

HBL

**ASSET
MANAGEMENT**

HBL Islamic Pension Fund

**Quarterly Report
September 30, 2015
(Un-audited)**

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HBL ISLAMIC PENSION FUND

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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)
	Mr. Salim Amlani	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Salim Amlani	(Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	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

Deloitte Yousuf Adil, Chartered Accountants
Member of Deloitte Touche Tohmatsu Limited
Cavish Court, A-35, Block 7 & 8 KCHSU
Sharae Faisal, Karachi – 75350, Pakistan

Internal Auditors

A.F. Ferguson & Co., Chartered Accountants,
State Life Buliding No.1-C,I.I Chundrigar Road,
P.O.Box 4716, Karachi.

Trustee

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

Legal Advisors

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

Website

www.hblasset.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 Pension Fund

NAME OF BANKERS

**Habib Bank Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
Standard Chartered Bank (Pakistan) Limited
Dubai Islamic Bank Pakistan Limited**

HBL ISLAMIC PENSION FUND
Balance Sheet
As At September 30, 2015

	September 30, 2015' (Un-Audited)				June 30, 2015' (Audited)				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
Note	(Rupees in '000)				(Rupees in '000)				
ASSETS									
Bank balances	6	15,372	14,268	4,263	33,903	13,986	10,223	3,665	27,874
Investments - net	7	119,220	64,984	54,714	238,918	139,854	65,201	54,895	259,950
Dividend and profit receivable	8	1,589	1,403	1,210	4,202	292	169	377	838
Advances, deposits, prepayments and other receivables	9	9,079	100	-	9,179	100	100	-	200
Total assets		145,260	80,755	60,187	286,202	154,232	75,693	58,937	288,862
LIABILITIES									
Payable to HBL Asset Management Limited - Pension Fund Manager	10	208	113	85	406	211	106	87	404
Payable to the Central Depository Company of Pakistan Limited - Trustee		17	9	5	31	17	9	7	33
Payable to the Securities and Exchange Commission of Pakistan		13	6	5	24	43	23	20	86
Accrued expenses and other liabilities	11	2,494	703	573	3,770	2,225	632	532	3,389
Total liabilities		2,732	831	668	4,231	2,496	770	646	3,912
NET ASSETS		142,528	79,924	59,519	281,971	151,736	74,923	58,291	284,950
PARTICIPANTS' SUB-FUNDS (as per statement attached)		142,528	79,924	59,519	281,971	151,736	74,923	58,291	284,950
Contingencies and commitments									
Number of units in issue	13	458,196	623,537	469,359	1,551,092	462,955	589,580	463,203	1,515,738
Net asset value per unit	Rupees	311.0634	128.1774	126.8110		327.7553	127.0785	125.8416	

The annexed notes 1 to 19 form an integral part of these financial statements.

For HBL Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

HBL ISLAMIC PENSION FUND
Income Statement (Un-Audited)
For The Quarter Ended September 30, 2015

Note	Quarter ended September 30, 2015				Quarter ended September 30, 2014			
	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	1,568	-	-	1,568	613	-	-	613
Profit on bank deposits	174	148	1	323	208	153	237	598
Mark-up / return on investments	-	1,202	984	2,186	-	1,349	1,038	2,387
Capital gain on sale of investments	13,179	-	-	13,179	2,075	-	-	2,075
	14,921	1,350	985	17,256	2,896	1,502	1,275	5,673
Impairment loss on investments classified as 'available for sale'	(2,608)	-	-	(2,608)	-	-	-	-
	12,313	1,350	985	14,648	2,896	1,502	1,275	5,673
EXPENSES								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	751	390	294	1,435	560	329	281	1,170
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	62	32	24	118	42	25	21	88
Annual fee to the Securities and Exchange Commission of Pakistan	13	7	5	25	9	5	5	19
Auditor's remuneration	25	25	25	75	24	24	24	72
Amortization of preliminary expenses and floatation costs	-	-	-	-	3	3	3	9
Settlement and bank charges	11	5	3	19	6	4	1	11
Other expenses	9	-	-	9	-	-	-	-
	871	459	351	1,681	644	390	335	1,369
Net income from operating activities	11,442	891	634	12,967	2,252	1,112	940	4,304
Provision for Workers' Welfare Fund	-	-	-	-	(46)	(23)	(20)	(89)
Net income for the period before taxation	11,442	891	634	12,967	2,206	1,089	920	4,215
Taxation	-	-	-	-	-	-	-	-
Net income for the period after taxation	11,442	891	634	12,967	2,206	1,089	920	4,215

The annexed notes 1 to 19 form an integral part of these financial statements.

For HBL Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

HBL ISLAMIC PENSION FUND
Statement of Comprehensive Income (Un-Audited)
For The Quarter Ended September 30, 2015

	Quarter ended September 30, 2015				Quarter ended September 30, 2014			
	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)			
Net income for the period after taxation	11,442	891	634	12,967	2,206	1,089	920	4,215
Other comprehensive income for the period								
<i>Items that may be reclassified subsequently to income statement:</i>								
Net unrealized diminution in the market value of investments classified as available-for-sale	(18,946)	(217)	(182)	(19,345)	(2,566)	(656)	(524)	(3,746)
Total comprehensive income for the period	(7,504)	674	452	(6,378)	(360)	433	396	469

The annexed notes 1 to 19 form an integral part of these financial statements.

For HBL Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

HBL ISLAMIC PENSION FUND
Statement of Movement In Participants' Sub Funds (Un-Audited)
For The Quarter Ended September 30, 2015

Note	Quarter ended September 30, 2015				Quarter ended September 30, 2014			
	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)			
Net assets at the beginning of the period	151,736	74,923	58,291	284,950	115,123	63,003	54,736	232,862
Issuance of units	1,441	1,832	623	3,896	1,016	1,123	650	2,789
Redemption of units	(62)	(125)	(310)	(497)	(82)	(768)	(1,222)	(2,072)
Reallocation among sub funds	(3,083)	2,620	463	-	(1,993)	1,671	322	-
Net income for the year	11,442	891	634	12,967	2,206	1,089	920	4,215
Net unrealized diminution in the market value of investments classified as available-for-sale	(18,946)	(217)	(182)	(19,345)	(2,566)	(656)	(524)	(3,746)
Total comprehensive income for the period	(7,504)	674	452	(6,378)	(360)	433	396	469
Net assets at the end of the period	142,528	79,924	59,519	281,971	113,704	65,462	54,882	234,048

The annexed notes 1 to 19 form an integral part of these financial statements.

For HBL Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

HBL ISLAMIC PENSION FUND
Cash Flows Statement (Un-Audited)
For The Quarter Ended September 30, 2015

Note	Quarter ended September 30, 2015				Quarter ended September 30, 2014			
	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)			
CASH FLOWS FROM OPERATING ACTIVITIES								
Net income for the year before taxation	11,442	891	634	12,967	2,206	1,089	920	4,215
Adjustments for non-cash items								
Amortization of preliminary expenses and floatation costs	-	-	-	-	3	3	3	9
Impairment loss on investments classified as 'available for sale'	(2,608)	-	-	(2,608)	-	-	-	-
	8,834	891	634	10,359	2,209	1,092	923	4,224
(Decrease) /increase in assets								
Investments - net	4,296	-	(1)	4,295	(2,996)	(7,088)	(2,836)	(12,920)
Advances, deposits, prepayments and other receivables	(10,276)	(1,234)	(833)	(12,343)	4,849	(1,404)	(1,036)	2,409
	(5,980)	(1,234)	(834)	(8,048)	1,853	(8,492)	(3,872)	(10,511)
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	(3)	7	(2)	2	3	10	1	14
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	(2)	(2)	(1)	7	7	13
Payable to the Securities and Exchange Commission of Pakistan	(30)	(17)	(15)	(62)	(22)	(14)	(11)	(47)
Accrued expenses and other liabilities	269	71	41	381	(2,598)	85	86	(2,427)
	236	61	22	319	(2,618)	88	83	(2,447)
Net cash generated / (used in) from operating activities	3,090	(282)	(178)	2,630	1,444	(7,312)	(2,866)	(8,734)
CASH FLOWS FROM FINANCING ACTIVITIES								
Amount received on issue of units	1,441	1,832	623	3,896	1,016	1,123	650	2,789
Amount paid on redemption of units	(62)	(125)	(310)	(497)	(82)	(768)	(1,222)	(2,072)
Reallocation among sub-funds	(3,083)	2,620	463	-	(1,993)	1,671	322	-
Net cash (used in) / generated from financing activities	(1,704)	4,327	776	3,399	(1,059)	2,026	(250)	717
Net increase / (decrease) in cash and cash equivalents	1,386	4,045	598	6,029	385	(5,286)	(3,116)	(8,017)
Cash and cash equivalents at the beginning of the period	13,986	10,223	3,665	27,874	8,927	14,479	15,238	38,644
Cash and cash equivalents at the end of the period	15,372	14,268	4,263	33,903	9,312	9,193	12,122	30,627

The annexed notes 1 to 19 form an integral part of these financial statements.

For HBL Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

HBL ISLAMIC PENSION FUND

Notes To The Financial Statements (Un-Audited)

For The Quarter Ended September 30, 2015

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 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorized 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 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A, 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 ("Equity Sub-Fund"), HBL Islamic Pension Fund Debt Sub-Fund ("Debt Sub-Fund") and HBL Islamic Pension Fund Money Market Sub-Fund ("Money Market Sub-Fund") (collectively the "Sub-Funds"). The investment policy for each of the sub-funds are 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.
- The Debt Sub-Fund consists 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. 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 one year. There is no restriction on the amount of investment in securities issued by the Federal Government and the commercial banks having 'A+' or higher rating provided that deposit with any one bank shall not exceed twenty (20%) of net assets. Investment in securities issued by provincial government, city government, government entity with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be made up to 10%, 5%, 5% and 5% of net assets of the sub-fund respectively.

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.

The Pension Fund Manager also offers a HBL Monthly Islamic Pension Plan ("the Income Plan") to the participants of the Fund or any other approved pension fund, at the retirement date of participants. The Income Plan intends to provide investors a monthly income stream based on investment according to the investor's desired risk exposure, within the prescribed allocation limits.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2-' (2014: '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

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, technical releases issued by the Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pension System Rules, 2005 (the VPS Rules). Wherever the requirements of the VPS Rules differ with the requirements of the IFRS, the requirements of the VPS Rules 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

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the period ended June 30, 2015.

4 Net Asset Value per unit

The Net Asset Value (NAV) per unit, as disclosed in the balance sheet, is calculated by dividing the net assets of each of the sub-fund by the number of units in circulation of that sub-fund at the year end.

5 Earnings per unit (EPU)

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

6. BANK BALANCES

Note	September 30, 2015' (Un-Audited)				June 30, 2015' (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)-----				
Current accounts									
Savings accounts	6.1	15,372	14,268	4,263	33,903	13,986	10,223	3,665	27,874

6.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 3.14% to 6.50% (June 30, 2015: 3.14% to 9.25%) per annum.

7. INVESTMENTS - NET

Note	September 30, 2015' (Un-Audited)				June 30, 2015' (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)-----				
Investments by category									
Available for sale investments									
Listed equity securities	7.1	118,975	-	-	118,975	139,609	-	-	139,609
Government of Pakistan - Ijarah Sukuks	7.2	-	62,833	54,714	117,547	-	63,046	54,895	117,941
Sukuk certificates - Unlisted	7.3	-	2,151	-	2,151	-	2,155	-	2,155
Redeemable Preference Shares	7.4	245	-	-	245	245	-	-	245
		119,220	64,984	54,714	238,918	139,854	65,201	54,895	259,950

7.1 Listed equity securities

7.1.1 Held by Equity Sub-Fund

Fully paid up ordinary shares of Rs. 10 each except Thal Limited, National Foods Limited and K-Electric Limited which have face value of Rs. 5 each, Rs. 5 each and Rs. 3.5 each respectively.

Name of the investee company	As at July 1, 2015	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at September 30, 2015	Market value	Market value as a % of net assets of the sub-fund	Market value as a % of total investment of the sub-fund	% of paid-up capital of the investee company
	-----Number of shares-----					Rupees in '000		-----%	
Oil and Gas Exploration Companies									
Pakistan Petroleum Limited	-	50,000	-	-	50,000	5,957	4.18	5.00	0.0025
Mari Petroleum Company Limited *	2,660	-	-	-	2,660	966	0.68	0.81	0.0024
Pakistan Oilfields Limited	11,000	-	-	11,000	-	-	-	-	-
	13,660	50,000	-	11,000	52,660	6,923	4.86	5.81	
Oil and Gas Marketing Companies									
Pakistan State Oil Company Limited	15,800	-	-	15,800	-	-	-	-	-
Attock Petroleum Limited	9,140	-	-	-	9,140	4,572	3.21	3.83	0.0110
	24,940	-	-	15,800	9,140	4,572	3.21	3.83	
Fertilizer									
Engro Corporation Limited	37,900	8,600	-	11,400	35,100	10,473	7.35	8.78	0.0067
Engro Fertilizers Limited	165,000	-	-	40,000	125,000	11,225	7.88	9.42	0.0094
Fatima Fertilizer Company Limited	-	148,000	-	-	148,000	6,850	-	-	0.0070
Fauji Fertilizer Company Limited	40,200	-	-	40,200	-	-	-	-	-
	243,100	156,600	-	91,600	308,100	28,548	15.23	18.20	
Chemical									
ICI Pakistan Limited	17,200	-	-	4,000	13,200	6,353	4.46	5.33	0.0143
	17,200	-	-	4,000	13,200	6,353	4.46	5.33	
Cement									
Lucky Cement Limited	9,300	4,200	-	-	13,500	7,111	4.99	5.96	0.0042
Fauji Cement Company Limited	124,500	72,000	-	-	196,500	6,579	4.62	5.52	0.0148
Maple Leaf Cement Factory Limited	-	55,000	-	55,000	-	-	-	-	-
D.G. Khan Cement Company Limited	69,000	-	-	-	69,000	9,454	6.63	7.93	0.0157
Pioneer Cement Limited	-	85,500	-	-	85,500	7,416	-	-	0.0376
	202,800	216,700	-	55,000	364,500	30,560	16.24	19.41	
Food & Personal Care Products									
Engro Foods Limited	41,500	-	-	41,500	-	-	-	-	-
National Foods Limited **	32,750	-	-	32,750	-	-	-	-	-
	74,250	-	-	74,250	-	-	-	-	-
Power Generation & Distribution									
Hub Power Company Limited	75,133	29,000	-	75,133	29,000	2,849	2.00	2.39	0.0025
Nishat Chunian Power Limited	45,000	-	-	45,000	-	-	-	-	-
	120,133	29,000	-	120,133	29,000	2,849	2.00	2.39	
Automobile Assembler									
Pak Suzuki Motor Company Limited	21,500	-	-	10,500	11,000	4,560	3.20	3.82	0.0134
Indus Motor Company Limited	6,500	-	-	6,500	-	-	-	-	-
Hino Pak Motors Limited	-	2,600	-	-	2,600	3,028	-	-	0.0210
	28,000	2,600	-	17,000	13,600	7,588	3.20	3.82	
Miscellaneous									
Synthetic Products Enterprises Limited	43,500	-	-	43,500	-	-	-	-	-
	43,500	-	-	43,500	-	-	-	-	-
Automobile Parts & Accessories									
Thal Limited	33,000	-	-	-	33,000	8,349	5.86	7.00	0.0407
	33,000	-	-	-	33,000	8,349	5.86	7.00	
Engineering									
Crescent Steel and Allied Products Limited	-	42,500	-	-	42,500	3,528	2.48	2.96	0.0684
	-	42,500	-	-	42,500	3,528	2.48	2.96	
Electricity									
K-Electric Limited	935,000	600,000	-	-	1,535,000	10,837	7.60	9.09	0.0056
	935,000	600,000	-	-	1,535,000	10,837	7.60	9.09	
Cable and Electrical Goods									
Pak Elektron Limited	-	123,000	-	-	123,000	8,868	6.22	7.44	0.0309
	-	123,000	-	-	123,000	8,868	6.22	7.44	
	1,735,583	1,220,400	-	432,283	2,523,700	118,975	71.36	85.28	
Carrying Value as at September 30, 2015						<u>115,629</u>			

* This represents 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 jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to pension funds under clause 57 (3) (viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis.

** This represents additional shares allotted to the Fund as a result of sub division of ordinary shares of investee company. Each ordinary share having a face value of Rs. 10 each of the investee company was split into two ordinary shares having face value of Rs. 5 each.

7.2 Government of Pakistan - Ijarah Sukuk

7.2.1 Held by Debt Sub-Fund

Note	Issue date	Face value				Amortized cost as at September 30, 2015	Market value as at September 30, 2015	Market value as a percentage of		
		As at July 1, 2015	Purchases during the period	Sales / matured during the period	As at September 30, 2015			Total investment of the sub-fund	Net assets of the sub-fund	
								-----%-----		
								(Rupees in '000)		
GoP Ijarah Sukuk	7.2.1.1	December 26, 2011	22,600	-	-	22,600	22,668	22,677	34.90	28.37
GoP Ijarah Sukuk	7.2.1.2	April 30, 2012	4,000	-	-	4,000	4,033	4,019	6.18	5.03
GoP Ijarah Sukuk	7.2.1.3	June 28, 2012	36,000	-	-	36,000	36,182	36,137	55.61	45.21
	7.2.1.4		62,600	-	-	62,600	62,883	62,833	96.69	78.62

7.2.1.1 These carry mark-up at the rate of 6.94% per annum receivable semi-annually in arrears, maturing in November 2015.

7.2.1.2 These carry mark-up at the rate of 7.84% per annum receivable semi-annually in arrears, maturing in November 2015.

7.2.1.3 These carry mark-up at the rate of 6.94% per annum receivable semi-annually in arrears, maturing in November 2015.

7.2.1.4 As per SBP press release (Ijarah Sukuk:12-Dec-2014) dates of maturity of ijarah Sukuks (GIS 09 - 13) have been extended to November 21, 2015.

7.2.2 Held by Money Market Sub-Fund

Note	Issue date	Face value				Amortized cost as at September 30, 2015	Market value as at September 30, 2015	Market value as a percentage of		
		As at July 1, 2015	Purchases during the period	Sales / matured during the period	As at September 30, 2015			Total investment of the sub-fund	Net assets of the sub-fund	
								-----%-----		
								(Rupees in '000)		
GoP Ijarah Sukuk	7.2.2.1	December 26, 2011	16,000	-	-	16,000	16,077	16,054	29.34	26.97
GoP Ijarah Sukuk	7.2.2.2	April 30, 2012	13,500	-	-	13,500	13,612	13,565	24.79	22.79
GoP Ijarah Sukuk	7.2.2.3	June 28, 2012	25,000	-	-	25,000	25,150	25,095	45.87	42.16
			54,500	-	-	54,500	54,839	54,714	100.00	91.94

7.2.2.1 These carry mark-up at the rate of 6.94% per annum receivable semi-annually in arrears, maturing in November 2015.

7.2.2.2 These carry mark-up at the rate of 7.84% per annum receivable semi-annually in arrears, maturing in November 2015.

7.2.2.3 These carry mark-up at the rate of 6.94% per annum receivable semi-annually in arrears, maturing in November 2015.

7.2.2.4 As per SBP press release (Ijarah Sukuk:12-Dec-2014) dates of maturity of ijarah Sukuks (GIS 09 - 13) have been extended to November 21, 2015.

7.3 Sukuk certificates - Unlisted

7.3.1 Held by Debt Sub-Fund

Name of the Investee Company	Number of certificates				Amortized cost as at September 30, 2015	Market / Carrying value as at September 30, 2015	Market value as a percentage of	
	As at July 1, 2015	Purchases during the period	Sales / matured during the period	As at September 30, 2015			Total investment of the sub-fund	Net assets of the sub-fund
----- (Rupees in '000) ----- % -----								
Multiutilities								
WAPDA Third Sukuk Company Limited	474	-	-	474	2,201	2,151	3.31	2.69

7.3.1.1 Significant terms and conditions of Sukuk Certificates outstanding as at September 30, 2015 are as follows:

Name of security	Remaining principal (per certificate) (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date
WAPDA Third Sukuk Company Limited	4,643	6 month KIBOR + 1%	14-Oct-13	14-Oct-21

7.4 "Mari Petroleum has issued as specie dividend non-voting, non-cumulative, unlisted redeemable preference shares of Rs. 10 /- each with a fixed annual dividend of 1 year KIBOR plus 3% to be paid out of the normal profits of the Company in each financial year. The Company will redeem the preference share capital in 10 years' time in the form of cash payment to preference shareholders."

8. Dividend and profit receivable

	September 30, 2015' (Un-Audited)				June 30, 2015' (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	1,560	-	-	1,560	272	-	-	272
Profit accrued on deposits with banks	29	58	17	104	20	24	168	212
Mark-up accrued on sukuk certificates	-	94	-	94	-	45	-	45
Mark-up accrued on investment in GoP Ijarah Sukuk	-	1,251	1,193	2,444	-	100	209	309
	1,589	1,403	1,210	4,202	292	169	377	838

9. Advances, deposits, prepayments and other receivables

	September 30, 2015' (Un-Audited)				June 30, 2015' (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 the Central Depository Company of Pakistan Limited	100	100	-	200	100	100	-	200
Receivable against sales of securities	8,979	-	-	8,979	-	-	-	-
	9,079	100	-	9,179	100	100	-	200

10. Payable to HBL Asset Management Limited - Pension Fund Manager

	Note	September 30, 2015' (Un-Audited)				June 30, 2015' (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)			
Management fee	10.1	179	97	73	349	180	90	74	344
Sindh Sales Tax	10.2	29	16	12	57	31	16	13	60
		208	113	85	406	211	106	87	404

10.1 As per rule 11 of the VPS Rules, the Pension Fund Manager is allowed to charge maximum 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 year. Accordingly, the management fee has been accrued at 1.5% of the average annual net assets of each of the sub-funds.

10.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 14% (June 30, 2015: 15%) on the services provided by the Pension Fund Manager as required by Sindh Sales Tax on Services Act, 2011.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	September 30, 2015' (Un-Audited)				June 30, 2015' (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)			
Auditors' remuneration		94	94	94	282	69	69	69	207
Brokerage commission payable		153	-	-	153	-	5	4	9
Federal Excise Duty	11.1	596	335	250	1,181	513	289	236	1,038
Provision for Workers' - Welfare Fund	15	1,397	269	223	1,889	1,397	269	223	1,889
Other payable		254	5	6	265	246	-	-	246
		2,494	703	573	3,770	2,225	632	532	3,389

11.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Pension Fund Manager was applied effective from June 13, 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. In prior year, the Honourable High Court 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, the Pension Fund Manager has made a provision with effect from June 13, 2013, aggregating to Rs. 0.642 million, Rs. 0.369 million and Rs. 0.284 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively, out of which Rs. 0.046 million, Rs. 0.034 million and Rs. 0.031 million have been paid to Pension Fund Manager for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Asset Value (NAV) per unit of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at June 30, 2015 would have been higher by Rs. 1.4011, Rs. 0.5917 and Rs. 0.6050 respectively.

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2015.

13. NUMBER OF UNITS IN ISSUE

	September 30, 2015' (Un-Audited)				June 30, 2015' (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Number of units				Number of units			
Opening units in issue	462,955	589,580	463,203	1,515,738	442,284	520,412	457,919	1,420,615
Units issued during the year	4,894	13,690	4,569	23,153	35,205	93,792	35,829	164,826
Less: Units redeemed	(188)	(978)	(2,451)	(3,617)	(18,092)	(27,904)	(20,839)	(66,835)
Reallocation effect	(9,465)	21,245	4,038	15,818	3,558	3,280	(9,706)	(2,868)
Total units in issue at the end of the year	458,196	623,537	469,359	1,551,092	462,955	589,580	463,203	1,515,738

14. CONTRIBUTION TABLE

Contributions received are as follows:

Quarter ended September 30,2015								
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	4,894	1,441	13,690	1,832	4,569	623	23,153	3,896
Quarter ended September 30,2014								
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	21,341	3,613	40,888	1,684	29,690	96	91,919	5,393

15. PROVISION FOR WORKERS' WELFARE FUND

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

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

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

Furthermore, in 2011 the Honorable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Pension Fund Manager is hopeful that the decision of the Honorable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honorable High Court of Sindh.

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

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

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

However, pending the decision of the said constitutional petition, the Pension Fund Manager, as a matter of abundant caution, continued to provide for WWF amounting to Rs. 1.889 million upto June 30, 2015.

After the exclusion of the Mutual Funds from Federal Statute on Workers Welfare Fund, from 1st July 2015, the Fund has discontinued making the provision in this regard. Since the amendments in Federal Statute are applicable prospectively, therefore the provision amounting to Rs. 1.889 has not been reversed.

16. TAXATION

No provision for taxation for the year ended June 30, 2015 has been made in view of the exemption available under clause 57 (3) (viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

17. TRANSACTIONS WITH CONNECTED PERSONS

17.1 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 Pension Fund Manager, directors and officers of the Pension Fund Manager and of the connected persons. Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Remuneration payable to the Pension Fund Manager and Trustee is determined in accordance with the provisions of the VPS 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:

17.2 Transactions during the period

	Quarter ended September 30, 2015				Quarter ended September 30, 2014				
	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)				
HBL Asset Management Limited - Pension Fund Manager									
Management fee	751	390	294	1,435	560	329	281	1,170	
Habib Bank Limited - Sponsor									
Bank charges	6	3	2	11	1	2	1	4	
Profit earned on deposits with bank	163	68	14	245	208	48	30	286	
Profit received on deposits with bank	154	83	137	374	175	56	124	355	
Directors and Executives of the Pension Fund Manager and their relatives									
Executives and their relatives									
Issue of units	Number	-	-	-	83	4,109	6,172	10,364	
Amount of units issued		-	-	-	21	498	739	1,258	
Redemption of units	Number	-	-	-	-	3,923	5,955	9,878	
Amount of units redeemed		-	-	-	-	476	714	1,190	
Reallocation of units	Number	(69)	187	-	1,601	(848)	(2,567)	(1,814)	
Amount of units reallocated		(23)	23	-	410	(103)	(271)	36	
Central Depository Company of Pakistan Limited - Trustee									
Remuneration		62	32	24	42	25	21	88	
Central Depository System Charges		4	2	-	7	3	-	10	
Directors of connected persons									
Redemption of units on Income Plan	Number	146	903	2,376	3,425	171	899	2,365	3,435
Amount of units redeemed on Income Plan		49	116	301	466	44	109	284	437
Reallocation of units	Number	(3,029)	5,111	2,997	5,079	(637)	287	1,107	757
Amount of units reallocated		(1,028)	651	377	-	(167)	35	132	-

17.3 Balances outstanding as at period end

	September 30, 2015' (Un-Audited)				June 30, 2015' (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)				
HBL Asset Management Limited - Pension Fund Manager									
Management fee payable	179	97	73	349	180	90	74	344	
Sindh Sales Tax payable	29	16	12	57	31	16	13	60	
Federal Excise Duty payable	596	335	250	1,181	513	289	236	1,038	
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		93,319	38,453	38,043	169,816	98,327	38,124	37,752	174,203
Profit accrued on deposits with bank		29	9	3	41	20	24	128	172
Balance in savings account		13,190	7,170	1,208	21,568	12,096	10,156	3,621	25,873
Directors and Executives of the Pension Fund Manager and their relatives									
Executives and their relatives									
Units held	Number	1,617	1,183	158	2,958	1,687	997	158	2,842
Amount of units held		503	152	20	675	553	127	20	700
Central Depository Company of Pakistan Limited - Trustee									
Remuneration payable		17	9	5	31	17	9	7	33
Security deposit receivable		100	100	-	200	100	100	-	200
Directors of connected persons									
Units held	Number	35,305	74,354	101,235	210,894	38,482	70,145	100,615	209,242
Amount of units held		10,982	9,531	12,838	33,351	12,613	8,914	12,662	34,188

18. DATE OF AUTHORISATION FOR ISSUE

This financial statements were authorized for issue on **October 30, 2015** by the Board of Directors of the Pension Fund Manager.

19. GENERAL

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

For HBL Asset Management Limited
(Pension Fund Manager)

Chief Executive








Director










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