

HBL

ASSET MANAGEMENT LTD.
ایسیٹ مینجمنٹ لمیٹڈ



**HBL Pension &
Islamic Pension Fund**

HALF YEARLY
REPORT 2017

For the Half Year ended December 31, 2017

MOVING TOWARDS
EXCELLENCE

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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. Raymond H. Kotwal	(Non-Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Non-Executive Director)
Members	Mr. Raymond 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. Raymond 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 along with Financial Statements Report of **HBL Pension Fund and HBL Islamic Pension Fund** (the Funds) for the quarter ended December 31, 2017.

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 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.

FUNDS' PERFORMANCE**HBL Pension Fund**

The Fund comprises of three sub funds namely Equity sub-fund, Debt sub-fund and Money Market sub-fund. The Fund as a whole incurred total and net loss of Rs. 8.25million and Rs. 14.23 million respectively during the period under review. The fund size decreased from Rs 574.35 million as on June 30, 2017 to Rs. 571.05 million as at December 31, 2017 thereby showing a decline of 1% during the period under review. Performance review for each sub Fund is given below:

Equity Sub-Fund

During the period under review, the Equity sub-fund incurred total and net loss of Rs. 19.18 million and Rs 21.54 million respectively. The net assets of the Equity sub-fund was Rs. 217.02million representing Net Asset Value (NAV) of Rs. 347.5979 per unit as at December 31, 2017. The Sub Fund earned a negative return of 14.82% for the period under review.

Debt Sub-Fund

During the period under review, the Debt sub-fund earned total and net income of Rs. 5.84 million and Rs. 3.88 million respectively. The net assets of the Debt sub-fund was Rs. 198.86 million representing Net Asset Value (NAV) of Rs. 156.2543 per unit as at December 31, 2017. The Fund yielded annualized return of 3.67% for the period under review.

Money Market Sub-Fund

During the period under review, the Money Market sub-fund earned total and net income of Rs. 5.09 million and Rs. 3.43 million respectively. The net assets of the Money Market sub-fund was Rs. 155.18 million representing Net Asset Value (NAV) of Rs. 144.1937 per unit as at December 31, 2017. An annualized return of 4.38% was earned by the Fund for the period under review.

HBL Islamic Pension Fund

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

The Fund as a whole incurred total and net loss of Rs. 14.11million and Rs. 18.37 million respectively during the period under review. The fund size decreased from Rs 381.95 million as at June 30, 2017 to Rs. 319.14 million as at December 31, 2017 showing decline of 16%. Performance review for each sub Fund is given below:

Equity Sub-Fund

During the period under review, the Equity sub-fund incurred total and net loss of Rs. 18.87 million and Rs. 21.27 million respectively. The net assets of the Equity sub-fund was Rs. 154.32 million representing Net Asset Value (NAV) of Rs. 370.4969 per unit as at December 31, 2017. The Fund yielded a negative return of 16.04% for the period under review.

Debt Sub-Fund

During the period under review, the Debt sub-fund earned total and net income of Rs. 2.69 million and Rs. 1.64 million respectively. The net assets of the Debt sub-fund was Rs. 92.64 million representing Net Asset Value (NAV) of Rs. 139.7315 per unit as at December 31, 2017. The Fund yielded annualized return of 2.73% for the period under review.

Money Market Sub-Fund

During the period under review, the Money Market sub-fund earned total and net income of Rs. 2.07 million Rs. 1.26 million respectively. The net assets of the Money Market sub-fund was Rs.72.18 million representing Net Asset Value (NAV) of Rs. 137.0303 per unit as at December 31, 2017. An annualized return of 3.33% was earned by the Fund for the period under review.

Acknowledgement

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

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

On behalf of the Board of

HBL Asset Management Limited
Chief Executive Officer
Director

Date: February 26, 2018

HBL

Islamic Pension Fund

FUND INFORMATION

Name of Fund	Islamic Pension Fund
Name of Auditor	KPMG Taseer Hadi & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited Soneri Bank Limited Habib Bank Limited Meezan Bank Limited Dubai Islamic Bank Limited Bank Islami Pakistan Limited Bank Al- Habib Limited Habib Metropolitan Bank Limited Faysal Bank Limited Allied Bank Limited

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE PARTICIPANTS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Pension Fund** ("the Fund") as at December 31, 2017 and the related condensed interim income statement and statement of comprehensive income, condensed interim statement of movement in participants' funds, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Pension Fund Manager is responsible for the preparation and presentation of this 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 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 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.

Other matters

The figures for the three months period ended December 31, 2017 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

The financial statements for the year ended June 30, 2017 and for the six months period ended December 31, 2016 were audited / reviewed by another firm of Chartered Accountants who had expressed an unqualified opinion / conclusion thereon vide report dated September 22, 2017 and February 24, 2017 respectively.

Date: 26 February, 2018

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

HBL Islamic Pension Fund
Condensed Interim Statement Of Assets And Liabilities
As At December 31, 2017

Note	December 31, 2017 (Un-Audited)				June 30, 2017 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
(Rupees in '000)									
Assets									
Bank balances	6	12,920	54,126	69,873	136,919	22,092	63,363	79,212	164,667
Investments	7	146,871	38,649	2,894	188,414	188,834	30,577	-	219,411
Dividend and profit receivable	8	1,259	708	322	2,289	812	481	257	1,550
Advances, deposits, prepayments and other receivables	9	100	157	-	257	100	2,500	-	2,600
Total assets		161,150	93,640	73,089	327,879	211,838	96,921	79,469	388,228
Liabilities									
Payable to Pension Fund Manager	10	218	134	105	457	296	132	109	537
Payable to Central Depository Company of Pakistan Limited - Trustee	11	23	14	10	47	30	13	11	54
Payable to Securities and Exchange Commission of Pakistan	12	30	16	12	58	66	30	23	119
Accrued expenses and other liabilities	13	6,563	834	780	8,177	4,016	804	746	5,566
Total liabilities		6,834	998	907	8,739	4,408	979	889	6,276
Net assets		154,316	92,642	72,182	319,140	207,430	95,942	78,580	381,952
Participants' sub funds (as per statement attached)		154,316	92,642	72,182	319,140	207,430	95,942	78,580	381,952
Number of units in issue	15	416,508	662,994	526,761	1,606,263	470,012	696,065	583,084	1,749,161
(Rupees)									
Net assets value per unit		370,4969	139,7315	137,0303	441,3274	137,8331	134,7699		

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund

**Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)
For the six months period ended December 31, 2017**

Note	2017				2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Income								
Dividend income	4,560	-	-	4,560	4,014	-	-	4,014
Profit on bank deposits	475	1,498	1,760	3,733	285	897	1,513	2,695
Mark-up / return on investments	-	1,099	256	1,355	-	1,731	496	2,227
Capital (loss) / gain on sale of investments	(7,927)	96	55	(7,776)	22,026	1,027	534	23,587
Unrealized (diminution) on re-measurement of investments at fair value through profit or loss	(1,338)	-	-	(1,338)	-	-	-	-
	(4,230)	2,693	2,071	534	26,325	3,655	2,543	32,523
Impairment loss on investments classified as 'available for sale'	(14,639)	-	-	(14,639)	-	-	-	-
	(18,869)	2,693	2,071	(14,105)	26,325	3,655	2,543	32,523
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	1,481	825	630	2,936	1,575	743	551	2,869
Remuneration of Central Depository Company of Pakistan Limited - Trustee	149	83	63	295	143	69	51	263
Annual fee to Securities and Exchange Commission of Pakistan	29	16	12	57	31	15	11	57
Auditors' remuneration	61	61	61	183	59	59	59	177
Settlement and bank charges	174	23	11	208	4	-	51	55
Other expenses	584	10	10	604	110	49	49	208
	2,398	1,018	787	4,203	1,922	935	772	3,629
Net (loss) / income from operating activities before SWWF	(21,267)	1,675	1,284	(18,308)	24,403	2,720	1,771	28,894
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(33)	(25)	(58)	-	-	-	-
Net (loss) / income before taxation	(21,267)	1,642	1,259	(18,366)	24,403	2,720	1,771	28,894
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(21,267)	1,642	1,259	(18,366)	24,403	2,720	1,771	28,894
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Unrealised (loss) / gain on re-measurement of investments - classified as available for sale	(19,511)	(259)	-	(19,790)	44,886	1,041	534	46,061
Reclassification adjustment relating to available for sale investments sold during the period	7,887	(74)	-	7,813	(22,026)	(1,027)	(534)	(23,587)
	(11,644)	(333)	-	(11,977)	22,460	14	-	22,474
Total comprehensive (loss) / income for the period	(32,911)	1,309	1,259	(30,343)	46,863	2,734	1,771	51,368

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund
Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)
For the three months period ended December 31, 2017

Note	2017				2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Income								
Dividend income	3,441	-	-	3,441	3,079	-	-	3,079
Profit on bank deposits	222	781	973	1,976	142	618	894	1,654
Mark-up / return on investments	-	425	31	456	-	675	(49)	626
Capital (loss) / gain on sale of investments	(4,046)	23	45	(3,978)	8,058	1,027	534	9,619
Unrealized (diminution) on re-measurement of investments at fair value through profit or loss	(784)	-	-	(784)	-	-	-	-
	(1,167)	1,229	1,049	1,111	11,279	2,320	1,379	14,978
Impairment loss on investments classified as 'available for sale'	(14,639)	-	-	(14,639)	-	-	-	-
	(15,806)	1,229	1,049	(13,528)	11,279	2,320	1,379	14,978
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	668	402	310	1,380	822	368	275	1,465
Remuneration of Central Depository Company of Pakistan Limited - Trustee	68	41	31	140	67	1	23	91
Annual fee to Securities and Exchange Commission of Pakistan	14	8	6	28	16	7	6	29
Auditors' remuneration	26	26	26	78	34	34	34	102
Settlement and bank charges	112	19	11	142	4	-	51	55
Other expense	497	7	10	514	110	49	49	208
	1,385	503	394	2,282	1,053	459	438	1,950
Net (loss) / income from operating activities before SWWF	(17,191)	726	655	(15,810)	10,226	1,861	941	13,028
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(15)	(12)	(27)	-	-	-	-
Net (loss) / income before taxation	(17,191)	711	643	(15,837)	10,226	1,861	941	13,028
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(17,191)	711	643	(15,837)	10,226	1,861	941	13,028
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Unrealised (loss) / gain on re-measurement of investments - classified as available for sale	5,754	(119)	-	5,635	27,855	646	407	28,908
Reclassification adjustment relating to available for sale investments sold during the period	4,006	(1)	-	4,005	(8,058)	(1,027)	(534)	(9,619)
	9,760	(120)	-	9,640	19,797	(381)	(127)	19,289
Total comprehensive (loss) / income for the period	(7,431)	591	643	(6,197)	30,023	1,480	814	32,317

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund
Condensed Interim Statement of Movement in Participants' Funds (Un-Audited)
For the six months period ended December 31, 2017

Note	2017				2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----								
Net assets at beginning of the period	207,430	95,942	78,580	381,952	163,617	88,185	63,236	315,038
Issuance of units	11,726	14,977	12,563	39,266	14,796	7,883	13,368	36,047
Redemption of units	(28,287)	(22,608)	(20,840)	(71,735)	(14,352)	(12,026)	(14,348)	(40,726)
Reallocation among funds	(3,642)	3,022	620	-	(74)	18	56	-
	(20,203)	(4,609)	(7,657)	(32,469)	370	(4,125)	(924)	(4,679)
Other comprehensive income								
Net (loss) / income for the period	(21,267)	1,642	1,259	(18,366)	24,403	2,720	1,771	28,894
Net unrealised (loss) / gain on remeasurement of investments classified as available for sale	(11,644)	(333)	-	(11,977)	22,460	14	-	22,474
Total comprehensive (loss) / income for the period	(32,911)	1,309	1,259	(30,343)	46,863	2,734	1,771	51,368
Net assets at end of the period	154,316	92,642	72,182	319,140	210,850	86,794	64,083	361,727
Net assets value per unit at beginning of the period	441,3274	137,8331	134,7699		345,9646	131,1891	129,4022	
Net assets value per unit at end of the period	370,4969	139,7315	137,0303		444,9298	135,4569	132,5758	

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the six months period ended December 31, 2017

Note	2017				2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
CASH FLOW FROM OPERATING ACTIVITIES								
Net (loss) / income for the period	(21,267)	1,642	1,259	(18,366)	24,403	2,720	1,771	28,894
Adjustments								
Unrealized appreciation in the market value of investments classified as fair value through profit or loss - held for trading	(1,338)	-	-	(1,338)	-	-	-	-
Impairment loss on investments classified as 'available for sale'	14,639	-	-	14,639	-	-	-	-
	(7,966)	1,642	1,259	(5,065)	24,403	2,720	1,771	28,894
(Increase) / decrease in assets								
Investments - net	17,018	(8,405)	(2,894)	5,719	(23,003)	37,790	22,810	37,597
Dividend and profit receivable	(447)	(227)	(65)	(739)	-	-	-	-
Advances, deposits, prepayments and other receivables	-	2,343	-	2,343	(2,675)	(3,588)	315	(5,948)
	16,571	(6,289)	(2,959)	7,323	(25,678)	34,202	23,125	31,649
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	(78)	2	(4)	(80)	71	-	1	72
Payable to Central Depository Company of Pakistan Limited - Trustee	(7)	1	(1)	(7)	8	(1)	-	7
Payable to Securities and Exchange Commission of Pakistan	(36)	(14)	(11)	(61)	(20)	(13)	(9)	(42)
Accrued expenses and other liabilities	2,547	30	34	2,611	(476)	86	29	(361)
	2,426	19	18	2,463	(417)	72	21	(324)
Net cash generated from / (used in) operating activities	11,031	(4,628)	(1,682)	4,721	(1,692)	36,994	24,917	60,219
CASH FLOW FROM FINANCING ACTIVITIES								
Amount received on issue of units	11,726	14,977	12,563	39,266	14,796	7,883	13,368	36,047
Amount paid on redemption of units	(28,287)	(22,608)	(20,840)	(71,735)	(14,352)	(12,026)	(14,348)	(40,726)
Reallocation among funds	(3,642)	3,022	620	-	(74)	18	56	-
Net cash (used in) / generated from financing activities	(20,203)	(4,609)	(7,657)	(32,469)	370	(4,125)	(924)	(4,679)
Net (decrease) / increase in cash and cash equivalents	(9,172)	(9,237)	(9,339)	(27,748)	(1,322)	32,869	23,993	55,540
Cash and cash equivalents at beginning of the period	22,092	63,363	79,212	164,667	15,080	19,016	40,838	74,934
Cash and cash equivalents at end of the period	12,920	54,126	69,873	136,919	13,758	51,885	64,831	130,474

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund
Notes to the Condensed Interim Financial Information (Un-Audited)
For the six months period ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Pension Fund Manager has appointed Mufti Yahya Asim as Shariah Advisor to the Pension Fund to ensure that the activities of the Fund are in compliance with the principles of Shariah.

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

- The Equity sub-fund consists of a minimum 90% of net assets invested in Shariah compliant listed equity securities. Investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, subject to a maximum of 35% of NAV. Remaining assets of the Equity Sub-Fund may be invested in any government security having less than one year time to maturity, or be deposited with Islamic Commercial banks or Islamic window of a commercial bank having at least 'A' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.

- The Debt Sub-Fund consist of tradable debt securities with weighted average duration of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the assets in the sub-fund shall be invested in debt securities issued by the Federal Government. Up to twenty five percent (25%) may be deposited with banks having not less than 'AA+' rating. In case the Shariah compliant securities issued by Federal Government are not available to comply with sub- Clause (C) above, the assets of a Shariah compliant debt sub-fund may be deposited in Islamic commercial banks, having not less than "A PLUS" rating or Islamic windows of commercial banks, having not less than "AA" rating, or may be invested in Islamic bonds or Sukuks issued by entities wholly-owned by the Federal Government or in such Islamic securities which are fully guaranteed by the Federal Government.

- The Money Market Sub-Fund consists of Shariah compliant short-term money market securities with weighted average time to maturity not exceeding one year. There is no restriction on the amount of investment in securities issued by Federal Government and Islamic windows of commercial banks having 'A+' rating provided that deposits with one bank shall not exceed 20% of net assets of Money Market Sub-Fund. Investments in securities issued by Provincial Government, City Government, Government corporation with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be in proportion as defined in offering document.

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 This condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of and directives under the repealed Companies Ordinance, 1984, the VPS Rules and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirement differ, the provisions of or directives issued under the Companies Ordinance, 1984, the VPS Rules and directives issued by the SECP have been followed.

2.1.2 The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the interim financial statements for the periods ending on or before December 31, 2017 shall be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.1.3 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2017. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

2.1.4 This condensed interim financial information is being submitted to the participants as required under Regulation 7(f) of the VPS Rules, 2005.

2.2 Basis of Measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which 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

3.1 The accounting policies adopted for preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended 30 June 2017.

3.2 Standards and amendments to published approved accounting standards that are not yet effective.

3.2.1 IFRS 9: 'Financial Instruments' and IFRS 15: 'Revenue from Customers', are effective for annual periods beginning on or after 1 July 2018. The Fund is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments. SECP vide its letter dated November 21, 2017 to MUFAP has deferred the applicability of the provisions relating to impairment of debt securities under IFRS 9 on the mutual funds till further instructions. The adoption of these standards is not expected to have any significant impact on the Fund's financial statements.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2017.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2017.

6. BANK BALANCES

Note	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
----- (Rupees in '000) -----									
Savings accounts	6.1	12,920	24,126	32,873	69,919	22,092	45,363	65,212	132,667
Term deposit receipts (TDRs)	6.2	-	30,000	37,000	67,000	-	18,000	14,000	32,000
		<u>12,920</u>	<u>54,126</u>	<u>69,873</u>	<u>136,919</u>	<u>22,092</u>	<u>63,363</u>	<u>79,212</u>	<u>164,667</u>

- 6.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 3.10% to 5.95% per annum (Year ended June 30, 2017: 3.5% - 6.75% per annum).
- 6.2 This represents investment in TDRs placed with Faysal Bank Limited, Dubai Islamic Bank and Habib Metropolitan Bank Limited maturing in February 2018 and March 2018 and carry profit ranging from 5.95% to 6.10% per annum (June 30, 2017: 5.75%).

7. INVESTMENTS

Note	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
Investments by category									
(Rupees in '000)									
Available for sale investments									
Listed equity securities	7.1	82,867	-	-	82,867	188,834	-	-	188,834
GoP Ijarah Sukuks	7.4	-	25,412	-	25,412	-	24,737	-	24,737
Term Finance Certificates and sukuk bonds	7.6	-	7,308	-	7,308	-	5,840	-	5,840
		82,867	32,720	-	115,587	188,834	30,577	-	219,411
At fair value through profit or loss									
Listed equity securities	7.2	64,004	-	-	64,004	-	-	-	-
GoP Ijarah Sukuks	7.5	-	-	-	-	-	-	-	-
Term Finance Certificates and sukuk bonds	7.7	-	4,000	-	4,000	-	-	-	-
		64,004	4,000	-	68,004	-	-	-	-
Loans and Receivables									
Commercial Papers	7.8	-	1,929	2,894	4,823	-	-	-	-
		146,871	38,649	2,894	188,414	188,834	30,577	-	219,411

7.1 Listed equity securities - Available for sa

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2017	Cost of holdings as at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
Number of shares										
(Rupees in '000)										
%										
Automobile Assembler										
Milat Tractors Limited	4,600	-	-	2,140	2,460	2,591	2,882	1.96	1.87	0.56
Pak Suzuki Motor Company Limited	8,250	-	-	8,250	-	-	-	-	-	-
	12,850	-	-	10,390	2,460	2,591	2,882	1.96	1.87	0.56
Cable and Electrical Goods										
Pak Elektron Limited	86,000	-	-	86,000	-	-	-	-	-	-
	86,000	-	-	86,000	-	-	-	-	-	-
Cement										
Lucky Cement Limited	17,800	-	-	4,800	13,000	8,234	6,726	4.58	4.36	-
D.G. Khan Cement Company Limited	29,000	-	-	8,000	21,000	3,562	2,808	1.91	1.82	0.48
Cherat Cement Company Limited	49,100	-	-	49,100	-	-	-	-	-	-
Pioneer Cement Limited	56,300	-	-	25,500	30,800	3,351	1,944	1.32	1.26	1.26
	152,200	-	-	87,400	64,800	15,147	11,478	7.81	7.44	1.84
Chemical										
Engro Polymer & Chemicals Limited	134,000	-	-	104,200	29,800	937	851	0.58	0.55	0.45
ICI Pakistan Limited	4,800	-	-	4,800	-	-	-	-	-	-
Sitara Chemical Industries Limited	7,950	-	-	500	7,450	4,100	2,242	1.53	1.45	3.48
	146,750	-	-	109,500	37,250	5,037	3,093	2.11	2.00	3.93
Engineering										
Arncliffe Steels Limited	500	-	-	-	500	45	46	0.03	0.03	-
Crescent Steel & Allied Products Limited	13,000	-	-	13,000	-	-	-	-	-	-
International Steels Limited	49,000	-	-	23,900	25,100	3,505	2,670	1.82	1.73	0.58
	62,500	-	-	36,900	25,600	3,550	2,716	1.85	1.76	0.58
Fertilizer										
Engro Corporation Limited	39,300	-	-	14,600	24,700	7,601	6,786	4.62	4.40	0.46
	39,300	-	-	14,600	24,700	7,601	6,786	4.62	4.40	0.46

Name 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	Cost of holdings as at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	Number of shares				(Rupees in '000)		%			
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	60,700	-	-	12,100	48,600	8,041	7,912	5.39	5.13	0.11
Pakistan Petroleum Limited	50,000	-	-	9,300	40,700	6,376	8,381	5.71	5.43	0.21
Mari Petroleum Company Limited	5,500	-	-	-	5,500	6,301	7,980	5.43	5.17	0.50
Pakistan Oilfields Limited	16,900	-	-	6,000	10,900	4,387	6,477	4.41	4.20	0.46
	133,100	-	-	27,400	105,700	25,115	30,750	20.94	19.93	1.28
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited***	12,100	-	2,420	-	14,520	5,617	4,256	2.90	2.76	0.53
Hascol Petroleum Limited	20,800	-	-	15,400	5,400	1,723	1,334	0.91	0.86	-
Shell Pakistan Limited	8,500	-	-	8,500	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	57,000	-	-	49,000	8,000	1,133	757	0.52	0.49	-
	98,400	-	2,420	72,900	27,920	8,473	6,347	4.33	4.11	0.53
Paper and Board										
Packages Limited	7,750	-	-	2,900	4,850	3,058	2,473	1.68	1.60	0.01
	7,750	-	-	2,900	4,850	3,058	2,473	1.68	1.60	0.01
Pharmaceuticals										
Abbott Laboratories (Pakistan) Limited	6,000	-	-	3,750	2,250	2,553	1,570	1.07	1.02	-
The Searl Company Limited***	14,685	-	1,677	6,300	10,062	4,961	3,168	2.16	2.05	0.01
	20,685	-	1,677	10,050	12,312	7,514	4,738	3.23	3.07	0.01
Power Generation and Distribution										
The Hub Power Company Limited	98,100	-	-	15,100	83,000	9,412	7,533	5.14	4.89	0.01
	98,100	-	-	15,100	83,000	9,412	7,533	5.14	4.89	0.01
Textile Composite										
Nishat Mills Limited	37,500	-	-	10,400	27,100	3,712	4,051	2.76	2.63	0.01
	37,500	-	-	10,400	27,100	3,712	4,051	2.76	2.63	0.01
	895,135	-	4,097	483,540	415,692	91,210	82,867	56.43	53.70	9.22

7.2 Listed equity securities - at fair value through profit or loss

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2017	Cost of holdings as at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	Number of shares				(Rupees in '000)		%			
Automobile Assembler										
Millat Tractors Limited	-	1,600	-	-	1,600	1,862	1,875	1.28	1.22	-
	-	1,600	-	-	1,600	1,862	1,875	1.28	1.22	-
Cable and Electrical Goods										
Pak Elektron Limited	-	65,900	-	1,400	64,500	3,180	3,063	2.09	1.98	0.01
	-	65,900	-	1,400	64,500	3,180	3,063	2.09	1.98	0.01
Cement										
Kohat Cement Company Limited	-	11,800	-	-	11,800	2,219	1,675	1.14	1.09	0.01
Lucky Cement Limited	-	3,250	-	-	3,250	1,632	1,682	1.15	1.09	-
D.G.Khan Cement Company Limited	-	4,000	-	-	4,000	506	535	0.36	0.35	-
Fauji Cement Company Limited	-	122,000	-	-	122,000	3,028	3,051	2.08	1.98	0.01
	-	141,050	-	-	141,050	7,385	6,943	4.73	4.51	0.02
Commercial Banks										
Meezan Bank Limited	-	45,000	-	-	45,000	2,925	3,020	2.06	1.96	-
	-	45,000	-	-	45,000	2,925	3,020	2.06	1.96	-
Engineering										

Name 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	Cost of holdings as at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	Number of shares				(Rupees in '000)		%			
Amreli Steel Limited	-	55,800	-	3,000	52,800	5,260	4,892	3.33	3.17	0.02
International Industries Limited	-	14,100	-	-	14,100	3,348	3,386	2.31	2.19	0.01
International Steel Limited	-	7,700	-	-	7,700	952	819	0.56	0.53	-
	-	77,600	-	3,000	74,600	9,560	9,097	6.20	5.89	0.03
Fertilizer										
Engro Corporation Limited	-	13,200	-	-	13,200	3,473	3,627	2.47	2.35	-
Engro Fertilizer Limited	-	175,500	-	16,000	159,500	9,513	10,801	7.35	7.00	0.01
Fauji Fertilizers Limited	-	43,500	-	4,000	39,500	3,286	3,125	2.13	2.03	-
	-	232,200	-	20,000	212,200	16,272	17,553	11.95	11.38	0.01
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	-	16,800	-	-	16,800	2,560	2,735	1.86	1.77	-
Pakistan Petroleum Limited	-	13,000	-	-	13,000	2,202	2,677	1.82	1.73	-
Pakistan Oilfields Limited	-	1,100	-	-	1,100	677	654	0.45	0.42	-
	-	30,900	-	-	30,900	5,439	6,066	4.13	3.92	-
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited	-	5,160	-	-	5,160	1,967	1,512	1.03	0.98	-
Sui Northern Gas Company Limited	-	32,900	-	-	32,900	4,354	3,113	2.12	2.02	0.01
	-	38,060	-	-	38,060	6,321	4,625	3.15	3.00	0.01
Power Generation and Distribution										
Hub Power Company Limited	-	29,600	-	-	29,600	3,364	2,694	1.83	1.75	-
K-Electric Limited	-	725,500	-	-	725,500	4,424	4,578	3.12	2.97	-
	-	755,100	-	-	755,100	7,788	7,272	4.95	4.72	-
Textile Composite										
Nishat Mills Limited	-	25,600	-	-	25,600	3,961	3,827	2.61	2.48	0.01
	-	25,600	-	-	25,600	3,961	3,827	2.61	2.48	0.01
Paper and Board										
Packages Limited	-	1,300	-	-	1,300	649	663	0.45	0.43	-
	-	1,300	-	-	1,300	649	663	0.45	0.43	-
	-	1,414,310	-	24,400	1,389,910	65,342	64,004	43.60	41.49	0.09

*** These represent gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Pension Fund Manager of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 57 (3) (viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement amounting Rs.0.125 million (June 30, 2017: 0.07 million) and not yet deposited with Government Treasury. Pension Fund Manager is of the view that the decision will be in the favour and accordingly has recorded the bonus shares on gross basis.

7.3 Net unrealised appreciation on remeasurement of investments

Note	As at December 31, 2017 (Unaudited)				As at June 30, 2017 (Audited)			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	(Rupees in '000)				(Rupees in '000)			
Market Value of Investments	82,867	32,720	-	115,587	188,834	30,577	-	219,411
Cost of Investments	91,210	32,447	-	123,657	174,588	29,971	-	204,559
Impairment loss on equity securities classified as available-for-sale - Net	(10,945)	-	-	(10,945)	-	-	-	-
	80,265	32,447	-	112,712	174,588	29,971	-	204,559
	2,602	273	-	2,875	14,246	606	-	14,852

7.4 Investment in Government Securities - Ijarah Sukuk - Available for sale

7.4.1 Held by Debt Sub-Fund

Issue Date	Note	Tenor	Face value			As at December 31, 2017	Amortised Cost 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 of sub-fund	Net assets of sub-fund
			(Rupees in '000)				%			
March 29, 2016	7.4.1.1	3 Years	5,000	-	-	5,000	5,057	5,037	13.03	5.44
December 18, 2015	7.4.1.2	3 Years	13,000	-	-	13,000	13,040	13,092	33.87	14.13
June 30, 2017	7.4.1.3	3 Years	-	1,000	-	1,000	1,000	999	2.58	1.08
February 15, 2016	7.4.1.4	3 Years	6,200	-	-	6,200	6,207	6,284	16.26	6.78
			24,200	1,000	-	25,200	25,304	25,412	65.74	27.43

7.4.1.1 These carries mark-up at the rate of 5.59% (June 30, 2017: 6.19%) per annum receivable semi-annually in arrears, maturing in March 2019.

7.4.1.2 These carries markup at the rate of 5.51% (June 30, 2017: 5.45%) per annum receivable semi-annually in arrears, maturing in February 2019.

7.4.1.3 These carries markup at the rate of 5.24% per annum receivable semi-annually in arrears, maturing in June 2020.

7.4.1.4 These carries markup at the rate of 6.10% (June 30, 2017: 6.10%) per annum receivable semi-annually in arrears, maturing in Feb 2019.

7.5 Investment in Government Securities - Ijarah Sukuk - Held for trading

7.5.1 Held by Debt Sub-Fund

Issue Date	Tenor	Face value			As at December 31, 2017	Amortised Cost 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 of sub-fund	Net assets of sub-fund
			(Rupees in '000)				%		
June 30, 2017	3 years	-	22,000	22,000	-	-	-	-	
June 30, 2017	3 years	-	2,000	2,000	-	-	-	-	
June 30, 2017	3 years	-	25,000	25,000	-	-	-	-	
		-	49,000	49,000	-	-	-	-	

7.5.2 Held by Money Market Sub-Fund

Issue Date	Tenor	Face value			Amortised Cost 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			As at December 31, 2017	Total investments of sub-fund
					(Rupees in '000)		%	
June 30, 2017	3 Years	-	24,000	24,000	-	-	-	-
June 30, 2017	3 Years	-	9,000	9,000	-	-	-	-
June 30, 2017	3 Years	-	12,000	12,000	-	-	-	-
June 30, 2017	3 Years	-	3,000	3,000	-	-	-	-
		-	48,000	48,000	-	-	-	-

7.6 Term Finance Certificates and Sukuk bonds - Available for sale

7.6.1 Held by Debt Sub-Fund

Name of the Investee Company	Face value				Amortised Cost 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 year	Sales / Matured during the year	As at December 31, 2017			Total Investments	Net Assets	
				Number of certificates		(Rupees in '000)		%	
Pharmaceuticals									
AGP Limited	-	24	-	24	2,160	2,174	6	2	
	-	24	-	24	2,160	2,174	6	2	
Mutiutilities									
Water and Power Development Authority	474	-	-	474	1,355	1,415	4	2	
K-Electric	400	-	-	400	1,800	1,841	5	2	
	874	-	-	874	3,155	3,256	9	4	
Fertilizers									
Fatima Fertilizers Company Limited	457	-	-	457	1,828	1,878	5	2	
	457	-	-	457	1,828	1,878	5	2	
Total	1,331	24	-	1,355	7,143	7,308	20	8	

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

Name of security	Remaining principal (Rupees per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
AGP Limited	90,000	3 months KIBOR + 1.30%	9-Jun-17	9-Jun-22
Water and Power Development Authority	2,858	6 months KIBOR + 1%	14-Oct-13	14-Oct-21
K-Electric	4,500	3 months KIBOR + 1%	17-Jun-15	17-Jun-22
Fatima Fertilizers Company Limited	4,000	6 months KIBOR + 1.1%	28-Nov-16	28-Nov-21

7.7 Term Finance Certificates and Sukuk bonds - Held for trading

7.7.1 Held by Debt Sub-Fund

Name of the Investee Company	As at July 1, 2017	Purchases during the year	Sales / Matured during the year	As at December 31, 2017	Amortised Cost as at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of	
	Number of certificates			(Rupees in '000)			Total Investments	Net Assets
Commercial Banks								
Bank Al Baraka Limited Sukuk	2	-	2	-	-	-	-	-
	2	-	2	-	-	-	-	-
Fertilizers								
Dawood Hercules Corporation Limited Sukuk	-	20	-	20	2,000	2,000	5	2
	-	20	-	20	2,000	2,000	5	2
Miscellaneous								
International Brands Limited Sukuk	-	20	-	20	2,000	2,000	5	2
	-	20	-	20	2,000	2,000	5	2
Total	2	40	2	40	4,000	4,000	10	4

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

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

7.8 Commercial Papers - Loans and Receivables

7.8.1 Held by Debt Sub-Fund

Name of Company	Note	Maturity Date	Placements made during the period	Income Accrued	Matured during the period	As at December 31, 2017	Market Value as a	
							Percentage of total value of investments	Percentage of Net Assets
			(Rupees in '000)					
Hascol Petroleum Limited	7.8.3	June 29, 2018	1,928	1	-	1,929	5	2
			1,928	1	-	1,929	5	2

7.8.2 Held by Money Market Sub-Fund

Name of Company	Note	Maturity Date	Placements made during the period	Income Accrued	Matured during the period	As at December 31, 2017	Market Value as a % of	
							Percentage of total value of investments	Percentage of Net Assets
			(Rupees in '000)					
Hascol Petroleum Limited	7.8.3	June 29, 2018	2,892	2	-	2,894	100	4
			2,892	2	-	2,894	100	4

7.8.3 These commercial paper has been placed at discount at a rate of 7.46% and is being amortised over a period of 182 days.

8. DIVIDEND AND PROFIT RECEIVABLE	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)				
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)							
Dividend receivable		1,202	-	-	1,202	739	-	-	739
Profit receivable on bank deposits		57	238	227	522	73	191	257	521
Profit accrued on sukuk bonds		-	105	-	105	-	43	-	43
Profit accrued on government securities - Ijarah Sukuk		-	278	-	278	-	247	-	247
Profit accrued on term deposit receipts		-	87	95	182	-	-	-	-
		<u>1,259</u>	<u>708</u>	<u>322</u>	<u>2,289</u>	<u>812</u>	<u>481</u>	<u>257</u>	<u>1,550</u>

9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)							
Security Deposit with Central Depository Company of Pakistan Limited		100	100	-	200	100	100	-	200
Advance against Initial Public Offer (IPO) of Sukuks		-	-	-	-	-	2,400	-	2,400
Other Receivable		-	57	-	57	-	-	-	-
		<u>100</u>	<u>157</u>	<u>-</u>	<u>257</u>	<u>100</u>	<u>2,500</u>	<u>-</u>	<u>2,600</u>

10. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - PENSION FUND MANAGER	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)				
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)							
Management fee	10.1	193	119	93	405	262	117	96	475
Sindh Sales Tax	10.2	25	15	12	52	34	15	13	62
		<u>218</u>	<u>134</u>	<u>105</u>	<u>457</u>	<u>296</u>	<u>132</u>	<u>109</u>	<u>537</u>

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

10.2 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 Act, 2011 effective from July 01, 2017.

11. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)				
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)							
Trustee remuneration		20	12	9	41	27	12	10	49
Sindh Sales Tax on Trustee remuneration	11.1	3	2	1	6	3	1	1	5
		<u>23</u>	<u>14</u>	<u>10</u>	<u>47</u>	<u>30</u>	<u>13</u>	<u>11</u>	<u>54</u>

11.1 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Trustee through Sindh Sales Tax Act, 2011 effective from July 01, 2017.

12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Auditors' remuneration	59	59	61	179	83	83	83	249
Payable against purchase of investments	3,141	-	-	3,141	945	-	-	945
Federal Excise Duty	879	488	383	1,750	879	488	383	1,750
Provision for Sindh Workers' Welfare Fund	1,952	228	170	2,350	1,952	195	145	2,292
Payable against redemption of units	74	53	164	291	-	-	-	-
Other payable	458	6	2	466	157	38	135	330
	<u>6,563</u>	<u>834</u>	<u>780</u>	<u>8,177</u>	<u>4,016</u>	<u>804</u>	<u>746</u>	<u>5,566</u>

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

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

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Pension Fund Manager has made a provision with effect from 13 June 2013, aggregating to Rs. 0.879 million, 0.488 million and 0.383 million (2016: Rs. 0.879 million, Rs. 0.488 million and Rs. 0.383 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at December 31, 2017 would have been higher by Rs. 2.11, Rs. 0.74 and Rs. 0.73 (2016: Rs. 1.87 Rs. 0.70 and Rs. 0.65) per unit respectively. However after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

14. CONTRIBUTION TABLE

Contributions received during the period are as follows:

	Half year ended December 31, 2017							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
From:								
Individuals	31,024	11,726	107,854	14,977	92,590	12,563	231,468	39,266
	<u>31,024</u>	<u>11,726</u>	<u>107,854</u>	<u>14,977</u>	<u>92,590</u>	<u>12,563</u>	<u>231,468</u>	<u>39,266</u>

	Half year ended December 31, 2016							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
From:								
Individuals	38,530	14,796	59,044	7,883	104,953	13,368	202,527	36,047
	<u>38,530</u>	<u>14,796</u>	<u>59,044</u>	<u>7,883</u>	<u>104,953</u>	<u>13,368</u>	<u>202,527</u>	<u>36,047</u>

15. NUMBER OF UNITS IN ISSUE

	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Number) -----							
Opening units in issue	470,012	696,065	583,084	1,749,161	472,936	672,201	488,681	1,633,818
Units issued during the period	31,024	107,854	92,590	231,468	84,179	172,056	231,597	487,832
Units redeemed during the period	(76,246)	(162,822)	(153,155)	(392,223)	(87,535)	(148,331)	(136,981)	(372,847)
Reallocation during the period	(8,282)	21,897	4,242	17,857	432	139	(213)	358
Total units in issue at the end of the period	416,508	662,994	526,761	1,606,263	470,012	696,065	583,084	1,749,161

16. PROVISION FOR WORKERS' WELFARE FUND

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

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

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

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. The reversal of provision for WWF amounting to Rs. 1.397 million, Rs. 0.27 million and Rs. 0.223 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively and a provision for SWWF of Rs.1.953 million, Rs. 0.228 million and Rs. 0.170 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund would have been higher by Rs. 4.69, Rs. 0.39 and Rs. 0.32 (30 June 2017: Rs. 4.15, Rs. 0.28 and Rs. 0.24) per unit respectively.

17. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Pension Fund Manager, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, collective investment schemes managed by the Management Company, directors and officers of the Management Company. Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Remuneration payable to Pension Fund Manager and Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules and the Trust Deed respectively.

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

17.1 Transactions during the period

	Half year ended December 31, 2017				Half year ended December 31, 2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
HBL Asset Management Limited - Pension Fund Manager								
Management fee	1481	825	630	2,936	1575	743	551	2,869
Habib Bank Limited - Sponsor								
Bank charges paid	10	7	5	22	2	-	20	22
Profit on bank deposits earned	241	58	40	339	150	302	350	802

**Directors and Executives of the Pension Fund
Manager and their relatives**

Mr. Farid Ahmed Khan - Chief Executive Officer

Issue of units	Number	15,945	35,503	9,048	60,496	-	-	-	-
Amount of units issued		6,139	4,911	1,228	12,278	-	-	-	-

**Directors and their relatives
Mr. Shahid Ghaffar (Director)**

Reallocation of units	Number	(1,448)	2,985	1,667	3,204	-	-	-	-
Amount of units reallocated		(637)	412	225	-	-	-	-	-

Executives and their relatives

Issuance of units	Number	1,123	2,265	-	3,388	-	-	-	-
Amount of units issued		435	315	-	750	-	-	-	-
Reallocation of units	Number	88	(279)	-	(191)	(707)	(475)	2,582	1,400
Amount of units reallocated		39	(39)	-	-	(275)	(63)	338	-

	Half year ended December 31, 2017				Half year ended December 31, 2016				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
(Rupees in '000)									
Central Depository Company of Pakistan Limited - Trustee									
Remuneration	149	83	63	295	143	69	51	263	
Central Depository System Charges	10	3	-	13	-	-	-	-	
Directors of connected persons									
Reallocation of units	Number	(219)	53	660	494	2,334	(19,302)	12,843	(4,125)
Amount of units reallocated		(96,371)	7,289	89,082	-	882	(2,551)	1,669	-
Redemption of units	Number	(118)	(1,509)	(5,783)	(7,410)	135	1,519	5,786	7,440
Amount of units redeemed		45,672	209,526	787,336	1,042,534	53	203	760	1,016

17.2 Balances outstanding as at period end

	December 31, 2017				June 30, 2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----								
HBL Asset Management Limited - Pension Fund Manager								
Management fee payable	193	119	93	405	262	117	96	475
Sindh Sales tax Payable	25	15	12	52	34	15	13	62
Federal Excise Duty payable	879	488	383	1,750	879	488	383	1,750
Habib Bank Limited - Sponsor								
Units held	Number	300,000	300,000	300,000	900,000	300,000	300,000	900,000
Amount of units held		111,149	41,109	41,919	194,177	132,398	41,350	214,179
Profit receivable on bank deposits		30	2	14	46	48	27	120
Bank balances		2,526	2,018	2,308	6,852	12,693	10,320	40,214
----- (Rupees in '000) -----								
Directors and Executives of the Pension Fund Manager and their relatives								
Mr. Farid Ahmed Khan - Chief Executive Officer								
Units held	Number	15,945	35,503	9,048	60,496	-	-	-
Amount of units held		5,908	4,961	1,240	12,109	-	-	-
Directors and their relatives								
Mr. Shahid Ghaffar (Director)								
Units held	Number	13,959	44,491	22,729	81,179	4,891	5,989	10,880
Amount of units held		5,172	6,217	3,115	14,504	2,159	825	2,984
Executives and their relatives								
Units held	Number	4,979	5,710	-	10,689	4,891	5,989	10,880
Amount of units held		2,123	741	-	2,864	2,159	825	2,984
Central Depository Company of Pakistan Limited - Trustee								
Remuneration payable		23	14	10	47	30	13	54
Security deposit receivable		100	100	-	200	100	100	200
Directors of connected persons								
Units held	Number	1,541	19,645	75,269	96,455	1,878	21,102	80,392
Amount of units held		571	2,745	10,314	13,630	829	2,909	10,834

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

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

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 7.

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

		Held by Equity sub-fund								
		December 31, 2017 (Unaudited)					Fair Value			
On-balance sheet financial instruments	Note	Carrying Amount				Total	Level 1	Level 2	Level 3	Total
		Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities					
(Rupees in '000)										
Financial assets measured at fair value										
- Listed equity securities		64,004	82,867	-	-	146,871	146,871	-	-	146,871
Financial assets not measured at fair value										
- Bank balances	18.1	-	-	12,920	-	12,920	-	-	-	-
- Dividend receivable and accrued mark-up		-	-	1,259	-	1,259	-	-	-	-
- Advances, deposits, prepayments and other receivables		-	-	100	-	100	-	-	-	-
		-	-	14,279	-	14,279	-	-	-	-
		64,004	82,867	14,279	-	161,150	-	-	-	-
Financial liabilities not measured at fair value										
- Payable to the Pension Fund Manager	18.1	-	-	-	218	218	-	-	-	-
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	23	23	-	-	-	-
- Payable to the Securities and Exchange Commission of Pakistan		-	-	-	30	30	-	-	-	-
- Accrued expenses and other liabilities		-	-	-	3,732	3,732	-	-	-	-
		-	-	-	4,003	4,003	-	-	-	-
Held by Equity sub-fund										
June 30, 2017 (Audited)										
On-balance sheet financial instruments	Note	Carrying Amount				Total	Level 1	Level 2	Level 3	Total
		Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities					
(Rupees in '000)										
Financial assets measured at fair value										
- Listed equity securities		-	188,834	-	-	188,834	188,834	-	-	188,834
Financial assets not measured at fair value										
- Bank balances	18.1	-	-	22,092	-	22,092	-	-	-	-
- Dividend receivable and accrued mark-up		-	-	812	-	812	-	-	-	-
- Advances, deposits, prepayments and other receivables		-	-	100	-	100	-	-	-	-
		-	-	23,004	-	23,004	-	-	-	-
		-	188,834	23,004	-	211,838	-	-	-	-
Financial liabilities not measured at fair value										
- Payable to the Pension Fund Manager	18.1	-	-	-	296	296	-	-	-	-
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	30	30	-	-	-	-
- Payable to the Securities and Exchange Commission of Pakistan		-	-	-	66	66	-	-	-	-
- Accrued expenses and other liabilities		-	-	-	1,855	1,855	-	-	-	-
		-	-	-	1,577	1,577	-	-	-	-
Held by Debt sub-fund										
December 31, 2017 (Unaudited)										
On-balance sheet financial instruments	Note	Carrying Amount				Total	Level 1	Level 2	Level 3	Total
		Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities					
(Rupees in '000)										
Financial assets measured at fair value										
- Ijarah Sukuks		-	25,412	-	-	25,412	-	25,412	-	25,412
- Term Finance Certificates and Sukuk Bonds - Unlisted		4,000	7,308	-	-	11,308	-	11,308	-	11,308
		4,000	32,720	-	-	36,720	-	-	-	36,720
Financial assets not measured at fair value										
- Bank balances	18.1	-	-	24,126	-	24,126	-	-	-	-
- Term Deposit Receipts (TDRs)		-	-	30,000	-	30,000	-	-	-	-
- Dividend receivable and accrued mark-up		-	-	708	-	708	-	-	-	-
- Other receivables		-	-	157	-	157	-	-	-	-
- Commercial Paper		-	-	1,929	-	1,929	-	-	-	-
		-	-	56,920	-	56,920	-	-	-	-
		4,000	32,720	56,920	-	93,640	-	-	-	93,640
Financial liabilities not measured at fair value										
- Payable to the Pension Fund Manager	18.1	-	-	-	134	134	-	-	-	-
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	14	14	-	-	-	-
- Payable to the Securities and Exchange Commission of Pakistan		-	-	-	16	16	-	-	-	-
- Accrued expenses and other liabilities		-	-	-	118	118	-	-	-	-
		-	-	-	282	282	-	-	-	-

Held by Debt sub-fund										
June 30, 2017 (Audited)										
On-balance sheet financial instruments	Note	Carrying Amount				Fair Value				
		Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
Financial assets measured at fair value										
- Ijarah Sukuks		-	24,737	-	-	24,737	-	-	24,737	24,737
- Term Finance Certificates and Sukuk Bonds - Unlisted		-	5,840	-	-	5,840	-	5,840	-	5,840
		-	30,577	-	-	30,577	-	-	-	30,577
Financial assets not measured at fair value										
- Bank balances	18.1	-	-	45,363	-	45,363	-	-	-	-
- Dividend receivable and accrued mark-up		-	-	481	-	481	-	-	-	-
- Term deposits receipts (TDRs)		-	-	18,000	-	18,000	-	-	-	-
- Advances, deposits, prepayments and other receivables		-	-	2,500	-	2,500	-	-	-	-
		-	-	66,344	-	66,344	-	-	-	-
		-	30,577	66,344	-	96,921	-	-	-	96,921
Financial liabilities not measured at fair value										
- Payable to the Pension Fund Manager	18.1	-	-	-	132	132	-	-	-	-
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	13	13	-	-	-	-
- Payable to the Securities and Exchange Commission of Pakistan		-	-	-	30	30	-	-	-	-
- Accrued expenses and other liabilities		-	-	-	121	121	-	-	-	-
		-	-	-	296	296	-	-	-	-
Held by Money Market sub-fund										
December 31, 2017 (Unaudited)										
On-balance sheet financial instruments	Note	Carrying Amount				Fair Value				
		Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
Financial assets not measured at fair value										
- Bank balances	18.1	-	-	32,873	-	32,873	-	-	-	-
- Term deposits receipts (TDRs)		-	-	37,000	-	37,000	-	-	-	-
- Dividend receivable and accrued mark-up		-	-	322	-	322	-	-	-	-
- Commercial Paper		-	-	2,894	-	2,894	-	-	-	-
		-	-	73,089	-	73,089	-	-	-	-
Financial liabilities not measured at fair value										
- Payable to the Pension Fund Manager	18.1	-	-	-	105	105	-	-	-	-
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	10	10	-	-	-	-
- Payable to the Securities and Exchange Commission of Pakistan		-	-	-	12	12	-	-	-	-
- Accrued expenses and other liabilities		-	-	-	227	227	-	-	-	-
		-	-	-	354	354	-	-	-	-
Held by Money Market sub-fund										
June 30, 2017 (Audited)										
On-balance sheet financial instruments	Note	Carrying Amount				Fair Value				
		Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
Financial assets not measured at fair value										
- Bank balances	18.1	-	-	65,212	-	65,212	-	-	-	-
- Term deposits receipts (TDRs)		-	-	14,000	-	14,000	-	-	-	-
- Dividend receivable and accrued mark-up		-	-	257	-	257	-	-	-	-
		-	-	79,469	-	79,469	-	-	-	-
Financial liabilities not measured at fair value										
- Payable to the Pension Fund Manager	18.1	-	-	-	109	109	-	-	-	-
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	11	11	-	-	-	-
- Payable to the Securities and Exchange Commission of Pakistan		-	-	-	23	23	-	-	-	-
- Accrued expenses and other liabilities		-	-	-	218	218	-	-	-	-
		-	-	-	361	361	-	-	-	-

18.1 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.

19. DATE OF AUTHORIZATION FOR ISSUE

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

20. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

HBL Pension Fund

FUND INFORMATION

Name of Fund	HBL Pension Fund
Name of Auditor	KPMG Taseer Hadi & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited Soneri Bank Limited Zarai Taraqati Bank Allied Bank Limited Faysal Bank Limited JS Bank Limited Sindh Bank Limited Habib Bank Limited

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE PARTICIPANTS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Pension Fund** ("the Fund") as at December 31, 2017 and the related condensed interim income statement and statement of comprehensive income, condensed interim statement of movement in participants' funds, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Pension Fund Manager is responsible for the preparation and presentation of this 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 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 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.

Other matters

The figures for the three months period ended December 31, 2017 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

The financial statements for the year ended June 30, 2017 and for the six months period ended December 31, 2016 were audited / reviewed by another firm of Chartered Accountants who had expressed an unqualified opinion / conclusion thereon vide report dated September 22, 2017 and February 24, 2017 respectively.

Date: 26 February, 2018

Karachi

**KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum**

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

Note	December 31, 2017 (Un-Audited)				June 30, 2017 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
(Rupees in '000)									
Assets									
Bank balances	6	15,168	47,949	101,691	164,808	15,488	18,391	96,629	130,508
Investments	7	203,392	151,405	54,606	409,403	218,388	167,775	64,791	450,954
Dividend and profit receivable	8	1,433	1,341	1,077	3,851	627	917	664	2,208
Advances, deposits, prepayments and other receivables	9	100	414	20	534	100	100	-	200
Total assets		220,093	201,109	157,394	578,596	234,603	187,183	162,084	583,870
Liabilities									
Payable to Pension Fund Manager	10	304	284	223	811	345	247	213	805
Payable to Trustee	11	31	29	23	83	34	26	21	81
Payable to Securities and Exchange Commission of Pakistan	12	37	31	26	94	66	58	51	175
Accrued expenses and other liabilities	13	2,705	1,905	1,946	6,556	4,956	1,735	1,767	8,458
Total liabilities		3,077	2,249	2,218	7,544	5,401	2,066	2,052	9,519
Net assets		217,016	198,860	155,176	571,052	229,202	185,117	160,032	574,351
Participants' sub funds (as per statement attached)		217,016	198,860	155,176	571,052	229,202	185,117	160,032	574,351
Number of units in issue	15	624,332	1,272,669	1,076,162	2,973,163	561,606	1,206,656	1,134,303	2,902,565
Net assets value per unit	Rupees	347.5979	156.2543	144.1937		408.1194	153.4136	141.0836	

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund
Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)
For the six months period ended December 31, 2017

Note	2017				2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Income								
Dividend income	6,131	-	-	6,131	3,835	-	-	3,835
Profit on bank deposits	784	1,929	3,582	6,295	240	108	611	959
Mark-up / return on investments	-	3,786	1,491	5,277	-	5,432	3,923	9,355
Capital (loss) / gain on sale of investments	(8,292)	17	18	(8,257)	21,590	613	1	22,204
Unrealized (loss) / gain on revaluation of investments at fair value through profit or loss	(138)	105	-	(33)	-	-	-	-
	(1,515)	5,837	5,091	9,413	25,665	6,153	4,535	36,353
Impairment loss on investments classified as 'available for sale'	(17,663)	-	-	(17,663)	-	-	-	-
	(19,178)	5,837	5,091	(8,250)	25,665	6,153	4,535	36,353
Expenses								
Remuneration of Pension Fund Manager	1,865	1,555	1,331	4,751	1,454	1,166	1,339	3,959
Remuneration of Trustee	187	156	134	477	146	149	131	426
Annual fee to Securities and Exchange Commission of Pakistan	37	31	26	94	29	29	26	84
Auditors' remuneration	61	61	60	182	59	69	50	178
Settlement and bank charges	195	59	19	273	8	4	4	16
Other Expenses	19	15	19	53	-	-	-	-
	2,364	1,877	1,589	5,830	1,696	1,417	1,550	4,663
Net (loss) / income from operating activities before SWWF	(21,542)	3,960	3,502	(14,080)	23,969	4,736	2,985	31,690
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(78)	(69)	(147)	(229)	(23)	-	(252)
Net (loss) / income before taxation	(21,542)	3,882	3,433	(14,227)	23,740	4,713	2,985	31,438
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(21,542)	3,882	3,433	(14,227)	23,740	4,713	2,985	31,438
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Unrealised (loss) / gain on re-measurement of investments - classified as available for sale	(22,764)	(384)	12	(23,136)	37,805	(1,315)	(21)	36,469
Reclassification adjustment relating to available for sale investments sold during the period	8,076	(36)	(7)	8,033	(21,590)	(613)	(1)	(22,204)
	(14,688)	(420)	5	(15,103)	16,215	(1,928)	(22)	14,265
Total comprehensive (loss) / income for the period	(36,230)	3,462	3,438	(29,330)	39,955	2,785	2,963	45,703

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund
Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)
For the three months period ended December 31, 2017

Note	2017				2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Income								
Dividend income	4,537	-	-	4,537	3,079	-	-	3,079
Profit on bank deposits	418	1,146	1,969	3,533	172	9	171	352
Mark-up / return on investments	-	1,665	469	2,134	-	2,369	1,973	4,342
Capital (loss) / gain on sale of investments	(3,392)	191	5	(3,196)	8,647	613	1	9,261
Unrealized gain / (loss) on revaluation of investments at fair value through profit or loss	1,347	50	(1)	1,396	-	-	-	-
	2,910	3,052	2,442	8,404	11,898	2,991	2,145	17,034
Impairment loss on investments classified as 'available for sale'	(17,663)	-	-	(17,663)	-	-	-	-
	(14,753)	3,052	2,442	(9,259)	11,898	2,991	2,145	17,034
Expenses								
Remuneration of Pension Fund Manager	911	798	666	2,375	759	422	656	1,837
Remuneration of Trustee	91	80	67	238	76	74	65	215
Annual fee to Securities and Exchange Commission of Pakistan	18	16	13	47	15	14	13	42
Auditors' remuneration	16	16	15	47	34	44	25	103
Settlement and bank charges	120	26	13	159	-	-	-	-
Other expenses	19	-	19	38	8	4	4	16
	1,175	936	793	2,904	892	558	763	2,213
Net (loss) / income from operating activities before SWWF	(15,928)	2,116	1,649	(12,163)	11,006	2,433	1,382	14,821
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(42)	(32)	(74)	(229)	(23)	-	(252)
Net (loss) / income before taxation	(15,928)	2,074	1,617	(12,237)	10,777	2,410	1,382	14,569
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(15,928)	2,074	1,617	(12,237)	10,777	2,410	1,382	14,569
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Unrealised (loss) / gain on re-measurement of investments - classified as available for sale	6,343	(169)	5	6,179	23,422	(137)	12	23,297
Reclassification adjustment relating to available for sale investments sold during the period	3,177	85	(5)	3,257	(8,647)	(613)	(1)	(9,261)
	9,520	(84)	-	9,436	14,775	(750)	11	14,036
Total comprehensive (loss) / income for the period	(6,408)	1,990	1,617	(2,801)	25,552	1,660	1,393	28,605

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund
Condensed Interim Statement of Movement in Participants' Funds (Un-Audited)
For the six months period ended December 31, 2017

Note	2017				2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Net assets at beginning of the period	229,202	185,117	160,032	574,351	152,107	178,222	151,602	481,931
Issuance of units	36,202	37,162	18,030	91,394	10,525	11,133	21,047	42,705
Redemption of units	(8,358)	(29,681)	(27,324)	(65,363)	(8,220)	(17,870)	(24,494)	(50,584)
Reallocation among funds	(3,800)	2,800	1,000	-	(167)	(1,429)	1,596	-
Other comprehensive income								
Net (loss) / income for the period	(21,542)	3,882	3,433	(14,227)	23,740	4,713	2,985	31,438
Net unrealised (loss) / gain on remeasurement of investments classified as available for sale	(14,688)	(420)	5	(15,103)	16,215	(1,928)	(22)	14,265
Total comprehensive (loss) / income for the period	(36,230)	3,462	3,438	(29,330)	39,955	2,785	2,963	45,703
Net assets at end of the period	217,016	198,860	155,176	571,052	194,200	172,841	152,714	519,755
Net assets value per unit at beginning of the period	408.1194	153.4136	141.0836		320.5217	146.9919	135.0112	
Net assets value per unit at end of the period	347.5979	156.2543	144.1937		403.8477	149.6515	138.0208	

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the six months period ended December 31, 2017

Note	2017				2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
CASH FLOW FROM OPERATING ACTIVITIES								
Net (loss) / income for the period	(21,542)	3,882	3,433	(14,227)	23,740	4,713	2,985	31,438
Adjustments								
Unrealized diminution / (appreciation) in the market value of investments classified as fair value through profit or loss	138	(105)	-	33	-	-	-	-
Impairment loss on investments classified as 'available for sale'	17,663	-	-	17,663	-	-	-	-
	(3,741)	3,777	3,433	3,469	23,740	4,713	2,985	31,438
(Increase) / decrease in assets								
Investments - net	(17,493)	16,055	10,190	8,752	(24,828)	21,701	14,303	11,176
Dividend and profit receivable	(806)	(424)	(413)	(1,643)	(157)	(2,948)	(475)	(3,580)
Advances, deposits, prepayments and other receivables	-	(314)	(20)	(334)	-	(14,625)	-	(14,625)
	(18,299)	15,317	9,757	6,775	(24,985)	4,128	13,828	(7,029)
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	(41)	37	10	6	55	(6)	5	54
Payable to Central Depository Company of Pakistan Limited - Trustee	(3)	3	2	2	3	-	(2)	1
Payable to Securities and Exchange Commission of Pakistan	(29)	(27)	(25)	(81)	(16)	(23)	(21)	(60)
Accrued expenses and other liabilities	(2,251)	170	179	(1,902)	(3,782)	(127)	(462)	(4,371)
	(2,324)	183	166	(1,975)	(3,740)	(156)	(480)	(4,376)
Net cash (used in) / generated from operating activities	(24,364)	19,277	13,356	8,269	(4,985)	8,685	16,333	20,033
CASH FLOW FROM FINANCING ACTIVITIES								
Amount received on issue of units	36,202	37,162	18,030	91,394	10,525	11,133	21,047	42,705
Amount paid on redemption of units	(8,358)	(29,681)	(27,324)	(65,363)	(8,220)	(17,870)	(24,494)	(50,584)
Reallocation among funds	(3,800)	2,800	1,000	-	(167)	(1,429)	1,596	-
Net cash generated from / (used in) financing activities	24,044	10,281	(8,294)	26,031	2,138	(8,166)	(1,851)	(7,879)
Net (decrease) / increase in cash and cash equivalents	(320)	29,558	5,062	34,300	(2,847)	519	14,482	12,154
Cash and cash equivalents at beginning of the period	15,488	18,391	96,629	130,508	12,682	8,171	42,240	63,093
Cash and cash equivalents at end of the period	15,168	47,949	101,691	164,808	9,835	8,690	56,722	75,247

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund
Notes to the Condensed Interim Financial Information (Un-Audited)
For the six months period ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

- The Equity sub-fund consists of a minimum 90% of net assets invested in listed equity securities. Investment in a single company is restricted to lower of 5% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 25% of NAV or index weight, subject to a maximum of 30% of NAV. Remaining assets of the equity sub-fund shall be invested in any government security having less than one year time to maturity, or be deposited with scheduled commercial banks having at least 'A' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.

- The Debt Sub-Fund consist of tradable debt securities with weighted average duration of the investment portfolio of the Sub-Fund not exceeding five years. At least twenty five percent (25%) of the assets in the Sub-Fund shall be invested in securities issued by the Federal Government. Upto twenty five percent (25%) may be deposited with banks having not less than 'AA+' rating with stable outlook. Exposure to securities issued by companies of a single sector shall not exceed twenty percent (20%) except for banking sector for which the exposure limit shall be up to thirty percent (30%) of net assets of a debt sub-fund. Composition of the remaining portion of the investments shall be as defined in the offering document.

- The Money Market sub-fund consists of short term debt instruments with weighted average time to maturity not exceeding ninety days. There is no restriction on the amount of investment in securities issued by the Federal Government. However, deposits with commercial banks having 'A+' or higher rating shall not exceed 20% of net assets of money market sub-fund. Investment in securities issued by provincial government, city government, government corporate entities with 'A' or higher rating or a corporate entity with 'A+' or higher rating or a government corporation with 'A+' or higher rating shall be in proportion as defined in the offering document.

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

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+ (stable)' (2016: 'AM2-') to the Pension Fund Manager while the Fund is currently not rated.

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 This condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of and directives under the repealed Companies Ordinance, 1984, the VPS Rules and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirement differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the VPS Rules and directives issued by the SECP have been followed.

2.1.2 The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the interim financial statements for the periods ending on or before December 31, 2017 shall be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.1.3 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2017. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

2.1.4 This condensed interim financial information is being submitted to the participants as required under Regulation 7(f) of the VPS Rules, 2005.

2.2 Basis of Measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which 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

3.1 The accounting policies adopted for preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended 30 June 2017.

3.2 Standards and amendments to published approved accounting standards that are not yet effective.

3.2.1 IFRS 9: 'Financial Instruments' and IFRS 15: 'Revenue from Customers', are effective for annual periods beginning on or after 1 July 2018. The Fund is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments. SECP vide its letter dated November 21, 2017 to MUFAP has deferred the applicability of the provisions relating to impairment of debt securities under IFRS 9 on the mutual funds till further instructions. The adoption of these standards is not expected to have any significant impact on the Fund's financial statements.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2017.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2017.

6. BANK BALANCES

Note	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	(Rupees in '000)								
Savings accounts	6.1	15,168	21,949	77,691	114,808	15,488	18,391	71,629	105,508
Term Deposit Receipts (TDRs)	6.2	-	26,000	24,000	50,000	-	-	25,000	25,000
		<u>15,168</u>	<u>47,949</u>	<u>101,691</u>	<u>164,808</u>	<u>15,488</u>	<u>18,391</u>	<u>96,629</u>	<u>130,508</u>

6.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 6.27% to 6.54% per annum (year ended June, 2017: 4% - 6.5% per annum).

6.2 This represents investment in TDRs placed with Bank Alfalah Limited and Zarai Tarakiati Bank Limited, maturing in January 2018 and May 2018 and carries profit ranging from 6.2% to 6.45% per annum (2016: 7%).

7. INVESTMENTS

Note	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
(Rupees in '000)									
Investments by category									
Available for sale investments									
Listed equity securities	7.1	114,796	-	-	114,796	218,388	-	-	218,388
Government securities									
- Treasury bills	7.4 / 7.6	-	-	-	-	-	-	37,791	37,791
- Pakistan investment bonds		-	52	-	52	-	101,502	-	101,502
Term Finance Certificates and sukuk bonds	7.8	-	22,432	-	22,432	-	34,273	-	34,273
		114,796	22,484	-	137,280	218,388	135,775	37,791	391,954
At fair value through profit or loss									
Listed equity securities	7.2	88,596	-	-	88,596	-	-	-	-
Government securities									
- Treasury bills	7.5, 7.7	-	59,559	19,853	79,412	-	-	-	-
- Pakistan investment bonds		-	-	-	-	-	-	-	-
Term Finance Certificates and sukuk bonds	7.9	-	27,676	-	27,676	-	-	-	-
		88,596	87,235	19,853	195,684	-	-	-	-
Loans and receivables									
Commercial Papers	7.10	-	7,686	6,753	14,439	-	-	-	-
Term deposits receipts		-	34,000	28,000	62,000	-	32,000	27,000	59,000
		203,392	151,405	54,606	409,403	218,388	167,775	64,791	450,954

7.1 Listed equity securities - Available for sale

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2017	Cost of holdings as at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of total investments	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	Number of shares				(Rupees in '000)		%			
Automobile Assembler										
Millat Tractors Limited	4,600	-	-	-	4,600	5,586	5,389	2.65	2.48	0.01
Ghandhara Industries Limited	200	-	-	200	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	3,000	-	-	3,000	-	-	-	-	-	-
	7,800	-	-	3,200	4,600	5,586	5,389	2.65	2.48	0.01
Automobile Parts & Accessories										
Thal Limited	8,500	-	-	8,500	-	-	-	-	-	-
	8,500	-	-	8,500	-	-	-	-	-	-
Cable and Electrical Goods										
Pak Elektron Limited	84,500	-	-	84,000	500	39	24	0.01	0.01	-
	84,500	-	-	84,000	500	39	24	0.01	0.01	-
Cement										
Lucky Cement Limited	17,400	-	-	4,800	12,600	8,889	6,519	3.21	3.00	-
Cheer Cement Company Limited	50,000	-	-	50,000	-	-	-	-	-	-
Pioneer Cement Limited	63,400	-	-	31,500	31,900	3,738	2,014	0.99	0.93	0.01
D.G. Khan Cement Company Limited	45,700	-	-	16,500	29,200	5,850	3,905	1.92	1.80	0.01
	176,500	-	-	102,800	73,700	18,477	12,438	6.12	5.73	0.02
Chemical										
ICI Pakistan Limited	3,900	-	-	3,900	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	157,000	-	-	93,500	63,500	2,000	1,814	0.89	0.84	0.01
Sitara Chemical Industries Limited	5,950	-	-	200	5,750	3,164	1,731	0.85	0.80	0.03
	166,850	-	-	97,600	69,250	5,164	3,545	1.74	1.64	0.04
Commercial Banks										
United Bank Limited	69,000	-	-	23,100	45,900	9,468	8,628	4.24	3.98	-
MCB Bank Limited	48,500	-	-	12,400	36,100	7,986	7,665	3.77	3.53	-
	117,500	-	-	35,500	82,000	17,454	16,293	8.01	7.51	-
Engineering										
Mughal Iron and Steel Industries Limited	1,000	-	-	-	1,000	61	58	0.03	0.03	-
Anneel Steels Limited	35,000	-	-	4,000	31,000	2,848	2,872	1.41	1.32	0.01
International Industries Limited	13,700	-	-	6,200	7,500	2,032	1,801	0.89	0.83	0.01
International Steels Limited	44,000	-	-	2,600	41,400	5,675	4,404	2.17	2.03	0.01
Crescent Steel & Allied Products Limited	14,075	-	-	14,075	-	-	-	-	-	-
	107,775	-	-	26,875	80,900	10,616	9,135	4.50	4.21	0.03

Name 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	Cost of holdings as at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of total investments	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	Number of shares				(Rupees in '000)		%			
Fertilizer										
Engro Corporation Limited	30,500	-	-	1,500	29,000	9,377	7,968	3.92	3.67	0.01
	30,500	-	-	1,500	29,000	9,377	7,968	3.92	3.67	0.01
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	57,300	-	-	9,000	48,300	7,195	7,863	3.87	3.62	-
Pakistan Petroleum Limited	22,500	-	-	-	22,500	3,616	4,633	2.28	2.13	-
Mari Petroleum Company Limited	5,760	-	-	-	5,760	7,903	8,357	4.11	3.85	0.01
Pakistan Oilfields Limited	12,700	-	-	4,000	8,700	3,719	5,170	2.54	2.38	-
	98,260	-	-	13,000	85,260	22,433	26,023	12.80	11.98	0.01
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited***	15,200	-	3,040	-	18,240	6,474	5,346	2.63	2.46	0.01
Sui Northern Gas Pipelines Limited	64,000	-	-	53,000	11,000	1,568	1,040	0.51	0.48	-
Hiscoil Petroleum Limited	26,500	-	4,200	16,200	14,500	4,595	3,582	1.76	1.65	0.01
	105,700	-	7,240	69,200	43,740	12,637	9,968	4.90	4.59	0.02
Paper and Board										
Packages Limited	6,300	-	-	-	6,300	4,411	3,212	1.58	1.48	0.01
	6,300	-	-	-	6,300	4,411	3,212	1.58	1.48	0.01
Pharmaceuticals										
Searle Pakistan Limited ***	16,152	-	2,230	5,000	13,382	6,657	4,213	2.07	1.94	0.01
Orb Laboratories (Pakistan) Limited	4,000	-	-	1,250	2,750	3,081	1,918	0.94	0.88	-
	20,152	-	2,230	6,250	16,132	9,738	6,131	3.01	2.82	0.01
Power Generation and Distribution										
Hub Power Company Limited	95,700	-	-	8,600	88,100	9,986	8,017	3.94	3.69	0.01
	95,700	-	-	8,600	88,100	9,986	8,017	3.94	3.69	0.01
Textile Composite										
Nishat Mills Limited	48,500	-	-	4,000	44,500	6,219	6,653	3.27	3.07	0.01
	48,500	-	-	4,000	44,500	6,219	6,653	3.27	3.07	0.01
	1,075,537	-	9,470	461,025	623,982	124,137	114,796	56.45	52.88	0.18

7.2 Listed equity securities - at fair value through profit or loss

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2017	Cost of holdings as at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of total investments	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	Number of shares				(Rupees in '000)		%			
Automobile Assembler										
Milat Tractors Limited	-	1,000	-	-	1,000	1,100	1,172	0.58	0.54	-
Pak Suzuki Motor Company Limited	-	2,100	-	2,100	-	-	-	-	-	-
Indus Motor Company Limited	-	1,300	-	-	1,300	2,265	2,184	1.07	1.01	-
	-	4,400	-	2,100	2,300	3,365	3,356	1.65	1.55	-
Cable and Electrical Goods										
Pak Elektron Limited	-	66,000	-	-	66,000	2,901	3,134	1.54	1.44	0.01
	-	66,000	-	-	66,000	2,901	3,134	1.54	1.44	0.01
Cement										
Kohat Cement Company Limited	-	24,000	-	-	24,000	5,152	3,407	1.68	1.57	0.02
	-	24,000	-	-	24,000	5,152	3,407	1.68	1.57	0.02
Commercial Banks										
United Bank Limited	-	15,300	-	-	15,300	2,965	2,876	1.41	1.33	-
MCB Bank Limited	-	21,600	-	-	21,600	4,419	4,586	2.25	2.11	-
Bank Alfalah Limited	-	141,000	-	-	141,000	5,829	5,993	2.95	2.76	0.01
Bank Al habib Limited	-	116,500	-	-	116,500	6,601	6,799	3.34	3.13	0.01
	-	294,400	-	-	294,400	19,814	20,254	9.95	9.33	0.02
Engineering										
Arncl Steels Limited	-	27,700	-	-	27,700	2,678	2,567	1.26	1.18	0.01
International Industries Limited	-	8,000	-	-	8,000	1,867	1,921	0.94	0.89	0.01
International Steels Limited	-	9,000	-	-	9,000	1,112	957	0.47	0.44	-
	-	44,700	-	-	44,700	5,657	5,445	2.67	2.51	0.02
Fertilizer										
Engro Corporation Limited	-	17,500	-	-	17,500	4,640	4,808	2.36	2.22	-
Engro Fertilizers Limited	-	173,500	-	9,000	164,500	9,774	11,140	5.48	5.13	0.01
Fajri Fertilizer Company Limited	-	52,000	-	-	52,000	4,322	4,114	2.02	1.90	-
	-	243,000	-	9,000	234,000	18,736	20,062	9.86	9.25	0.01

Name 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	Cost of holdings as at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of total investments	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	-----Number of shares-----				----- (Rupees in '000) -----		----- % -----			
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	-	29,600	-	-	29,600	4,547	4,819	2.37	2.22	-
Pakistan Petroleum Limited	-	49,200	-	-	49,200	8,717	10,131	4.98	4.67	-
Pakistan Oilfields Limited	-	7,700	-	-	7,700	4,823	4,576	2.25	2.11	-
	-	86,500	-	-	86,500	18,087	19,526	9.60	9.00	-
Oil and Gas Marketing Companies										
Sui Northern Gas Pipelines Limited	-	46,300	-	-	46,300	5,441	4,380	2.15	2.02	0.01
	-	46,300	-	-	46,300	5,441	4,380	2.15	2.02	0.01
Power Generation and Distribution										
Hub Power Company Limited	-	28,300	-	-	28,300	3,219	2,575	1.27	1.19	-
	-	28,300	-	-	28,300	3,219	2,575	1.27	1.19	-
Textile Composite										
Nishat Mills Limited	-	15,100	-	-	15,100	2,320	2,257	1.11	1.04	-
Nishat Chumian Limited	-	30,500	-	30,000	500	31	23	0.01	0.01	-
	-	45,600	-	30,000	15,600	2,351	2,280	1.12	1.05	-
Power Generation and Distribution										
Kot Addu Power Company Limited	-	77,500	-	-	77,500	4,011	4,177	2.05	1.92	0.01
	-	77,500	-	-	77,500	4,011	4,177	2.05	1.92	0.01
	-	960,700	-	41,100	919,600	88,734	88,596	43.54	40.83	0.10

*** These include gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Pension Fund Manager of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 57 (3) (viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement amounting Rs. 0.158 million (June 30, 2017: 0.161 million) and not yet deposited with Government Treasury. Pension Fund Manager is of the view that the decision will be in the favour and accordingly has recorded the bonus shares on gross basis.

7.3 Net unrealised appreciation on remeasurement of investments

Note	As at December 31, 2017 (Unaudited)				As at June 30, 2017 (Audited)			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	(Rupees in '000)				(Rupees in '000)			
Market Value of Investments	114,796	22,484	-	137,280	218,388	135,775	37,791	391,954
Cost of Investments	132,137	22,472	-	154,609	206,327	135,343	37,796	379,466
Impairment loss on equity securities classified as available-for-sale	(14,785)	-	-	(14,785)	(71)	-	-	(71)
	117,352	22,472	-	139,824	208,256	135,343	37,796	379,395
	(2,556)	12	-	(2,544)	12,132	432	(8)	12,559

7.4 Investment in Government Securities - Available for sale

Issue date	Tenor	Face value			As at December 31, 2017	Amortised Cost 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 of sub-fund	Net assets of sub-fund
		(Rupees in '000)				----- % -----			
Treasury bill									
May 11, 2017	3 months	-	14,000	14,000	-	-	-	-	-
		-	14,000	14,000	-	-	-	-	-
Pakistan Investment Bonds									
July 17, 2014	5 years	50	-	-	50	54	52	0.0256	0.0261
December 29, 2016	3 years	100,000	-	100,000	-	-	-	-	-
		100,050	-	100,000	50	54	52	0.0256	0.0261

7.5 Investment in Government Securities - Held for trading

Held by Debt Sub-Fund

Issue date	Tenor	Face value			As at December 31, 2017	Amortised Cost 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 of sub-fund	Net assets of sub-fund
(Rupees in '000)									
-----%									
Treasury bill									
May 11, 2017	3 months	-	100,000	100,000	-	-	-	-	-
May 25, 2017	3 months	-	40,000	40,000	-	-	-	-	-
May 25, 2017	3 months	-	45,000	45,000	-	-	-	-	-
July 20, 2017	3 months	-	13,000	13,000	-	-	-	-	-
August 17, 2017	3 months	-	30,000	30,000	-	-	-	-	-
September 14, 2017	3 months	-	50,000	50,000	-	-	-	-	-
October 12, 2017	3 months	-	50,000	50,000	-	-	-	-	-
October 12, 2017	3 months	-	20,000	20,000	-	-	-	-	-
November 9, 2017	3 months	-	60,000	60,000	-	-	-	-	-
November 23, 2017	3 months	-	65,000	10,000	55,000	54,597	54,596	26.84	27.45
November 23, 2017	3 months	-	5,000	-	5,000	4,963	4,963	2.44	2.50
		-	478,000	418,000	60,000	59,560	59,559	29.28	29.95
Pakistan Investment Bonds									
April 21, 2016	3 years	-	50,000	50,000	-	-	-	-	-
December 29, 2016	3 years	-	50,000	50,000	-	-	-	-	-
December 29, 2016	3 years	-	50,000	50,000	-	-	-	-	-
		-	150,000	150,000	-	-	-	-	-

7.6 Investment in Government Securities - Available for sale

Held by Money Market Sub-Fund

Issue date	Tenor	Face value			As at December 31, 2017	Amortised Cost 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 of sub-fund	Net assets of sub-fund
(Rupees in '000)									
-----%									
Treasury bill									
February 16, 2017	6 months	20,000	29,000	49,000	-	-	-	-	-
April 27, 2017	3 months	18,000	6,000	24,000	-	-	-	-	-
July 21, 2017	12 months	-	28,000	28,000	-	-	-	-	-
		38,000	63,000	101,000	-	-	-	-	-

7.7 Investment in Government Securities - Held for trading

Held by Money Market Sub-Fund

Issue date	Tenor	Face value			As at December 31, 2017	Amortised Cost 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 of sub-fund	Net Assets
(Rupees in '000)									
-----%									
Treasury bill									
July 20, 2017	3 months	-	52,000	52,000	-	-	-	-	-
August 3, 2017	3 months	-	43,000	43,000	-	-	-	-	-
August 31, 2017	3 months	-	64,000	64,000	-	-	-	-	-
October 12, 2017	3 months	-	45,000	45,000	-	-	-	-	-
November 9, 2017	3 months	-	45,000	45,000	-	-	-	-	-
November 23, 2017	3 months	-	45,000	25,000	20,000	19,853	19,853	9.76	9.98
		-	294,000	274,000	20,000	19,853	19,853	9.76	9.98

7.8 Term Finance Certificates and Sukuk bonds - Available for sale

Held by Debt Sub-Fund

Name of the Investee Company	As at July 1, 2017	Purchases during the year	Sales / Matured during the year	As at December 31, 2017	Amortised Cost as at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of		
							Total Investments	Net Assets	
-----%									
(Rupees in '000)									
Commercial Banks									
JS Bank Limited	850	-	850	-	-	-	-	-	-
Bank Al-Habib Limited	2,500	-	1,000	1,500	7,583	7,503	3.69	3.77	
Bank of Punjab	85	-	-	85	8,527	8,490	4.17	4.27	
MCB Bank Limited	800	-	-	800	4,028	4,057	1.99	2.04	
	4,235	-	1,850	2,385	20,138	20,050	9.85	10.08	
Multitilities									
Water and Power Development Authority	798	-	-	798	2,280	2,382	1.17	1.20	
	798	-	-	798	2,280	2,382	1.17	1.20	
Fertilizers									
Fauna Fertilizers Company Limited Sukuk	418	-	418	-	-	-	-	-	
	418	-	418	-	-	-	-	-	
Total	5,451	-	2,268	3,183	22,418	22,432	11.02	11.28	

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

Name of security	Remaining principal (Rupees per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Bank Al-Habib Limited	4,997	6 Months KIBOR + 0.75%	17-Mar-16	17-Mar-26
Bank of Punjab	99,980	6 Month KIBOR + 1%	23-Dec-16	23-Dec-26
MCB Bank Limited	4,094	6 Month KIBOR + 1.15%	19-Jun-14	19-Jun-22
Water and Power Development Authority	2,857	6 Month KIBOR + 1%	14-Oct-13	14-Oct-21

7.9 Term Finance Certificates and Sukuk bonds - Held for trading

Held by Debt Sub-Fund

Name of the Investee Company	As at July 1, 2017	Purchases during the period	Sales / Matured during the period	As at December 31, 2017	Amortised Cost as at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of	
							Total Investments	Net Assets
	-----Number of certificates-----			----- (Rupees in '000) -----		----- % -----		
Commercial Banks								
Bank Alfalah Limited	-	2,000	50	1,950	9,917	9,906	4.87	4.98
Bank Albarak Limited Sukuk	-	4	4	-	-	-	-	-
JS Bank Limited	-	850	-	850	4,253	4,248	2.09	2.14
	-	2,854	54	2,800	14,170	14,154	6.96	7.12
Mutiutilities								
K-Electric Limited	-	1,200	-	1,200	5,400	5,522	2.71	2.78
	-	1,200	-	1,200	5,400	5,522	2.71	2.78
Fertilizers								
Dawood Hercules Corporation Limited Sukuk	-	40	-	40	4,000	4,000	1.97	2.01
	-	40	-	40	4,000	4,000	1.97	2.01
Miscellaneous								
International Brands Limited Sukuk	-	40	-	40	4,000	4,000	1.97	2.01
	-	40	-	40	4,000	4,000	1.97	2.01
Total	-	4,134	54	4,080	27,570	27,676	13.61	13.92

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

Name of security	Remaining principal (Rupees per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Bank Alfalah Limited	5,086	6 month KIBOR + 1.25%	20-Feb-13	20-Feb-21
JS Bank Limited	5,003	6 month KIBOR + 1.4%	14-Dec-16	14-Dec-23
K-Electric Limited	4,500	3 Month Kibor + 1%	17-Jun-15	17-Jun-22
Dawood Hercules Corporation Limited Sukuk	100,000	3 months KIBOR + 1%	15-Nov-17	15-Nov-22
International Brands Limited Sukuk	100,000	12 months KIBOR + 0.5%	15-Nov-17	15-Nov-21

7.10 Commercial Papers - Loans and Receivables

7.10.1 Held by Debt Sub-Fund

Name of Company	Note	Maturity Date	Placement made during the period	Income Accrued	Matured during the period	As at December 31, 2017	Percentage of total value of investments	Percentage of Net Assets
			----- (Rupees in '000) -----		----- (Rupees in '000) -----		----- % -----	
Hascol Petroleum Limited	7.10.1.1	June 29, 2018	3,857	2	-	3,859	1.90	1.94
Crescent Steel & Allied Products Limited	7.10.1.2	August 15, 2018	3,721	106	-	3,827	1.88	1.92
			7,578	108	-	7,686	3.78	3.86

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

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

7.10.2 Held by Money Market Sub-Fund

Name of Company	Note	Maturity Date	Placement made during the period	Income Accrued	Matured during the period	As at December 31, 2017	Percentage of total value of investments	Percentage of Net Assets
			----- (Rupees in '000) -----		----- (Rupees in '000) -----		----- % -----	
Hascol Petroleum Limited	7.10.2.1	June 29, 2018	6,749	4	-	6,753	3.32	3.40
			6,749	4	-	6,753	3.32	3.40

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

8. DIVIDEND AND PROFIT RECEIVABLE	Note	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)							
Dividend receivable		1,294	-	-	1,294	495	-	-	495
Profit receivable on bank deposits		139	646	1,077	1,862	132	206	664	1,002
Profit accrued on advance against Term Finance Certificates		-	-	-	-	-	52	-	52
Profit accrued on sukuk bonds		-	692	-	692	-	611	-	611
Profit accrued on government securities		-	3	-	3	-	48	-	48
		<u>1,433</u>	<u>1,341</u>	<u>1,077</u>	<u>3,851</u>	<u>627</u>	<u>917</u>	<u>664</u>	<u>2,208</u>

9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)							
Security Deposit with Central Depository Company of Pakistan Limited		100	100	-	200	100	100	-	200
Receivable against Redemption of Debt Securities		-	300	-	300	-	-	-	-
Other receivables		-	14	20	34	-	-	-	-
		<u>100</u>	<u>414</u>	<u>20</u>	<u>534</u>	<u>100</u>	<u>100</u>	<u>-</u>	<u>200</u>

10. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - PENSION FUND MANAGER	Note	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)							
Management fee	10.1	269	251	197	717	305	219	188	712
Sindh Sales Tax	10.2	35	33	26	94	40	28	25	93
		<u>304</u>	<u>284</u>	<u>223</u>	<u>811</u>	<u>345</u>	<u>247</u>	<u>213</u>	<u>805</u>

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

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

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

Note	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Trustee remuneration	27	26	20	73	30	23	19	72
Sindh Sales Tax on Trustee remuneration	4	3	3	10	4	3	2	9
	<u>31</u>	<u>29</u>	<u>23</u>	<u>83</u>	<u>34</u>	<u>26</u>	<u>21</u>	<u>81</u>

11.1 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2016 (30 June 2016: 14%).

12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Auditors' remuneration	144	144	143	431	83	83	83	249
Payable against purchase of shares	120	-	-	120	2,427	-	-	2,427
Payable against redemption of units	33	151	465	649	-	-	-	-
Federal Excise Duty	763	878	836	2,477	763	878	836	2,477
Provision for Sindh Workers' Welfare Fund	1,643	714	485	2,842	1,643	635	415	2,693
Other payable	2	18	17	37	40	139	433	612
	<u>2,705</u>	<u>1,905</u>	<u>1,946</u>	<u>6,556</u>	<u>4,956</u>	<u>1,735</u>	<u>1,767</u>	<u>8,458</u>

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

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

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Pension Fund Manager has made a provision with effect from 13 June 2013, aggregating to Rs. 0.763 million, 0.878 million and 0.836 million (June 30, 2017: Rs. 0.763 million, Rs. 0.878 million and Rs. 0.836 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at December 31, 2017 would have been higher by Rs. 1.22, Rs. 0.69 and Rs. 0.78 (June 30, 2017: Rs. 1.36, Rs. 0.73 and Rs. 0.74) per unit respectively. However after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

14. CONTRIBUTION TABLE

Contributions received during the period are as follows:

		Half year ended December 31, 2017							
		Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
		Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
From:									
Individuals		93,988	36,202	240,337	37,162	126,844	18,030	461,169	91,394
		<u>93,988</u>	<u>36,202</u>	<u>240,337</u>	<u>37,162</u>	<u>126,844</u>	<u>18,030</u>	<u>461,169</u>	<u>91,394</u>

		Half year ended December 31, 2016							
		Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
		Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
From:									
Individuals		30,263	10,525	75,225	11,133	152,669	21,047	258,157	42,705
		<u>30,263</u>	<u>10,525</u>	<u>75,225</u>	<u>11,133</u>	<u>152,669</u>	<u>21,047</u>	<u>258,157</u>	<u>42,705</u>

15. NUMBER OF UNITS IN ISSUE

	December 31, 2017 (Unaudited)				June 30, 2017 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Number) -----							
Opening units in issue	561,606	1,206,656	1,134,303	2,902,565	474,557	1,212,480	1,122,870	2,809,907
Units issued during the period	93,988	240,337	126,844	461,169	202,057	358,489	308,803	869,349
Units redeemed during the period	(21,841)	(192,564)	(192,063)	(406,468)	(114,490)	(354,602)	(309,189)	(778,281)
Reallocation during the period	(9,421)	18,240	7,078	15,897	(518)	(9,711)	11,819	1,590
Total units in issue at the end of the period	<u>624,332</u>	<u>1,272,669</u>	<u>1,076,162</u>	<u>2,973,163</u>	<u>561,606</u>	<u>1,206,656</u>	<u>1,134,303</u>	<u>2,902,565</u>

16. PROVISION FOR WORKERS' WELFARE FUND

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

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

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

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. The reversal of provision for WWF amounting to Rs. 1.12 million, Rs. 0.53 million and Rs. 0.47 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively and a of provision for SWWF of Rs. 1.643 million, Rs. 0.707 million and Rs. 0.483 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund would have been higher by Rs. 2.63, Rs. 0.56 and Rs. 0.45 (30 June 2017: Rs. 2.93, Rs. 0.53 and Rs. 0.37) per unit respectively.

17. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

17.1 Transactions during the period

	Half year ended December 31, 2017				Half year ended December 31, 2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
HBL Asset Management Limited - Pension Fund Manager								
Management fee	1865	1555	1331	4,751	1454	1166	1339	3,959
Habib Bank Limited - Sponsor								
Bank charges paid	12	17	8	37	6	2	4	12
Profit on bank deposits earned	328	292	345	965	169	108	150	427
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Mr. Shahid Ghaffar (Director)								
Reallocation of units	Number (1,126)	2,389	619	1,882	-	-	-	-
Amount of units reallocated	(455)	368	87	-	-	-	-	-
Executives and their relatives								
Issuance of units	Number 4,882	-	-	4,882	-	-	-	-
Amount of units issued	1,688	-	-	1,688	-	-	-	-
Reallocation of units	Number (20)	37	17	34	178	134	-	312
Amount of units reallocated	(8)	6	2	-	54	(54)	-	-

	Half year ended December 31, 2017				Half year ended December 31, 2016				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
Directors and Executives of the Habib Bank Limited (Sponsor) their relatives	(Rupees in '000)								
Executives and their relatives									
Issuance of units	Number	-	-	-	-	-	-	-	
Amount of units issued		-	-	-	-	-	-	-	
Reallocation of units	Number	(1,229)	2,421	877	2,069	8	(83)	70	
Amount of units reallocated		(496)	372	124	-	2,723	(12,208)	9,485	
Central Depository Company of Pakistan Limited - Trustee									
Remuneration		187	156	134	477	146	149	131	
Central Depository System charges		12	5	13	30	-	-	-	
Directors of Connected Persons									
Units issued		-	8,092	8,784	16,876	-	-	-	
Amount of units issued		-	1,250,000	1,250,000	2,500,000	-	-	-	
Units redeemed		(179)	(1,881)	(7,667)	(9,727)	(204)	(1,891)	(7,745)	
Amount of units redeemed		63,921	291,551	1,096,146	1,451,618	73	281	1,058	
Units reallocated		(306)	404	435	533	(3,514)	(8,730)	18,438	
Amount of units reallocated		(123,457)	62,028	61,429	-	(1,206)	(1,290)	2,496	
17.2 Balances outstanding as at period end									
		December 31, 2017			June 30, 2017				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)							
HBL Asset Management Limited - Pension Fund Manager									
Management fee payable		269	251	197	717	305	219	188	712
Federal Excise Duty payable		763	878	836	2,477	763	878	836	2,477
Sindh Sales Tax payable		35	33	26	94	40	28	25	93
Habib Bank Limited - Sponsor									
Units held	Number	300,000	300,000	300,000	900,000	300,000	300,000	300,000	900,000
Amount of units held		104,279	46,876	43,258	194,413	122,436	46,024	42,325	210,785
Profit receivable on bank deposits		95	27	194	316	75	8	94	177
Bank balances		2,526	2,018	2,308	6,852	4,712	15,159	35,994	55,865
Directors and Executives of the Pension Fund Manager and their relatives									
Directors and their relatives									
Mr. Shahid Ghaffar (Director)									
Units held	Number	8,822	55,627	15,116	79,565	-	-	-	-
Amount of units held		3,066	8,692	2,180	13,938	-	-	-	-

	December 31, 2017				June 30, 2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
(Rupees in '000)									
Executives and their relatives									
Units held	Number	6,682	3,383	1,826	11,891	4,478	7,214	1,809	13,501
Amount of units held		2,323	529	269	3,121	1,828	1,107	256	3,191
Directors and Executives of the HBL Bank Limited - Sponsor and their relatives									
Executives and their relatives									
Units held	Number	10,726	92,278	36,233	139,237	11,955	89,857	35,356	137,168
Amount of units held		3,729	14,419	5,225	23,373	4,875	13,785	4,988	23,648
Central Depository Company of Pakistan Limited - Trustee									
Remuneration payable		37	31	26	94	34	26	21	81
Security Deposit receivable		100	100	-	200	100	100	-	200
Directors of Connected Persons									
Units held		2,340	159,143	246,474	407,957	2,825	152,527	245	155,597
Amount of units held		813	24,867	35,540	61,220	1,153	23,400	34,554	59,107

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

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

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 7.

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

		Held by Equity sub-fund					December 31, 2017 (Unaudited)			
Note	Held For Trading	Carrying Amount				Total	Fair Value			
		Available for Sale	Loan and Receivables	Other Financial	Liabilities		Level 1	Level 2	Level 3	Total
(Rupees in '000)										
On-balance sheet financial instruments										
Financial assets measured at fair value										
	- Listed equity securities	88,596	114,796	-	-	203,392	203,392	-	-	203,392
		88,596	114,796	-	-	203,392				
Financial assets not measured at fair value										
	- Bank balances	-	-	15,168	-	15,168	-	-	-	-
	- Dividend receivable and accrued mark-up	-	-	1,433	-	1,433	-	-	-	-
	- Advances, deposits, prepayments and other receivables	-	-	100	-	100	-	-	-	-
		-	-	16,701	-	16,701	-	-	-	-
		88,596	114,796	16,701	-	220,093				
Financial liabilities not measured at fair value										
	- Payable to the Pension Fund Manager	-	-	-	304	304	-	-	-	-
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	31	31	-	-	-	-
	- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	37	37	-	-	-	-
	- Accrued expenses and other liabilities	-	-	-	299	299	-	-	-	-
		-	-	-	671	671	-	-	-	-
Held by Equity sub-fund										
June 30, 2017 (Audited)										
Note	Held For Trading	Carrying Amount				Total	Fair Value			
		Available for Sale	Loan and Receivables	Other Financial	Liabilities		Level 1	Level 2	Level 3	Total
(Rupees in '000)										
On-balance sheet financial instruments										
Financial assets measured at fair value										
	- Listed equity securities	-	218,388	-	-	218,388	218,388	-	-	218,388
		-	218,388	-	-	218,388				
Financial assets not measured at fair value										
	- Bank balances	-	-	15,488	-	15,488	-	-	-	-
	- Dividend receivable and accrued mark-up	-	-	627	-	627	-	-	-	-
	- Advances, deposits, prepayments and other receivables	-	-	100	-	100	-	-	-	-
		-	-	16,215	-	16,215	-	-	-	-
		-	218,388	16,215	-	234,603				
Financial liabilities not measured at fair value										
	- Payable to the Pension Fund Manager	-	-	-	345	345	-	-	-	-
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	34	34	-	-	-	-
	- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	66	66	-	-	-	-
	- Accrued expenses and other liabilities	-	-	-	2,550	2,550	-	-	-	-
		-	-	-	2,995	2,995	-	-	-	-
Held by Debt sub-fund										
December 31, 2017 (Unaudited)										
Note	Held For Trading	Carrying Amount				Total	Fair Value			
		Available for Sale	Loan and Receivables	Other Financial	Liabilities		Level 1	Level 2	Level 3	Total
(Rupees in '000)										
On-balance sheet financial instruments										
Financial assets measured at fair value										
	- Government securities									
	- Treasury Bills	59,559	-	-	-	59,559	-	59,559	-	59,559
	- Pakistan Investment Bonds	-	52	-	-	52	-	52	-	52
	- Term Finance Certificates and Sukuk Bonds - Unlisted	27,676	22,432	-	-	50,108	-	50,108	-	50,108
		87,235	22,484	-	-	109,719				
Financial assets not measured at fair value										
	- Bank balances	-	-	21,949	-	21,949	-	-	-	-
	- Term Deposit Receipts (TDRs)	-	-	60,000	-	60,000	-	-	-	-
	- Dividend receivable and accrued mark-up	-	-	1,341	-	1,341	-	-	-	-
	- Advances, deposits, prepayments and other receivables	-	-	414	-	414	-	-	-	-
	- Commercial Papers	-	-	7,686	-	7,686	-	-	-	-
		-	-	91,390	-	91,390	-	-	-	-
		87,235	22,484	91,390	-	201,109				
Financial liabilities not measured at fair value										
	- Payable to the Pension Fund Manager	-	-	-	284	284	-	-	-	-
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	29	29	-	-	-	-
	- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	31	31	-	-	-	-
	- Accrued expenses and other liabilities	-	-	-	313	313	-	-	-	-
		-	-	-	657	657	-	-	-	-

		Held by Debt sub-fund								
		June 30, 2017 (Audited)								
On-balance sheet financial instruments		Carrying Amount				Fair Value				
	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)										
Financial assets measured at fair value										
- Government securities										
- Pakistan Investment Bonds	-	101,502	-	-	101,502	-	101,502	-	101,502	
- Term Finance Certificates and Sukuk Bonds - Unlisted	-	34,273	-	-	34,273	-	-	34,273	34,273	
	-	135,775	-	-	135,775	-	-	-	-	
Financial assets not measured at fair value										
- Bank balances	-	-	18,391	-	18,391	-	-	-	-	
- Term Deposit Receipts (TDRs)	-	-	32,000	-	32,000	-	-	-	-	
- Dividend receivable and accrued mark-up	-	-	917	-	917	-	-	-	-	
- Advances, deposits, prepayments and other receivables	-	-	100	-	100	-	-	-	-	
	-	-	51,408	-	51,408	-	-	-	-	
	-	135,775	51,408	-	187,183	-	-	-	-	
Financial liabilities not measured at fair value										
- Payable to the Pension Fund Manager	-	-	-	247	247	-	-	-	-	
- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	26	26	-	-	-	-	
- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	58	58	-	-	-	-	
- Accrued expenses and other liabilities	-	-	-	222	222	-	-	-	-	
	-	-	-	553	553	-	-	-	-	
Held by Money Market sub-fund										
December 31, 2017 (Unaudited)										
On-balance sheet financial instruments		Carrying Amount				Fair Value				
	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)										
Financial assets measured at fair value										
- Government securities										
- Treasury Bills	19,853	-	-	-	19,853	-	19,853	-	19,853	
	19,853	-	-	-	19,853	-	-	-	-	
Financial assets not measured at fair value										
- Bank balances	-	-	77,691	-	77,691	-	-	-	-	
- Term Deposit Receipts (TDRs)	-	-	52,000	-	52,000	-	-	-	-	
- Dividend receivable and accrued mark-up	-	-	1,077	-	1,077	-	-	-	-	
- Advances, deposits, prepayments and other receivables	-	-	20	-	20	-	-	-	-	
- Commercial Papers	-	-	6,753	-	6,753	-	-	-	-	
	-	-	137,541	-	137,541	-	-	-	-	
	19,853	-	137,541	-	157,394	-	-	-	-	
Financial liabilities not measured at fair value										
- Payable to the Pension Fund Manager	-	-	-	223	223	-	-	-	-	
- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	23	23	-	-	-	-	
- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	26	26	-	-	-	-	
- Accrued expenses and other liabilities	-	-	-	625	625	-	-	-	-	
	-	-	-	897	897	-	-	-	-	
Held by Money Market sub-fund										
June 30, 2017 (Audited)										
On-balance sheet financial instruments		Carrying Amount				Fair Value				
	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)										
Financial assets measured at fair value										
- Government securities										
- Treasury Bills	-	37,791	-	-	37,791	-	37,791	-	37,791	
	-	37,791	-	-	37,791	-	-	-	-	
Financial assets not measured at fair value										
- Bank balances	-	-	71,629	-	71,629	-	-	-	-	
- Term Deposit Receipts (TDRs)	-	-	52,000	-	52,000	-	-	-	-	
- Dividend receivable and accrued mark-up	-	-	664	-	664	-	-	-	-	
	-	-	124,293	-	124,293	-	-	-	-	
	-	37,791	124,293	-	162,084	-	-	-	-	
Financial liabilities not measured at fair value										
- Payable to the Pension Fund Manager	-	-	-	213	213	-	-	-	-	
- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	21	21	-	-	-	-	
- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	51	51	-	-	-	-	
- Accrued expenses and other liabilities	-	-	-	516	516	-	-	-	-	
	-	-	-	801	801	-	-	-	-	

18.1 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.

19. DATE OF AUTHORIZATION FOR ISSUE

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

20. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL




ASSET MANAGEMENT LTD.

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