

HBL

ASSET MANAGEMENT

ايسيت مينجمنت

HBL PensionFund

Annual Report 2015

TABLE OF CONTENTS

HBL PENSION FUNDS

<i>Vision / Mission / Values</i>	02
<i>Corporate Information</i>	03
<i>Fund Information</i>	04
<i>Performance Table</i>	05
<i>Trustee Report to the Unit Holders</i>	06
<i>Independent Auditor's Report to the Unit Holders</i>	07
<i>Statement of Assets and Liabilities</i>	08
<i>Income Statement</i>	09
<i>Statement of Comprehensive Income</i>	10
<i>Statement of Movement In Unit Holders' Fund</i>	11
<i>Cash Flow Statement</i>	12
<i>Notes to the Financial Information</i>	13-40

VISION / MISSION / VALUES

OUR VISION

Enabling people to advance with confidence and success.

OUR MISSION

To make our Investor(s) prosper, our staff excel and create value for our stakeholders.

OUR VALUES

Our values are based upon the fundamental principles that define our culture and are brought to life in our attitude and behavior. It is our values that make us unique and stem from five basic principles

- **Excellence**

The markets in which we operate are becoming increasingly competitive and our investors now have an abundance of choice. Only through being the very best - in terms of the service we offer, our product and premises - can we hope to be successful and grow.

- **Integrity**

We are an Asset Management Company in Pakistan and our success depends upon the performance of the Fund(s) which are under management and our investors and society in general expects us to possess an steadfastly adhere to high moral principle and professional standards.

- **Customer Focus**

We need to understand fully the need of our investors and to adopt our product and services to meet these. We must strive always to put the satisfaction of our investors first.

- **Meritocracy**

We believe in giving opportunities and advantage to our employees on the basis of their ability. We believe in rewarding achievement and in providing first class career opportunities for all.

- **Progressiveness**

We believe in the advancement of society through the adoption of enlightened working practice, innovative new products and processes and a sprit of enterprise.

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

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

Internal Auditors

A.F. Ferguson & Co., Chartered Accountants,
State Life Building 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 Pension Fund

NAME OF AUDITORS

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.

NAME OF BANKERS

**Habib Bank Limited
Faysal Bank Limited**

HBL PENSION FUND PERFORMANCE TABLE

	For the period ended June 30, 2015			For the period ended June 30, 2014			For the period ended June 30, 2013			For the period ended November 29, 2011 to June 30, 2012		
	Equity	Debt	Money Market	Equity	Debt	Money Market	Equity	Debt	Money Market	Equity	Debt	Money Market
NET ASSETS AND PRICES												
Net assets at the period end(Rs'000)	133,225	150,186	138,726	86,355	117,382	120,939	60,828	91,964	104,436	38,987	57,644	61,204
Net asset value per unit at the period end/period end(Rs)	294.1652	136.0234511	129.6234	223.5688	122.5372	121.2766	178.0362	114.0548	113.2084	122.4358	104.7196	104.9036
Selling price/repurchasing price	294.1652	136.0234511	129.6234	223.5688	122.5372	121.2766	178.0362	114.0548	113.2084	122.4358	104.7196	104.9036
Earning per unit(Rs) (note 3.9)												
Highest selling price per unit(Rs)	296.8667	137.0814	129.6234	232.0345	122.5372	121.2765	189.6871	114.0548	113.2084	130.1718	104.7196	104.9036
Lowest selling price per unit(Rs)	208.4281	122.5855	121.3152	178.2438	114.1116	113.2668	122.4302	104.7196	104.9036	99.0419	100.00	100.00
Highest repurchase price per unit(Rs)	296.8667	137.0814	129.6234	232.0345	122.5372	121.2765	189.6871	114.0548	113.2084	130.1718	104.7196	104.9036
Lowest repurchasing price per unit(Rs)	208.4281	122.5855	121.3152	178.2438	114.1116	113.2668	122.4302	104.7196	104.9036	99.0419	100.00	100.00
RETURN (%)												
Total return	31.58%	11.01%	6.88%	25.56%	7.44%	7.13%	45.43%	8.91%	7.92%	32.43%	9.38%	8.80%
Capital growth	31.58%	11.01%	6.88%	25.56%	7.44%	7.13%	45.43%	8.91%	7.92%	32.43%	9.38%	8.80%
AVERAGE RETURNS (%)												
Average annual return	31.58%	11.01%	6.88%	25.56%	7.44%	7.13%	45.43%	8.91%	7.92%	32.43%	9.38%	8.80%
Average return since inception	194.17%	10.04%	8.26%	123.57%	8.71%	8.23%	78.06%	8.86%	8.33%	32.43%	9.38%	8.80%
Weighted average portfolio during (No. of days)	-	385	36	-	386	53	-	141	67	-	113	30

Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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



TRUSTEE REPORT TO THE PARTICIPANTS

HBL PENSION FUND

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Pension Fund (the Fund) are of the opinion that HBL Asset Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2015 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, October 27, 2015



INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS OF THE NAFA PENSION FUND

We have audited the annexed financial statements comprising:

- i. Balance Sheet;
- ii. Income Statement;
- iii. Statement of Comprehensive Income;
- iv. Cashflow Statement; and
- v. Statement of Movement in Participants' Fund.

of **HBL Pension Fund** ("the Fund") as at June 30, 2015 together with the notes forming part thereof, for the year ended June 30, 2015.

It is the responsibility of HBL Asset Management Limited (the Pension Fund Manager) to establish and maintain a system of internal controls; and prepare and present the financial statements of the Fund in conformity with the International Accounting Standards notified under the sub-section(3) of section 234 of the Companies Ordinance, 1984, and technical releases issued by the Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pensions System Rules, 2005. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the accounts prepared for the year ended June 30, 2015 have been properly drawn in accordance with the relevant provisions of the trust deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2015 and transactions of the Fund for the ended June 30, 2015 in accordance with approved accounting standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) the accounts prepared are in agreement with the Fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

The financial statements of the Fund for the year ended June 30, 2014 were audited by another firm of Chartered Accountants, whose report dated October 30, 2014 expressed an un-modified opinion thereon.



Chartered Accountants

Engagement Partner:

Naresh Kumar

Date: September 30, 2015

Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

HBL PENSION FUND
Balance Sheet
As at June 30, 2015

Note	2015				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)					
ASSETS									
Bank balances	4	9,950	9,281	10,124	29,355	4,301	14,820	12,513	31,634
Investments - net	5	124,954	139,157	129,875	393,986	78,759	101,610	109,197	289,566
Dividend receivable and accrued mark-up	6	89	3,033	17	3,139	126	1,625	10	1,761
Preliminary expenses and floatation cost	7	-	-	-	-	5	5	5	15
Advances, deposits, prepayments and other receivables	8	100	100	-	200	4,200	100	-	4,300
Total assets		135,093	151,571	140,016	426,680	87,391	118,160	121,725	327,276
LIABILITIES									
Payable to HBL Asset Management Limited - Pension Fund Manager	9	178	210	193	581	123	152	160	435
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	16	18	16	50	9	19	20	48
Payable to the Securities and Exchange Commission of Pakistan	11	36	41	40	117	27	33	33	93
Accrued expenses and other liabilities	12	1,638	1,116	1,041	3,795	877	574	573	2,024
Total liabilities		1,868	1,385	1,290	4,543	1,036	778	786	2,600
NET ASSETS		133,225	150,186	138,726	422,137	86,355	117,382	120,939	324,676
PARTICIPANTS' SUB-FUNDS (as per statement attached)		133,225	150,186	138,726	422,137	86,355	117,382	120,939	324,676
Contingencies and commitments	13								
Number of units in issue	14	452,883	1,104,116	1,070,215	2,627,214	386,254	957,928	997,221	2,341,403
Net asset value per unit	Rupees	294.1652	136.0235	129.6234		223.5688	122.5372	121.2766	

The annexed notes 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL PENSION FUND

Income Statement

For the year ended June 30, 2015

Note	2015				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)			
INCOME								
	4,140	-	-	4,140	4,419	-	-	4,419
Dividend income								
Mark-up on deposits with bank	16	438	432	360	1,230	443	276	759
Mark-up / return on investments	17	-	11,449	10,507	21,956	-	9,250	8,576
Capital gain / (loss) on sale of investments		21,689	2,218	(9)	23,898	17,379	(13)	10
	26,267	14,099	10,858	51,224	22,241	9,513	9,345	41,099
Impairment loss on investments classified as 'available for sale'		-	-	-	(714)	-	-	(714)
Total income	26,267	14,099	10,858	51,224	21,527	9,513	9,345	40,385
EXPENSES								
	2,160	2,440	2,408	7,008	1,652	2,014	2,001	5,667
Remuneration of HBL Asset Management Limited - Pension Fund Manager								
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		162	183	181	526	123	150	149
Annual fee to the Securities and Exchange Commission of Pakistan		36	41	40	117	27	33	93
Auditor's remuneration	18	116	116	116	348	94	94	282
Amortization of preliminary expense and floatation costs	7	5	5	5	15	11	11	33
Settlement and bank charges		25	11	7	43	40	17	66
Total Expenses	2,504	2,796	2,757	8,057	1,947	2,319	2,297	6,563
Net income from operating activities	23,763	11,303	8,101	43,167	19,580	7,194	7,048	33,822
Provision for Workers' Welfare Fund	19	(481)	(232)	(167)	(880)	(401)	(143)	(687)
Net income for the year before taxation	23,282	11,071	7,934	42,287	19,179	7,051	6,905	33,135
Taxation	20	-	-	-	-	-	-	-
Net income for the year after taxation	23,282	11,071	7,934	42,287	19,179	7,051	6,905	33,135

The annexed notes 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL PENSION FUND
Statement of Comprehensive Income
For the year ended June 30, 2015

	2015				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 year after taxation	23,282	11,071	7,934	42,287	19,179	7,051	6,905	33,135
Other comprehensive income for the year								
<i>Items that may be reclassified subsequently to income statement:</i>								
Net unrealized appreciation / (diminution) in the market value of investments classified as available for sale	6,109	1,223	78	7,410	(2,703)	202	(54)	(2,555)
Total comprehensive income for the year	29,391	12,294	8,012	49,697	16,476	7,253	6,851	30,580

The annexed notes 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Director

HBL Pension FUND
Statement of Movement in Participants Funds
For the year ended June 30, 2015

Note	2015				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 year	86,355	117,382	120,939	324,676	60,828	91,964	104,436	257,228
Issuance of units	15 18,566	51,033	52,528	122,127	12,192	35,946	35,773	83,911
Redemption of units	(1,557)	(29,985)	(42,821)	(74,363)	(14,745)	(18,609)	(13,689)	(47,043)
Reallocation among sub funds	470	(538)	68	-	11,604	828	(12,432)	-
Net income for the year	23,282	11,071	7,934	42,287	19,179	7,051	6,905	33,135
Net unrealized appreciation / (diminution) in the market value of investments classified as available for sale	6,109	1,223	78	7,410	(2,703)	202	(54)	(2,555)
Total comprehensive income for the year	29,391	12,294	8,012	49,697	16,476	7,253	6,851	30,580
Net assets at the end of the year	133,225	150,186	138,726	422,137	86,355	117,382	120,939	324,676

The annexed notes 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Director

HBL PENSION FUND
Statement of Cash Flows
For the year ended June 30, 2015

	2015				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	23,282	11,071	7,934	42,287	19,179	7,051	6,905	33,135
Adjustments for non-cash items								
Dividend income	(4,140)	-	-	(4,140)	(4,419)	-	-	(4,419)
Mark-up on deposits with bank	(438)	(432)	(360)	(1,230)	(443)	(276)	(759)	(1,478)
Mark-up / return on investments	-	(11,449)	(10,507)	(21,956)	-	(9,250)	(8,576)	(17,826)
Capital gain / (loss) on sale of investments	(21,689)	(2,218)	9	(23,898)	(17,379)	13	(10)	(17,376)
Amortization of preliminary expenses and floatation costs	5	5	5	15	11	11	11	33
Impairment loss on investments classified as 'available for sale'	-	-	-	-	714	-	-	714
Provision for Workers' Welfare Fund	481	232	167	880	401	143	143	687
	(2,499)	(2,791)	(2,752)	(8,042)	(1,936)	(2,308)	(2,286)	(6,530)
(Increase) / decrease in assets								
Investments - net	(18,397)	(34,106)	(20,609)	(73,112)	(9,805)	(10,660)	(7,240)	(27,705)
Advances, deposits, prepayments and other receivables	4,100	-	-	4,100	(4,100)	-	-	(4,100)
	(14,297)	(34,106)	(20,609)	(69,012)	(13,905)	(10,660)	(7,240)	(31,805)
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	55	58	33	146	(101)	(118)	(19)	(238)
Payable to Central Depository Company of Pakistan Limited - Trustee	7	(1)	(4)	2	1	8	7	16
Payable to the Securities and Exchange Commission of Pakistan	9	8	7	24	11	9	6	26
Accrued expenses and other liabilities	280	310	301	891	(60)	225	220	385
	351	375	337	1,063	(149)	124	214	189
	(16,445)	(36,522)	(23,024)	(75,991)	(15,990)	(12,844)	(9,312)	(38,146)
Dividend income received	4,182	-	-	4,182	4,353	-	-	4,353
Mark-up income received	433	10,473	10,860	21,766	434	7,909	9,339	17,682
Net cash (used in) / generated from operating activities	(11,830)	(26,049)	(12,164)	(50,043)	(11,203)	(4,935)	27	(16,111)
CASH FLOWS FROM FINANCING ACTIVITIES								
Amount received on issue of units	18,566	51,033	52,528	122,127	12,192	35,946	35,773	83,911
Amount paid on redemption of units	(1,557)	(29,985)	(42,821)	(74,363)	(14,745)	(18,609)	(13,689)	(47,043)
Reallocation among sub-funds	470	(538)	68	-	11,604	828	(12,432)	-
Net cash generated from financing activities	17,479	20,510	9,775	47,764	9,051	18,165	9,652	36,868
Net (decrease) / increase in cash and cash equivalents	5,649	(5,539)	(2,389)	(2,279)	(2,152)	13,230	9,679	20,757
Cash and cash equivalents at the beginning of the year	4,301	14,820	12,513	31,634	6,453	1,590	2,834	10,877
Cash and cash equivalents at the end of the year	9,950	9,281	10,124	29,355	4,301	14,820	12,513	31,634

The annexed notes 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL PENSION FUND

Notes To The Financial Statements

For the year ended June 30, 2015

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 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 objective of the Fund is to provide individuals with a portable, individualized, funded and 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 are 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 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 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.
- 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 ninety days. 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 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.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except for the investments which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund.

2.4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions **Effective from accounting period beginning on or after July 01, 2014**

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required."

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities **Effective from accounting period beginning on or after January 01, 2014**

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets **Effective from accounting period beginning on or after January 01, 2014**

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. The new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair value Measurements. The amendments require retrospective application.

IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting **Effective from accounting period beginning on or after January 01, 2014**

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.

IFRIC 21 - Levies **Effective from accounting period beginning on or after January 01, 2014**

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

2.5 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization **Effective from accounting period beginning on or after January 01, 2016**

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example,

a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated. The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants

Effective from accounting period beginning on or after January 01, 2016

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

**IAS 27 (Revised 2011) – Separate Financial Statements
IAS 27 (Revised 2011) will concurrently apply with IFRS 10.**

Effective from accounting period beginning on or after January 01, 2015.

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures

Effective from accounting period beginning on or after January 01, 2015.

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

**IFRS 10 – Consolidated Financial Statements
Earlier adoption is encouraged.**

Effective from accounting period beginning on or after January 01, 2015.

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

IFRS 11 – Joint Arrangements

Effective from accounting period beginning on or after January 01, 2015

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

IFRS 12 – Disclosure of Interests in Other Entities

Effective from accounting period beginning on or after January 01, 2015

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

IFRS 13 – Fair Value Measurement

Effective from accounting period beginning on or after January 01, 2015

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP.

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In the process of applying the Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

- (a) classification of investments (Note 3.2.1)
- (b) impairment of financial asset (Note 3.2.5)
- (c) provisions (Note 3.5)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents include bank balances and other short term deposits with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement', at the time of initial recognition.

The Fund classifies its financial assets in the following categories:

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

An investment that is acquired principally for the purpose of generating profit from short-term fluctuations in prices is classified as "fair value through profit or loss - held for trading".

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (i) loans and receivables, (ii) held to maturity investments or (iii) financial assets at fair value through profit or loss.

3.2.2 Regular way contracts

All regular purchases / sales of investments are recognized on the trade date i.e. the date that the Fund commits to purchase / sell the investments. Purchases / sales of investments require delivery of securities within the time frame established by the regulations.

3.2.3 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss - held for trading'. Financial assets carried 'at fair value through profit or loss - held for trading' are initially recognized at fair value and transaction costs are recognized in the income statement.

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss - held for trading' and 'available for sale' are valued as follows:

a) Basis of valuation of debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan (SECP) for valuation of debt securities vide its circular no. 33 of 2012 dated October 24, 2012 (which is essentially the same as contained in circular no. 1 of 2009, previously used). In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

c) Basis of valuation of Government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss - held for trading' are taken to the income statement.

Net gains and losses arising from changes in fair value of 'available for sale' financial assets are taken to the statement of comprehensive income until these are derecognized or impaired. At this time, the cumulative gain or loss previously recognized directly in the statement of comprehensive income is transferred to the income statement.

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortized cost using the effective interest method.

3.2.5 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever, the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

a) Debt securities

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular no. 33 of 2012 dated October 24, 2012 issued by the SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Pension Fund Manager.

b) Equity Securities

The Fund assess at each reporting date whether there is objective evidence that a financial asset or a group of financial asset is impaired. In case of investments classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income statement is reclassified from other comprehensive income and recognized in the income statement. However, the decrease in impairment loss on equity securities are not reversed through the income statement.

3.2.6 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Fund has transferred substantially all risks and rewards of ownership.

3.2.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

3.3 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognized at fair value and subsequently stated at amortized cost.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

3.4 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are being amortized over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund and the VPS Rules.

3.5 Provisions

Provisions are recognized when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealized gains / (losses) arising on revaluation of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in the income statement in the period in which they arise.
- Dividend income is recognized when the right to receive the dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Mark-up / return on government securities, term finance certificate, sukuk certificates, commercial papers, clean placements, bank balances and term deposit receipts are recognized on a time proportion basis using the effective interest method.

3.7 Taxation

The income of the Fund is exempt from income tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A(i) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

3.8 Issue and redemption of units

Contribution received in the individual pension account after deduction of applicable front end fee is used to purchase the units of sub-funds of the pension fund according to the Allocation Scheme selected by the participant. The units are allotted at the net asset value notified by the Pension Fund Manager at the close of the business day for each sub-fund on the date on which funds are actually realized against application. The front end fee is payable to the distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocation of the sub-fund units of all the participants are according to the Allocation Schemes selected by the participants. In case of withdrawal before retirement, units are redeemed at the net asset value of each of the sub-fund as of the close of the business day on which such request is received by the distributor before the cut off time. Redemption of units is recorded on acceptance of application for redemption.

In case of retirement of the participant, units are redeemed at the net asset value of each of the sub-fund as of the close of the business day on which retirement age is reached.

In case of change of Pension Fund Manager, units are redeemed at the net asset value of each of the sub-fund as of the close of the business day corresponding to the date of change specified by the participant.

3.9 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.

3.10 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.

4. BANK BALANCES

	2015				2014				
	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) -----				
Savings accounts	4.1	9,950	9,281	10,124	29,355	4,301	14,820	12,513	31,634

4.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 3.59% to 7.5% (2014: 7.05% to 8%) per annum.

5. INVESTMENTS - NET

	Note	2015				2014			
		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									
Available for sale investments									
Listed equity securities	5.1	124,954	-	-	124,954	78,759	-	-	78,759
Government securities									
- Treasury Bills	5.2	-	41,597	129,875	171,472	-	66,286	109,197	175,483
- Pakistan Investment Bonds	5.3	-	92,450	-	92,450	-	29,596	-	29,596
Term Finance Certificates and Sukuk Bonds	5.4	-	5,110	-	5,110	-	5,728	-	5,728
		124,954	139,157	129,875	393,986	78,759	101,610	109,197	289,566

5.1 Listed equity securities

5.1.1 Held by Equity Sub-Fund

Fully paid up ordinary shares of Rs. 10 each except Thal Limited, Hum Network Limited and K-Electric Limited which have face value of Rs. 5 each, Re. 1 each and Rs. 3.5 each respectively.

Name of the investee company	As at July 1, 2014	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 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									
Oil and Gas Development Company Limited	23,800	18,500	-	42,300	-	-	-	-	-
Pakistan Petroleum Limited	9,700	10,000	-	19,700	-	-	-	-	-
Mari Petroleum Company Limited	16,400	-	-	16,400	-	-	-	-	-
Pakistan Oilfields Limited	-	10,000	-	-	10,000	4,038	3.03	3.23	0.0042
	<u>49,900</u>	<u>38,500</u>	<u>-</u>	<u>78,400</u>	<u>10,000</u>	<u>4,038</u>	<u>3.03</u>	<u>3.23</u>	
Oil and Gas Marketing Companies									
Pakistan State Oil Company Limited	20,420	22,200	-	26,220	16,400	6,327	4.74	5.06	0.0060
Attock Petroleum Limited	-	4,500	-	-	4,500	2,552	1.92	2.04	0.0054
	<u>20,420</u>	<u>26,700</u>	<u>-</u>	<u>26,220</u>	<u>20,900</u>	<u>8,879</u>	<u>6.66</u>	<u>7.10</u>	
Fertilizer									
Engro Corporation Limited	10	41,500	-	10,010	31,500	9,349	7.02	7.48	0.0060
Engro Fertilizers Limited	-	140,000	-	-	140,000	12,417	9.32	9.94	0.0105
Fauji Fertilizer Bin Qasim Limited	-	105,000	-	105,000	-	-	-	-	-
	<u>10</u>	<u>286,500</u>	<u>-</u>	<u>115,010</u>	<u>171,500</u>	<u>21,766</u>	<u>16.34</u>	<u>17.42</u>	
Chemical									
ICI Pakistan Limited	17,500	-	-	-	17,500	7,505	5.63	6.00	0.0189
	<u>17,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,500</u>	<u>7,505</u>	<u>5.63</u>	<u>6.00</u>	
Cement									
Kohat Cement Limited	36,000	33,000	-	69,000	-	-	-	-	-
Lucky Cement Limited	15,000	15,700	-	21,500	9,200	4,781	3.59	3.83	0.0028
Fauji Cement Company Limited	-	176,500	-	-	176,500	6,155	4.62	4.93	0.0133
Maple Leaf Cement Factory Limited	-	146,000	-	146,000	-	-	-	-	-
D.G. Khan Cement Company Limited	-	61,000	-	13,000	48,000	6,853	5.14	5.48	0.0110
	<u>51,000</u>	<u>432,200</u>	<u>-</u>	<u>249,500</u>	<u>233,700</u>	<u>17,789</u>	<u>13.35</u>	<u>14.24</u>	
Transport									
Pakistan National Shipping Corporation Limited	100,000	-	-	100,000	-	-	-	-	-
	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Food & Personal Care Products									
Engro Foods Limited	3,500	-	-	3,500	-	-	-	-	-
	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Textile Composite									
Kohinoor Textile Mills Limited	95,000	-	-	95,000	-	-	-	-	-
Nishat (Chunian) Limited	-	90,000	-	90,000	-	-	-	-	-
	<u>95,000</u>	<u>90,000</u>	<u>-</u>	<u>185,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Pharmaceuticals									
Searle Pakistan Limited	16,500	10,000	6,600	26,500	6,600	2,117	1.59	1.69	0.0077
	<u>16,500</u>	<u>10,000</u>	<u>6,600</u>	<u>26,500</u>	<u>6,600</u>	<u>2,117</u>	<u>1.59</u>	<u>1.69</u>	
Power Generation & Distribution									
Hub Power Company Limited	-	137,500	-	75,000	62,500	5,848	4.39	4.68	0.0054
Kot Addu Power Company Limited	76,000	-	-	20,000	56,000	4,818	3.62	3.86	0.0064
K-Electric Limited	475,000	465,000	-	475,000	465,000	3,915	2.94	3.13	0.0017
	<u>551,000</u>	<u>602,500</u>	<u>-</u>	<u>570,000</u>	<u>583,500</u>	<u>14,581</u>	<u>10.95</u>	<u>11.67</u>	

Name of the investee company	As at July 1, 2014	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 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		%		
Commercial Banks									
Bank Al Habib Limited	10,548	87,500	-	-	98,048	4,309	3.23	3.45	0.0088
United Bank Limited	26,587	32,000	-	34,587	24,000	4,102	3.08	3.28	0.0020
MCB Bank Limited	15,400	-	-	15,400	-	-	-	-	-
Habib Bank Limited	17,600	-	-	17,600	-	-	-	-	-
Meezan Bank Limited	-	160,000	-	160,000	-	-	-	-	-
Bank Al Falah Limited	-	147,000	-	-	147,000	3,719	2.79	2.98	0.0092
	<u>70,135</u>	<u>426,500</u>	<u>-</u>	<u>227,587</u>	<u>269,048</u>	<u>12,130</u>	<u>9.10</u>	<u>9.71</u>	
Insurance									
Adamjee Insurance Company Limited	100,000	-	-	100,000	-	-	-	-	-
	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Automobile Assembler									
Pak Suzuki Motor Company Limited	-	27,500	-	7,500	20,000	8,718	6.54	6.98	0.0243
Indus Motor Company Limited	-	5,500	-	-	5,500	6,870	5.16	5.50	0.0070
	<u>-</u>	<u>33,000</u>	<u>-</u>	<u>7,500</u>	<u>25,500</u>	<u>15,588</u>	<u>11.70</u>	<u>12.48</u>	
Technology and Communication									
Hum Network Limited	-	375,000	-	-	375,000	6,034	4.53	4.83	0.0397
	<u>-</u>	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>375,000</u>	<u>6,034</u>	<u>4.53</u>	<u>4.83</u>	
Miscellaneous									
Synthetic Products Enterprises Limited	-	155,000	-	106,500	48,500	2,661	2.00	2.13	0.0627
	<u>-</u>	<u>155,000</u>	<u>-</u>	<u>106,500</u>	<u>48,500</u>	<u>2,661</u>	<u>2.00</u>	<u>2.13</u>	
Engineering									
Mughal Iron and Steel Industries Limited	-	110,000	-	-	110,000	6,186	4.64	4.95	0.1006
	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>6,186</u>	<u>4.64</u>	<u>4.95</u>	
Automobile Parts & Accessories									
Thal Limited	-	30,000	-	10,100	19,900	5,680	4.26	4.55	0.0246
	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>10,100</u>	<u>19,900</u>	<u>5,680</u>	<u>4.26</u>	<u>4.55</u>	
Total	1,074,965	2,615,900	6,600	1,805,817	1,891,648	124,954	93.78	100	
Carrying Value as at June 30, 2015						<u><u>108,035</u></u>			

5.2 Government securities - Treasury bills

5.2.1 Held by Debt Sub-Fund

Issue date	Face value				Amortized cost as at June 30, 2015	Market value as at June 30, 2015	Market value as a percentage of		
	As at July 1, 2014	Purchases during the year	Sales / matured during the year	As at June 30, 2015			Total investment of the sub-fund	Net assets of the sub-fund	
(Rupees in '000)							%		
Treasury Bill - 6 months	March 20, 2014	47,000	-	47,000	-	-	-	-	
Treasury Bill - 6 months	April 17, 2014	6,000	-	6,000	-	-	-	-	
Treasury Bill - 6 months	May 15, 2014	9,000	-	9,000	-	-	-	-	
Treasury Bill - 6 months	May 29, 2014	6,000	-	6,000	-	-	-	-	
Treasury Bill - 6 months	August 7, 2014	-	3,500	3,500	-	-	-	-	
Treasury Bill - 6 months	August 21, 2014	-	4,500	4,500	-	-	-	-	
Treasury Bill - 3 months	October 16, 2014	-	3,000	3,000	-	-	-	-	
Treasury Bill - 3 months	October 30, 2014	-	1,500	1,500	-	-	-	-	
Treasury Bill - 6 months	November 13, 2014	-	2,000	2,000	-	-	-	-	
Treasury Bill - 6 months	November 27, 2014	-	6,000	6,000	-	-	-	-	
Treasury Bill - 3 months	November 27, 2014	-	14,000	14,000	-	-	-	-	
Treasury Bill - 6 months	January 8, 2015	-	3,000	-	3,000	2,994	2,996	2.15	1.99
Treasury Bill - 12 months	January 22, 2015	-	51,500	51,500	-	-	-	-	-
Treasury Bill - 12 months	February 6, 2015	-	3,500	-	3,500	3,360	3,360	2.41	2.24
Treasury Bill - 6 months	February 19, 2015	-	18,500	10,000	8,500	8,405	8,420	6.05	5.61
Treasury Bill - 12 months	April 30, 2015	-	5,000	-	5,000	4,722	4,728	3.40	3.15
Treasury Bill - 12 months	May 14, 2015	-	12,000	-	12,000	11,338	11,318	8.13	7.54
Treasury Bill - 6 months	May 28, 2015	-	6,000	-	6,000	5,843	5,835	4.19	3.89
Treasury Bill - 3 months	June 11, 2015	-	5,000	-	5,000	4,942	4,940	3.55	3.29
		68,000	139,000	164,000	43,000	41,580	41,597	29.88	27.71

5.2.1.1 These treasury bills carry maturities ranging from July 2015 to May 2016.

5.2.2 Held by Money Market Sub-Fund

Issue date	Face value				Amortized cost as at June 30, 2015	Market value as at June 30, 2015	Market value as a percentage of		
	As at July 1, 2014	Purchases during the year	Sales / matured during the year	As at June 30, 2015			Total investment of the sub-fund	Net assets of the sub-fund	
(Rupees in '000)							%		
Treasury Bill - 6 months	March 6, 2014	4,350	-	4,350	-	-	-	-	-
Treasury Bill - 12 months	March 20, 2014	-	75,000	75,000	-	-	-	-	-
Treasury Bill - 6 months	April 17, 2014	25,000	-	25,000	-	-	-	-	-
Treasury Bill - 12 months	April 17, 2014	-	55,000	55,000	-	-	-	-	-
Treasury Bill - 3 months	May 15, 2014	65,000	-	65,000	-	-	-	-	-
Treasury Bill - 3 months	May 29, 2014	16,500	-	16,500	-	-	-	-	-
Treasury Bill - 3 months	August 7, 2014	-	67,500	67,500	-	-	-	-	-
Treasury Bill - 3 months	August 21, 2014	-	30,500	30,500	-	-	-	-	-
Treasury Bill - 3 months	September 4, 2014	-	2,900	2,900	-	-	-	-	-
Treasury Bill - 3 months	September 18, 2014	-	6,000	6,000	-	-	-	-	-
Treasury Bill - 3 months	October 16, 2014	-	12,000	12,000	-	-	-	-	-
Treasury Bill - 3 months	October 30, 2014	-	75,000	75,000	-	-	-	-	-
Treasury Bill - 6 months	November 13, 2014	-	19,500	19,500	-	-	-	-	-
Treasury Bill - 6 months	November 27, 2014	-	3,000	3,000	-	-	-	-	-
Treasury Bill - 6 months	December 11, 2014	-	6,000	6,000	-	-	-	-	-
Treasury Bill - 6 months	January 8, 2015	-	12,000	-	12,000	11,977	11,982	9.23	8.64
Treasury Bill - 6 months	March 19, 2015	-	20,000	-	20,000	19,671	19,706	15.17	14.20
Treasury Bill - 6 months	April 16, 2015	-	10,000	-	10,000	9,779	9,802	7.55	7.07
Treasury Bill - 3 months	April 16, 2015	-	45,000	-	45,000	44,923	44,933	34.60	32.39
Treasury Bill - 6 months	April 30, 2015	-	10,000	-	10,000	9,768	9,777	7.53	7.05
Treasury Bill - 3 months	May 14, 2015	-	25,000	-	25,000	24,833	24,829	19.12	17.90
Treasury Bill - 6 months	May 28, 2015	-	3,000	-	3,000	2,922	2,918	2.25	2.10
Treasury Bill - 3 months	June 11, 2015	-	6,000	-	6,000	5,930	5,928	4.55	4.27
		110,850	483,400	463,250	131,000	129,803	129,875	100	93.62

5.2.2.1 These treasury bills carry maturities ranging from July 2015 to November 2015.

5.3 Government Securities - Pakistan Investment Bonds

5.3.1 Held by Debt Sub-Fund

Issue date	Face value				Amortized cost as at June 30, 2015	Market value as at June 30, 2015	Market value as a percentage of		
	As at July 1, 2014	Purchases during the year	Sales / matured during the year	As at June 30, 2015			Total investment of the sub-fund	Net assets of the sub-fund	
----- (Rupees in '000) ----- % -----									
Pakistan Investment Bonds	July 18, 2013	30,000	50,000	50,000	30,000	29,824	31,269	22.47	20.82
Pakistan Investment Bonds	March 26, 2015	-	60,000	-	60,000	61,070	61,181	43.97	40.74
		30,000	110,000	50,000	90,000	90,894	92,450	66.44	61.56

5.3.1.1 These Pakistan Investment Bonds carry coupon at the rate of 8.75% to 11.25% (2014: 11.25%) and maturities ranging from July 2016 to March 2020.

5.4 Term Finance Certificates and Sukuk bonds - Unlisted

5.4.1 Held by Debt Sub-Fund

Name of the Investee Company	Number of certificates				Amortized cost as at June 30, 2015	Market / Carrying value as at June 30, 2015	Market value as a percentage of	
	As at July 1, 2014	Purchases during the year	Sales / matured during the year	As at June 30, 2015			Total investment of the sub-fund	Net assets of the sub-fund
----- (Rupees in '000) ----- % -----								
Commercial Banks								
Standard Chartered Bank (Pakistan) Limited	300	-	-	300	1,500	1,483	1.07	0.99
	300	-	-	300	1,500	1,483	1.07	0.99
Multiutilities								
WAPDA Third Sukuk Company Limited	798	-	-	798	3,705	3,627	2.61	2.42
	798	-	-	798	3,705	3,627	2.61	2.42
Total	1,098	-	-	1,098	5,205	5,110	3.68	3.41

5.4.1.1 Significant terms and conditions of Term Finance Certificates and Sukuk Bonds outstanding as at June 30, 2015 are as follows:

Name of security	Remaining principal (per TFC) (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date
Term Finance Certificates and Sukuk bonds - Unlisted				
Standard Chartered Bank (Pakistan) Limited	5,000	6 month KIBOR + 0.75%	29-Jun-12	29-Jun-22
WAPDA Third Sukuk Company Limited	4,643	6 month KIBOR + 1%	14-Oct-13	14-Oct-21

6. Dividend receivable and accrued mark-up

	2015				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)			
Dividend receivable	63	-	-	63	105	-	-	105
Markup accrued on deposits with banks	26	19	17	62	21	13	10	44
Markup accrued on Term Finance Certificates	-	72	-	72	-	96	-	96
Markup accrued on Government securities - Pakistan Investment Bonds	-	2,942	-	2,942	-	1,516	-	1,516
	89	3,033	17	3,139	126	1,625	10	1,761

7. PRELIMINARY EXPENSES AND FLOATATION COST

Note	2015				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)			
Opening balance	5	5	5	15	16	16	16	48
Less: Amortization for the year	5	5	5	15	11	11	11	33
	-	-	-	-	5	5	5	15

7.1 Preliminary expenses and floatation costs represents expenditure incurred prior to the commencement of operations of the Fund and are being amortized over a period of three years commencing from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and the VPS Rules.

8. Advances, deposits, prepayments and other receivables

	2015				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)			
Advance against subscription towards issue of equity shares	-	-	-	-	4,100	-	-	4,100
Security Deposit with the Central Depository Company of Pakistan Limited	100	100	-	200	100	100	-	200
	100	100	-	200	4,200	100	-	4,300

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

Note	2015				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)			
Management fee	152	179	164	495	104	128	135	367
Sindh Sales Tax	26	31	29	86	19	24	25	68
	178	210	193	581	123	152	160	435

9.1 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.

9.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 15% (June 30, 2014: 16%) on the services provided by the Pension Fund Manager as required by Sindh Sales Tax on Services Act, 2011.

10. PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified there in, based on the daily Net Asset Value (NAV) of the Fund. The remuneration is paid to the trustee monthly in arrears.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2015 is as follows:

Net assets	Tariff per annum
Up to Rs. 1,000 million	Rs. 0.3 million or 0.15% p.a of NAV, whichever is higher
Exceeding Rs. 1,000 million up to Rs. 3,000 million	Rs. 1.5 million plus 0.10% p.a of NAV exceeding Rs. 1,000 million
Exceeding Rs. 3,000 million up to Rs. 6,000 million	Rs.3.5 million plus 0.08% p.a of NAV exceeding Rs. 3,000 million
Exceeding Rs. 6,000 million	Rs. 5.9 million plus 0.06% p.a of NAV exceeding Rs. 6,000 million

11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

12. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2015				2014			
	Equity Sub	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	70	70	70	210	56	56	56	168
Payable to broker	7	5	1	13	-	2	3	5
Federal Excise Duty	436	507	500	1,443	177	214	211	602
Provision for Workers' Welfare Fund	1,125	534	470	2,129	644	302	303	1,249
	1,638	1,116	1,041	3,795	877	574	573	2,024

12.1 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. 0.479 million, Rs. 0.563 million and Rs. 0.561 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively, out of which Rs. 0.043 million, Rs. 0.056 million and Rs. 0.061 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. 0.9628, Rs. 0.4589 and Rs. 0.4670 respectively.

13. CONTINGENCIES AND COMMITMENTS

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

14. NUMBER OF UNITS IN ISSUE

Note	2015				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)			
Opening units in issue	386,254	957,928	997,221	2,341,403	341,661	806,314	922,511	2,070,486
Units issued during the year	70,552	390,324	421,144	882,020	51,581	299,182	301,187	651,950
Less: Units redeemed	(5,822)	(240,162)	(348,721)	(594,705)	(65,856)	(154,931)	(117,201)	(337,988)
Reallocation effect	1,899	(3,974)	571	(1,504)	58,868	7,363	(109,276)	(43,045)
Total units in issue at the end of the year	452,883	1,104,116	1,070,215	2,627,214	386,254	957,928	997,221	2,341,403

15. CONTRIBUTION TABLE

Contributions received are as follows:

	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	70,552	18,566	390,324	51,033	421,144	52,528	882,020	122,127

	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	51,581	12,192	299,182	35,946	301,187	35,773	651,950	83,911

16. MARK-UP ON DEPOSITS WITH BANKS

	2015				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)			
Mark-up on savings accounts	438	432	360	1,230	443	276	357	1,076
Mark-up on term deposit receipts	-	-	-	-	-	-	402	402
	438	432	360	1,230	443	276	759	1,478

17. MARK-UP / RETURN ON INVESTMENTS

	2015				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)			
Mark-up / return on:								
Government of Pakistan securities								
- Treasury Bills	-	3,893	10,507	14,400	-	7,801	8,576	16,377
- Pakistan Investment Bonds	-	6,738	-	6,738	-	923	-	923
Term Finance Certificates	-	582	-	582	-	460	-	460
Discount income on Pakistan Investment Bonds	-	236	-	236	-	66	-	66
	-	11,449	10,507	21,956	-	9,250	8,576	17,826

18. AUDITOR'S REMUNERATION

	2015				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)			
Annual Audit fee	67	67	67	201	39	39	39	117
Half yearly review fee	31	31	31	93	28	28	28	84
Out of pocket expenses	18	18	18	54	27	27	27	81
	116	116	116	348	94	94	94	282

19. 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, without prejudice to the above and owing to the fact that the decision of Sindh High Court on the applicability of WWF (till June 30, 2015) to the CISs is currently pending for adjudication, the Pension Fund Manager, as a matter of abundant caution, has decided to record and retain provision of WWF in financial statements till June 30, 2015 aggregating to Rs. 1124,739, Rs. 533,501 and Rs. 470,758 for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively (including Rs. 879,945 for the current period). 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. 2.4835, Rs. 0.4832 and Rs. 0.4399 respectively.

20. 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.

21. TRANSACTIONS WITH CONNECTED PERSONS

21.1 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:

21.2 Transactions during the year

	2015				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	2,160	2,440	2,408	7,008	1652	2014	2001	5,667
Habib Bank Limited - Sponsor								
Bank charges	4	5	4	13	8	11	7	26
Mark-up earned on deposits with bank	437	432	266	1,135	425	255	349	1,029
Mark-up received on deposits with bank	432	426	269	1,127	416	249	353	1,018
Dividend earned	39	-	-	39	163	-	-	163
Dividend received	74	-	-	74	128	-	-	128
Purchase of shares	Number	-	-	-	6,000	-	-	6,000
Cost of shares purchased		-	-	-	967,582	-	-	967,582
Bonus shares	Number	-	-	-	1,600	-	-	1,600
Sale of shares	Number	17,600	-	-	17,600	-	-	-
Sales proceeds received		3,662	-	-	3,662	-	-	-

	2015				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)-----																																																																					
Directors and Executives of the Pension Fund Manager and their relatives																																																																									
Directors and their relatives																																																																									
Mr. Salim Amlani																																																																									
Issue of units	Number	-	2,411	2,441	4,852	-	26,842	27,087	53,929																																																																
Amount of units issued		-	300	250	550	-	3,221	3,221	6,442																																																																
Reallocation of units	Number	-	(134)	135	1	-	(186)	187	1																																																																
Amount of units reallocated		-	(16,414)	16,414	-	-	(21)	21	-																																																																
Ms. Sima Kamil																																																																									
Issue of units	Number	5,330	8,896	2,339	16,565	-	-	-	-																																																																
Amount of units issued		1,500	1,200	300	3,000	-	-	-	-																																																																
Executives and their relatives																																																																									
Reallocation of units	Number	(1)	1	-	-	(5)	8	-	3																																																																
Amount of units reallocated		(1)	1	-	-	(1)	1	-	-																																																																
Central Depository Company of Pakistan Limited - Trustee																																																																									
Remuneration		162	183	181	526	123	150	149	422																																																																
Central Depository System Charges		20	6	-	26	18	6	-	24																																																																
Directors of connected persons																																																																									
Issue of units	Number	682	3,367	884	4,933	340	1,522	383	2,245																																																																
Amount of units issued		188	450	112	750	75	180	45	300																																																																
Reallocation of units	Number	(603)	773	345	515	63,056	2,775	(112,197)	(46,366)																																																																
Amount of units reallocated		(137)	95	42	-	12,443	318	(12,761)	-																																																																
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">2015</th> <th colspan="4">2014</th> </tr> <tr> <th>Equity Sub-Fund</th> <th>Debt Sub-Fund</th> <th>Money Market Sub-Fund</th> <th>Total</th> <th>Equity Sub-Fund</th> <th>Debt Sub-Fund</th> <th>Money Market Sub-Fund</th> <th>Total</th> </tr> <tr> <th colspan="4" style="text-align: center;">------(Rupees in '000)-----</th> <th colspan="4" style="text-align: center;">------(Rupees in '000)-----</th> </tr> </thead> <tbody> <tr> <td>Redemption of units</td> <td>Number</td> <td>979</td> <td>4,509</td> <td>11,850</td> <td>17,338</td> <td>65,230</td> <td>149,825</td> <td>113,202</td> <td>328,257</td> </tr> <tr> <td>Amount of units redeemed</td> <td></td> <td>251</td> <td>584</td> <td>1,485</td> <td>2,320</td> <td>14,611</td> <td>18,231</td> <td>13,564</td> <td>46,406</td> </tr> <tr> <td>Issue of units in Income Plan</td> <td>Number</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>10,663</td> <td>47,579</td> <td>125,664</td> <td>183,906</td> </tr> <tr> <td>Amount reinvested in Income Plan</td> <td></td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>2,320</td> <td>5,801</td> <td>15,082</td> <td>23,203</td> </tr> </tbody> </table>										2015				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)-----				Redemption of units	Number	979	4,509	11,850	17,338	65,230	149,825	113,202	328,257	Amount of units redeemed		251	584	1,485	2,320	14,611	18,231	13,564	46,406	Issue of units in Income Plan	Number	-	-	-	-	10,663	47,579	125,664	183,906	Amount reinvested in Income Plan		-	-	-	-	2,320	5,801	15,082	23,203
	2015				2014																																																																				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total																																																																	
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21.3 Balances outstanding as at year end

	2015				2014				
	Equity	Debt	Money	Total	Equity	Debt	Money	Total	
	Sub-Fund	Sub-Fund	Market		Sub-Fund	Sub-Fund	Market		
	(Rupees in '000)				(Rupees in '000)				
HBL Asset Management Limited - Pension Fund Manager									
Management fee payable	152	179	164	495	104	128	135	367	
Sindh Sales Tax	26	31	29	86	19	24	25	68	
Federal Excise Duty	436	507	500	1,443	177	214	211	602	
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		88,250	40,807	38,887	167,944	67,071	36,761	36,383	140,215
Mark-up accrued on deposits with bank		26	19	7	52	21	13	10	44
Balance in savings account		9,926	9,280	6,995	26,201	4,279	14,819	12,463	31,561
Dividend receivable		-	-	-	-	35	-	-	35
Directors and Executives of the Pension Fund Manager and their relatives									
Directors and their relatives									
Units held	Number	5,330	114,900	109,458	229,688	-	103,727	104,543	208,270
Amount of units held		1,568	15,629	14,188	31,385	-	12,710	12,679	25,389
Executives and their relatives									
Units held	Number	37	33	3	73	38	32	3	73
Amount of units held		11	4	1	16	10	4	-	14
Central Depository Company of Pakistan Limited - Trustee									
Remuneration payable		16	18	16	50	9	19	20	48
Security deposit receivable		100	100	-	200	100	100	-	200
Shares held in associated undertakings									
Ordinary shares held in Habib Bank Limited	Number	-	-	-	-	17,600	-	-	17,600
Market value of shares held		-	-	-	-	3,411	-	-	3,411
Directors of connected persons									
Units held	Number	16,920	77,125	122,577	216,622	17,820	77,494	133,198	228,512
Amount of units held		4,977	10,491	15,889	31,357	3,984	9,496	16,154	29,634

22. FINANCIAL INSTRUMENTS BY CATEGORY

	2015									Total
	Equity Sub Fund			Debt Sub Fund			Money Market Sub Fund			
	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	
	(Rupees in '000)									
Financial Assets										
Bank balances	9,950	-	9,950	9,281	-	9,281	10,124	-	10,124	29,355
Investments - net	-	124,954	124,954	-	139,157	139,157	-	129,875	129,875	393,986
Dividend receivable and accrued mark-up	89	-	89	3,033	-	3,033	17	-	17	3,139
Advances, deposits and other receivables	100	-	100	100	-	100	-	-	-	200
	<u>10,139</u>	<u>124,954</u>	<u>135,093</u>	<u>12,414</u>	<u>139,157</u>	<u>151,571</u>	<u>10,141</u>	<u>129,875</u>	<u>140,016</u>	<u>426,680</u>

	2015			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	At amortized cost (Rupees in '000)			
Financial liabilities				
Payable to HBL Asset Management Limited - Pension Fund Manager		178	210	581
Payable to the Central Depository Company of Pakistan Limited - Trustee		16	18	50
Accrued expenses and other liabilities		513	582	1,666
		<u>707</u>	<u>810</u>	<u>2,297</u>

	2014									Total
	Equity Sub Fund			Debt Sub Fund			Money Market Sub Fund			
	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	
	(Rupees in '000)									
Financial Assets										
Bank balances		4,301	4,301	14,820	-	14,820	12,513	-	12,513	31,634
Investments - net		-	78,759	-	101,610	101,610	-	109,197	109,197	289,566
Dividend receivable and accrued mark-up		126	126	1,625	-	1,625	10	-	10	1,761
Advances, deposits and other receivables		4,200	4,200	100	-	100	-	-	-	4,300
		<u>8,627</u>	<u>78,759</u>	<u>87,386</u>	<u>16,545</u>	<u>101,610</u>	<u>118,155</u>	<u>109,197</u>	<u>121,720</u>	<u>327,261</u>

	2014			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	At amortized cost (Rupees in '000)			
Financial liabilities				
Payable to HBL Asset Management Limited - Pension Fund Manager		123	152	435
Payable to the Central Depository Company of Pakistan Limited - Trustee		9	19	48
Accrued expenses and other liabilities		233	272	775
		<u>365</u>	<u>443</u>	<u>1,258</u>

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.

23. FINANCIAL RISK MANAGEMENT

The Fund primarily invests in a portfolio of equity, debt and money market investments such as shares of listed companies, investment - grade debt securities, government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e. market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

23.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

23.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

23.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2015, the Debt Sub-Fund holds KIBOR based interest bearing term finance certificates and sukuk bonds which have been classified as 'available for sale', exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase in KIBOR on June 30, 2015, with all other variables held constant, the net assets of the Fund and total comprehensive income for the year would have been higher / lower by Rs. 53,205 (2014: Rs. 8,609).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2015, the Debt Sub-Fund and Money Market Sub-Fund hold Market Treasury Bills and Pakistan Investment Bonds which have been classified as 'available for sale', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association on June 30, 2015, with all other variables held constant, the impact on the net assets and other comprehensive income for the year is as follows:

	Effect on total comprehensive income and net assets					
	2015			2014		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Change in basis points						
100	(2,332,294)	(121,652)	(2,453,946)	(622,708)	(91,564)	(714,272)
(100)	2,448,865	181,252	2,630,117	746,664	212,128	958,792

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Market Association are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2015 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date.

2015																	
Equity Sub Fund					Debt Sub Fund					Money Market Sub Fund					Total		
Yield / Interest rate	Exposed to yield / interest rate risk			Total	Yield / Interest rate	Exposed to yield / interest rate risk			Total	Yield / Interest rate	Exposed to yield / interest rate risk			Total	Total		
	Up to three months	More than three months and up to one year	Not exposed to yield / interest rate risk			Up to three months	More than three months and up to one year	Not exposed to yield / interest rate risk			Up to three months	More than three months and up to one year	Not exposed to yield / interest rate risk				
%	(Rupees in '000)				%	(Rupees in '000)				%	(Rupees in '000)				(Rupees in '000)		
On-balance sheet financial instruments																	
Financial assets																	
Bank balances	3.59 - 7.5	9,950	-	-	9,950	3.59 - 7.5	9,281	-	-	9,281	3.59 - 7.5	10,124	-	-	10,124	29,355	
Investments - net		-	-	124,954	124,954	6.74-11.25	16,356	25,241	97,560	139,157	6.74-9.33	107,378	22,497	-	129,875	393,986	
Dividend receivable and accrued - mark-up		-	-	89	89		-	-	3,033	3,033		-	-	-	17	17	3,139
Advances, deposits and other receivables		-	-	100	100		-	-	100	100		-	-	-	-	-	200
		9,950	-	125,143	135,093		25,637	25,241	97,560	151,571		117,502	22,497	-	140,016	426,680	
Financial liabilities																	
Payable to HBL Asset Management Limited - Pension Fund Manager		-	-	178	178		-	-	210	210		-	-	-	193	193	581
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	16	16		-	-	18	18		-	-	-	16	16	50
Accrued expenses and other liabilities		-	-	513	513		-	-	582	582		-	-	-	571	571	1,666
		-	-	707	707		-	-	810	810		-	-	-	780	780	2,297
On-balance sheet gap		9,950	-	124,436	134,386		25,637	25,241	97,560	150,761		117,502	22,497	-	(763)	139,236	424,383
Off-balance sheet financial instruments																	
Off-balance sheet gap		-	-	-	-		-	-	-	-		-	-	-	-	-	-

	Equity Sub Fund					Debt Sub Fund					Money Market Sub Fund					Total			
	Exposed to yield / interest rate risk				Total	Exposed to yield / interest rate risk				Total	Exposed to yield / interest rate risk				Total				
	Yield / Interest rate	Up to three months	More than three months and up to one year	More than one year		Not exposed to yield / interest rate risk	Yield / Interest rate	Up to three months	More than three months and up to one year		More than one year	Not exposed to yield / interest rate risk	Yield / Interest rate	Up to three months			More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk
	%	(Rupees in '000)				%	(Rupees in '000)				%	(Rupees in '000)					(Rupees in '000)		
On-balance sheet financial instruments																			
Financial assets																			
Bank balances	7.05 - 8	4,301	-	-	-	4,301	7.05 - 8	14,820	-	-	-	14,820	7.05 - 8	12,513	-	-	-	12,513	31,634
Investments - net		-	-	-	78,759	78,759	9.84 - 11.25	46,000	20,286	35,324	-	101,610	9.81 - 9.98	84,906	24,291	-	-	109,197	289,566
Dividend receivable and accrued - mark-up		-	-	-	126	126		-	-	-	1,625	1,625		-	-	-	10	10	1,761
Advances, deposits and other receivables		-	-	-	4,200	4,200		-	-	-	100	100		-	-	-	-	-	4,300
		4,301	-	-	83,085	87,386		60,820	20,286	35,324	1,725	118,155		97,419	24,291	-	10	121,720	327,261
Financial liabilities																			
Payable to HBL Asset Management Limited - Pension Fund Manager		-	-	-	123	123		-	-	-	152	152		-	-	-	160	160	435
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	9	9		-	-	-	19	19		-	-	-	20	20	48
Accrued expenses and other liabilities		-	-	-	233	233		-	-	-	272	272		-	-	-	270	270	775
		-	-	-	365	365		-	-	-	443	443		-	-	-	450	450	1,258
On-balance sheet gap		4,301	-	-	82,720	87,021		60,820	20,286	35,324	1,282	117,712		97,419	24,291	-	(440)	121,270	326,003
Off-balance sheet financial instruments		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-

23.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund manages its exposure to price risk by analyzing the investment portfolio by industrial sectors and benchmarking the sector weighting to that of the KSE-100 Index. The Fund's policy is to concentrate the investment portfolio in sectors where management believes the Fund can maximize the returns derived for the level of risk to which the Fund is exposed. The table below is a summary of the significant sector concentrations within the equity portfolio.

Sector wise portfolio	2015	
	Funds equity portfolio (%)	KSE-100 benchmark portfolio (%)
Commercial Banks	10%	25%
Fertilizer	17%	15%
Oil and Gas Exploration Companies	3%	13%
Cement	14%	10%
Power Generation and Distribution	12%	9%
Oil and Gas Marketing Companies	7%	4%
Automobile Assembler	12%	3%
Technology and Communication	5%	2%
Chemical	6%	1%
Automobile Parts and Accessories	5%	1%
Others	9%	17%
Total	100%	100%

Sector wise portfolio	2014	
	Funds equity portfolio (%)	KSE-100 benchmark portfolio (%)
Oil and Gas	29%	28%
Chemicals	9%	8%
Banks	17%	21%
Electricity	11%	3%
Personal Goods	3%	5%
Construction and Materials	14%	5%
Industrial Transportation	9%	1%
Others	8%	29%
Total	100%	100%

In case of 5% increase / decrease in KSE-100 index on June 30, 2015, with all other variables held constant, the net assets of the sub-fund would increase / decrease by Rs. 7.55 million (2014: Rs. 3.25 million) as a result of gains / losses on equity securities classified as 'available for sale'.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2015 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE-100 Index.

23.1.4 Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc.

The Fund's credit risk is primarily attributable to its investment in debt securities, balances with banks and advances, deposits and other receivables.

The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that are financial institutions with reasonably high credit ratings.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through the assignment of credit limits and by following strict credit evaluation criteria laid down by the Pension Fund Manager.

The maximum exposure to credit risk is as follows:

	2015			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
Bank balances by rating category				
A1+	9,950	9,281	10,124	29,355
Term Finance Certificates	-	5,110	-	5,110
Dividend receivable and accrued mark-up	89	91	17	197
Advances, deposits and other receivables	100	100	-	200
	2014			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
Bank balances by rating category				
A1+	4,301	14,820	12,513	31,634
Term Finance Certificates	-	5,728	-	5,728
Dividend receivable and accrued mark-up	126	1,625	10	1,761
Advances, deposits and other receivables	4,200	100	-	4,300

The maximum exposure to credit risk before any credit enhancement is the carrying amount of the financial assets.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentrations of credit risk.

23.1.5 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the participant's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP). The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and cannot be readily disposed and are considered readily realizable.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of the total net asset value at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the period.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

	-----2015-----												
	Equity Sub Fund				Debt Sub Fund				Money Market Sub Fund				Total
	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	
	----- (Rupees in '000) -----												
Financial Liabilities (excluding participants' sub-funds)													
Payable to HBL Asset Management Limited - Pension Fund Manager	178	-	-	178	210	-	-	210	193	-	-	193	581
Payable to the Central Depository Company of Pakistan Limited - Trustee	16	-	-	16	18	-	-	18	16	-	-	16	50
Accrued expenses and other liabilities	513	-	-	513	582	-	-	582	571	-	-	571	1,666
	707	-	-	707	810	-	-	810	780	-	-	780	2,297
Participants' sub-funds	133,225	-	-	133,225	150,186	-	-	150,186	138,726	-	-	138,726	422,137
	-----2014-----												
	Equity Sub Fund				Debt Sub Fund				Money Market Sub Fund				Total
	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	
	----- (Rupees in '000) -----												
Financial Liabilities (excluding participants' sub-funds)													
Payable to HBL Asset Management Limited - Pension Fund Manager	123	-	-	123	152	-	-	152	160	-	-	160	435
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	-	-	9	19	-	-	19	20	-	-	20	48
Accrued expenses and other liabilities	233	-	-	233	272	-	-	272	270	-	-	270	775
	365	-	-	365	443	-	-	443	450	-	-	450	1,258
Participants' sub-funds	86,355	-	-	86,355	117,382	-	-	117,382	120,939	-	-	120,939	324,676

24. PARTICIPANTS' FUNDS RISK MANAGEMENT (CAPITAL RISK)

The participants' fund is represented by redeemable units. These units are entitled to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the Fund.

The Fund's objectives when managing participants' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to participants and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 23, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with long term objective, the possibility of a significant redemption pressure is limited, such liquidity is augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments, where necessary.

All units, including the core units, and fractions thereof represents an undivided share in the pertinent sub-funds of the Fund and rank pari passu as their rights in the net assets and earning of the sub-fund are not tradable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

The fair value of financial assets (e.g. Treasury bills, Terms finance certificates and Sukuks) that are not traded in an active market is determined with reference to the rates quoted by Financial Market Association of Pakistan and MUFAP. The fair value quoted by MUFAP is calculated in accordance with valuation methodology prescribed by Circular No. 33 of 2012 dated October 24, 2012 issued by the Securities and Exchange Commission of Pakistan (SECP).

If a security is not quoted by MUFAP due to it being 'non-performing status', its value is determined by making provisions in accordance with Circular No. 33 of 2012 dated October 24, 2012 issued by the SECP.

The estimated fair value of other financial assets and liabilities is considered not significantly different from carrying values as the items are either short term in nature or periodically repriced.

According to the amendments to International Financial Reporting Standard 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:

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

2015				2014			
Equity Sub Fund				Equity Sub Fund			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				----- (Rupees in '000) -----			

Financial assets available for sale

Equity Securities	<u>124,954</u>	-	-	<u>124,954</u>	<u>78,759</u>	-	-	<u>78,759</u>
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2015				2014			
Debt Sub Fund				Debt Sub Fund			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)				(Rupees in '000)			

Financial assets available for sale

Government securities

- Treasury Bills	-	41,597	-	41,597	-	66,286	-	66,286
- Pakistan Investment Bonds	-	92,450	-	92,450	-	29,596	-	29,596

Term Finance Certificates and Sukuk

Bonds	-	5,110	-	5,110	-	5,728	-	5,728
	-	139,157	-	139,157	-	101,610	-	101,610

2015				2014			
Money Market Sub Fund				Money Market Sub Fund			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)				(Rupees in '000)			

Government securities - Treasury Bills	-	129,875	-	129,875	-	109,197	-	109,197
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26. FINANCIAL PERFORMANCE

26.1 Equity sub-fund

Equity Sub Fund						
2015	2014	% Change	2013	2012	2011	
(Rupees in '000)			(Rupees in '000)			
Net income for the year	23,282	19,179	21%	9,649	2,245	-
Realized capital gains / (losses)	21,689	17,379	25%	7,953	863	-
Unrealized capital gains / (losses)	6,109	(2,703)	-326%	8,479	4,578	-
Dividend income / Mark-up income	4,578	4,862	-6%	3,063	1,922	-
NAV per unit (rupees)	294.1652	223.5688	32%	178.0362	122.4358	-
Transactions in securities						
Purchases	162,440	148,497	9%	55,242	31,686	-
Sales	144,283	147,437	-2%	51,748	1,910	-
Total contribution received						
Individuals	18,566	23,796	-22%	3,335	2,164	-
Habib Bank Limited - Sponsor	-	-	-	-	30,000	-

26.2 Debt sub-fund

Debt Sub Fund						
2015	2014	% Change	2013	2012	2011	
----- (Rupees in '000) -----			----- (Rupees in '000) -----			
Net income for the year	11,071	7,051	57%	5,949	1,741	-
Realized capital gains / (losses)	2,218	(13)	-17162%	402	-	-
Unrealized capital gains / (losses)	1,223	202	505%	69	(15)	-
Mark-up income	11,881	9,526	25%	7,182	2,333	-
NAV per unit (rupees)	136.0235	122.5372	11%	114.0548	104.7196	-
Transactions in securities						-
Purchases	249,000	536,790	-54%	227,900	87,500	-
Sales	121,500	52,000	134%	50,000	-	-
Total contribution received						-
Individuals	51,033	36,774	39%	28,962	25,918	-
Habib Bank Limited - Sponsor	-	-	-	-	30,000	-

26.3 Money market sub-fund

Money Market Sub Fund						
2015	2014	% Change	2013	2012	2011	
----- (Rupees in '000) -----			----- (Rupees in '000) -----			
Net income for the year	7,934	6,905	15%	6,014	1,789	-
Realized capital gains / (losses)	(9)	10	-190%	-	-	-
Unrealized capital gains / (losses)	78	(54)	-244%	56	(5)	-
Mark-up income	10,867	9,335	16%	7,795	2,344	-
NAV per unit (rupees)	129.6234	121.2766	7%	113.2084	104.9036	-
Transactions in securities						-
Purchases	483,400	590,850	-18%	405,000	124,000	-
Sales	24,000	13,000	85%	-	-	-
Total contribution received						-
Individuals	52,528	23,341	125%	38,113	29,420	-
Habib Bank Limited - Sponsor	-	-	-	-	30,000	-

26.4 Highest and lowest issue price of units during the year

	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund	
	2015	2014	2015	2014	2015	2014
	----- Rupees -----					
Highest issue price	296.8700	232.0345	137.0800	122.5372	129.6200	121.2765
Lowest issue price	209.3900	178.2438	122.6300	114.1116	121.3700	113.2668

27. DATE OF AUTHORISATION FOR ISSUE

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

28. GENERAL

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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