,411

5.5.1 Movement in provision against investments

Opening balance		26,466	17,675
Add: Charge for the period / year		7,815	8,791
Less: Reversals made during the period / year		(11,269)	-
Net charge		(3,454)	8,791
Closing balance		23,012	26,466

6. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with National Clearing Company of Pakistan Limited		3,016	3,016
Security deposit with Central Depository Company of Pakistan Limited		100	100
Advance against subscription of Term Finance Certificates (TFC)	6.1	25,000	25,000
Prepaid annual rating and listing fee		13	-
Advance tax		364	364
		28,493	28,480
Provision in respect of advance against subscription of term finance certificates	6.1 & 12	(25,000)	(25,000)
		3,493	3,480

- 6.1 The Fund had subscribed towards the term finance certificates of an issuer as Pre-IPO investor on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering has been carried out by the issuer as at December 31, 2017. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at December 31, 2017, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management Company.

	Note	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
-----Rupees in '000-----			
7. PAYABLE TO THE MANAGEMENT COMPANY			
Management fee	7.1	935	1,594
Sindh Sales Tax	7.2	122	207
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	47	80
		1,104	1,881

7.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2017: two percent per annum).

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

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

	Note	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
-----Rupees in '000-----			
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		198	320
Federal Excise Duty	8.1	6,610	6,610
Withholding tax payable		-	623
Sales load - payable to related parties		111	132
Payable to brokers		511	629
Provision for Sindh Workers' Welfare Fund	8.2	4,597	4,597
Other payables		89	151
		12,116	13,062

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

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 6.610 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 2.04 per unit (June 30, 2017: 0.77 per unit).

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

As there is loss for the half year ended December 31, 2017, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 1.42 per unit (June 30, 2017: 0.53 per unit).

9. TAXATION

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

10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

10.1 Transactions during the period

	Half year ended December 31,	
	2017	2016
	-----Rupees in '000-----	
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	9,835	9,225
Allocation of expenses related to registrar services, accounting, operation and valuation services	435	405
Habib Bank Limited - Sponsor		
Redemption of 5,638,231 units (2016: Nil units)	550,000	-
Bank charges paid during the period	4	3
Mark-up earned during the period	231	237
Mark-up received during the period	217	236
Dividend income earned during the period	276	961
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	987	923
Central Depository service charges	27	48
Transactions involving shares of connected persons:		
Habib Bank Limited - Sponsor		
Purchase of 109,500 shares (2016: 78,700 shares)	18,490	18,899
Sale of 137,500 shares (2016: 221,300 shares)	24,083	48,187
Loss on sale of shares	3,424	7,676
HBL Energy Fund		
Sale of 5,108 shares of Mari Gas Petroleum (2016: nil shares)	7,504	-
	(Un-Audited)	(Audited)
	December 31,	June 30,
	2017	2017
	-----Rupees in '000-----	

10.2 Amounts outstanding as at period end

HBL Asset Management Limited - Management Company		
Management fee payable	935	1,594
Sales tax payable	122	207
Sales load payable	-	60
Allocation of expenses related to registrar services, accounting, operation and valuation services	47	80

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	-----Rupees in '000-----	
Habib Bank Limited - Sponsor		
Investment held in the Fund: 1,358,343 units (June 2017: 6,996,574 units)	136,202	774,433
Bank balances	11,782	28,980
Mark-up receivable on deposits with bank	46	36
Ordinary shares held in Habib Bank Limited: 77,971 ordinary shares (June 2017: 105,971 units)	13,028	28,521
Sales load payable	111	72
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	96	159
Sindh Sales Tax	13	21

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

	Note	December 31, 2017					Fair Value			
		Carrying amount					Level 1	Level 2	Level 3	Total
		Held-for-trading	Available-for-sale	Loans and receivables	Other financial assets / liabilities	Total				
-----Rupees in '000-----										
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
Listed equity securities		135,878	53,288	-	-	189,166	189,166	-	-	189,166
Term Finance Certificates - Unlisted		11,983	17,975	-	-	29,958	29,958	-	-	29,958
		147,861	71,263	-	-	219,124	219,124	-	-	219,124
Financial assets not measured at fair value	11.1									
Bank balances		-	-	114,316	-	114,316				
Loans and receivables		-	-	-	-	-				
Dividend receivable and accrued mark-up		-	-	2,299	-	2,299				
Advances, deposits and other receivables		-	-	3,116	-	3,116				
		-	-	119,731	-	119,731				
Financial liabilities not measured at fair value	11.1									
Payable to the Management Company		-	-	-	1,104	1,104				
Payable to the Trustee		-	-	-	109	109				
Accrued expenses and other liabilities		-	-	-	909	909				
Unit holders' fund		-	-	-	324,010	324,010				
		-	-	-	326,132	326,132				

		June 30, 2017					Fair Value			
		Carrying amount								
	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	-	631,666	-	-	631,666	631,666	-	-	631,666	
- Term finance certificates - Unlisted	-	68,561	-	-	68,561	68,561	-	-	68,561	
	-	700,227	-	-	700,227	700,227	-	-	700,227	
Financial assets not measured at fair value 11.1										
Bank balances	-	-	194,333	-	194,333					
Loans and receivables	-	-	81,000	-	81,000					
Dividend receivable and accrued mark-up	-	-	3,616	-	3,616					
Advances, deposits and other receivables	-	-	3,116	-	3,116					
	-	-	282,065	-	282,065					
Financial liabilities not measured at fair value 11.1										
Payable to the Management Company	-	-	-	1,881	1,881					
Payable to the Trustee	-	-	-	180	180					
Accrued expenses and other liabilities	-	-	-	1,232	1,232					
Unit holders' fund	-	-	-	966,784	966,784					
	-	-	-	970,077	970,077					

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

11.2 Transfers during the period

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

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

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The Management Company classified the Fund as 'Balanced Scheme' in accordance with the said circular. As at December 31, 2017, the Fund is compliant with all the requirements of the said circular except for clause 2 (iv) which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

The following securities are included in the portfolio of the Fund which have rating lower than A- (A minus).

Name of Non-Complaint Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	% of Net Assets	% of Gross Assets
(Rupees in '000)						
Saudi Pak Leasing Company Limited	TFC	15,197	15,197	-	-	-
Dewan Cement Limited	Advance	25,000	25,000	-	-	-

13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2017 is 1.46% (December 31, 2016: 1.41%) which includes 0.18% (December 31, 2016: 0.19%) representing government levy, Worker's Welfare Fund and SECP fee.

14. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 26, 2018.

15. GENERAL

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

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

15.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Financial Planning Fund

FUND INFORMATION

Name of Fund	HBL Financial Planning Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	MCB Financial Services Ltd. (MSCFSL)
Bankers	Habib Bank Limited JS Bank Limited



MCB FINANCIAL SERVICES LIMITED

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

HBL FINANCIAL PLANNING FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

HBL Financial Planning Fund, an open-end Scheme established under a Trust Deed dated March 22, 2017 executed between HBL Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Fund commenced its operations from October 11, 2017.

1. HBL Asset Management Company Limited, the Management Company of HBL Financial Planning Fund has, in all material respects, managed HBL Financial Planning Fund during the period from October 11, 2017 to December 31, 2017 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: February 19, 2018

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Financial Planning Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim cash flow statement, condensed interim statement of movement in unit holders' fund and notes to the condensed interim financial information for the period from October 11, 2017 to December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Financial Planning Fund
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2017

		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note		----- (Rupees '000) -----			
Assets					
Bank balances	4	8,540	1,668	1,493	11,701
Investments	5	290,913	175,452	204,228	670,593
Accrued mark-up		2	-	-	2
Preliminary expenses and flotation costs	6	1,276	1,104	1,194	3,574
Advances and prepaid expenses		151	115	143	409
Total assets		300,882	178,339	207,058	686,279
Liabilities					
Payable to the Management Company	7	1,611	1,202	1,393	4,206
Payable to the Trustee	8	25	15	18	58
Payable to Securities and Exchange Commission of Pakistan	9	52	38	44	134
Accrued expenses and other liabilities	10	106	85	107	298
Total liabilities		1,794	1,340	1,562	4,696
Net assets		299,088	176,999	205,496	681,583
Contingencies and commitments	11				
Unit holders' fund (as per statement attached)		299,088	176,999	205,496	681,583
		----- (Number of units) -----			
Number of units in issue		2,955,201	1,754,947	2,034,612	6,744,760
		----- (Rupees) -----			
Net asset value per unit		101.2075	100.8571	101.0003	

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund
Condensed Interim Income Statement (Un-audited)
For the period from October 11, 2017 to December 31, 2017

	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note ----- (Rupees in '000) -----				
Income				
Mark-up on deposits with banks	254	57	36	347
Capital gain on sale of investments - net	193	29	161	383
Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	1,920	1,673	2,262	5,855
	2,367	1,759	2,459	6,585
Expenses				
Remuneration of the Management Company	7.1 8	7	7	22
Sindh Sales Tax on remuneration of the Management Company	7.2 1	1	1	3
Remuneration of the Trustee	8.1 56	40	47	143
Annual fee to Securities and Exchange Commission of Pakistan	9 52	38	44	134
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3 55	40	46	141
Amortisation of preliminary expenses and flotation costs	6 60	52	151	263
Auditors' remuneration	52	45	52	149
Settlement and bank charges	8 8	5	5	18
Fee and subscription	11 11	10	19	40
Printing charges	12 12	10	12	34
	315	248	384	947
Net income from operating activities	2,052	1,511	2,075	5,638
Provision for Sindh Workers' Welfare Fund	10.1 (41)	(30)	(42)	(113)
Net income for the period before taxation	2,011	1,481	2,033	5,525
Taxation	12 -	-	-	-
Net income for the period after taxation	2,011	1,481	2,033	5,525
Allocation of net income for the period				
Income already paid on redemption of units	105	17	-	122
Accounting income available for distribution				
Relating to capital gains	2,003	1,682	2,423	6,108
Excluding capital gains	(97)	(218)	(390)	(705)
	1,906	1,464	2,033	5,403
Net income for the period after taxation	2,011	1,481	2,033	5,525

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund
Condensed Interim Statement Of Comprehensive Income (Un-audited)
For the period from October 11, 2017 to December 31, 2017

	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
----- (Rupees '000) -----				
Net income for the period after taxation	2,011	1,481	2,033	5,525
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	2,011	1,481	2,033	5,525

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund
Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)
For the period from October 11, 2017 to December 31, 2017

	Active Allocation Plan			Conservative Allocation Plan			Strategic Allocation Plan		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees '000)								
Net assets at beginning of the period	-	-	-	-	-	-	-	-	-
Issuance of 3,605,180 units									
- Capital value (at net asset value per unit at the par value)	360,519	-	360,519	-	-	-	-	-	-
- Element of income	1,673	-	1,673	-	-	-	-	-	-
Issuance of 1,804,922 units									
- Capital value (at net asset value per unit at the par value)	-	-	-	180,492	-	180,492	-	-	-
- Element of income	-	-	-	40	-	40	-	-	-
Issuance of 2,034,612 units									
- Capital value (at net asset value per unit at the par value)	-	-	-	-	-	-	203,462	-	203,462
- Element of income	-	-	-	-	-	-	1	-	1
Total proceeds on issuance of units	362,192	-	362,192	180,532	-	180,532	203,463	-	203,463
Redemption of 649,978 units									
- Capital value (at net asset value per unit at the par value)	(64,998)	-	(64,998)	-	-	-	-	-	-
- Income already paid on redemption of units	-	(105)	(105)	-	-	-	-	-	-
- Element of loss	(12)	-	(12)	-	-	-	-	-	-
Redemption of 49,975 units									
- Capital value (at net asset value per unit at the par value)	-	-	-	(4,997)	-	(4,997)	-	-	-
- Income already paid on redemption	-	-	-	-	(17)	(17)	-	-	-
- Element of loss	-	-	-	-	-	-	-	-	-
Total payments on redemption of units	(65,010)	(105)	(65,115)	(4,997)	(17)	(5,014)	-	-	-
Net income for the period after taxation	-	2,011	2,011	-	1,481	1,481	-	2,033	2,033
Other comprehensive income of the period	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	2,011	2,011	-	1,481	1,481	-	2,033	2,033
Net assets at end of the period	297,182	1,906	299,088	175,535	1,464	176,999	203,463	2,033	205,496
Undistributed income brought forward									
Accounting income available for distribution									
- Relating to capital gains		2,003			1,682			2,423	
- Excluding capital gains		(97)			(218)			(390)	
		1,906			1,464			2,033	
Undistributed income carried forward		1,906			1,464			2,033	
Undistributed income carried forward									
- Realised		(14)			(209)			(229)	
- Unrealised		1,920			1,673			2,262	
		1,906			1,464			2,033	
Net assets value per unit at end of the period			101.2075			100.8571			101.0003

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund
Condensed Interim Cash Flow Statement (Un-audited)
For the period from October 11, 2017 to December 31, 2017

	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note(Rupees '000).....				
Cash flows from operating activities				
Net income for the period before taxation	2,011	1,481	2,033	5,525
Adjustments for non-cash items				
Mark-up on deposits with banks	(254)	(57)	(36)	(347)
Capital gain on sale of investments - net	(193)	(29)	(161)	(383)
Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	(1,920)	(1,673)	(2,262)	(5,855)
Amortisation of preliminary expenses and flotation costs	60	52	151	263
Provision for Sindh Workers' Welfare Fund	41	30	42	113
	(255)	(196)	(233)	(684)
Increase in assets				
Investments - net	(288,800)	(173,750)	(201,805)	(664,355)
Preliminary expenses and flotation costs	(1,336)	(1,156)	(1,345)	(3,837)
Advances and prepaid expenses	(151)	(115)	(143)	(409)
	(290,287)	(175,021)	(203,293)	(668,601)
Increase in liabilities				
Payable to the Management Company	1,611	1,202	1,393	4,206
Payable to the Trustee	25	15	18	58
Payable to Securities and Exchange Commission of Pakistan	52	38	44	134
Accrued expenses and other liabilities	65	55	65	185
	1,753	1,310	1,520	4,583
	(288,789)	(173,907)	(202,006)	(664,702)
Profit received	252	57	36	345
Net cash used in operating activities	(288,537)	(173,850)	(201,970)	(664,357)
Cash flows from financing activities				
Amount received on issue of units	362,192	180,532	203,463	746,187
Amount paid on redemption of units	(65,115)	(5,014)	-	(70,129)
Net cash generated from financing activities	297,077	175,518	203,463	676,058
Net increase in cash and cash equivalents	8,540	1,668	1,493	11,701
Cash and cash equivalents at the beginning of the period	-	-	-	-
Cash and cash equivalents at the end of the period	4 8,540	1,668	1,493	11,701

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund

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

For the period from October 11, 2017 to December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Financial Planning Fund (the "Fund"), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was executed on March 22, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 14, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton. The Fund commenced its operations from October 11, 2017.

The Fund is an open ended fund of fund scheme and the Fund is listed on Pakistan Stock Exchange Limited. The Fund has three different plans namely Conservative Allocation Plan, Active Allocation Plan and Strategic Allocation Plan (collectively referred as 'Plans'). The units of Conservative Allocation Plan and Active Allocation Plan were initially offered to public (IPO) on September 11, 2017 to October 10, 2017 whereas units of Strategic Allocation Plan were offered from August 07, 2017 to October 10, 2017. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of the Fund is perpetual however the allocation plans may have a set time frame. Each Allocation Plan will announce separate NAVs which will rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

The Fund aims to generate returns on investment as per the respective Allocation Plan by investing in Mutual Funds in line with the risk tolerance of the Investor. Following is the description of three plans currently in operation:-

The "Conservative Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of investments in equity, income and money market funds. This Allocation Plan is suitable for investors who have moderate risk tolerance and have a short to medium term investment horizon.

The "Active Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" with an objective to earn a potentially high return through active asset allocation between Equity scheme(s), Income scheme(s) and Money Market Schemes based on the Fund Manager's outlook on the asset classes.

The "Strategic Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" with an objective to earn a potentially high return through active allocation of funds between Equity scheme(s), Income scheme(s) and Money Market Schemes based on fundamental analysis of economic indicators, underlying asset values and a strategy of risk aversion to market volatility. The duration of this plan is 24 months (Two Years). However, SECP or the Management Company may wind it up or revoke, on the occurrence of certain events as specified in the Regulations or clause no.10.4 of the offering document of the Fund.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+ (AM two plus)' to the Management Company while the Fund is currently not rated.

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

No comparative figures / information have been disclosed in these condensed interim financial information as the Fund commenced its operations on October 11, 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

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

- (i) classification and valuation of financial assets (notes 3.2.1, 3.2.3 and 3.2.4); and
- (ii) impairment of financial assets (note 3.2.5)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

3.2 Financial assets

3.2.1 Classification

Management Company of the Fund 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:

The Fund classifies its financial assets in the following categories:

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

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

b) Loans and receivables

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

c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (i) loans and receivables, (ii) held to maturity investments or (iii) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price. Currently, there are no investment of the Fund classified as available-for-sale.

3.2.2 Regular way contracts

All regular purchases / sales of investments are recognized on the trade date i.e. the date that the Fund commits to purchase / sell the investments.

3.2.3 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.

3.2.4 Subsequent measurement

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

a) Basis of valuation of units of mutual funds

The investment of the Fund in mutual funds is valued on the basis of closing Net Asset Value (NAV) of the underlying mutual funds at the reporting date without any deduction for estimated future selling costs.

"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 derecognized or impaired. At the time of impairment or derecognized, the cumulative gain or loss previously recognized in the statement of other comprehensive income is taken to the income statement.

b) Loans and receivables

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

Gains or losses are also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment of financial assets

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

a) Debt securities

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular no. 33 of 2012 dated October 24, 2012 issued by the SECP.

b) Equity securities

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

c) Loans and receivables

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

3.2.6 Derecognition

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

3.2.7 Financial liabilities

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

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

3.2.8 Offsetting of financial assets and financial liabilities

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

3.2.9 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortized over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Rules.

3.2.10 Provisions

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

3.2.11 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 provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these condensed interim financial information 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.

3.2.12 Proposed distributions

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

3.2.13 Issue and redemption of units

Units issued for each allocation plan are assigned offer price, prevalent on the day on which the applications for issuance of units are received, however, units are issued on the receipt of cash / realisation of cheques. The offer price represents the net asset value per unit as at the close of the business day plus the allowance for front-end sales load and provision of any duties and charges, if applicable.

Units redeemed of each allocation plan are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during the business hours of that day. The redemption price represents the net asset value per unit as at the close of the business day less any back-end load and an amount that the management company may consider to be an appropriate provision of duties and charges. Redemption of units is recorded on acceptance of application for redemption.

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

The Fund has followed the requirements of SRO 756 (I) 2017 dated August 3, 2017 read with NBFC regulations, 2008 in the preparation of this condensed interim financial information as follows:

- element of income has been determined as the difference between net assets value on the issuance or redemption date, as the case maybe, of units and the net asset value at the beginning of the accounting period;
- presented distributable income in statement of movement in unitholders' fund ; and
- presented allocation of net income available for distribution relating to capital gains and excluding capital gains in statement of movement in unitholders' fund.

3.2.15 Net assets value per unit

The net asset value (NAV) per unit for each plan as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in issue at the period end.

3.2.16 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealized gains / (losses) arising on revaluation of investments classified as 'financial assets at fair value through profit or loss - held-for-trading' are included in the income statement, and other comprehensive income in the period in which they arise.
- Dividend income is recognized when the right to receive the dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Income on bank balances and term deposits is recognised on a time proportionate basis.

3.2.17 Earnings per unit (EPU)

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

3.2.18 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 apportion basis using the effective interest method.

3.2.19 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: Financial Instruments (IFRS 9), which will replace IAS 39: Financial Instruments: Recognition and Measurement of Financial assets and Financial liabilities (IAS 39). The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.

		December 31, 2017 (Un-Audited)				
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
Note		(Rupees in '000)				
4.	BANK BALANCES					
	In savings accounts	4.1	8,540	1,668	1,493	11,701

4.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 3.85% to 5.75% per annum.

5. INVESTMENTS

		December 31, 2017 (Un-Audited)			
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note		(Rupees in '000)			

Investments by category

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

Units of mutual funds	5.1	290,913	175,452	204,228	670,593
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5.1 Units of mutual funds

Name of Investee Funds	As at June 30, 2017	Purchases during the period	Redemptions during the period	As at December 31, 2017	Total carrying value as at December 31, 2017	Total market value as at December 31, 2017	Appreciation/ (diminution) as at December 31, 2017	Market value as a percentage of total value of Investment	Market value as a percentage of net assets
	Number of units				(Rupees in '000)			%	
Active Allocation Plan									
HBL Cash Fund (Formerly PICIC Cash Fund)	-	2,710,970	606,664	2,104,306	215,093	217,074	1,981	74.62	72.58
HBL Stock Fund	-	723,889	-	723,889	73,900	73,839	(61)	25.38	24.69
	-	3,434,859	606,664	2,828,195	288,993	290,913	1,920	100.00	97.27
Conservative Allocation Plan									
HBL Cash Fund (Formerly PICIC Cash Fund)	-	1,387,105	39,905	1,347,200	137,429	138,973	1,544	79.21	78.52
HBL Stock Fund	-	357,628	-	357,628	36,350	36,479	129	20.79	20.61
	-	1,744,733	39,905	1,704,828	173,779	175,452	1,673	100.00	99.13
Strategic Allocation Plan									
HBL Cash Fund (Formerly PICIC Cash Fund)	-	97,963	927	97,036	9,905	10,010	105	4.90	4.87
HBL Income Fund	-	1,734,331	404,113	1,330,218	142,660	144,075	1,415	70.55	70.11
HBL Stock Fund	-	491,579	-	491,579	49,400	50,143	742	24.55	24.40
	-	2,323,873	405,040	1,918,833	201,966	204,228	2,262	100.00	99.38
Total as at December 31, 2017	-	7,503,465	1,051,609	6,451,856	664,738	670,593	5,855		

December 31, 2017 (Un-Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
----- (Rupees in '000) -----				
6 PRELIMINARY EXPENSES AND FLOATATION COSTS				
Opening balance	-	-	-	-
Cost incurred during the period	1,336	1,156	1,345	3,837
Less: amortised during the period	(60)	(52)	(151)	(263)
Closing balance	1,276	1,104	1,194	3,574

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

December 31, 2017 (Un-Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
----- (Rupees in '000) -----				
7. PAYABLE TO THE MANAGEMENT COMPANY				
Formation cost	1,366	1,186	1,375	3,927
Management fee	7.1 4	1	1	6
Sindh Sales Tax on Management Company's remuneration	7.2 1	-	-	1
Sales load payable	215	-	-	215
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3 25	15	17	57
	1,611	1,202	1,393	4,206

7.1 As per offering document of the Fund, the Management Company of the Fund is entitled to a remuneration not exceeding 1% of average annual net assets of each plan. No management fee will be charged if the Fund invests in collective investment scheme managed by the Management Company.

7.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% on the services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011.

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

	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
----- (Rupees in '000) -----				
8. PAYABLE TO THE TRUSTEE				
Remuneration payable to the Trustee	8.1 22	13	16	51
Sindh Sales Tax on Trustee's remuneration	8.2 3	2	2	7
	25	15	18	58

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

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2017 is as follows:

Net assets	Tariff per annum
Up to Rs. 1 billion	Rs. 0.09 per annum of the daily average net assets
Over Rs. 1 billion exceeding one billion	Rs. 0.9 million plus 0.065% per annum of the daily average net assets

- 8.2 The Sindh government has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

9. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, 2008 a collective investment scheme categorised as a fund of fund scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the scheme. The fee is payable annually in arrears.

10. ACCRUED EXPENSES AND OTHER LIABILITIES

December 31, 2017 (Un-Audited)

		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note		(Rupees in '000)			
Provision for Sindh Workers' Welfare Fund	10.1	41	30	42	113
Printing charges		11	10	13	34
Auditors' remuneration		52	45	52	149
Other payables		2	-	-	2
		106	85	107	298

- 10.1 The Government of Sindh has introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan (MUFAP), in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter which is pending.

In view of the above developments regarding applicability of SWWF, the MUFAP called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members interalia; and as an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

"Based on above, provision against SWWF amounting to Rs.41,056, Rs. 30,224 and Rs. 41,510 million has been made during the period in Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively. Had the provision not been made, the net asset value per unit would have been higher by Rs. 0.013 per unit, Rs. 0.017 per unit and Rs. 0.020 per unit of the Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively.

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2017.

12. TAXATION

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

13. TRANSACTIONS WITH CONNECTED PERSONS

"Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, MCB Financial Services Limited being the Trustee of the Fund, collective investment schemes managed by the Management Company, directors and officers of the Management Company and directors of the connected persons.

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

Remuneration payable to the Management Company and Trustee is determined in accordance with the provisions of the offering document.

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

	December 31, 2017 (Un-Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
(Rupees in '000)				
13.1 Transactions during the period				
HBL Asset Management Limited - Management Company				
Issue of 999,202 units	-	-	99,920	99,920
Remuneration of the Management Company	8	7	7	22
Sindh Sales Tax on remuneration of the Management Company	1	1	1	3
Allocation of expenses related to registrar services, accounting, operation and valuation services	55	40	46	141
Habib Bank Limited - Sponsor				
Bank charges	8,415	5,231	4,962	18,608
Patient Welfare Association - Connected person holding more than 10% units				
Issue of 400,000 units	-	40,000	-	40,000
Sapphire Finishing Mills Ltd Emp Provident Fund - Connected person holding more than 10% units				
Issue of 254,254 units	-	-	25,426	25,426
Ferozsons Laboratories Limited Employees Provident Fund - Connected person holding more than 10% units				
Issue of 500,000 units	50,000	-	-	50,000
Directors and Executives of the Management Company				
Issue of 1,006,108 units	102,000	-	-	102,000
Issue of 750,000 units	-	75,000	-	75,000
Issue of 250,500 units	-	-	25,050	25,050
HBL Cash Fund (Formerly PICIC Cash Fund) - CIS managed by the Management Company				
Purchase of 2,710,970 units	277,000	-	-	277,000
Purchase of 1,387,105 units	-	141,500	-	141,500
Purchase of 97,963 units	-	-	10,000	10,000
Redemption of 606,664 units	62,088	-	-	62,088
Redemption of 39,905 units	-	4,100	-	4,100
Redemption of 927 units	-	-	95	95

December 31, 2017 (Un-Audited)

	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
----- (Rupees in '000) -----				
HBL Stock Fund- CIS managed by the Management Company				
Purchase of 723,889 units	73,900	-	-	73,900
Purchase of 357,628 units	-	36,350	-	36,350
Purchase of 491,579 units	-	-	49,400	49,400
HBL Income Fund - CIS managed by the Management Company				
Purchase of 1,734,331 units	-	-	186,000	186,000
Redemption of 404,113 units	-	-	43,513	43,513
Balances outstanding as at period end				
HBL Asset Management Limited - Management Company				
Investment in 999,202 units	-	-	100,933	100,933
Remuneration payable to the Management Company	4	1	1	6
Sindh sales tax on remuneration of the Management Company	1	-	-	1
Sales load payable	215	-	-	215
Allocation of expenses related to registrar services, accounting, operation and valuation services	25	15	17	57
Formation cost payable	1,366	1,186	1,375	3,927
Habib Bank Limited - Sponsor				
Bank balances	8,530	1,208	1,483	11,221
HBL Cash Fund (Formerly PICIC Cash Fund) - CIS managed by the Management Company				
Units held 2,104,307 units	217,074	-	-	217,074
Units held 1,347,200 units	-	138,973	-	138,973
Units held 97,037 units	-	-	10,010	10,010
HBL Stock Fund - CIS managed by the Management Company				
Units held 723,889 units	73,839	-	-	73,839
Units held 1,357,628 units	-	36,479	-	36,479
Units held 491,580 units	-	-	50,143	50,143
HBL Income Fund - CIS managed by the Management Company				
Units held 1,330,218 units	-	-	144,075	144,075
Sapphire Finishing Mills Ltd Emp Provident Fund - Connected person holding more than 10% units				
Units held: 254,254 units	-	-	25,426	25,426
Patient Welfare Association - Connected person holding more than 10% units				
Units held: 400,000 units	-	40,348	-	40,348
Ferozsons Laboratories Limited Employees Provident Fund - connected person holding more than 10% units				
Units held: 500,000 units	50,608	-	-	50,608
Directors and Executives of the Management Company				
Units held: 1,006,108 units	101,835	-	-	101,835
Units held : 750,000 units	-	75,652	-	75,652

14. 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 analyse 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.

14.1 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.

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

14.1.1 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.

14.1.2 Interest rate risk

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

a) 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. 0.086 million of Active Allocation Plan, Rs. 0.017 million of Conservative Allocation plan and Rs. 0.015 million of Strategic Allocation Plan, 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.

14.1.3 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's exposure to price risk is limited to the fair value of the respective funds in which it invests. The Fund manages its exposure to price risk by investing in Compliant Mutual Funds as per the respective Allocation Plan in line with the risk tolerance of the investor and benchmarking the sector weighting to that of average daily return of KMI 30 index, 6m deposit rate of AA- rated Banks and windows of conventional banks and 3m deposit rate of AA rated conventional banks and based on actual proportion Equity Fund and Income / Money Market Funds and/or in cash and/or near cash instruments in each allocation plan of Active Allocation Plan and Strategic Allocation Plan and 20% KMI 30 index, 6m deposit rate of AA- rated conventional banks, and 3m deposit rate of AA rated conventional banks and based on actual proportion of investment in Income and Money Market Funds / cash and near cash instruments of Conservative Allocation Plan.

In case of 5% increase / decrease in price of all units held by Fund at the period end, net income for the period would increase / decrease by Rs 14.546 million of Active Allocation Plan, Rs. 8.773 million of Conservative Allocation Plan and Rs 10.221 million of Strategic Allocation Plan and net assets of the Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan would increase / decrease by the same amount as a result of gains / losses on units of Funds at fair value through profit or loss.

14.1.4 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 units of Funds.

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 units are settled / paid for upon delivery using the system of Trustee. 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 summarises the credit quality of the balances in deposit accounts with Banks with which the Fund has kept such balances as at December 31, 2017:

Name of the bank	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Latest available published rating as at December 31, 2017	Rating agency
----- (Rupees in '000) -----					
Habib Bank Limited	10	460	10	A+	JCR-VIS
JS Bank Limited	8,530	1,208	1,483	AAA	JCR-VIS
	8,540	1,668	1,493		

The maximum exposure to credit risk before considering any collateral as at December 31, 2017 is the carrying amount of the financial assets. Investments in units, 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.

The Fund's bank balances is held with two bank. Management believes that such banks are reputed institution.

14.1.5 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 to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realizable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current period no borrowings were made by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, no such instances were witnessed by the Fund during the current period.

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

	Active Allocation Plan				Conservative Allocation Plan				Strategic Allocation Plan				Total
	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	
----- (Rupees in '000) -----													
Financial Liabilities													
Payable to the Management Company	1,611	-	-	1,611	1,202	-	-	1,202	1,393	-	-	1,393	4,206
Payable to the Trustee	25	-	-	25	15	-	-	15	18	-	-	18	58
Accrued expenses and other liabilities	52	-	-	52	85	-	-	85	107	-	-	107	244
	1,688	-	-	1,688	1,302	-	-	1,302	1,518	-	-	1,518	4,508
Unit Holders' Fund	299,088	-	-	299,088	176,999	-	-	176,999	205,496	-	-	205,496	681,583

15. FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		Active Allocation Plan (Un Audited)							
		December 31, 2017							
		Carrying amount			Fair Value				
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note (Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
-Units of mutual funds		290,913	-	-	290,913	290,913	-	-	290,913
		290,913	-	-	290,913	290,913	-	-	290,913
Financial assets not measured at fair value 15.1.1									
Bank balances		-	8,540	-	8,540				
Accrued mark-up		-	2	-	2				
		-	8,542	-	8,542				
Financial liabilities not measured at fair value 15.1.1									
Payable to the Management Company		-	1,611	-	1,611				
Payable to the Trustee		-	25	-	25				
Accrued expenses and other liabilities		-	63	-	63				
Unit Holders' Fund		-	299,088	-	299,088				
		-	300,787	-	300,787				

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

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

Conservative Allocation Plan (Un-Audited)								
December 31, 2017								
Carrying amount				Fair Value				
Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total	
Note (Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
-Units of mutual funds	175,452	-	-	175,452	175,452	-	-	175,452
	175,452	-	-	175,452	175,452	-	-	175,452
Financial assets not measured at fair value								
	15.2.1							
Bank balances	-	1,668	-	1,668				
Accrued mark-up	-	-	-	-				
	-	1,668	-	1,668				
Financial liabilities not measured at fair value								
	15.2.1							
Payable to the Management Company	-	1,202	-	-				
Payable to the Trustee	-	15	-	-				
Accrued expenses and other liabilities	-	55	-	-				
Unit Holders' Fund	-	176,999	-	-				
	-	178,271	-	-				

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

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

		Strategic Allocation Plan (Un-Audited)						
		December 31, 2017						
		Carrying amount			Fair Value			
	Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note ----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
-Units of mutual funds	204,228	-	-	204,228	204,228	-	-	204,228
	204,228	-	-	204,228	204,228	-	-	204,228
Financial assets not measured at fair value								
	15.3.1							
Bank balances	-	1,493	-	1,493				
Accrued mark-up	-	-	-	-				
	-	1,493	-	1,493				
Financial liabilities not measured at fair value								
	15.3.1							
Payable to the Management Company	-	1,393	-	-				
Payable to the Trustee	-	18	-	-				
Accrued expenses and other liabilities	-	65	-	-				
Unit Holders' Fund	-	205,496	-	-				
	-	206,972	-	-				

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

16. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio for the period ended December 31, 2017 is 0.15%, 0.16% and 0.21% (YTD) which includes 0.05%, 0.04% and 0.05% representing government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively.

17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements were authorised for issue on February 26, 2018 by the Board of Directors of the Management Company.

18. GENERAL

Figures have been rounded off to the nearest rupees.

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

Chief Financial Officer

Chief Executive Officer















Director



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HBL

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