

HBL

ASSET MANAGEMENT

ايسيت مينجمنت

HBL Islamic Money Market Fund

Quarterly Report
March 31, 2016
(Un-audited)

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CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Rehan N. Shaikh	(Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Ayaz Ahmed	(Non-Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)

Human Resource Committee

Chairperson	Ms. Sima Kamil	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Rehan N. Shaikh	(Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Rehan N. Shaikh	(Executive Director)

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

KPMG Taseer Hadi & Co., Chartered Accountants,
Sheikh Sultan Trust Building No 02
Beaumont Road, Karachi-75530, Pakistan

Internal Auditors

ERNST & YOUNG FORD RHODES SIDAT HYDER & Co.,
Chartered Accountants

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House, 99- B, Block "B", S.M.C.H.S, Main Shahra-e-Faisal, Karachi

Legal Advisors

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

Website

www.hblasst.com

Head Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

FUND INFORMATION

NAME OF FUND HBL Islamic Money Market Fund

FUND MANAGER Mr. Fahad Aziz

NAME OF AUDITORS

External Auditors KPMG Taseer Hadi & Co., Chartered Accountants.

Internal Auditors ERNST & YOUNG FORD RHODES SIDAT HYDER & Co.,
Chartered Accountants

NAME OF BANKERS

National Bank of Pakistan
Meezan Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Statement of Assets and Liabilities
As at March 31, 2016

	<i>Note</i>	March 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2015 (Audited)
Assets			
Bank balances	4	485,044	464,049
Accrued mark-up	5	2,412	2,363
Preliminary expenses and floatation costs		24	197
Prepaid expenses		110	62
Other receivables		-	263
Total assets		487,590	466,934
Liabilities			
Payable to HBL Asset Management Limited - Management Company	6	638	470
Payable to Central Depository Company of Pakistan Limited - Trustee		138	55
Payable to Securities and Exchange Commission of Pakistan		264	358
Accrued expenses and other liabilities	7	7,000	8,703
Total liabilities		8,040	9,586
Net assets		479,550	457,348
Unit holders' fund (as per statement attached)		479,550	457,348
		(Number of units)	
Number of units in issue		4,621,508	4,554,184
		(Rupees)	
Net assets value per unit		103.7648	100.4237

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

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

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Income Statement (Un-Audited)
For the Nine Months & quarter ended March 31, 2016

	Note	Nine Months ended March 31,		Quarter ended March 31,	
		2016	2015	2016	2015
----- (Rupees in '000) -----					
Income					
Mark-up on deposits with banks		21,710	31,736	6,814	9,969
Expenses					
Remuneration of HBL Asset Management Limited - Management Company		4,660	4,724	1,555	1,578
Remuneration of Central Depository Company of Pakistan Limited - Trustee		599	531	201	177
Annual fee - Securities and Exchange Commission of Pakistan		264	266	88	89
Allocation of expenses related to registrar services, accounting, operation and valuation services	8	169	-	122	-
Auditors' remuneration		282	240	90	86
Settlement and bank charges		22	34	3	28
Amortisation of preliminary expenses and floatation costs		173	173	57	57
Legal and Professional charges		2	-	2	
Other expenses		218	175	89	72
		6,389	6,143	2,207	2,087
Net income from operating activities		15,321	25,593	4,607	7,882
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		137	(530)	299	(454)
Provision for Workers' Welfare Fund	9	-	(517)	-	(162)
Net income for the period before taxation		15,458	24,546	4,906	7,266
Taxation	10	-	-	-	-
Net income for the period after taxation		15,458	24,546	4,906	7,266
Earnings per unit	11				

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Nine Months & quarter ended March 31, 2016

	Nine Months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Net income for the period	15,458	24,546	4,906	7,266
Other comprehensive income for the period				
<i>Items to be reclassified to income statement in subsequent periods:</i>				
Net unrealised appreciation / (diminution) on remeasurement of investment classified as available for sale	-	-	-	-
Total comprehensive income for the period	15,458	24,546	4,906	7,266

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Distribution Statement (Un-Audited)
For the Nine Months ended March 31, 2016

	Nine Months ended	
	March 31,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward - realised	1,815	816
Net income for the period	15,458	24,546
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income that form part of unit holders' fund	27	12
Undistributed income carried forward - realised	17,300	25,374

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

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the Nine Months ended March 31, 2016

	Nine Months ended March 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	457,348	446,142
Issue of 660,578 units (2015: 1,673,015 units)	67,349	172,006
Redemption of 593,254 units (2015: 1,662,508 units)	(60,468)	(171,617)
	6,881	389
Element of (income) / loss and capital (gains) / (losses) included in prices of units issued less those in units redeemed - transferred to income statement - net	(137)	530
Net income for the period	15,458	24,546
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	-	-
Total comprehensive income for the period	15,458	24,546
Net assets at end of the period	479,550	471,607
[Rs. 103.7648 per unit (2015: Rs. 105.6565 per unit)]		

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the Nine Months ended March 31, 2016

	Note	Nine Months ended March 31,	
		2016	2015
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		15,458	24,546
Adjustments			
Amortisation of preliminary expenses and floatation costs		173	173
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		(137)	530
		15,494	25,249
(Increase) / decrease in assets			
Accrued mark-up		(49)	(2,286)
Prepaid expenses		(48)	(63)
Other receivables		263	-
		166	(2,349)
Increase / (decrease) in liabilities			
Payable to HBL Asset Management Limited - Management Company		168	40
Payable to Central Depository Company of Pakistan Limited - Trustee		83	10
Payable to Securities and Exchange Commission of Pakistan		(94)	(83)
Accrued expenses and other liabilities		(1,703)	1,159
		(1,546)	1,126
Net cash generated from operating activities		14,114	24,026
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received on issue of units		67,349	172,006
Payment against redemption of units		(60,468)	(171,617)
Net cash generated from financing activities		6,881	389
Net increase in cash and cash equivalents		20,995	24,415
Cash and cash equivalents at beginning of the period		464,049	449,096
Cash and cash equivalents at end of the period	4	485,044	473,511

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND

Notes to the Condensed Interim Financial Information (Un-Audited)

For the Nine Months ended March 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Money Market Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (the SECP) as a unit trust scheme on December 10, 2010.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A, Karachi, Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at par from May 9, 2011 to May 10, 2011.

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

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2-' to the Management Company and the fund stability rating of 'AA(f)' to the Fund.

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

2. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

The 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 financial statements of the Fund for the year ended June 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

4. BANK BALANCES

	(Un-Audited) March 31, 2016	(Audited) June 30, 2015
	(Rupees in '000)	

Savings accounts	<u>485,044</u>	<u>464,049</u>
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5. ACCRUED MARK-UP

Mark-up accrued on deposits with banks	<u>2,412</u>	<u>2,363</u>
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6. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee	6.1	404	400
Sindh Sales Tax	6.2	65	70
Allocation of expenses related to registrar services, accounting, operation and valuation services		<u>169</u>	-
		<u>638</u>	<u>470</u>

6.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding one percent of average annual net assets. The Management Company has charged its remuneration at the rate of one percent per annum (June 30, 2015: one percent per annum) of the average annual net assets of the Fund for the current period.

6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 14% (June 30, 2015: 15%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

7. ACCRUED EXPENSES AND OTHER LIABILITIES	<i>Note</i>	March 31, 2016	June 30, 2015
(Rupees in '000)			
Auditors' remuneration		269	301
Federal Excise Duty	7.1	1,994	1,430
Provision for Workers' Welfare Fund	9	2,802	2,802
Payable to HBL Money Market Fund against conversion of units		-	2,972
Payable against redemption of units		1,787	-
Withholding tax payable		-	834
Other payable		148	364
		<u>7,000</u>	<u>8,703</u>

7.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of law. In 2014, the Honourable High Court of Sindh in a Constitutional petition relating to levy of FED on Mutual Funds has granted a stay order for the recovery of FED. As a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 2.172 million out of which Rs. 0.178 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value per unit of the Fund as at March 31, 2016 would have been higher by Rs. 0.4698 per unit (June 30, 2015: Rs. 0.3531 per unit).

8. ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated November 25, 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less" from the mutual funds managed by it.

The expenses represent the allocation of expenses relating to registrar services, accounting, operation and valuation services at 0.1% of average net annual assets of the Fund with effect from November 25, 2015.

9. PROVISION FOR WORKERS' WELFARE FUND

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2015.

However, after the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from July 1, 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Asset Value (NAV) per unit of the Fund as at March 31, 2016 would have been higher by Rs.0.6063 per unit (June 30, 2015: Rs. 0.6153 per unit).

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2016 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

11. EARNINGS PER UNIT (EPU)

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

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

12.1 Transactions during the period	(Un - Audited)	
	Nine Months ended March 31,	
	2016	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee	4,660	4,724
Allocation of expenses related to registrar services, accounting, operation and valuation services	169	-
Habib Bank Limited - Sponsor		
Mark-up earned during the period	3,937	13,548
Mark-up received during the period	4,651	11,031
Bank charges paid	14	35
Executives of the Management Company and their relatives		
Issue of 14,668 units (2015: 99 units)	1,500	10
Redemption of 4,909 units (2015: 559 units)	501	68
Profit earned on units redeemed	1	3
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	599	531

12.2 Amounts outstanding as at period end	(Un-Audited) March 31, 2016	(Audited) June 30, 2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	404	400
Sindh Sales Tax	65	70
Allocation of expenses related to registrar services,		
Habib Bank Limited - Sponsor		
Investment held in the Fund: 3,539,777 units (June 30, 2015: 3,539,777 units)	367,304	355,477
Bank balances	3,301	17,979
Profit receivable on bank deposits	58	772
Executives of the Management Company and their relatives		
Investment held in the Fund: 9,759 units (June 30, 2015: Nil units)	1,013	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	138	55
HBL Money Market Fund - Associate		
Payable to HBL Money Market Fund against conversion of units	-	2,972

13. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **April 29, 2016**.

14. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

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HBL Asset Management Limited



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