

# HBL

ASSET MANAGEMENT LTD.

ایس ایٹ مینجمنٹ لمیٹڈ



## PICIC Growth Fund

HALF YEARLY  
REPORT 2017

For the Half Year ended December 31, 2017

MOVING TOWARDS  
**EXCELLENCE**

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# CORPORATE INFORMATION

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## Management Company

**HBL Asset Management Limited.**

Chairman	Mr. Agha Sher Shah	(Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director)
	Ms. Ava A. Cowasjee	(Non-Executive Director)
	Mr. 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](http://www.hblasset.com)

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

# FUND INFORMATION

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<b>Name of Fund</b>	PICIC Growth Fund
<b>Name of Auditor</b>	Deloitte Yousuf Adil Chartered Accountants
<b>Name of Trustee</b>	Central Depository Company of Pakistan Limited (CDC)
<b>Banks</b>	MCB Bank Limited JS Bank Limited Soneri Bank Limited Habib Bank Limited

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

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The Board of Directors of HBL Asset Management Limited, the Management Company of PICIC Growth Fund (PGF or Fund) is pleased to present its report together with the financial statements of PICIC Growth 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.

## 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 OGDG 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, BAFI, 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 ENGRO (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.

## Operating Results

During the period under review, the fund occurred a gross loss of Rs. 659 million which includes unrealized loss of Rs 781 million. Realized capital loss during the period stood at Rs 365 million. The dividend income during the period stood at Rs 450 million. Total expenditure during the period stood at Rs 173 million.

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

The net loss for the period stood at Rs 832 million. This translates into loss per certificate of Rs. 2.93 for the period.

The net assets decreased from Rs. 14.58 billion as on June 30, 2017 to Rs 11.869 billion as on December 31, 2017 and accordingly the net asset value per certificate decreased from Rs 51.44 per certificate as on June 30, 2017 to Rs 41.86 per certificate as on December 31, 2017 after incorporating dividends of Rs. 2.75 per certificate, which translates into negative return of 14.06% during the period under review against the benchmark (KSE 100 Index) of negative 13.09%.

#### **Management Company Quality 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**

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

On behalf of the Board of  
HBL Asset Management Limited

Chief Executive Officer

Director

1HFY18 کے دوران انڈیکس بیوی اینڈ آئل اینڈ گیس ایکسپلوریشن نے 26% کا شمار اضافہ حاصل کیا جس میں نی پی ایل، پی ایل اور اوی سی ڈی کی قیمتوں میں بڑھتی ہوئی 44%، 36% اور 19% اضافہ ہوا۔ یہ زبردست اضافہ بنیادی طور پر تیل کی عالمی قیمتوں میں 140% اضافے کی وجہ سے ممکن ہوا۔

بہاؤ کے لحاظ پر، غیر ملکی 155 ملین امریکی ڈالر کے غیر ملکی نینٹ آؤٹ فلو کے ساتھ نینٹ فروخت کرنے والے رہے۔ زیر جائزہ مدت کے دوران MSCI ایزر جینگ مارکیٹ اسٹینڈرڈ انڈیکس میں پاکستانی مارکیٹ کا حجم ایزر جینٹس کا گیا۔ FTSE نے اپنے ایشیا پوسٹلک سابقہ جاپان انڈیکس میں پانچ پاکستانی کمپنیاں (MCB, SNGP, BAFL, MTL, THADL) کی شمولیت کا اعلان کیا۔ MSCI نے ایزر جینگ مارکیٹ اسٹینڈرڈ انڈیکس میں پاکستانی مارکیٹ کا حجم 0.097% سے کم کر کے 0.075% کر دیا ہے اور ENGRO کو (1H) کے دوران 11% سے نیچے (خارج بھی کر دیا ہے جس کی نتیجے میں فروخت کے ہوا میں اضافہ) غیر فعال فنڈز کی جانب سے) ہوا ہے۔ ہم 18HFY2 کے دوران غیر ملکی سی ایس ایس صورتحال میں کمی (بیلینٹ اٹھامات کے اعلان سے) اور پاکستانی روپیہ کی قدر میں کمی اور درمیانی سائز منڈیوں میں دلچسپی، ڈسکانٹ وینٹ ہونے کے باعث غیر ملکی سرمایہ کاری میں اضافہ کے ساتھ مارکیٹ کی بہتری کی توقع کرتے ہیں۔

## عملی نتائج

زیر جائزہ مدت کے دوران، فنڈ کو 659 ملین روپے کا نقصان ہوا جس میں 781 ملین روپے کا غیر حاصل شدہ نقصان بھی شامل ہے۔ دوران مدت کچھ لاس کا نقصان 365 ملین روپے رہا۔ اس دوران بیس میں ڈیویڈنڈ کا حجم 450 ملین روپے رہا۔ اس مدت کے دوران مجموعی اخراجات 173 ملین روپے رہے۔ موجودہ مدت کے لئے ٹیکس کی فراہمی اکثر قبضہ آ رہی تھی۔ 2001 کے دوسرے ٹیکسوں کی شرح نمبر 99 کے حصہ اور این بی ایف اور این ای ریکولیکشنز 2008 کے ریگولیشن 63 کے تحت ٹیکس چھوٹ حاصل ہونے کی وجہ سے مٹ گئی۔

اس دوران بیس کے لئے خاص نقصان 832 ملین روپے تھا۔ جس کا مطلب ہے کہ مدت کے لئے فی عولیکٹ 2.93 روپے کا نقصان ہوا۔

نینٹ اڈ جات 30 جن 2017 کو 14.58 ملین روپے سے 31 دسمبر 2017 کو کم ہو کر 11.869 ملین روپے ہو گئے اور ای طرف نینٹ اڈ جات فی عولیکٹ کی قیمت 30 جن 2017 کو 51.44 روپے فی عولیکٹ سے کم ہو کر 31 دسمبر 2017 کو 2.75 روپے فی عولیکٹ ڈیویڈنڈ منافع ادا کرنے کے بعد 41.86 روپے فی عولیکٹ ہو گئی۔ جو کہ زیر جائزہ مدت کے دوران قلمی 13.09% کے تنفیج مارک (کے ایس ای 100 انڈیکس) کے مقابلے میں 14.08% کے قلمی ریٹرن کی ترناتی کرتا ہے۔

## مینجمنٹ کمپنی کو الٹا ریٹنگ

جے آئی آر ایس کرڈیٹ ریٹنگ کمپنی (VIS - JCR) نے مینجمنٹ کمپنی کو مینجمنٹ کی وجہ بندی میں "AMZ+" (سے ایم ٹو بیس) پر اپ 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 عولیکٹ ہولڈرز اور نامہ نگاروں کا شکریہ ادا کرتے ہیں۔ ہم وزارت خزانہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اعلیٰ عدلیہ پاکستان، سینٹرل ڈیپازٹری، آف پاکستان (سزئی) پینٹل کلیرنگ کمپنی آف پاکستان، ایلٹرا اور دیگر ریگولٹری کام، مالیاتی ادارے اور ڈیپازٹری جانب سے مسلسل رہنمائی اور معاونت کرنے پر شکر گزار ہیں۔ ہر ڈیویڈنڈ ادا شدہ مدت اور الٹا کے لئے اور اپنے عولیکٹ ہولڈرز کا ہم رکے گئے مجرمہ سے اور اہتمام کے لئے ہمیں ان کی تعریف ریکارڈ کرنا چاہتا ہے۔

پور ڈی جانب سے

انٹی بی ایل لیبسٹ مینجمنٹ ایلٹرا

ڈائریکٹر

چیف ایگزیکٹو آفیسر

**بکک گروٹھ فنڈ**  
**مینجمنٹ کمپنی ڈائریکٹرز رپورٹ**  
**برائے ششماہی اختتام از 31 دسمبر 2017**

انجیل ایل ایسٹ مینجمنٹ لینڈ کے بورڈ اور ایکزیکیوٹو جوائنٹ گورننگ کمیٹی (بی بی ایف اور فل) کی مینجمنٹ سمجھتی ہیں، ہنگامہ کے مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشگوار محسوس کرتے ہیں۔  
 اقتصادی جائزہ

1HFY18 کے دوران پاکستان کے اقتصادی مظہر نامے میں گھوٹا رجحان دیکھنے میں آئے۔ LSM کی قومی ترقی کے ساتھ قابل انتظام افراط زر کی سطح اور ٹی جی پی میں بہتر کرپٹ آف ایک (قرض لینے کی شرح) جبکہ بی بی ایف کا پیش پر پڑنے والے ہاؤس میں اضافہ ہوا ہے۔ 2QFY18 کی جانب بڑھتے ہوئے اقتصادی چیلنجوں میں اضافہ ہوا اور مینیا کو 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 لیے جو اقدامات کیے ہیں ان میں ٹیکس مشرومی معسومات کی درآمدات پر ٹیکس لیوی ڈیوٹی عائد کرنا، دسمبر 2017 کے اختتام تک پاکستانی روپے کی قدر میں کمی، تیل کی درآمدات کو روکنے کے لیے فرسٹ ایل پر پمپنگ کی پیدوار میں کمی (1HFY18) کے دوران مجموعی درآمدات کا 21% (توہیں) اور بین الاقوامی تجارت کے لئے کرنسی کی حمایت کا ادارہ کرنا شامل ہیں۔

1HFY18 کے دوران اوسط افراط زر نامہ سب تقاربی اجناس کی فراہمی اور سب کو کی قیمتوں میں کمی کے باعث 3.75% YoY رہی۔ البتہ 1HFY18 کے دوران بنیادی افراط زر (مغز خوردگاہ کی مغز توہائی CPI سے لگائے گئے انمازے کے تحت) اعلیٰ درجے پر 5.5% پر کاروا کیا گیا جو کہ گزشتہ سال اسی عرصے میں سے 4.9% تھا جو کہ مستحکم پر موجود مجموعی طلب کے ہاؤ کی مگاہی کرتا ہے۔ بنیادی افراط زر میں ہاؤ کے ساتھ 1H کے اختتام کی جانب پاکستانی روپے کی قدر میں 5% کمی کی اور بین الاقوامی تیل کی قیمتوں میں اضافہ ہونے کے باعث آمد آمد والے مہینوں میں افراط زر میں مزید اضافہ ہوا ہے۔ گاہ افراط زر کے ہاؤ میں حالیہ اضافے کی وجہ سے FY18 کے اختتام تک ماہانہ CPI افراط زر کی ریڈیکس کا 5.5% -YoY (ساتھ ایک پچھلے ماہ میں سے جبکہ FY18 کے لئے اوسط 4.5% سے نیچے رہنے کی توقع ہے۔

4MFY18 کے دوران لارج سکیل بینڈ پیچنگ (LSM) نے بنیادی طور پر ایکٹو ایکس (+5.7% (55.7%)) اور اے او سٹیل کی معسومات (40.4%)، آئو ہاؤس (+24.4%) کوک اور چروہلم معسومات (+11.6%) اور غیر دعائی معسوماتی معسومات (11.1%) کی مدد سے 7.2% YoY ترقی حاصل کی۔ بینڈ پیچنگ ٹیکس کی ترقی کے ساتھ بڑی فصلوں کی موصول فراہمی وادروں میں ٹیکس کے لیے اچھی پیش گوئی کا امکان ہے جس کے نتیجے میں FY18 کے لئے بی بی ڈی میں اضافہ ہوگا۔ ہم ایک، نیز ترقی اقتصادی ترقی (زیادہ مشینری درآمدات سے متعلق ہے جو کہ موصول CPEC اور چروہلم درآمدات کے لیے پاور پلانٹس کے لیے پاور پلانٹس کے لیے کارفرما ہیں) نے 1HFY18 کے لیے خارجی مواد کو درآمد کرنے کا حکم کر کے درآمدات کے خسارے کو 7.4% میں امریکی ڈالر (بی بی ڈی نی ڈی کا 4.4%) کر دیا ہے، جو کہ گزشتہ سال اسی درجے میں 4.7% میں امریکی ڈالر (بی بی ڈی نی ڈی کا 3.1%) تھا۔ 1HFY18 میں ایشیا کی درآمدات 8.8% YoY اضافے کے ساتھ 26.1 بلین ڈالر ہو گئیں جبکہ درآمدات 10.8% کے اضافے کے ساتھ 11.8 بلین ڈالر ہو گئیں جس کے نتیجے میں تجارتی خسارہ 14.3 بلین ڈالر ہو گیا جو کہ گزشتہ سال اسی مدت کے دوران 11.3 بلین ڈالر تھا۔ جس کے نتیجے میں 1HFY18 کے آخر میں SBP کے ذمہ دار کے ذخائر میں جون 2017 سے 2ارب ڈالر کی کمی واقع ہوئی اور وہ 14.1ارب ڈالر کی سطح پر پہنچ گئے۔ 1HFY18 کے آخر میں حکومت نے بین الاقوامی باؤ مارکیٹ سے 2.5 بلین ڈالر ایلٹ کے پورہ بانڈ کا اجرا کو کہ مانی سے مکمل کر لیا جس سے FX ذخائر کا حجم ملا۔ اس سلسلے میں اقتصادی انتظام کے لئے FX ذخائر (بی بی ڈی) 3.2، بی ڈی درآمدات کا ماحول کو برقرار رکھنے کے لئے تکنیکی کوششیں، انتہائی ضروری ہیں۔

**جائزہ برائے اسٹاک مارکیٹ**

1HFY18 کے دوران KSE100 انڈیکس 13% کمی کے ساتھ 40,471 پوائنٹس پر بند ہوا۔ سائین ڈی مینٹیم کی مدد سے اعلیٰ کے بعد مسلسل عدم استحکام اور اقتصادی بحالی پر موجودہ اکاؤنٹ کا خسارہ ذمہ دار کے ذخائر پر پڑنے والے ہاؤ کے سبب ہلا چنڈ ہائی تبدیلی کے علاوہ، شیشے اور مخصوص اسٹاک بھی منتقلی کے جس نے بنیادی طور پر سب سے اونچلی کی پیدوار کے اسٹاکس کی قیمتوں میں بہتری کی کی۔

جلی ششماہی کے دوران سب سے سنگین ٹیکسوں میں 37% کی بلند ترین کمی دیکھنے میں آئی جس سے انڈسٹری میں ڈاکٹر مدد ہو جانے کی وجہ سے اور قیمتوں کی جنگ میں اضافہ ہونے کے امکان کا خدشہ ہے۔ دوسری مندی بینک ٹانگ شیشے میں دیکھی گئی جس میں 16% کمی ہوئی۔ DFS NY کی جانب سے ٹیکس کے ایک ہاؤ سے بینک پر ہاؤ مانڈ عائد کرنے اور مینجمنٹ کیس میں ملک سے سب سے ہاؤ سے بینک ٹیکس کے خلاف پیریم کورٹ کی طرف سے پیٹنڈر کے کنٹین میں فیصلے کی وجہ سے 10.7 ڈیگری بینک ٹانگ اسٹاکس نے جاری مینجمنٹ کیس سے متعلق مسلسل مندی میں ہاؤ سے ساتھ ڈی ریڈنگ کا مشاہدہ بھی کیا۔ بجلی کی پیدوار کے لئے فرسٹ آئل پر گاہکار کرنے کے لئے تکنیکی فیصلے نے باترتیب آئل مارکیٹنگ کمپنیز اور آڈیٹ پاور پورڈ پورڈ کے لیے آمدن میں کمی اور یکیش ٹول میں ڈاکٹوں سے متعلق سرمایہ کاروں کے خدشات میں اضافہ کر دیا ہے۔

اور ای کی قیمتوں اور ادائیگی کے طریقہ کار کے قیام میں تبدیلی کرنے کے لیے بات چیت کے آغاز پر پائس این بی بی پی کی 13.2% کمی کے ساتھ اہم خسارے میں رہا۔



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**  
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Fax: (92-21) 34326020 - 23  
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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**PICIC GROWTH 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 PICIC Growth 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; and
- (ii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

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

Karachi, February 23, 2018



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

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## Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **PICIC Growth Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim distribution statement, condensed interim statement of movement in equity and reserves per certificate, condensed interim cash flow statement, condensed interim statement of movement in equity and reserves 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

**PICIC Growth 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-----	
<b>Assets</b>			
Bank balances	4	1,201,278	649,726
Investments	5	10,957,469	14,097,911
Dividend and profit receivable		84,417	171,792
Receivable against sale of investment		33,251	-
Security deposits and other receivables		2,682	2,682
<b>Total assets</b>		<b>12,279,097</b>	<b>14,922,111</b>
<b>Liabilities</b>			
Payable to the Management Company	6	23,339	28,671
Payable to the Trustee		688	1,847
Payable to Securities and Exchange Commission of Pakistan		6,293	13,508
Payable against purchase of investments		-	8,219
Accrued expenses and other liabilities	7	168,597	167,734
Unclaimed dividend		211,472	119,419
<b>Total liabilities</b>		<b>410,389</b>	<b>339,398</b>
<b>Net assets</b>		<b>11,868,708</b>	<b>14,582,713</b>
<b>Capital and reserves</b>			
Issued, subscribed and paid-up capital		2,835,000	2,835,000
Premium on issue of certificates		2,992,500	2,992,500
Unappropriated profit		953,792	2,565,464
Net unrealised appreciation on re-measurement of investments classified as "available-for-sale"	5.2	5,087,416	6,189,749
<b>Total certificate holders' funds</b>		<b>11,868,708</b>	<b>14,582,713</b>
		----- Rupees -----	
<b>Net assets value per certificate</b>		<b>41.86</b>	<b>51.44</b>

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

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

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

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

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

## PICIC Growth 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 -----				
<b>Income</b>					
Capital (loss) / gain on sale of investments - net	(365,186)	194,046	(202,332)	148,819	
Dividend income	450,465	259,278	399,233	214,483	
Profit on bank deposits	36,464	12,687	18,228	7,001	
	<b>121,743</b>	<b>466,011</b>	<b>215,129</b>	<b>370,303</b>	
Unrealised (diminution) / appreciation on re-measurement of investment at 'fair value through profit or loss - held-for-trading' - net	(780,549)	1,247,679	(71,091)	982,423	
	<b>(658,806)</b>	<b>1,713,690</b>	<b>144,038</b>	<b>1,352,726</b>	
<b>Expenses</b>					
Remuneration of the Management Company	6.1 & 6.2	148,981	147,879	69,588	75,941
Remuneration of the Trustee		4,501	4,474	2,128	2,287
Annual fee to Securities and Exchange Commission of Pakistan		6,293	6,216	2,926	3,192
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	6,592	6,543	3,079	3,360
Securities transaction costs		3,849	6,108	1,686	2,257
Auditors' remuneration		342	386	169	180
Fee and subscription		762	142	153	398
Settlement and bank charges		1,921	1,611	1,488	1,732
		<b>173,241</b>	<b>173,359</b>	<b>81,217</b>	<b>89,347</b>
<b>Net (loss) / income from operating activities</b>		<b>(832,047)</b>	<b>1,540,331</b>	<b>62,821</b>	<b>1,263,379</b>
Provision for Sindh Workers' Welfare Fund	7.1	-	-	-	-
<b>Net (loss) / income for the period before taxation</b>		<b>(832,047)</b>	<b>1,540,331</b>	<b>62,821</b>	<b>1,263,379</b>
Taxation	8	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		<b>(832,047)</b>	<b>1,540,331</b>	<b>62,821</b>	<b>1,263,379</b>
<b>(Loss) / earning per certificate (Rupees)</b>		<b>(2.93)</b>	<b>5.43</b>	<b>0.22</b>	<b>4.46</b>

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

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**PICIC Growth Fund****Condensed Interim Statement of Other 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	(832,047)	1,540,331	62,821	1,263,379
<b>Other comprehensive income for the period</b>				
<b>Items that will be reclassified to income statement</b>				
Unrealized (diminution) / appreciation on re-measurement of investments classified as available-for-sale	(1,102,333)	1,379,156	(1,814,716)	629,542
<b>Total comprehensive income for the period</b>	<b>(1,934,380)</b>	<b>2,919,487</b>	<b>(1,751,895)</b>	<b>1,892,921</b>

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

For HBL Asset Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

**PICIC Growth Fund**  
**Condensed Interim Distribution Statement (Un-audited)**  
**For The Half Year Ended December 31, 2017**

	Half year ended December 31,	
	2017	2016
	-----Rupees in '000-----	
<b>Unappropriated income brought forward</b>		
Realised income	1,748,697	896,722
Unrealised gain	816,767	221,018
	<b>2,565,464</b>	<b>1,117,740</b>
<b>Net (loss) / income for the period after taxation</b>	<b>(832,047)</b>	<b>1,540,331</b>
Final dividend for the year ended June 30, 2017 at 27.5% (June 30, 2016: at 7.5%)	<b>(779,625)</b>	<b>(212,625)</b>
<b>Unappropriated income carried forward</b>	<b>953,792</b>	<b>2,445,446</b>
<b>Undistributed income comprising of:</b>		
Realised income	1,734,341	1,197,767
Unrealised (loss) / gain	(780,549)	1,247,679
	<b>953,792</b>	<b>2,445,446</b>

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

For HBL Asset Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

**PICIC Growth Fund**  
**Condensed Interim Statement of Movement in Equity**  
**and Reserves Per Certificate (Un-Audited)**  
**For The Half Year Ended December 31, 2017**

	Half year ended	
	2017	2016
	-----Rupees in '000-----	
<b>Net assets value at the beginning of the period</b>	51.44	41.73
Movement in net assets value from operating activities		
Capital (loss) / gain on sale of investments - net	(1.29)	0.69
Dividend income	1.59	0.91
Net unrealised (diminution) / appreciation on re-measurement of investment at 'fair value through profit or loss' - held for trading	(2.75)	4.40
Profit on bank deposits	0.13	0.04
	(2.32)	6.04
Operating expenses	(0.61)	(0.61)
Net (decrease) / increase in net assets value per certificate from operating activities	(2.93)	5.43
<b>Movement in net assets value per certificate from financing activities</b>		
Final dividend	(2.76)	(0.75)
Net unrealized (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	(3.89)	4.87
Net (decrease) / increase in net assets value from financing and investing activities	(6.65)	4.12
<b>Net asset value at the end of the period</b>	<b>41.86</b>	<b>51.28</b>

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

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

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

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

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

**PICIC Growth 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-----	
<b>Cash flows from operating activities</b>		
Net (loss) / income for the period before taxation	(832,047)	1,540,331
<b>Adjustments of non-cash items:</b>		
Capital loss / (gain) on sale of investments - net	365,186	(194,046)
Dividend income	(450,465)	(259,278)
Profit on bank deposits	(36,464)	(12,687)
Unrealised diminution / (appreciation) on re-measurement of investment at 'fair value through profit or loss' - net	780,549	(1,247,679)
	(173,241)	(173,359)
<b>(Increase) / decrease in assets</b>		
Investments - net	850,904	(95,921)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(5,332)	5,132
Payable to the Trustee	(1,159)	123
Payable to Securities and Exchange Commission of Pakistan	(7,215)	(4,120)
Accrued expenses and other liabilities	863	408
Unclaimed dividend	92,054	11,812
	79,211	13,355
	756,874	(255,925)
Dividend received	540,489	333,541
Bank profits received	33,815	12,634
	574,304	346,175
<b>Net cash generated from operating activities</b>	<b>1,331,178</b>	<b>90,250</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(779,626)	(212,625)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>551,552</b>	<b>(122,375)</b>
Cash and cash equivalents at the beginning of the period	649,726	442,390
<b>Cash and cash equivalents at the end of the period</b>	<b>1,201,278</b>	<b>320,015</b>

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

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

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

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

\_\_\_\_\_  
Director



**PICIC Growth Fund**

**Condensed Interim Statement of Movement In Equity And Reserves (Un-audited)**

*For The Half Year Ended December 31, 2017*

	Issued, subscribed and paid-up capital	Premium on issue of certificates	Unappropriated income	Net unrealized appreciation on re- measurement of investments classified as 'available-for-sale'	Total
-----Rupees in '000-----					
<b>Balance as at July 01, 2016</b>	2,835,000	2,992,500	1,117,740	4,885,153	11,830,393
<b>Total comprehensive income for the period</b>					
Net income for the period after taxation	-	-	1,540,331	-	1,540,331
<b>Other comprehensive income</b>					
Unrealised appreciation on re-measurement of investments classified as 'available-for-sale' - net	-	-	-	1,379,156	1,379,156
<b>Transactions with certificate holders</b>					
Final cash dividend for the year ended June 30, 2016 at 7.5% declared on August 26, 2016	-	-	(212,625)	-	(212,625)
<b>Balance as at December 31, 2016</b>	<u>2,835,000</u>	<u>2,992,500</u>	<u>2,445,446</u>	<u>6,264,309</u>	<u>14,537,255</u>
<b>Balance as at July 01, 2017</b>	2,835,000	2,992,500	2,565,464	6,189,749	14,582,713
<b>Total comprehensive income for the period</b>					
Net loss for the period after taxation	-	-	(832,047)	-	(832,047)
<b>Other comprehensive income</b>					
Unrealised diminution on re-measurement of investments classified as 'available-for-sale' - net	-	-	-	(1,102,333)	(1,102,333)
<b>Transactions with certificate holders</b>					
Final dividend for the year ended June 30, 2017 at 27.5% declared on August 28, 2017	-	-	(779,625)	-	(779,625)
<b>Balance as at December 31, 2017</b>	<u>2,835,000</u>	<u>2,992,500</u>	<u>953,792</u>	<u>5,087,416</u>	<u>11,868,708</u>

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

# **PICIC Growth Fund**

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

### ***For The Half Year Ended December 31, 2017***

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

- 1.1** PICIC Growth Fund (the Fund) is close-end equity scheme established under a Trust Deed, executed between PICIC Asset Management Company (Now HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi
- 1.3** The Certificates of the Fund are listed on Pakistan Stock Exchange Limited. The principal business of the Fund is to invest in listed equity securities with an object to general capital growth.
- 1.4** The SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited through its order dated August 31, 2016. Consequently, HBL Asset Management Limited became the Management Company of the Fund. As per the merger order of SECP, the Fund was required to be converted into open-end fund from closed end fund scheme by December 31, 2016. The Management Company after resolving certain legal and operational matter relating to the Conversion exercise with SECP called the meeting of the certificate holders to approve the Conversion Plan on March 27, 2017. However, the meeting was postponed on the advice of SECP with the directives to amend the conversion plan in the best interest of the certificate holders, which were made in due course.

Subsequent to period end, the Certificate Holders in Extra Ordinary General Meeting held on January 10, 2018 approved the Conversion Plan, which entailed the conversion of the fund into an open-end scheme. The management applied with the SECP for the approval of the Conversion plan duly approved by the Certificate Holders. In pursuant to the application filed, SECP vide its letter no SCD/AMCW/HBLAML/266/2018 dated February 16, 2018 has approved the conversion of PICIC Growth Fund into an open-end scheme and set a deadline of July 2, 2018 to complete the conversion of Fund. As per the Plan, existing certificate holders will be issued one unit each of class i.e. A and B against each certificate of PICIC Growth Fund. Class A units would represent frozen portfolio of the Fund which will be treated as close-end fund for the purpose continuous trading in the same manner as certificate of a listed close-end fund through Pakistan Stock Exchange. Class B units will represent unfrozen portfolio of the Fund which will be redeemable subject to back-end load by the Management Company.

- 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 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 ("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 the 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 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 currency and presentation currency.

### 3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGMENT 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.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended June 30, 2017.
- 3.6 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.
- 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.

		December 31, 2017	June 30, 2017
	Note	-----Rupees in '000-----	
<b>4. BANK BALANCES</b>			
In savings account	4.1	<u>1,201,278</u>	<u>649,726</u>

- 4.1 These accounts carry return at rates ranging from 3.75% to 6.30% (June 30, 2017: 3.75% to 6.60%) per annum.

### 5. INVESTMENTS

#### Investment in marketable securities:

Financial assets at 'fair value through profit or loss' - held-for-trading	5.1	4,449,678	6,487,787
Available-for-sale	5.2	6,507,791	7,610,124
		<u>10,957,469</u>	<u>14,097,911</u>

## 5.1 Financial assets at 'fair value through profit and loss'

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

Name of investee company	Number of shares					Carrying value as at December 31, 2017 (Rupees in '000)	Market value as at December 31, 2017 (Rupees in '000)	Appreciation / (diminution)	Capital Gain / (Loss)	Dividend Income	Percentage in relation to		
	As at July 1, 2017	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2017						Net assets of the Fund	Total investments	Investee paid up capital
<b>Automobile Assembler</b>													
Honda Atlas Cars (Pakistan) Limited	133,050	-	-	41,500	91,550	79,437	46,911	(32,526)	(15,206)	556	0.40	0.43	0.06
Indus Motor Company Limited	53,660	7,000	-	-	60,660	108,494	101,919	(6,575)	-	3,488	0.86	0.93	0.08
Pak Suzuki Motor Company Limited	108,500	-	-	108,500	-	-	-	-	(28,914)	-	-	-	-
	<b>295,210</b>	<b>7,000</b>	<b>-</b>	<b>150,000</b>	<b>152,210</b>	<b>187,931</b>	<b>148,830</b>	<b>(39,101)</b>	<b>(44,120)</b>	<b>4,044</b>	<b>1.26</b>	<b>1.36</b>	
<b>Automobile Parts and Accessories</b>													
Exide Pakistan Limited	87,250	-	-	4,150	83,100	77,989	33,240	(44,749)	(1,404)	1,091	0.28	0.30	1.07
General Tyre and Rubber Company of Pakistan Limited	215,200	-	-	215,200	-	-	-	-	(23,238)	-	-	-	-
Thal Limited (Par value of Rs. 5 per share)	211,600	-	-	211,600	-	-	-	-	(8,864)	1,577	-	-	-
	<b>514,050</b>	<b>-</b>	<b>-</b>	<b>430,950</b>	<b>83,100</b>	<b>77,989</b>	<b>33,240</b>	<b>(44,749)</b>	<b>(33,506)</b>	<b>2,668</b>	<b>0.28</b>	<b>0.30</b>	
<b>Cable and Electrical Goods</b>													
Pak Electron Limited	1,317,500	-	-	100,000	1,217,500	134,315	57,819	(76,496)	(4,182)	1,976	0.49	0.53	0.24
TPL Trakker Limited	2,311,000	-	-	2,311,000	-	-	-	-	(2,823)	323	-	-	-
	<b>3,628,500</b>	<b>-</b>	<b>-</b>	<b>2,411,000</b>	<b>1,217,500</b>	<b>134,315</b>	<b>57,819</b>	<b>(76,496)</b>	<b>(7,005)</b>	<b>2,299</b>	<b>0.49</b>	<b>0.53</b>	
<b>Cement</b>													
Cherat Cement Company Limited	1,995,000	-	-	1,995,000	-	-	-	-	(107,389)	2,730	-	-	-
D G Khan Cement Company Limited	1,012,300	118,000	-	523,900	606,400	120,204	81,088	(39,116)	(32,713)	3,663	0.68	0.74	0.14
Fauji Cement Company Limited	-	1,650,000	-	-	1,650,000	44,177	41,267	(2,910)	-	-	0.35	0.38	0.12
Lucky Cement Limited	555,200	-	-	50,000	505,200	422,479	261,396	(161,083)	(4,678)	8,588	2.20	2.39	0.16
Pioneer Cement Limited	2,352,100	-	-	1,259,700	1,092,400	142,012	68,952	(73,060)	(35,594)	3,696	0.58	0.63	0.48
	<b>5,914,600</b>	<b>1,768,000</b>	<b>-</b>	<b>3,828,600</b>	<b>3,854,000</b>	<b>728,872</b>	<b>452,703</b>	<b>(276,149)</b>	<b>(180,374)</b>	<b>18,677</b>	<b>3.81</b>	<b>4.14</b>	
<b>Chemicals</b>													
ICI Pakistan Limited	101,000	-	-	99,400	1,600	1,751	1,229	(522)	(29,919)	834	0.01	0.01	0.00
Engro Polymer and Chemicals Limited	2,650,000	1,100,000	-	490,000	3,270,000	118,453	93,392	(25,061)	(1,669)	1,518	0.79	0.85	0.49
	<b>2,751,000</b>	<b>1,100,000</b>	<b>-</b>	<b>579,400</b>	<b>3,271,600</b>	<b>120,204</b>	<b>94,621</b>	<b>(25,583)</b>	<b>(31,588)</b>	<b>2,352</b>	<b>0.80</b>	<b>0.86</b>	
<b>Commercial Bank</b>													
Bank Al-Falah Limited (S.1.1)	6,154,000	-	-	1,492,500	4,661,500	187,392	198,114	10,722	1,931	-	1.67	1.81	0.29
Habib Bank Limited *	1,447,800	707,000	-	661,400	1,493,400	332,270	249,532	(82,738)	(20,555)	3,125	2.10	2.28	0.10
MCB Bank Limited	1,406,300	-	-	285,400	1,120,900	235,871	237,989	2,118	(2,406)	10,338	2.01	2.17	0.10
Bank Al-Habib Limited	-	451,000	-	-	451,000	25,312	26,220	1,008	-	-	0.22	0.24	0.04
United Bank Limited (S.1.1)	1,578,100	42,200	-	-	1,620,300	379,988	304,568	(75,420)	-	9,595	2.57	2.78	0.13
	<b>10,586,200</b>	<b>1,209,200</b>	<b>-</b>	<b>2,493,300</b>	<b>9,347,100</b>	<b>1,160,833</b>	<b>1,016,523</b>	<b>(144,310)</b>	<b>(21,030)</b>	<b>23,058</b>	<b>8.57</b>	<b>9.28</b>	
<b>Engineering</b>													
Aisha Steel Mills Limited	1,470,997	-	-	-	1,470,997	29,920	26,095	(3,825)	-	-	0.22	0.24	0.18
Aisha Steel Mills Limited - Preference Shares	257,327	-	-	-	257,327	6,093	5,275	(818)	-	-	0.04	0.05	0.58
Aisha Steel Mills Limited - Conv. Cum. Pref. Shares	1,628,663	-	-	-	1,628,663	70,114	70,033	(81)	-	-	0.59	0.64	55.94
Amreli Steels Limited	1,532,500	-	-	500	1,532,000	188,359	141,955	(46,404)	(15)	3,065	1.20	1.30	0.52
International Steels Limited **	1,185,000	135,000	-	205,200	1,114,800	141,995	118,581	(23,414)	(2,576)	1,270	1.00	1.08	0.26
International Industries Limited	240,200	190,700	-	-	430,900	136,121	103,663	(32,458)	-	480	0.87	0.94	0.36
Crescent Steel and Allied Products Limited	206,100	-	-	206,100	-	-	-	-	(6,755)	309	-	-	-
	<b>6,520,787</b>	<b>325,700</b>	<b>-</b>	<b>411,800</b>	<b>6,434,687</b>	<b>572,602</b>	<b>465,402</b>	<b>(107,200)</b>	<b>(9,346)</b>	<b>5,124</b>	<b>3.92</b>	<b>4.25</b>	
<b>Fertilizer</b>													
Engro Corporation Limited	977,600	102,000	-	77,500	1,002,100	320,563	275,327	(45,236)	(3,914)	13,158	2.32	2.51	0.19
Engro Fertilizers Limited	1,526,500	835,000	-	160,000	2,201,500	128,836	149,086	20,250	1,680	11,041	1.26	1.36	0.16
Fauji Fertilizer Bin Qasim Limited	1,195,500	-	-	1,195,500	-	-	-	-	(10,764)	120	-	-	-
Fauji Fertilizer Company Limited	-	669,500	-	-	669,500	52,034	52,564	930	-	1,374	0.45	0.48	0.05
	<b>3,699,600</b>	<b>1,606,500</b>	<b>-</b>	<b>1,493,000</b>	<b>3,873,100</b>	<b>501,433</b>	<b>477,377</b>	<b>(24,056)</b>	<b>(12,998)</b>	<b>25,693</b>	<b>4.03</b>	<b>4.35</b>	

Name of investee company	Number of shares					Carrying value as at December 31, 2017 (Rupees in '000)	Market value as at December 31, 2017 (Rupees in '000)	Appreciation/ (diminution)	Capital Gain/ (Loss)	Dividend Income	Percentage in relation to		
	As at July 1, 2017	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2017						Net assets of the Fund	Total investments	Investee paid up capital
<b>Insurance</b>													
Adamjee Insurance Company Limited	1,260,000	-	-	1,260,000	-	-	-	375	-	-	-	-	
TPL Direct Insurance Limited	321,388	-	-	-	321,388	7,906	7,970	64	-	-	0.07	0.07	
	<b>1,581,388</b>	<b>-</b>	<b>-</b>	<b>1,260,000</b>	<b>321,388</b>	<b>7,906</b>	<b>7,970</b>	<b>64</b>	<b>375</b>	<b>-</b>	<b>0.07</b>	<b>0.07</b>	
<b>Oil and Gas Exploration Company</b>													
Oil & Gas Development Company Limited	1,837,200	160,000	-	50,000	1,947,200	275,431	316,985	41,554	(195)	7,302	2.67	2.89	
Pakistan Oilfields Limited	338,700	-	-	-	338,700	155,176	201,276	46,100	-	8,468	1.70	1.84	
Pakistan Petroleum Limited	850,000	388,300	-	-	1,238,300	193,380	254,978	61,598	-	7,430	2.15	2.33	
Mari Petroleum Company Limited	78,180	23,520	-	-	101,700	157,531	147,553	(9,978)	-	172	1.24	1.35	
	<b>3,104,080</b>	<b>571,820</b>	<b>-</b>	<b>50,000</b>	<b>3,625,900</b>	<b>781,518</b>	<b>920,792</b>	<b>139,274</b>	<b>(195)</b>	<b>23,372</b>	<b>7.76</b>	<b>8.40</b>	
<b>Oil and Gas Marketing Company</b>													
Sui Northern Gas Pipeline Limited	416,000	800,000	-	416,000	800,000	95,566	75,688	(19,878)	(3,188)	5,250	0.64	0.69	
	<b>416,000</b>	<b>800,000</b>	<b>-</b>	<b>416,000</b>	<b>800,000</b>	<b>95,566</b>	<b>75,688</b>	<b>(19,878)</b>	<b>(3,188)</b>	<b>5,250</b>	<b>0.64</b>	<b>0.69</b>	
<b>Pharmaceuticals</b>													
The Searle Company Limited (S.1.2)	178,650	83,950	52,520	-	315,120	133,194	99,219	(33,975)	-	2,101	0.84	0.91	
Abbott Laboratories (Pak) Limited	230,150	-	-	42,200	187,950	175,658	131,116	(44,542)	(4,350)	1,917	1.10	1.20	
GlaucSmithKline Pakistan Limited	561,100	-	-	136,700	424,400	83,573	71,248	(12,325)	(4,635)	1,683	0.60	0.65	
GlaucSmithKline Consumer Healthcare Pakistan Limited	450	-	-	450	-	-	-	-	17	-	-	-	
Wyeth Pakistan Limited	9,900	-	-	9,900	-	-	-	-	(500)	666	-	-	
	<b>980,250</b>	<b>83,950</b>	<b>52,520</b>	<b>189,250</b>	<b>927,470</b>	<b>392,425</b>	<b>301,583</b>	<b>(90,842)</b>	<b>(9,468)</b>	<b>6,367</b>	<b>2.54</b>	<b>2.75</b>	
<b>Power Generation and Distribution</b>													
Hub Power Company Limited	2,204,200	535,900	-	-	2,740,100	312,872	249,349	(63,523)	-	9,567	2.10	2.28	
K-Electric Limited (Par value of Rs. 3.5 per share)	4,765,000	-	-	4,765,000	-	-	-	-	(1,794)	-	-	-	
Kot Addu Power Company Limited	1,460,500	-	-	1,460,500	-	-	-	-	(3,461)	5,175	-	-	
	<b>8,429,700</b>	<b>535,900</b>	<b>-</b>	<b>6,225,500</b>	<b>2,740,100</b>	<b>312,872</b>	<b>249,349</b>	<b>(63,523)</b>	<b>(5,255)</b>	<b>14,742</b>	<b>2.10</b>	<b>2.28</b>	
<b>Textile Composite</b>													
Nishat (Chunian) Limited	100,000	-	-	100,000	-	-	-	-	(39)	-	-	-	
Nishat Mills Limited	756,000	232,500	-	-	988,500	155,761	147,781	(7,980)	-	4,942	1.25	1.35	
Gul Ahmed Textile Mills Limited	640,000	-	-	640,000	-	-	-	-	(1,268)	-	-	-	
	<b>1,496,000</b>	<b>232,500</b>	<b>-</b>	<b>740,000</b>	<b>988,500</b>	<b>155,761</b>	<b>147,781</b>	<b>(7,980)</b>	<b>(1,307)</b>	<b>4,942</b>	<b>1.25</b>	<b>1.35</b>	
<b>Tobacco</b>													
Pakistan Tobacco Company Limited	30,400	-	-	30,400	-	-	-	-	(6,183)	-	-	-	
	<b>30,400</b>	<b>-</b>	<b>-</b>	<b>30,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,183)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total December 31, 2017</b>	<b>49,947,765</b>	<b>8,231,570</b>	<b>52,520</b>	<b>20,595,200</b>	<b>37,636,655</b>	<b>5,230,227</b>	<b>4,449,678</b>	<b>(780,549)</b>	<b>(365,186)</b>	<b>138,588</b>	<b>37.51</b>	<b>40.61</b>	
Total June 30, 2017	87,313,998	28,009,331	-	65,375,564	49,947,765	5,671,020	6,487,787	816,767	578,978	260,086	44.50	46.02	

\* Sponsor of the Management Company

\*\* Related party due to common directorship

**5.1.1** 0.8 million shares of United Bank Limited and 4 million shares of Bank Al-Falah Limited having market value amounting to Rs. 150.376 million and Rs. 170 million, respectively, (2016: 1 million shares of Cherat Cement Company Limited and 5 million shares of Bank Al-Falah Limited having market value amounting to Rs. 178.78 million and Rs. 201 million, respectively) have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the Stock Exchange.

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

Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.827 million 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.

## 5.2 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					Carrying value as at December 31, 2017 (Rupees in '000)	Market value as at December 31, 2017 (Rupees in '000)	Appreciation / (diminution)	Capital Gain / (Loss)	Dividend Income	Percentage in relation to		
	As at July 1, 2017	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2017						Net assets of the Fund	Total investments	Investee paid up capital
<b>Oil and Gas Marketing Company</b>													
Pakistan State Oil Company Limited	15,836,172	-	3,167,234	-	19,003,406	1,307,980	5,570,088	4,262,108	-	237,543	46.93	50.83	5.83
Sui Northern Gas Pipeline Limited	9,911,246	-	-	-	9,911,246	112,395	937,703	825,308	-	74,334	7.90	8.56	1.56
<b>Total December 31, 2017</b>	<b>25,747,418</b>	<b>-</b>	<b>3,167,234</b>	<b>-</b>	<b>28,914,652</b>	<b>1,420,375</b>	<b>6,507,791</b>	<b>5,087,416</b>	<b>-</b>	<b>311,877</b>	<b>54.83</b>	<b>59.39</b>	
<b>Total June 30, 2017</b>	<b>25,747,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,747,418</b>	<b>1,420,375</b>	<b>7,610,124</b>	<b>6,189,749</b>	<b>-</b>	<b>277,133</b>	<b>52.18</b>	<b>53.98</b>	

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

5.2.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 46.4174 million 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.

	December 31, 2017	June 30, 2017
<b>Note</b>	<b>-----Rupees in '000-----</b>	

## 6. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	<b>19,779</b>	24,297
Sindh sales tax on remuneration of the Management Company	6.2	<b>2,571</b>	3,159
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	<b>989</b>	1,215
		<b>23,339</b>	<b>28,671</b>

6.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, 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 net assets of the Fund for the current period.

- 6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent (June 30, 2017: 13 percent) 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 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.

		December 31, 2017	June 30, 2017
Note		-----Rupees in '000-----	
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	7.1	40,775	40,775
Provision for Federal Excise Duty and additional Sales tax on Management Fee	7.2	125,303	125,303
Brokerage		1,048	642
Auditors' remuneration		313	580
National Clearing Company Pakistan Limited charges		62	60
Withholding tax payable		69	39
Others		1,027	335
		<u>168,597</u>	<u>167,734</u>

- 7.1 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 certificate of the Fund as at December 31, 2017 would have been higher by Rs. 0.14 per certificate (June 30, 2017: 0.14 per certificate).

- 7.2 The legal status of applicability of Federal Excise Duty on the Fund is 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 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. 125.303 million. Had the provision not been retained, NAV per certificate of the Fund as at December 31, 2017 would have been higher by Rs. 0.44 per certificate (June 30, 2017: 0.44 per certificate).

## 8. 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 certificate holders.

## 9. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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 certificates 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 significant transactions carried out by the Fund with connected persons and balances with them, other than disclosed elsewhere in these condensed interim financial information, as at period end, are as follows:

	Half year ended December 31,	
	2017	2016
	-----Rupees in '000-----	
<b>9.1 Transactions during the period</b>		
<b>HBL Asset Management Company - Management Company</b>		
Remuneration of the Management Company	<u>131,842</u>	<u>130,866</u>
Sales tax on remuneration to the Management company	<u>17,139</u>	<u>17,013</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>6,592</u>	<u>6,543</u>
<b>Habib Bank Limited - Sponsor</b>		
Dividend income	<u>3,125</u>	<u>10,384</u>
Profit on saving accounts	<u>870</u>	<u>-</u>
Bank charges	<u>1</u>	<u>-</u>
<b>MCB Bank Limited (Connected person due to holding more than 10% certificate)</b>		
Profit on savings accounts	<u>7,396</u>	<u>12,687</u>
Bank Charges	<u>14</u>	<u>3</u>
Dividend Income	<u>10,338</u>	<u>11,850</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee Fee	<u>4,501</u>	<u>4,474</u>
CDS Charges	<u>482</u>	<u>465</u>
	<b>December 31, 2017 (Un-Audited)</b>	<b>June 30, 2017 (Audited)</b>
	-----Rupees in '000-----	
<b>9.2 Balances at period / year end</b>		
<b>HBL Asset Management Company Limited - Management Company</b>		
Payable to the Management Company	<u>20,768</u>	<u>24,297</u>
Sindh Sales Tax on Management Company's remuneration	<u>2,571</u>	<u>3,159</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>989</u>	<u>1,215</u>
<b>Habib Bank Limited - Sponsor</b>		
Bank Balances	<u>26,223</u>	<u>-</u>
Ordinary shares held: 1,493,400 shares (June 30, 2017: 1,447,800 shares)	<u>249,532</u>	<u>389,661</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	<u>688</u>	<u>1,725</u>
Security deposit with the Trustee	<u>175</u>	<u>175</u>
CDS Charges Payable	<u>117</u>	<u>122</u>



	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	-----Rupees in '000-----	
<b>Jubilee General Insurance Company Limited - Associated Company</b>		
Certificates held: 170,000 certificates (June 2017: 200,000 Certificates)	<u>1,700</u>	<u>2,000</u>
<b>MCB Bank Limited - Connected person due to holding more than 10% certificate</b>		
Bank Balances	<u>219,024</u>	<u>141,571</u>
Certificates held: 43,482,858 certificates (June 2017: 43,482,858 Certificates)	<u>434,829</u>	<u>434,829</u>
Profit receivable	<u>1,139</u>	<u>597</u>
Ordinary shares held: 1,120,900 shares (June 30, 2017: 1,406,300 shares)	<u>237,989</u>	<u>295,928</u>
<b>Pakistan Reinsurance Company Limited - Connected person due to holding more than 10% certificate</b>		
Certificates held: 30,406,721 certificates (June 2017: 30,406,721 certificates)	<u>304,067</u>	<u>304,067</u>
<b>Pension Reserves Investment Trust Fund - Connected person due to holding more than 10% certificate</b>		
Certificates held: 32,194,605 certificates (June 2017: 30,953,055 Certificates)	<u>321,946</u>	<u>309,531</u>
<b>Directors and Executives of the Management Company</b>		
Certificate held: 18,000 certificates (June 30, 2017: 18,000 certificates)	<u>180</u>	<u>180</u>

#### 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the 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: 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:

- 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).

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				
	Note	Fair value through profit and loss	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>		(Rupees in '000)								
<b>Financial assets measured at fair value</b>		4,449,678	6,507,791	-	-	10,957,469	10,957,469	-	-	10,957,469
		4,449,678	6,507,791	-	-	10,957,469	10,957,469	-	-	10,957,469
<b>Financial assets not measured at fair value</b>		10.1								
Bank balances		-	-	1,201,278	-	1,201,278				
Dividend and profit receivable		-	-	84,417	-	84,417				
Receivable against sales of investment		-	-	33,251	-	33,251				
		-	-	1,318,946	-	1,318,946				
<b>Financial liabilities not measured at fair value</b>		10.1								
Payable to the Management Company		-	-	-	23,339	23,339				
Payable to the Trustee		-	-	-	688	688				
Accrued expenses and other liabilities		-	-	-	2,450	2,450				
Unclaimed dividend		-	-	-	211,472	211,472				
		-	-	-	237,949	237,949				

		June 30, 2017								
		Carrying amount				Fair Value				
	Note	Fair value through profit and loss	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>		(Rupees in '000)								
<b>Financial assets measured at fair value</b>		6,487,787	7,610,124	-	-	14,097,911	14,097,911	-	-	14,097,911
		6,487,787	7,610,124	-	-	14,097,911	14,097,911	-	-	14,097,911
<b>Financial assets not measured at fair value</b>		10.1								
Bank balances		-	-	649,726	-	649,726				
Dividend and profit receivable		-	-	171,792	-	171,792				
		-	-	821,518	-	821,518				
<b>Financial liabilities not measured at fair value</b>		10.1								
Payable to the Management Company		-	-	-	28,671	28,671				
Payable to the Trustee		-	-	-	1,847	1,847				
Accrued expenses and other liabilities		-	-	-	1,617	1,617				
Payable against purchase of investments		-	-	-	8,219	8,219				
Unclaimed dividend		-	-	-	119,419	119,419				
		-	-	-	159,773	159,773				

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 reprice 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, the total expense ratio of the Fund for the period ended December 31, 2017 is 1.32% (December 31, 2016: 0.98%) which includes 0.18% (December 31, 2016: 0.13%) 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.

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**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 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**










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# HBL

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