

HBL

ASSET MANAGEMENT LTD.
ایسیٹ مینجمنٹ لمیٹڈ



**HBL Pension &
Islamic Pension Fund**

**QUARTERLY
REPORT 2018**

For the Quarter ended March 31, 2018

**MOVING TOWARDS
EXCELLENCE**

HBL

Pension Fund

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CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Chairman	Mr. Agha Sher Shah	(Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director)
	Ms. Ava A. Cowasjee	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Non-Executive Director)
	Mr. Shahid Ghaffar	(Non-Executive Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Non-Executive Director)
Members	Mr. Rayomond Kotwal	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Non-Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)

Human Resource Committee

Chairman	Mr. Agha Sher Shah	(Non-Executive Director)
Members	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Shahid Ghaffar	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director)

**Company Secretary &
Chief Financial Officer**

Mr. Noman Qurban

AMC Rating

'AM2'+ (Positive Outlook)

Legal Advisors

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

Website

www.hblasset.com

Head Office

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

FUND INFORMATION

Name of Fund	HBL Pension Fund
Name of Auditor	KPMG
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Faysal Bank Limited Allied Bank Limited JS Bank Limited Askari Bank Limited Zarai Taraqiat Bank Limited Soneri Bank Limited Sindh Bank Limited Meezan Bank Limited
Fund Rating	A(f) (JCR-VIS)

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

For the nine months and quarter ended March 31, 2018

The Board of Directors of HBL Asset Management Limited is pleased to present its report along with Financial Statements Report of **HBL Pension Fund and HBL Islamic Pension Fund** (the Funds) for the nine months ended March 31, 2018.

Economic Review

Pakistan's economic indicators remained mixed during 9MFY18 with strong LSM growth, lower inflation and better private sector credit off-take whilst increase in external account pressures. During 3QFY18, current account deficit remained the key highlight leading to decline of forex reserves with continued pressure on local currency. During 3QFY18, Government took policy actions to address macroeconomic challenges by increasing the policy rate by 25bps (in Jan-18 Monetary Policy), allowing the PKR to depreciate by a further 5% (first round completed in Dec-17) and announcing an amnesty scheme to increase tax base and the dollar inflow in the country.

Average inflation remained muted during 9MFY18 with an average of 3.78% YoY on the back of adequate food supplies and lower than expected increase in fuel prices. However, core inflation (measured by non-food-non-energy CPI), was recorded higher at 5.5% in 9MFY18 as compared to 4.9% during same period last year, reflecting the underlying demand pressures in the economy. Sustaining core inflation coupled with the impact of 9.5% PKR depreciation in 9MFY18 and higher international oil prices (+40%) would keep inflation at higher levels in the coming months. Due to recent uptick in inflationary pressures as evident in Mar-18 NFNE of 5.8%, monthly CPI inflation reading would likely reach 5 - 5.5% YoY by the end of FY18 while average for FY18 is expected to remain below 4.5%.

Large-scale manufacturing (LSM) posted 6.2% YoY growth during 8MFY18 mainly led by Electronics (+38.8%), Iron & Steel Products (30.9%), Automobiles (+19.6%) and Non-metallic Mineral Products (+11.9%). Promising growth of the manufacturing sector along with an encouraging assessment of major crops (except cotton) is likely to bode well for the services sector and in turn strong GDP growth in FY18. However so far, faster economic growth (driven by higher machinery imports particularly related to power plants for CPEC and petroleum imports) has caused imbalances on the external front with 8MFY18 current account deficit soaring to USD 10.8bn (4.8% of GDP) vs. USD 7.2bn (3.6% of GDP) during same period last year. In 8MFY18, import of goods surged by 17.3% YoY to USD 35.6bn while exports grew by 12.2% to USD 16.0bn resulting in a trade deficit of USD 19.7bn against USD 16.2bn during same period last year. As a result, SBP forex reserves decreased by USD 4.5bn since Jun-17 to reach USD 11.6bn at the end of 9MFY18. Going forward, we foresee continuation of stringent policy measures (monetary tightening and import curtailment) as external account risks are still persistent. However successful amnesty scheme and issuance of international bond can alleviate some pressure on the current account.

Money Market Review

In the 9MFY18, the yield curve steepened with secondary market yields on 3, 5 and 10-year PIBs increased by 142, 145 and 69 bps respectively. Meanwhile, yields on the 3, 6 and 12 month T-Bills increased by 41, 57 and 71 bps respectively. Government of Pakistan raised PKR 54.2bn through the PIB auction held in Jul-17 while next eight PIB auctions held were all scrapped. The last cut-off yields stood at 6.4091%, 6.8961% and 7.9360% p.a. for 3, 5 and 10-year PIBs respectively. Overall trading in longer tenures remained lackluster during 9MFY18 reflecting market participants' expectations of further increase in interest rates.

During 9MFY18, Government retired PKR 1,378bn from scheduled banks against a net retirement of PKR 97bn same period last year due to multiple scrapped PIB Auctions. Meanwhile, Government borrowing from SBP increased by PKR 2,237bn during the period against PKR 802bn during same period last year. GoP raised PKR 11,765bn (excluding NCB) through T-Bills compared to the cumulative target of PKR 12,875bn and maturities of PKR 11,928bn. In the last T-Bill Auction held in Mar-17 no amount was accepted in the 6 and 12 month T-Bills. The cutoff yield was 6.2591% for the 3 month T-Bills. During the Jan-18 Monetary policy, SBP increased the policy rate by 25bps as a preemptive move to mitigate economic risks pertaining to overheating of aggregate demand and ballooning of current account deficit. However in Mar-18 MPS, SBP maintained policy rate at 6% against consensus expectations of 25-50bps hike and suggested "wait-and-see" approach up to next MPS until results of recent policy measures (25bps hike in Jan-18 and PKR depreciation in two steps) are reflected in economic indicators. However, we believe that it's just a timing difference and we expect interest rate to increase by a further 25-50 bps in this fiscal year due to macroeconomic risks in the economy.

Stock Market Review

During the 9MFY18, the KSE100 Index lost 1,005 points (2%) to close at 45,560 points after strong performance during the latest quarter as the market had accumulated 13% loss during 1HFY18. This came against the back drop of recent PKR depreciation and continued news flow about the upcoming budget after the earlier half of the year was marred by political instability following the ouster of ex-PM and concerns on the economic front emanating from ballooning current account deficit which created pressure on foreign exchange reserves.

Cement sector was the worst performer during the period under review, losing 1,232 points to the benchmark index where the weakness was led by 15% and 19% value attrition in LUCK and DGKC respectively. This performance was led by the market fears of a price war in the segment as upcoming expansions lead to an oversupply situation but the recent increase of ~PKR50/bag in cement prices have provided the sector some relief. Oil & Gas Marketing (-20%), Power Generation (-8%) and Refinery sector (-31%) dragged the market by 290 points, 284 points and 235 points respectively due to prospects of earnings decline in OMCs and Power sector following the governments' decision to reduce reliance on furnace oil for power generation. SNGP was also amongst the major losers, declining 19% subsequent to OGRA's decision to initiate discussions for changing gas pricing and return mechanism creating uncertainty over sustainability of earnings growth going forward.

The banking sector remained flattish during the period under review despite falling 16% during 1HFY18 primarily after hike in benchmark policy rate by SBP and expectations of further increase. Large scale banks underperformed board market following the imposition of a penalty on one of the largest commercial banks of Pakistan and decision by Supreme Court in pension case in favor of pensioners against largest public sector bank. Meanwhile smaller banks experienced strong performance where BAHF, HMB and BAFL have risen 43%, 40% and 35% respectively. Index heavyweight, Oil & Gas exploration sector posted stellar gain of 26% during 9MFY18 contributing 1,719 points buoyed by 53%, 49% and 29% returns in POL, PPL and OGDC respectively partially offset by MARI (-6%). This strong gains were mainly driven by 40% increase in average international oil prices and PKR devaluation.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY
For the nine months and quarter ended March 31, 2018

Moving ahead, we anticipate the market to continue its positive momentum as the index heavyweights (Oil & Gas - E&Ps, Textiles and IPPs) reap full benefit of recent PKR depreciation. However, momentum of banking stocks may temporarily slowdown owing to recent MPS stance. With increased macroeconomic risks, we shall continue to follow "bottom-up" approach and focus on stocks with strong earnings potential.

FUNDS' PERFORMANCE

HBL Pension Fund

The Fund comprises of three sub funds namely Equity sub-fund, Debt sub-fund and Money Market sub-fund. The Fund as a whole earned total income and incurred net loss of Rs. 8.61million and Rs. 0.57 million respectively during the period under review. The fund size increased from Rs 574.35 million as on June 30, 2017 to Rs. 600.04 million as at March 31, 2018 thereby showing an increase of 4% during the period under review. Performance review for each sub Fund is given below:

Equity Sub-Fund

During the period under review, the Equity sub-fund incurred total and net loss of Rs. 7.28million and Rs 11.12 million respectively. The net assets of the Equity sub-fund was Rs. 267.94 million representing Net Asset Value (NAV) of Rs. 388.2495 per unit as at March 31, 2018. The Sub Fund earned a negative return of 4.86% for the period under review.

Debt Sub-Fund

During the period under review, the Debt sub-fund earned total and net income of Rs. 8.44 million and Rs. 5.55 million respectively. The net assets of the Debt sub-fund was Rs. 181.08million representing Net Asset Value (NAV) of Rs. 157.8072 per unit as at March 31, 2018. The Fund yielded annualized return of 3.81% for the period under review.

Money Market Sub-Fund

During the period under review, the Money Market sub-fund earned total and net income of Rs. 7.46 million and Rs.5.03 million respectively. The net assets of the Money Market sub-fund was Rs. 151.02 million representing Net Asset Value (NAV) of Rs. 145.6221 per unit as at March 31, 2018. An annualized return of 4.28% was earned by the Fund for the period under review.

HBL Islamic Pension Fund

The Fund comprises of three sub funds namely Equity sub-fund, Debt sub-fund and Money Market sub-fund. The Fund as a whole incurred total and net loss of Rs. 8.35million and Rs. 14.39 million respectively during the period under review. The fund size decreased from Rs 381.95 million as at June 30, 2017 to Rs. 341.75 million as at March 31, 2018 showing decline of 11%. Performance review for each sub Fund is given below:

Equity Sub-Fund

During the period under review, the Equity sub-fund incurred total and net loss of Rs. 15.51 million and Rs. 18.80 million respectively. The net assets of the Equity sub-fund was Rs. 170.31million representing Net Asset Value (NAV) of Rs. 409.1150per unit as at March 31, 2018. The Fund yielded a negative return of 7.29% for the period under review.

Debt Sub-Fund

During the period under review, the Debt sub-fund earned total and net income of Rs. 4.11million and Rs. 2.55million respectively. The net assets of the Debt sub-fund was Rs.96.80 million representing Net Asset Value (NAV) of Rs. 140.4298 per unit as at March 31, 2018. The Fund yielded annualized return of 2.51% for the period under review.

Money Market Sub-Fund

During the period under review, the Money Market sub-fund earned total and net income of Rs. 3.05 million Rs. 1.86 million respectively. The net assets of the Money Market sub-fund was Rs.74.65million representing Net Asset Value (NAV) of Rs. 138.0539per unit as at March 31, 2018. An annualized return of 3.25% was earned by the Fund for the period under review.

Acknowledgement

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

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

On behalf of the Board of
HBL Asset Management Limited

Chief Executive Officer

Director

Date: April23, 2018

HBL Pension Fund
Condensed Interim Statement of Assets and Liabilities
As at March 31, 2018

Note	March 31, 2018 (Un-Audited)				June 30, 2017 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
(Rupees in '000)									
Assets									
Bank balances	4	21,849	71,582	113,946	207,377	15,488	18,391	96,629	130,508
Investments	5	257,054	109,919	37,821	404,794	218,388	167,775	64,791	450,954
Dividend and profit receivable		2,162	1,615	1,286	5,063	627	917	664	2,208
Advances, deposits, prepayments and other receivables		106	106	106	318	100	100	-	200
Total assets		281,171	183,222	153,159	617,552	234,603	187,183	162,084	583,870
Liabilities									
Payable to Pension Fund Manager	6	368	257	215	840	345	247	213	805
Payable to Trustee		38	26	22	86	34	26	21	81
Payable to Securities and Exchange Commission of Pakistan		57	46	39	142	66	58	51	175
Accrued expenses and other liabilities	7	12,769	1,813	1,861	16,443	4,956	1,735	1,767	8,458
Total liabilities		13,232	2,142	2,137	17,511	5,401	2,066	2,052	9,519
Net assets		267,939	181,080	151,022	600,041	229,202	185,117	160,032	574,351
Participants' sub funds (as per statement attached)		267,939	181,080	151,022	600,041	229,202	185,117	160,032	574,351
Number of units in issue	8	690,120	1,147,471	1,037,079	2,874,670	561,606	1,206,656	1,134,303	2,902,565
Net assets value per unit	Rupees	388.2495	157.8072	145.6221		408.1194	153.4136	141.0836	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund
Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)
For the nine months and quarter ended March 31, 2018

Note	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Income								
Dividend income	8,856	-	-	8,856	5,192	-	-	5,192
Profit on bank deposits	1,182	2,732	4,837	8,751	383	557	1,518	2,458
Mark-up / return on investments	-	5,855	2,610	8,465	-	7,953	5,386	13,339
Capital (loss) / gain on sale of investments	(12,744)	(62)	10	(12,796)	31,403	568	(15)	31,956
Unrealized (loss) / gain on revaluation of investments at fair value through profit or loss	13,087	(86)	-	13,001	-	-	-	-
	10,381	8,439	7,457	26,277	36,978	9,078	6,889	52,945
Impairment loss on investments classified as 'available for sale'	(17,663)	-	-	(17,663)	-	-	-	-
	(7,282)	8,439	7,457	8,614	36,978	9,078	6,889	52,945
Expenses								
Remuneration of Pension Fund Manager	2,905	2,318	1,976	7,189	2,312	1,862	1,974	6,178
Remuneration of Trustee	292	232	198	722	232	222	195	649
Annual fee to Securities and Exchange Commission of Pakistan	57	46	39	142	46	43	38	127
Auditors' remuneration	70	70	70	210	84	94	74	252
Settlement and bank charges	487	109	20	616	8	4	4	16
Other Expenses	30	27	19	76	-	-	-	-
	3,841	2,802	2,322	8,965	2,682	2,255	2,285	7,222
Net (loss) / income from operating activities before SWWF	(11,123)	5,637	5,135	(351)	34,296	6,823	4,604	45,723
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(112)	(102)	(214)	(206)	(42)	99	(149)
Net (loss) / income before taxation	(11,123)	5,525	5,033	(565)	34,090	6,781	4,703	45,574
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(11,123)	5,525	5,033	(565)	34,090	6,781	4,703	45,574
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Net Unrealised (loss) / gain on re-measurement of investments - classified as available for sale	1,840	(250)	5	1,595	8,170	(1,769)	(15)	6,386
	1,840	(250)	5	1,595	8,170	(1,769)	(15)	6,386
Total comprehensive (loss) / income for the period	(9,283)	5,275	5,038	1,030	42,260	5,012	4,688	51,960

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund
Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)
For the nine months and quarter ended March 31, 2018

Note	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Income								
Dividend income	2,725	-	-	2,725	1,357	-	-	1,357
Profit on bank deposits	398	803	1,255	2,456	143	449	907	1,499
Mark-up / return on investments	-	2,069	1,119	3,188	-	2,521	1,463	3,984
Capital (loss) / gain on sale of investments	(4,452)	(79)	(8)	(4,539)	9,813	(45)	(16)	9,752
Unrealized gain / (loss) on revaluation of investments at fair value through profit or loss	13,225	(191)	-	13,034	-	-	-	-
	11,896	2,602	2,366	16,864	11,313	2,925	2,354	16,592
Impairment loss on investments classified as 'available for sale'	-	-	-	-	-	-	-	-
	11,896	2,602	2,366	16,864	11,313	2,925	2,354	16,592
Expenses								
Remuneration of Pension Fund Manager	1,040	753	645	2,448	858	726	635	2,219
Remuneration of Trustee	105	76	64	245	86	73	64	223
Annual fee to Securities and Exchange Commission of Pakistan	20	15	13	48	17	14	12	43
Auditors' remuneration	9	9	10	28	25	25	24	74
Settlement and bank charges	292	50	1	343	-	-	-	-
Other expenses	11	12	-	23	-	-	-	-
	1,477	925	733	3,135	986	838	735	2,559
Net (loss) / income from operating activities before SWWF	10,419	1,677	1,633	13,729	10,327	2,087	1,619	14,033
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(34)	(33)	(67)	23	(19)	99	103
Net (loss) / income before taxation	10,419	1,643	1,600	13,662	10,350	2,068	1,718	14,136
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	10,419	1,643	1,600	13,662	10,350	2,068	1,718	14,136
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Unrealised (loss) / gain on re-measurement of investments - classified as available for sale	(4,503)	(81)	-	(4,584)	(8,045)	159	7	(7,879)
	(4,503)	(81)	-	(4,584)	(8,045)	159	7	(7,879)
Total comprehensive (loss) / income for the period	5,916	1,562	1,600	9,078	2,305	2,227	1,725	6,257

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months and quarter ended March 31, 2018

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----							
Net (loss) / income before taxation	(11,123)	5,525	5,033	(565)	34,090	6,781	4,703	45,574
Other comprehensive income for the period								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Net unrealised loss on re-measurement of investment - classified as available for sale	(22,764)	(384)	12	(23,136)	37,805	(1,315)	(21)	36,469
Reversal of unrealised loss on re-measurement of investments - net	8,076	(36)	(7)	8,033	(31,403)	(568)	15	(31,956)
	1,840	(250)	5	1,595	6,402	(1,883)	(6)	4,513
Total comprehensive (loss) / income for the period	(9,283)	5,276	5,038	1,031	40,492	4,898	4,697	50,087

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund
Condensed Interim Statement of Movement In Unitholders' Fund (Un-audited)
For the nine months ended March 31, 2018

Note	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----							
Net assets at beginning of the period	229,202	185,117	160,032	574,351	152,107	178,222	151,602	481,931
Issuance of units	61,939	56,365	35,657	153,961	50,280	20,482	24,925	95,687
Redemption of units	(10,119)	(68,478)	(50,705)	(129,302)	(19,974)	(24,340)	(29,118)	(73,432)
Reallocation among funds	(3,800)	2,800	1,000	-	(167)	(1,429)	1,596	-
Net (loss) / income for the period	(11,123)	5,525	5,033	(665)	34,090	6,781	4,703	45,574
Net unrealised (loss) / gain on remeasurement of investments classified as available for sale	1,840	(249)	5	1,596	8,170	(1,769)	(15)	6,386
Total comprehensive (loss) / income for the period	(9,283)	5,276	5,038	1,031	42,260	5,012	4,688	51,960
Net assets at end of the period	267,939	181,080	151,022	600,041	224,506	177,947	153,693	556,146
Net assets value per unit at beginning of the period	408.1194	153.4136	141.0836		320.5217	146.9919	135.0112	
Net assets value per unit at end of the period	388.2495	157.8072	145.6221		403.8477	149.6515	138.0208	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund
Condensed Interim Cash Flow Statement (Un-audited)
For the nine months ended March 31, 2018

Note	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
CASH FLOW FROM OPERATING ACTIVITIES								
Net (loss) / income for the period	(11,123)	5,525	5,033	(565)	34,090	6,781	4,703	45,574
Adjustments								
Dividend income	(8,856)	-	-	(8,856)	(5,192)	-	-	(5,192)
Profit on deposits with bank	(1,182)	(2,732)	(4,837)	(8,751)	(383)	(557)	(1,518)	(2,458)
Mark-up/return on investments	-	(5,855)	(2,610)	(8,465)	-	(7,953)	(5,386)	(13,339)
Unrealized diminution / (appreciation) in the market value of investments classified as fair value through profit or loss	(13,087)	86	-	(13,001)	-	-	-	-
Impairment loss on investments classified as 'available for sale'	17,663	-	-	17,663	206	42	99	347
	(16,585)	(2,976)	(2,414)	(21,975)	28,721	(1,687)	(2,102)	24,932
(Increase) / decrease in assets								
Investments - net	(41,402)	57,520	26,975	43,093	(39,850)	27,980	71,137	59,267
Dividend and profit receivable	(1,535)	(699)	(622)	(2,855)	-	-	-	-
Advances, deposits, prepayments and other receivables	(6)	(6)	(106)	(118)	-	(125)	-	(125)
	(42,943)	56,816	26,247	40,120	(39,850)	27,855	71,137	59,142
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	23	10	2	35	84	-	5	89
Payable to Central Depository Company of Pakistan Limited - Trustee	4	-	1	5	9	-	1	10
Payable to Securities and Exchange Commission of Pakistan	(9)	(12)	(12)	(33)	2	(8)	(8)	(14)
Accrued expenses and other liabilities	7,813	78	94	7,985	(3,834)	(245)	(971)	(5,050)
	7,831	76	85	7,992	(3,739)	(253)	(973)	(4,965)
	(51,697)	53,916	23,918	26,137	(14,868)	25,915	68,062	79,109
Dividend income received	8,856	-	-	8,856	5,035	-	-	5,035
Income received on investment	1,182	8,387	7,446	17,215	199	3,230	6,207	9,636
Net cash (used in) / generated from operating activities	(41,659)	62,504	31,365	52,210	(9,634)	29,145	74,269	93,780
CASH FLOW FROM FINANCING ACTIVITIES								
Amount received on issue of units	61,939	56,365	35,657	153,961	50,280	20,482	24,925	95,687
Amount paid on redemption of units	(10,139)	(68,478)	(50,705)	(129,302)	(19,974)	(24,340)	(29,118)	(73,432)
Reallocation among funds	(3,800)	2,800	1,000	-	(157)	(1,429)	1,596	-
Net cash generated from / (used in) financing activities	48,020	(9,313)	(14,048)	24,659	30,139	(5,287)	(2,597)	22,255
Net (decrease) / increase in cash and cash equivalents	6,361	53,191	17,317	76,869	20,505	23,858	71,672	116,035
Cash and cash equivalents at beginning of the period	15,488	18,391	96,629	130,508	12,682	8,171	42,240	63,093
Cash and cash equivalents at end of the period	21,849	71,582	113,946	207,377	33,187	32,029	113,912	179,128

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund
Notes To The Condensed Interim Financial Information (Un-audited)
For the nine months and quarter ended March 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

- The Equity sub-fund consists of a minimum 90% of net assets invested in listed equity securities. Investment in a single company is restricted to lower of 5% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 25% of NAV or index weight, subject to a maximum of 30% of NAV. Remaining assets of the equity sub-fund shall be invested in any government security having less than one year time to maturity, or be deposited with scheduled commercial banks having at least 'A' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Debt Sub-Fund consist of tradable debt securities with weighted average duration of the investment portfolio of the Sub-Fund not exceeding five years. At least twenty five percent (25%) of the assets in the Sub-Fund shall be invested in securities issued by the Federal Government. Upto twenty five percent (25%) may be deposited with banks having not less than 'AA+' rating with stable outlook. Exposure to securities issued by companies of a single sector shall not exceed twenty percent (20%) except for banking sector for which the exposure limit shall be up to thirty percent (30%) of net assets of a debt sub-fund. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Money Market sub-fund consists of short term debt instruments with weighted average time to maturity not exceeding ninety days. There is no restriction on the amount of investment in securities issued by the Federal Government. However, deposits with commercial banks having 'A+' or higher rating shall not exceed 20% of net assets of money market sub-fund. Investment in securities issued by provincial government, city government, government corporate entities with 'A' or higher rating or a corporate entity with 'A+' or higher rating or a government corporation with 'A+' or higher rating shall be in proportion as defined in the offering document.

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

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

2.2 Basis of Measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. BANK BALANCES

Note	March 31, 2018 (Unaudited)				June 30, 2017 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	(Rupees in '000)								
Savings accounts	41	21,849	37,582	85,946	145,377	15,488	18,391	71,629	105,508
Term Deposit Receipts (TDRs)	4.2	-	34,000	28,000	62,000	-	-	25,000	25,000
		<u>21,849</u>	<u>71,582</u>	<u>113,946</u>	<u>207,377</u>	<u>15,488</u>	<u>18,391</u>	<u>96,629</u>	<u>130,508</u>

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

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

5. INVESTMENTS

Note	March 31, 2018 (Unaudited)				June 30, 2017 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	(Rupees in '000)								
Investments by category									
Available for sale investments									
Listed equity securities	5.1	95,810	-	-	95,810	218,388	-	-	218,388
Government securities		-	-	-	-	-	-	37,791	37,791
- Treasury bills	5.4 / 5.6	-	53	-	53	-	101,502	-	101,502
- Pakistan investment bonds	5.8	-	10,988	-	10,988	-	34,273	-	34,273
Term Finance Certificates and sukuk bonds		95,810	11,041	-	106,851	218,388	135,775	37,791	391,954
At fair value through profit or loss									
Listed equity securities	5.2	161,244	-	-	161,244	-	-	-	-
Government securities		-	46,916	30,944	77,860	-	-	-	-
- Treasury bills	5.5, 5.7	-	-	-	-	-	-	-	-
- Pakistan investment bonds		-	-	-	-	-	-	-	-
Term Finance Certificates and sukuk bonds	5.9	-	44,142	-	44,142	-	-	-	-
		<u>161,244</u>	<u>91,058</u>	<u>30,944</u>	<u>283,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loans and receivables									
Commercial Papers	5.10	-	7,820	6,877	14,697	-	-	-	-
Term deposits receipts		-	-	-	-	-	32,000	27,000	59,000
		<u>257,054</u>	<u>109,919</u>	<u>37,821</u>	<u>404,794</u>	<u>218,388</u>	<u>167,775</u>	<u>64,791</u>	<u>450,954</u>

5.1 Listed equity securities - Available for sale

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2018	Cost of holdings as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of total investments	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	Number of shares				Rupees in '000			%		
Automobile Assembler										
Milat Tractors Limited	4,600	-	-	140	4,460	5,416	5,719	2.22	2.13	0.0101
Ghandhara Industries Limited	200	-	-	200	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	3,000	-	-	3,000	-	-	-	-	-	-
	7,800	-	-	3,340	4,460	5,416	5,719	2.22	2.13	0.0101
Automobile Parts & Accessories										
Thal Limited	8,500	-	-	8,500	-	-	-	-	-	-
	8,500	-	-	8,500	-	-	-	-	-	-
Cable and Electrical Goods										
Pak Elektron Limited	84,500	-	-	84,500	-	-	-	-	-	-
	84,500	-	-	84,500	-	-	-	-	-	-
Cement										
Lucky Cement Limited	17,400	-	-	4,800	12,600	8,889	8,689	3.38	3.24	0.0039
Cherat Cement Company Limited	50,000	-	-	50,000	-	-	-	-	-	-
Pioneer Cement Limited	63,400	-	-	63,400	-	-	-	-	-	-
D.G. Khan Cement Company Limited	45,700	-	-	18,100	27,600	5,529	4,902	1.75	1.88	0.0063
	176,500	-	-	136,300	40,200	14,418	13,191	5.23	4.92	0.0102
Chemical										
ICI Pakistan Limited	3,900	-	-	3,900	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	157,000	-	-	157,000	-	-	-	-	-	-
Star Chemical Industries Limited	5,950	-	-	5,902	48	26	16	0.01	0.01	0.0002
	166,850	-	-	166,802	48	26	16	0.01	0.01	0.0002
Commercial Banks										
United Bank Limited	69,000	-	-	41,100	27,900	5,755	5,828	2.27	2.18	0.0023
MCB Bank Limited	48,500	-	-	14,900	33,600	7,433	7,396	2.88	2.76	0.0028
	117,500	-	-	56,000	61,500	13,188	13,224	5.15	4.94	0.0051
Engineering										
Mughal Iron and Steel Industries Limited	1,000	-	-	-	1,000	61	73	0.03	0.03	0.0004
Anrrel Steels Limited	35,000	-	-	26,234	8,766	805	807	0.31	0.30	0.0030
International Industries Limited	13,700	-	-	8,800	4,900	1,328	1,394	0.54	0.52	0.0041
International Steels Limited	44,000	-	-	14,000	30,000	4,113	3,477	1.35	1.30	0.0069
Crescent Steel & Allied Products Limited	14,075	-	-	14,075	-	-	-	-	-	-
	107,775	-	-	63,109	44,666	6,307	5,751	2.23	2.15	0.0144
Fertilizer										
Engro Corporation Limited	30,500	-	-	6,500	24,000	7,761	7,432	2.89	2.77	0.0045
	30,500	-	-	6,500	24,000	7,761	7,432	2.89	2.77	0.0045
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	57,300	-	-	17,000	40,300	6,009	7,015	2.73	2.62	0.0029
Pakistan Petroleum Limited	22,500	-	-	15,000	7,500	1,205	1,196	0.62	0.60	0.0004
Mari Petroleum Company Limited	5,760	-	-	-	5,760	7,903	8,528	3.32	3.18	0.0052
Pakistan Oilfields Limited	12,700	-	-	12,000	700	299	455	0.18	0.17	0.0003
	98,260	-	-	44,000	54,260	15,410	17,594	6.85	6.57	0.0068
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited***	15,200	-	3,648	608	18,240	6,474	5,864	2.28	2.19	0.0056
Sui Northern Gas Pipelines Limited	64,000	-	-	64,000	-	-	-	-	-	-
Hascoi Petroleum Limited	26,500	-	-	15,200	11,300	3,581	2,999	1.17	1.12	0.0028
	105,700	-	3,648	75,808	29,540	10,055	8,863	3.45	3.31	0.0134
Paper and Board										
Packages Limited	6,300	-	-	-	6,300	4,411	3,708	1.44	1.38	0.0020
	6,300	-	-	-	6,300	4,411	3,708	1.44	1.38	0.0020
Pharmaceuticals										
Searle Pakistan Limited ***	16,152	-	2,230	5,000	13,382	6,656	4,705	1.83	1.76	0.0022
Abbott Laboratories (Pakistan) Limited	4,000	-	-	4,000	-	-	-	-	-	-
	20,152	-	2,230	9,000	13,382	6,656	4,705	1.83	1.76	0.0022
Power Generation and Distribution										
Hub Power Company Limited	96,700	-	-	8,600	88,100	9,985	8,854	3.44	3.30	0.0026
	96,700	-	-	8,600	88,100	9,985	8,854	3.44	3.30	0.0026
Textile Composite										
Nishat Mills Limited	48,500	-	-	6,000	42,500	5,939	6,753	2.63	2.52	0.0111
	48,500	-	-	6,000	42,500	5,939	6,753	2.63	2.52	0.0111
	1,075,537	-	5,878	672,459	408,956	99,572	95,810	37.27	35.76	0.0986

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

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2018	Cost of holdings as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of total investments	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	Number of shares				Rupees in '000		%			
Automobile Assembler										
Millat Tractors Limited	-	1,000	-	-	1,000	1,100	1,282	0.50	0.48	0.002
THALL Limited	-	11,000	-	-	11,000	5,540	5,672	-	-	-
Indus Motor Company Limited	-	1,400	-	-	1,400	2,463	2,439	0.95	0.91	0.002
	-	13,400	-	-	13,400	9,083	9,393	1.45	1.39	0.004
Cable and Electrical Goods										
Pak Elektron Limited	-	89,000	-	34,500	54,500	2,586	2,464	0.96	0.92	0.011
	-	89,000	-	34,500	54,500	2,586	2,464	0.96	0.92	0.011
Cement										
Ludhy Cement Limited	-	3,200	-	-	3,200	2,139	2,207	-	-	-
Fauji Cement Company Limited	-	85,000	-	16,000	69,000	1,992	2,018	-	-	0.001
D.G. Khan Cement Company Limited	-	5,500	-	-	5,500	849	897	-	-	-
Kohat Cement Company Limited	-	24,000	-	-	24,000	4,122	3,952	1.50	1.44	0.016
	-	117,700	-	16,000	101,700	10,112	8,974	1.50	1.44	0.017
Commercial Banks										
United Bank Limited	-	36,500	-	-	36,500	7,041	7,624	2.97	2.85	0.003
MCB Bank Limited	-	21,600	-	-	21,600	4,419	4,755	1.85	1.77	0.002
Bank Alfalah Limited	-	124,500	-	-	124,500	6,477	6,162	3.18	3.05	0.010
Meezan Bank Limited	-	97,000	-	-	97,000	7,605	7,725	-	-	-
Bank Al Habib Limited	-	121,500	-	-	121,500	6,943	9,416	3.66	3.51	0.011
Fayal Bank Limited	-	133,000	16,800	-	149,800	3,160	3,952	-	-	0.001
Bank Of Punjab	-	285,000	-	-	285,000	2,668	2,816	-	-	0.001
Askari Bank Limited	-	119,000	-	-	119,000	2,476	2,727	-	-	0.001
	-	431,100	16,800	-	431,100	32,485	37,682	11.66	11.18	0.036
Engineering										
Mughal Iron and Steel Industries Limited	-	56,000	-	4,500	51,500	3,426	3,780	-	-	0.017
Matco Foods Limited	-	89,730	-	23,000	66,730	1,735	2,632	-	-	0.022
Amrli Steels Limited	-	27,700	-	-	27,700	2,678	2,549	0.99	0.95	0.009
International Industries Limited	-	11,500	-	-	11,500	2,795	3,071	1.27	1.32	0.010
International Steels Limited	-	9,000	-	-	9,000	1,112	1,043	0.41	0.39	0.002
	-	193,930	-	27,500	166,430	11,746	18,275	2.67	2.56	0.060
Fertilizer										
Engro Corporation Limited	-	18,500	-	-	18,500	4,939	5,729	2.23	2.14	0.003
Engro Fertilizers Limited	-	173,500	-	60,000	113,500	6,743	7,842	3.05	2.93	0.008
Fauji Fertilizer Company Limited	-	112,000	-	52,000	60,000	5,220	5,643	2.20	2.11	0.005
	-	304,000	-	112,000	192,000	16,902	19,214	7.48	7.18	0.016
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	-	44,100	-	-	44,100	6,969	7,677	2.99	2.87	0.001
Pakistan Petroleum Limited	-	15,400	-	-	15,400	9,974	11,791	4.69	4.40	0.003
Pakistan Oilfields Limited	-	14,850	-	-	14,850	9,126	9,661	3.76	3.61	0.006
	-	114,350	-	-	114,350	26,069	29,129	11.34	10.88	0.010
Pharmaceuticals										
ADP PHARMA	-	21,375	-	-	21,375	1,710	1,938	-	-	0.001
Highnoon Laboratories Limited	-	5,500	-	-	5,500	2,308	2,572	-	-	0.002
	-	26,875	-	-	26,875	4,018	4,510	-	-	0.003
TECHNOLOGY										
System Limited	-	40,000	-	-	40,000	3,483	3,865	-	-	-
	-	40,000	-	-	40,000	3,483	3,865	-	-	-
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited***	-	11,100	-	-	-	3,299	3,569	-	-	-
Hassco Petroleum Limited	-	3,300	-	-	-	920	876	-	-	-
Sui Northern Gas Pipelines Limited	-	20,800	-	10,300	10,500	7,209	6,819	2.65	2.54	0.010
	-	35,200	-	10,300	20,900	11,428	11,264	2.65	2.54	0.010
Power Generation and Distribution										
Hub Power Company Limited	-	28,300	-	-	28,300	3,219	2,844	1.11	1.06	0.002
	-	28,300	-	-	28,300	3,219	2,844	1.11	1.06	0.002
Textile Composite										
Nishat Mills Limited	-	15,100	-	-	15,100	2,320	2,399	0.93	0.90	0.004
	-	15,100	-	-	15,100	2,320	2,399	0.93	0.90	0.004
Power Generation and Distribution										
Karachi Electric Supply Corporation	-	75,000	-	-	75,000	4,903	5,264	-	-	0.006
PAPER										
Packages Limited	-	2,500	-	-	2,500	1,481	1,472	-	-	-
	-	2,073,455	-	-	-	148,155	161,244	-	-	-
	-	2,073,455	5,878	672,459	408,856	247,727	257,094	37.27%	35.76%	-

*** These include gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Pension Fund Manager of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 57 (3) (viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement amounting Rs. 0.20 million (June 30, 2017: 0.161 million) and not yet deposited with Government Treasury. Pension Fund Manager is of the view that the decision will be in the favour and accordingly has recorded the bonus shares on gross basis.

5.3 Net unrealised appreciation on remeasurement of investments

Note	As at March 31, 2018 (Unaudited)				As at June 30, 2017 (Audited)			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	(Rupees in '000)				(Rupees in '000)			
Market Value of Investments	95,810	11,041	-	106,851	218,388	135,775	37,791	391,954
Cost of Investments	99,572	10,859	-	110,431	206,327	135,343	37,796	379,466
Impairment loss on equity securities classified as available-for-sale	(14,785)	-	-	(14,785)	(71)	-	-	(71)
	84,787	10,859	-	95,646	206,256	135,343	37,796	379,395
	11,023	182	-	11,205	12,132	432	(5)	12,559

5.4 Investment in Government Securities - Available for sale

Held by Debt Sub-Fund

Issue date	Tenor	Face value			Amortised Cost as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of	
		As at July 1, 2017	Purchases during the period	Sales / matured during the period			Total investments of sub-fund	Net assets of sub-fund
					(Rupees in '000)		%	
Treasury bill								
May 11, 2017	3 months	-	14,000	14,000	-	-	-	-
		-	14,000	14,000	-	-	-	-
Pakistan Investment Bonds								
July 17, 2014	5 years	50	-	-	50	56	53	0.0206
December 29, 2016	3 years	100,000	-	100,000	-	-	-	-
		100,050	-	100,000	50	56	53	0.0206

5.5 Investment in Government Securities - Held for trading

Held by Debt Sub-Fund

Issue date	Tenor	Face value			Amortised Cost as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of	
		As at July 1, 2017	Purchases during the period	Sales / matured during the period			Total investments of sub-fund	Net assets of sub-fund
					(Rupees in '000)		%	
Treasury bill								
May 11, 2017	3 months	-	100,000	100,000	-	-	-	-
May 25, 2017	3 months	-	40,000	40,000	-	-	-	-
May 25, 2017	3 months	-	45,000	45,000	-	-	-	-
July 20, 2017	3 months	-	13,000	13,000	-	-	-	-
August 17, 2017	3 months	-	30,000	30,000	-	-	-	-
September 14, 2017	3 months	-	50,000	50,000	-	-	-	-
October 12, 2017	3 months	-	50,000	50,000	-	-	-	-
October 12, 2017	3 months	-	20,000	20,000	-	-	-	-
November 9, 2017	3 months	-	60,000	60,000	-	-	-	-
November 23, 2017	3 months	-	65,000	65,000	-	-	-	-
November 23, 2017	3 months	-	5,000	5,000	-	-	-	-
February 1, 2018	3 months	-	118,000	118,000	-	-	-	-
February 15, 2018	3 months	-	101,000	101,000	-	-	-	-
January 18, 2018	3 months	-	149,000	102,000	47,000	46,915	46,916	18.25
January 4, 2018	3 months	-	47,000	47,000	-	-	-	-
		-	893,000	846,000	47,000	46,915	46,916	18.250
Pakistan Investment Bonds								
April 21, 2016	3 years	-	50,000	50,000	-	-	-	-
December 29, 2016	3 years	-	50,000	50,000	-	-	-	-
December 29, 2016	3 years	-	50,000	50,000	-	-	-	-
		-	150,000	150,000	-	-	-	-

5.6 Investment in Government Securities - Available for sale

Held by Money Market Sub-Fund

Issue date	Tenor	Face value			Amortised Cost as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of	
		As at July 1, 2017	Purchases during the period	Sales / matured during the period			Total investments of sub-fund	Net assets of sub-fund
					(Rupees in '000)		%	
Treasury bill								
February 15, 2017	6 months	20,000	29,000	49,000	-	-	-	-
April 27, 2017	3 months	18,000	6,000	24,000	-	-	-	-
July 21, 2017	12 months	-	28,000	28,000	-	-	-	-
		38,000	63,000	101,000	-	-	-	-

5.7 Investment in Government Securities - Held for trading

Held by Money Market Sub-Fund

Issue date	Tenor	Face value			As at March 31, 2018	Amortised Cost as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of	
		As at July 1, 2017	Purchases during the period	Sales / matured during the period				Total Investments of sub-fund	Net assets of sub-fund
(Rupees in '000)									
Treasury bill									
July 20, 2017	3 months	-	52,000	52,000	-	-	-	-	-
August 3, 2017	3 months	-	43,000	43,000	-	-	-	-	-
August 31, 2017	3 months	-	64,000	64,000	-	-	-	-	-
October 12, 2017	3 months	-	45,000	45,000	-	-	-	-	-
November 9, 2017	3 months	-	45,000	45,000	-	-	-	-	-
November 23, 2017	3 months	-	45,000	45,000	-	-	-	-	-
February 1, 2018	3 months	-	115,000	115,000	-	-	-	-	-
February 15, 2018	3 months	-	90,000	90,000	-	-	-	-	-
January 18, 2018	3 months	-	119,000	88,000	31,000	30,944	30,944	12	17
January 4, 2018	3 months	-	31,000	31,000	-	-	-	-	-
		-	649,000	618,000	31,000	30,944	30,944	12	17

5.8 Term Finance Certificates and Sukuk bonds - Available for sale

Held by Debt Sub-Fund

Name of the Investee Company	As at July 1, 2017	Purchases during the year	Sales / Matured during the year	As at March 31, 2018	Amortised Cost as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of		
							Total Investments	Net Assets	
(Rupees in '000)									
Commercial Banks									
JS Bank Limited	850	-	850	-	-	-	-	-	-
Bank Al-Habib Limited	2,500	-	2,500	-	-	-	-	-	-
Bank of Punjab	85	-	-	85	8,523	8,610	3.35	4.75	
MCB Bank Limited	800	-	800	-	-	-	-	-	
	4,235	-	4,150	85	8,523	8,610	3.35	4.75	
Mult utilities									
Water and Power Development Authority	798	-	-	798	2,280	2,378	0.93	1.31	
	798	-	-	798	2,280	2,378	0.93	1.31	
Fertilizers									
Fatma Fertilizers Company Limited Sukuk	418	-	418	-	-	-	-	-	
	418	-	418	-	-	-	-	-	
Total	5,451	-	4,568	883	10,803	10,988	4.28	6.06	

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

Name of security	Remaining principal (Rupees per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Bank Al-Habib Limited	4,997	6 Months KIBOR + 0.75%	17-Mar-16	17-Mar-26
Bank of Punjab	99,980	6 Month KIBOR + 1%	23-Dec-16	23-Dec-26
MCB Bank Limited	4,994	6 Month KIBOR + 1.15%	19-Jun-14	19-Jun-22
Water and Power Development Authority	2,857	6 Month KIBOR + 1%	14-Oct-13	14-Oct-21

5.9 Term Finance Certificates and Sukuk bonds - Held for trading

Held by Debt Sub-Fund

Name of the investee Company	As at July 1, 2017	Purchases during the period	Sales / Matured during the period	As at March 31, 2018	Amortised Cost as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of		
							Total Investments	Net Assets	
(Rupees in '000)									
Commercial Banks									
Bank Alfalah Limited	-	3,000	450	2,550	12,906	12,814	4.98	7.08	
Bank Albarak Limited Sukuk	-	4	4	-	-	-	-	-	
JS Bank Limited	-	850	-	850	4,253	4,240	1.65	2.34	
Askari Bank	-	9	-	9	9,068	9,068	3.53	5.01	
	-	3,863	454	3,400	17,159	26,122	6.63	9.42	
Mult utilities									
K-Electric Limited	-	2,200	2,200	-	-	-	-	-	
	-	2,200	2,200	-	-	-	-	-	
Pharmaceutical									
AGP Sukuk	-	40	40	-	-	-	-	-	
	-	40	40	-	-	-	-	-	
Fertilizers									
Dawood Hercules Corporation Limited Sukuk	-	40	-	40	4,000	4,020	1.56	2.22	
	-	40	-	40	4,000	4,020	1.56	2.22	
Miscellaneous									
JSL	-	2,000	-	2,000	10,000	10,000	3.89	5.52	
International Brands Limited Sukuk	-	40	-	40	4,000	4,000	1.56	2.21	
	-	2,040	-	2,040	14,000	14,000	5.450	7.730	
Total	-	8,143	2,654	5,489	35,159	44,142	13.64	19.37	

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

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

5.10 Commercial Papers - Loans and Receivables

5.10.1 Held by Debt Sub-Fund

Name of Company	Note	Maturity Date	Placement made during the period	Income Accrued	Matured during the period	As at March 31, 2018	Percentage of total value of investments	Percentage of Net Assets
(Rupees in '000)								
Hascol Petroleum Limited	7.10.1.1	June 29, 2018	3,857	67	-	3,924	1.53	2.17
Crescent Steel & Allied Products Limited	7.10.1.2	August 15, 2018	3,721	175	-	3,896	1.52	2.15
			7,578	242	-	7,820	3.05	4.32

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

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

5.10.2 Held by Money Market Sub-Fund

Name of Company	Note	Maturity Date	Placement made during the period	Income Accrued	Matured during the period	As at March 31, 2018	Percentage of total value of investments	Percentage of Net Assets
(Rupees in '000)								
Hascol Petroleum Limited	7.10.2.1	June 29, 2018	6,749	128	-	6,877	2.68	3.80
			6,749	128	-	6,877	2.68	3.80

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

6. PAYABLE TO HBL ASSET MANAGEMENT LIMITED -

	March 31, 2018 (Unaudited)				June 30, 2017 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
6.1	326	227	190	743	305	219	188	712
6.2	42	30	25	97	40	28	25	93
	368	257	215	840	345	247	213	805

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

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

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	March 31, 2018 (Unaudited)				June 30, 2017 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Auditors' remuneration	39	39	39	117	83	83	83	249
Payable against purchase of shares	10,285	-	-	10,285	2,427	-	-	2,427
Federal Excise Duty	763	878	836	2,477	763	878	836	2,477
Provision for Sindh Workers' Welfare Fund	1,643	747	517	2,907	1,643	635	415	2,693
Other payable	39	149	469	657	40	139	433	612
	12,769	1,813	1,861	16,443	4,956	1,735	1,767	8,458

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

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

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Pension Fund Manager has made a provision with effect from 13 June 2013, aggregating to Rs. 0.763 million, 0.878 million and 0.836 million (June 30, 2017: Rs. 0.763 million, Rs. 0.878 million and Rs. 0.836 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at March 31, 2018 would have been higher by Rs. 1.10, Rs. 0.76 and Rs. 0.81 (June 30, 2017: Rs. 1.36, Rs. 0.73 and Rs. 0.74) per unit respectively. However after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

8. NUMBER OF UNITS IN ISSUE

	As at March 31, 2018 (Unaudited)				June 30, 2017 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Number) -----							
Opening units in issue	561,606	1,206,656	1,134,303	2,902,565	474,557	1,212,480	1,122,870	2,809,907
Units issued during the period	164,639	362,517	248,815	775,961	202,057	358,489	308,803	869,349
Units redeemed during the period	(26,694)	(439,942)	(353,117)	(819,753)	(114,490)	(354,602)	(309,189)	(778,281)
Reallocation during the period	(9,421)	18,240	7,078	15,897	(518)	(9,711)	11,819	1,590
Total units in issue at the end of the period	690,120	1,147,471	1,037,079	2,874,670	561,606	1,206,656	1,134,303	2,902,565

9. PROVISION FOR WORKERS' WELFARE FUND

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

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

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

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. The reversal of provision for WWF amounting to Rs. 1.12 million, Rs. 0.53 million and Rs. 0.47 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively and a of provision for SWWF of Rs. 1.643 million, Rs. 0.707 million and Rs. 0.483 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund would have been higher by Rs. 2.38, Rs. 0.65 and Rs. 0.50 (30 June 2017: Rs. 2.93, Rs. 0.53 and Rs. 0.37) per unit respectively.

10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

10.1 Transactions during the period

	Nine Months Ended March 31, 2018				Nine Months Ended March 31, 2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
HBL Asset Management Limited - Pension Fund Manager								
Management fee	2905	2318	1976	7,199	2312	1892	1974	6,178
Habib Bank Limited - Sponsor								
Bank charges paid	14	18	10	42	9	4	5	18
Profit on bank deposits earned	467	364	500	1,331	254	162	225	641
International Steel Limited - Common Directorship								
Dividend earned	44	-	-	44	-	-	-	-
Dividend received	44	-	-	44	-	-	-	-
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Reallocation of units	Number (1,126)	2,389	619	1,882	8	(83)	70	(5)
Amount of units reallocated	(455)	368	87	-	2,723	(12,208)	9,485	-
Executives and their relatives								
Issuance of units	Number 10,062	7,765	1,019	18,846	-	-	-	-
Amount of units issued	3,608	1,221	148	4,977	-	-	-	-
Reallocation of units	Number (14)	36	-	22	-	-	-	-
Amount of units reallocated	(6)	6	-	-	-	-	-	-
(Rupees in '000)								
Directors and Executives of the Habib Bank Limited (Sponsor) their relatives								
Executives and their relatives								
Issuance of units	Number 540	3,899	1,376	5,725	-	-	-	-
Amount of units issued	200	600	200	1,000	-	-	-	-
Reallocation of units	Number (1,058)	2,110	727	1,779	-	-	-	-
Amount of units reallocated	(427)	324	103	-	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee								
Remuneration	292	232	198	722	232	222	195	649
Central Depository System Charges	18	8	1	27	-	-	-	-
Directors of Connected Persons								
Units issued	-	-	-	-	-	-	-	-
Amount of units issued	-	-	-	-	-	-	-	-
Units redeemed	-	-	-	-	(204)	(1,891)	(7,745)	-
Amount of units redeemed	-	-	-	-	73	281	1,058	-
Units reallocated	-	-	-	-	(3,514)	(8,730)	18,438	-
Amount of units reallocated	-	-	-	-	(1,206)	(1,290)	2,496	-

10.2 Balances outstanding as at period end

	March 31, 2018				June 30, 2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
HBL Asset Management Limited - Pension Fund Manager								
Management fee payable	326	227	190	743	305	219	188	712
Federal Excise Duty payable	763	878	836	2,477	763	878	836	2,477
Sindh Sales Tax payable	42	30	25	97	40	28	25	93
Habib Bank Limited - Sponsor								
Units held	Number 300,000	300,000	300,000	900,000	300,000	300,000	300,000	900,000
Amount of units held	116,475	47,342	43,687	207,504	122,436	46,024	42,325	210,785
Profit receivable on bank deposits	51	9	62	122	75	8	94	177
Bank balances	10,269	1,543	25,574	37,386	4,712	15,199	35,994	55,865
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Units held	Number 8,822	55,627	15,116	79,565	-	-	-	-
Amount of units held	3,425	8,778	2,201	14,404	-	-	-	-
(Rupees in '000)								
Executives and their relatives								
Units held	Number 10,949	8,027	1,018	19,994	4,478	7,214	1,809	13,501
Amount of units held	4,251	1,267	148	5,666	1,828	1,107	256	3,191
Directors and Executives of the HBL Bank Limited - Sponsor and their relatives								
Executives and their relatives								
Units held	Number 58,635	80,629	79,208	168,472	11,955	89,857	35,356	137,168
Amount of units held	22,766	12,724	4,253	39,743	4,875	13,785	4,988	23,648
Central Depository Company of Pakistan Limited - Trustee								
Remuneration payable	57	46	39	142	34	26	21	81
Security Deposit receivable	100	100	100.00	300	100	100	-	200
Directors of Connected Persons								
Units held	-	-	-	-	2,825	152,527	245	155,597
Amount of units held	-	-	-	-	1,153	23,400	34,554	59,107

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

		Held by Equity sub-fund					March 31, 2018 (Unaudited)			
		Carrying Amount			Total	Fair Value				
Note	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities		Level 1	Level 2	Level 3	Total	
		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
	- Listed equity securities	161,244	95,810	-	-	257,054	-	-	-	257,054
	161,244	95,810	-	-	257,054	257,054	-	-	-	257,054
Financial assets not measured at fair value										
10.1	- Bank balances	-	-	21,849	-	21,849	-	-	-	-
	- Dividend receivable and accrued mark-up	-	-	2,162	-	2,162	-	-	-	-
	- Advances, deposits, prepayments and other receivables	-	-	196	-	196	-	-	-	-
		-	-	24,117	-	24,117	-	-	-	-
	161,244	95,810	24,117	-	281,171	-	-	-	-	-
Financial liabilities not measured at fair value										
10.1	- Payable to the Pension Fund Manager	-	-	-	368	368	-	-	-	-
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	31	31	-	-	-	-
	- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	57	57	-	-	-	-
	- Accrued expenses and other liabilities	-	-	-	10,363	10,363	-	-	-	-
		-	-	-	10,819	10,819	-	-	-	-
	-	-	-	-	10,819	10,819	-	-	-	-
Held by Equity sub-fund										
June 30, 2017 (Audited)										
		Carrying Amount			Total	Fair Value				
Note	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities		Level 1	Level 2	Level 3	Total	
		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
	- Listed equity securities	-	218,388	-	-	218,388	218,388	-	-	218,388
	-	-	218,388	-	-	218,388	218,388	-	-	218,388
Financial assets not measured at fair value										
10.1	- Bank balances	-	-	15,488	-	15,488	-	-	-	-
	- Dividend receivable and accrued mark-up	-	-	627	-	627	-	-	-	-
	- Advances, deposits, prepayments and other receivables	-	-	100	-	100	-	-	-	-
		-	-	16,215	-	16,215	-	-	-	-
	-	-	-	16,215	-	16,215	-	-	-	-
	-	-	-	16,215	-	16,215	-	-	-	-
	218,388	-	16,215	-	234,603	234,603	-	-	-	234,603
Financial liabilities not measured at fair value										
10.1	- Payable to the Pension Fund Manager	-	-	-	345	345	-	-	-	-
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	34	34	-	-	-	-
	- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	66	66	-	-	-	-
	- Accrued expenses and other liabilities	-	-	-	2,550	2,550	-	-	-	-
		-	-	-	2,995	2,995	-	-	-	-
	-	-	-	-	2,995	2,995	-	-	-	-
	-	-	-	-	2,995	2,995	-	-	-	-
Held by Debt sub-fund										
March 31, 2018 (Unaudited)										
		Carrying Amount			Total	Fair Value				
Note	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities		Level 1	Level 2	Level 3	Total	
		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
	- Government securities	-	-	-	-	-	-	-	-	-
	- Treasury Bills	46,916	-	-	-	46,916	46,916	-	-	46,916
	- Pakistan Investment Bonds	-	53	-	-	53	-	53	-	53
	- Term Finance Certificates and Sukuk Bonds - Unlisted	44,142	10,608	-	-	55,130	-	55,130	-	55,130
	91,058	11,041	-	-	102,099	102,099	55,130	-	-	157,229
Financial assets not measured at fair value										
10.1	- Bank balances	-	-	37,583	-	37,583	-	-	-	-
	- Term Deposit Receipts (TDRs)	-	-	34,000	-	34,000	-	-	-	-
	- Dividend receivable and accrued mark-up	-	-	1,615	-	1,615	-	-	-	-
	- Advances, deposits, prepayments and other receivables	-	-	106	-	106	-	-	-	-
	- Commercial Papers	-	-	7,820	-	7,820	-	-	-	-
		-	-	81,123	-	81,123	-	-	-	-
	91,058	11,041	81,123	-	183,222	183,222	-	-	-	183,222
Financial liabilities not measured at fair value										
10.1	- Payable to the Pension Fund Manager	-	-	-	257	257	-	-	-	-
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	29	29	-	-	-	-
	- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	46	46	-	-	-	-
	- Accrued expenses and other liabilities	-	-	-	188	188	-	-	-	-
		-	-	-	520	520	-	-	-	-
	-	-	-	-	520	520	-	-	-	-
	-	-	-	-	520	520	-	-	-	-
Held by Debt sub-fund										
June 30, 2017 (Audited)										
		Carrying Amount			Total	Fair Value				
Note	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities		Level 1	Level 2	Level 3	Total	
		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
	- Government securities	-	101,502	-	-	101,502	-	101,502	-	101,502
	- Pakistan Investment Bonds	-	34,273	-	-	34,273	-	34,273	-	34,273
	- Term Finance Certificates and Sukuk Bonds - Unlisted	-	135,775	-	-	135,775	-	-	-	135,775
	-	-	135,775	-	-	135,775	-	-	-	135,775
Financial assets not measured at fair value										
10.1	- Bank balances	-	-	18,391	-	18,391	-	-	-	-
	- Term Deposit Receipts (TDRs)	-	-	32,000	-	32,000	-	-	-	-
	- Dividend receivable and accrued mark-up	-	-	917	-	917	-	-	-	-
	- Advances, deposits, prepayments and other receivables	-	-	100	-	100	-	-	-	-
		-	-	51,408	-	51,408	-	-	-	-
	-	-	135,775	51,408	-	187,183	-	-	-	-
Financial liabilities not measured at fair value										
10.1	- Payable to the Pension Fund Manager	-	-	-	247	247	-	-	-	-
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	26	26	-	-	-	-
	- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	58	58	-	-	-	-
	- Accrued expenses and other liabilities	-	-	-	222	222	-	-	-	-
		-	-	-	553	553	-	-	-	-
	-	-	-	-	553	553	-	-	-	-
	-	-	-	-	553	553	-	-	-	-

HBL

Islamic Pension Fund

CORPORATE INFORMATION

Management Company

HBL Asset Management Limited.

Chairman	Mr. Agha Sher Shah	(Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director)
	Ms. Ava A. Cowasjee	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Non-Executive Director)
	Mr. Shahid Ghaffar	(Non-Executive Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Non-Executive Director)
Members	Mr. Rayomond Kotwal	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Non-Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)

Human Resource Committee

Chairman	Mr. Agha Sher Shah	(Non-Executive Director)
Members	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Shahid Ghaffar	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director)

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

AMC Rating

'AM2'+ (Positive Outlook)

Legal Advisors

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

Website

www.hblasst.com

Head Office

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

FUND INFORMATION

Name of Fund	HBL Islamic Pension Fund
Name of Auditor	KPMG
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Faysal Bank Limited Allied Bank Limited Soneri Bank Limited Meezan Bank Limited Dubai Islamic Bank
Fund Rating	A(f) (JCR-VIS)

HBL Islamic Pension Fund
Condensed Interim Statement of Assets and Liabilities
As at March 31, 2018

Note	March 31, 2018 (Un-Audited)				June 30, 2017 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
(Rupees in '000)									
Assets									
Bank balances	6	13,806	58,935	71,834	144,575	22,092	63,363	79,212	164,667
Investments	7	161,225	37,205	2,947	201,377	188,834	30,577	-	219,411
Dividend and profit receivable	8	2,026	1,559	792	4,377	812	481	257	1,550
Advances, deposits, prepayments and other receivables	9	106	120	-	226	100	2,500	-	2,600
Total assets		177,163	97,819	75,573	350,555	211,838	96,921	79,469	388,228
Liabilities									
Payable to Pension Fund Manager	10	240	133	106	479	296	132	109	537
Payable to Central Depository Company of Pakistan Limited - Trustee	11	25	14	11	50	30	13	11	54
Payable to Securities and Exchange Commission of Pakistan	12	43	24	18	85	66	30	23	119
Accrued expenses and other liabilities	13	6,550	846	793	8,189	4,016	804	746	5,566
Total liabilities		6,858	1,017	928	8,803	4,408	979	889	6,276
Net assets		170,305	96,802	74,645	341,752	207,430	95,942	78,580	381,952
Participants' sub funds (as per statement attached)		170,305	96,802	74,645	341,752	207,430	95,942	78,580	381,952
Number of units in issue	15	416,278	689,328	540,692	1,646,298	470,012	696,065	583,084	1,749,161
(Rupees)									
Net assets value per unit		409.1150	140.4298	138.0539		441.3274	137.8331	134.7699	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund
Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)
For the nine months and quarter ended March 31, 2018

Note	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Income								
Dividend income	5,992	-	-	5,992	5,206	-	-	5,206
Profit on bank deposits	604	2,224	2,687	5,515	445	1,546	2,745	4,736
Mark-up / return on investments	-	1,777	309	2,086	-	2,259	496	2,755
Capital (loss) / gain on sale of investments	(12,971)	96	55	(12,820)	32,378	1,027	534	33,939
Unrealized (diminution) on re-measurement of investments at fair value through profit or loss	5,510	11	-	5,521	-	-	-	-
	(865)	4,108	3,051	6,294	38,029	4,832	3,775	46,636
Impairment loss on investments classified as 'available for sale'	(14,639)	-	-	(14,639)	-	-	-	-
	(15,504)	4,108	3,051	(8,345)	38,029	4,832	3,775	46,636
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	2,167	1,206	935	4,308	2,463	1,131	847	4,441
Remuneration of Central Depository Company of Pakistan Limited - Trustee	217	121	94	432	232	108	81	421
Annual fee to Securities and Exchange Commission of Pakistan	43	24	18	85	48	23	17	88
Auditors' remuneration	78	77	78	233	84	84	84	252
Settlement and bank charges	269	49	20	338	4	-	51	55
Other expenses	526	26	12	564	110	49	49	208
	3,300	1,503	1,157	5,960	2,941	1,395	1,129	5,465
Net (loss) / income from operating activities before SWWF	(18,804)	2,605	1,894	(14,305)	35,088	3,437	2,646	41,171
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(51)	(37)	(88)	18	94	87	199
Net (loss) / income before taxation	(18,804)	2,554	1,857	(14,393)	35,106	3,531	2,733	41,370
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(18,804)	2,554	1,857	(14,393)	35,106	3,531	2,733	41,370
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Unrealized (loss) / gain on re-measurement of investments - classified as available for sale	2,210	(687)	-	1,523	14,956	(100)	-	14,856
	2,210	(687)	-	1,523	14,956	(100)	-	14,856
Total comprehensive (loss) / income for the period	(16,594)	1,867	1,857	(12,870)	50,062	3,431	2,733	56,226

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund
Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)
For the nine months and quarter ended March 31, 2018

Note	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Income								
Dividend income	1,432	-	-	1,432	1,192	-	-	1,192
Profit on bank deposits	129	726	927	1,782	160	649	1,232	2,041
Mark-up / return on investments	-	678	53	731	-	528	-	528
Capital (loss) / gain on sale of investments	(5,044)	-	-	(5,044)	10,352	-	-	10,352
Unrealized (diminution) on re-measurement of investments at fair value through profit or loss	6,848	11	-	6,859	-	-	-	-
	3,365	1,415	980	5,760	11,704	1,177	1,232	14,113
Impairment loss on investments classified as 'available for sale'	-	-	-	-	-	-	-	-
	3,365	1,415	980	5,760	11,704	1,177	1,232	14,113
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	686	381	305	1,372	888	388	296	1,572
Remuneration of Central Depository Company of Pakistan Limited - Trustee	68	38	31	137	89	39	30	158
Annual fee to Securities and Exchange Commission of Pakistan	14	8	6	28	17	8	6	31
Auditors' remuneration	17	16	17	50	25	25	25	75
Settlement and bank charges	95	26	9	130	-	-	-	-
Other expenses	22	16	2	40	-	-	-	-
	902	485	370	1,757	1,019	460	357	1,836
Net (loss) / income from operating activities before SWWF	2,463	930	610	4,003	10,685	717	875	12,277
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(18)	(12)	(30)	18	94	87	199
Net (loss) / income before taxation	2,463	912	598	3,973	10,703	811	962	12,476
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	2,463	912	598	3,973	10,703	811	962	12,476
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Unrealized (loss) / gain on re-measurement of investments - classified as available for sale	13,854	(354)	-	13,500	(7,504)	(114)	-	(7,618)
	13,854	(354)	-	13,500	(7,504)	(114)	-	(7,618)
Total comprehensive (loss) / income for the period	16,317	558	598	17,473	3,199	697	962	4,858

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund
Condensed Interim Statement of Movement In Unitholders' Fund (Un-audited)
For the nine months ended March 31, 2018

Note	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Net assets at beginning of the period	207,430	95,942	78,580	381,952	163,617	88,185	63,236	315,038
Issuance of units	17,729	28,935	17,245	63,909	29,623	17,996	31,187	78,806
Redemption of units	(34,618)	(32,964)	(23,657)	(91,239)	(36,109)	(16,521)	(19,138)	(71,768)
Reallocation among funds	(3,642)	3,022	620	-	(74)	18	56	-
	(20,531)	(1,007)	(5,792)	(27,330)	(6,560)	1,493	12,105	7,038
Other comprehensive income								
Net (loss) / income for the period	(18,804)	2,554	1,857	(14,393)	35,106	3,531	2,733	41,370
Net unrealised (loss) / gain on remeasurement of investments classified as available for sale	2,210	(687)	-	1,523	14,956	(100)	-	14,856
Total comprehensive (loss) / income for the period	(16,594)	1,867	1,857	(12,870)	50,062	3,431	2,733	56,226
Net assets at end of the period	170,305	96,802	74,645	341,752	207,119	93,109	78,074	378,302
Net assets value per unit at beginning of the period	441.3274	137.8331	134.7699		345.9646	131.1891	129.4022	
Net assets value per unit at end of the period	409.1150	140.4298	138.0539		444.9298	135.4569	132.5758	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund
Condensed Interim Cash Flow Statement (Un-audited)
For the nine months ended March 31, 2018

Note	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
CASH FLOW FROM OPERATING ACTIVITIES								
Net (loss) / income for the period	(18,804)	2,554	1,857	(14,393)	35,106	3,531	2,733	41,370
Adjustments								
Dividend Income	(5,992)	-	-	-	(5,206)	-	-	(5,206)
Profit on bank deposits	(604)	(2,224)	(2,687)	(5,511)	(445)	(1,546)	(2,745)	(4,736)
Mark-up/return on investments	-	-	-	-	-	(2,259)	(496)	(2,755)
Capital (gain)/loss on sale of investments	-	-	-	-	-	-	-	-
Unrealized appreciation in the market value of investments classified as fair value through profit or loss - held for trading	(5,510)	(11)	-	(5,521)	-	-	-	-
Impairment loss on investments classified as 'available for sale'	14,639	-	-	14,639	-	-	-	-
	(16,271)	319	(830)	(5,275)	29,455	(274)	(508)	28,673
(Increase) / decrease in assets								
Investments - net	20,690	(7,304)	(2,947)	10,439	(26,887)	38,459	22,778	34,350
Dividend and profit receivable	(1,214)	(1,078)	(535)	(2,827)	-	-	-	-
Advances, deposits, prepayments and other receivables	(6)	2,380	-	2,374	(5,602)	(3,008)	(1,917)	(10,527)
	19,470	(6,002)	(3,482)	9,986	(32,489)	35,451	20,861	23,823
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	(56)	1	(3)	(58)	69	9	22	100
Payable to Central Depository Company of Pakistan Limited - Trustee	(5)	1	-	(4)	7	1	2	10
Payable to Securities and Exchange Commission of Pakistan	(23)	(6)	(5)	(34)	(2)	(5)	(2)	(9)
Accrued expenses and other liabilities	2,534	42	47	2,623	(81)	28	(79)	(132)
	2,450	38	39	2,527	(7)	33	(57)	(31)
	5,649	(5,645)	(4,273)	7,238	(3,041)	35,210	20,296	52,465
Dividend income received	5,992	-	-	-	5,318	-	-	5,318
Mark-up income received	604	2,224	2,687	5,511	422	4,217	3,556	8,195
Net cash generated from / (used in) operating activities	12,245	(3,421)	(1,586)	-	2,699	39,427	23,852	65,978
CASH FLOW FROM FINANCING ACTIVITIES								
Amount received on issue of units	17,729	28,935	17,245	63,909	29,623	17,996	31,187	78,806
Amount paid on redemption of units	(34,618)	(32,964)	(23,657)	(91,239)	(36,109)	(16,521)	(19,138)	(71,768)
Reallocation among funds	(3,642)	3,022	620	-	(74)	18	56	-
Net cash (used in) / generated from financing activities	(20,531)	(1,007)	(5,792)	(27,330)	(6,560)	1,493	12,105	7,038
Net (decrease) / increase in cash and cash equivalents	(8,286)	(4,428)	(7,378)	(20,092)	(3,861)	40,920	35,957	73,016
Cash and cash equivalents at beginning of the period	22,092	63,363	79,212	164,667	15,080	19,016	40,838	74,934
Cash and cash equivalents at end of the period	13,806	58,935	71,834	144,575	11,219	59,936	76,795	147,950

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund
Notes To The Condensed Interim Financial Information (Un-audited)
For the nine months and quarter ended March 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (VPS Rules) through a certificate of registration issued by the SECP.

The registered office of the Pension Fund Manager is situated at 7th floor, Emerald Tower, G-19, block 5, Main Clifton Road, Karachi, Pakistan.

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

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

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

- The Equity sub-fund consists of a minimum 90% of net assets invested in Shariah compliant listed equity securities. Investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, subject to a maximum of 35% of NAV.

Remaining assets of the Equity Sub-Fund may be invested in any government security having less than one year time to maturity, or be deposited with Islamic Commercial banks or Islamic window of a commercial bank having at least 'A' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Debt Sub-Fund consist of tradable debt securities with weighted average duration of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the assets in the sub-fund shall be invested in debt securities issued by the Federal Government. Up to twenty five percent (25%) may be deposited with banks having not less than 'AA+' rating. In case the Shariah compliant securities issued by Federal Government are not available to comply with sub- Clause (C) above, the assets of a Shariah compliant debt sub-fund may be deposited in Islamic commercial banks, having not less than "A PLUS" rating or Islamic windows of commercial banks, having not less than "AA" rating, or may be invested in Islamic bonds or Sukuks issued by entities wholly-owned by the Federal Government or in such Islamic securities which are fully guaranteed by the Federal Government.
- The Money Market Sub-Fund consists of Shariah compliant short-term money market securities with weighted average time to maturity not exceeding one year. There is no restriction on the amount of investment in securities issued by Federal Government and Islamic windows of commercial banks having 'A+' rating provided that deposits with one bank shall not exceed 20% of net assets of Money Market Sub-Fund. Investments in securities issued by Provincial Government, City Government, Government corporation with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be in proportion as defined in offering document.

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

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

2.2 Basis of Measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. BANK BALANCES

Note	March 31, 2018 (Unaudited)				June 30, 2017 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
(Rupees in '000)									
Savings accounts	4.1	13,806	58,935	71,834	144,575	22,092	45,363	65,212	132,667
Term deposit receipts (TDRs)	4.2	-	-	-	-	-	18,000	14,000	32,000
		13,806	58,935	71,834	144,575	22,092	63,363	79,212	164,667

4.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 3.10% to 5.95% per annum (Year ended June 30, 2017: 3.5% - 6.75% per annum).

4.2 This represents investment in TDRs placed with Faysal Bank Limited, Dubai Islamic Bank and Habib Metropolitan Bank Limited maturing in February 2018 and March 2018 and carry profit ranging from 5.95% to 6.10% per annum (June 30, 2017: 5.75%).

5. INVESTMENTS

Note	March 31, 2018 (Unaudited)				June 30, 2017 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
(Rupees in '000)									
Investments by category									
Available for sale investments									
Listed equity securities	5.1	69,830	-	-	69,830	188,834	-	-	188,834
GoP Ijarah Sukuks	5.4	-	24,177	-	24,177	-	24,737	-	24,737
Term Finance Certificates and sukuk bonds	5.6	-	7,053	-	7,053	-	5,840	-	5,840
		69,830	31,230	-	101,060	188,834	30,577	-	219,411
At fair value through profit or loss									
Listed equity securities	5.2	91,395	-	-	91,395	-	-	-	-
GoP Ijarah Sukuks	5.5	-	-	-	-	-	-	-	-
Term Finance Certificates and sukuk bonds	5.7	-	4,010	-	4,010	-	-	-	-
		91,395	4,010	-	95,405	-	-	-	-
Loans and Receivables									
Commercial Papers	5.8	-	1,965	2,947	4,912	-	-	-	-
		161,225	37,205	2,947	201,377	188,834	30,577	-	219,411

5.1 Listed equity securities - Available for sale

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2018	Cost of holdings as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	Number of shares				Rupees in '000		%			
Automobile Assembler										
Milat Tractors Limited	2,460	-	-	-	2,460	2,591	3,155	1.96	1.85	0.56
	2,460	-	-	-	2,460	2,591	3,155	1.96	1.85	0.56
Cement										
Lucky Cement Limited	12,300	-	-	-	12,300	7,790	8,482	5.26	4.98	-
D.G. Khan Cement Company Limited	19,000	-	-	-	19,000	3,222	3,099	1.92	1.82	0.43
	31,300	-	-	-	31,300	11,012	11,581	7.18	6.80	0.43
Chemical										
Sitara Chemical Industries Limited	7,450	-	-	4,500	2,950	1,623	1,003	0.62	0.59	1.38
	7,450	-	-	4,500	2,950	1,623	1,003	0.62	0.59	1.38
Engineering										
International Steels Limited	20,100	-	-	-	20,100	2,806.45	2,329.79	1.45	1.37	0.46
	20,100	-	-	-	20,100	2,806	2,330	1.45	1.37	0.46
Fertilizer										
Engro Corporation Limited	19,700	-	-	-	19,700	6,662.69	6,100.11	3.78	3.58	0.37
	19,700	-	-	-	19,700	6,663	6,100	3.78	3.58	0.37
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	29,100	-	-	-	29,100	4,814.43	5,065.73	3.14	2.97	0.07
Pakistan Petroleum Limited	23,400	-	-	-	23,400	3,665.56	4,980.46	3.09	2.92	0.12
Mari Petroleum Company Limited	5,500	-	-	-	5,500	6,301.09	8,143.08	5.05	4.78	0.50
Pakistan Oilfields Limited	5,900	-	-	-	5,900	2,380.17	3,838.30	2.38	2.25	0.25
	63,900	-	-	-	63,900	17,161	22,028	13.66	12.92	0.94
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited***	13,420	-	-	-	13,420	5,191.77	4,314.40	2.68	2.53	0.49
Hascol Petroleum Limited	5,400	-	-	-	5,400	1,723.44	1,433.38	0.89	0.84	-
	18,820	-	-	-	18,820	6,915	5,748	3.57	3.37	0.49
Paper and Board										
Packages Limited	4,850	-	-	-	4,850	3,057.96	2,854.81	1.77	1.68	0.01
	4,850	-	-	-	4,850	3,058	2,855	1.77	1.68	0.01
Pharmaceuticals										
The Searl Company Limited***	10,062	-	-	-	10,062	4,961	3,538	2.19	2.08	0.01
	10,062	-	-	-	10,062	4,961	3,538	2.19	2.08	0.01
Power Generation and Distribution										
The Hub Power Company Limited	75,500	-	-	4,000	71,500	8,107.67	7,185.75	4.46	4.22	0.01
	75,500	-	-	4,000	71,500	8,108	7,186	4.46	4.22	0.01
Textile Composite										
Nishat Mills Limited	27,100	-	-	-	27,100	3,712	4,306	2.67	2.53	0.01
	27,100	-	-	-	27,100	3,712	4,306	2.67	2.53	0.01
	281,242	-	-	8,500	272,742	68,010	69,830	43.31	40.99	4.67

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

Held by Equity Sub-Fund

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

Name of the investee Company	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2018	Cost of holdings as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	Number of shares				(Rupees in '000)		%			
Automobile Assembler										
Milat Tractors Limited	-	1,600	-	-	1,600	1,863	2,052	1.27	1.20	0.004
THALL LTD	-	9,800	-	-	9,800	4,984	5,053	3.13	2.97	0.022
	-	1,600	-	-	1,600	1,862	7,105	1.27	1.20	0.004
Cable and Electrical Goods										
Pak Elektron Limited	-	64,500	-	29,000	35,500	1,750	1,605	1.00	0.94	0.007
	-	64,500	-	29,000	35,500	1,750	1,605	1.00	0.94	0.007
PHARMACEUTICAL										
AGP PHARMA	13,875	-	-	-	13,875	1,110	1,258	0.78	0.74	0.003
	13,875	-	-	-	13,875	1,110	1,258	0.78	0.74	0.003
TECHNOLOGY										
SYSTEM LIMITED	20,000	14,500	-	-	34,500	3,046	3,333	2.07	1.96	0.007
	20,000	14,500	-	-	34,500	3,046	3,333	2.07	1.96	0.007
Cement										
Kohat Cement Company Limited	-	11,800	-	-	11,800	2,219	1,894	1.17	1.11	0.008
Lucky Cement Limited	-	3,250	-	-	3,250	1,631	2,241	1.39	1.32	0.001
D.G. Khan Cement Company Limited	-	4,000	-	-	4,000	506	652	0.40	0.38	0.001
Fauji Cement Company Limited	-	122,000	-	-	122,000	3,095	3,569	2.21	2.10	0.009
	-	141,050	-	-	141,050	7,451	8,356	5.17	4.91	0.019
Commercial Banks										
Meezan Bank Limited	55,500	40,000	-	-	95,500	6,877	7,606	4.72	4.47	0.009
	55,500	40,000	-	-	95,500	6,877	7,606	4.72	4.47	0.009
Engineering										
Annul Steel Limited	42,300	-	-	15,500	26,800	2,670	2,466	1.53	1.45	0.009
International Industries Limited	11,100	-	-	2,600	8,500	2,018	2,417	1.50	1.42	0.007
MUGHAL IRON AND Steel Industries	24,000	9,000	-	-	33,000	2,277	2,422	1.50	1.42	0.007
International Steel Limited	-	7,700	-	-	7,700	952	893	0.55	0.52	0.002
	77,400	16,700	-	18,100	76,000	7,917	8,198	5.08	4.81	0.018
Name of the investee Company										
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2018	Cost of holdings as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	Number of shares				(Rupees in '000)		%			
Fertilizer										
Engro Corporation Limited	-	13,200	-	-	13,200	3,473	4,087	2.53	2.40	0.002
Engro polymer	25,000	30,000	-	55,000	-	-	-	-	-	-
Engro Fertilizer Limited	-	130,000	-	32,000	98,000	5,845	6,771	4.20	3.98	0.007
Fauji Fertilizers Limited	-	37,000	-	-	37,000	3,267	3,480	2.16	2.04	0.003
	25,000	210,200	-	87,000	148,200	12,585	14,338	8.89	8.42	0.012
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	27,800	11,000	-	-	38,800	6,292	6,754	4.19	3.97	0.001
Pakistan Petroleum Limited	13,000	12,500	-	-	25,500	4,746	5,427	3.37	3.19	0.001
Pakistan Oilfields Limited	-	1,100	-	-	1,100	5,063	5,595	3.47	3.29	-
	40,800	24,600	-	-	65,400	16,101	17,776	11.03	10.45	0.002
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited	5,160	6,100	-	-	11,260	3,797	3,620	2.25	2.13	0.003
Sui Northern Gas Company Limited	-	42,300	-	3,000	39,300	5,086	4,430	2.75	2.60	0.006
HASCOL	3,300	-	-	-	3,300	921	876	0.54	0.51	0.001
	5,160	48,400	-	3,000	50,560	8,883	8,926	5.00	4.73	0.009
Power Generation and Distribution										
Hub Power Company Limited	-	29,600	-	-	29,600	3,364	2,975	1.85	1.75	0.003
K-Electric Limited	-	725,500	-	-	725,500	4,424	5,086	3.15	2.99	0.003
	-	755,100	-	-	755,100	7,788	8,061	5.00	4.74	0.006
Textile Composite										
Nishat Mills Limited	-	25,600	-	-	25,600	3,961	4,068	2.52	2.39	0.007
	-	25,600	-	-	25,600	3,961	4,068	2.52	2.39	0.007
Paper and Board										
Packages Limited	-	1,300	-	-	1,300	649	765	0.47	0.45	0.001
	-	1,300	-	-	1,300	649	765	0.47	0.45	0.001
	203,860	1,329,050	-	137,100	1,395,810	75,824	91,895	50.15	47.51	0.094

*** These represent gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Pension Fund Manager of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 57 (3) (viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement amounting Rs.0.33 million (June 30, 2017: 0.07 million) and not yet deposited with Government Treasury. Pension Fund Manager is of the view that the decision will be in the favour and accordingly has recorded the bonus shares on gross basis.

5.3 Net unrealised appreciation on remeasurement of investments

Note	As at March 31, 2018 (Unaudited)				As at June 30, 2017 (Audited)			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	(Rupees in '000)				(Rupees in '000)			
Market Value of Investments	69,830	31,230	-	101,060	188,834	30,577	-	219,411
Cost of Investments	68,010	31,399	-	99,409	174,588	29,971	-	204,559
Impairment loss on equity securities classified as available-for-sale - Net	(10,945)	-	-	(10,945)	-	-	-	-
	57,065	31,399	-	88,464	174,588	29,971	-	204,559
	12,765	(169)	-	12,596	14,246	606	-	14,852

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

5.4.1 Held by Debt Sub-Fund

Issue Date	Note	Tenor	Face value			As at March 31, 2018	Amortised Cost as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of	
			As at July 1, 2017	Purchases during the period	Sales / matured during the period				Total Investments of sub-fund	Net assets of sub-fund
			(Rupees in '000)					%		
March 29, 2016	7.4.1.1	3 Years	5,000	-	-	5,000	5,099	4,975	13.37	5.14
December 18, 2015	7.4.1.2	3 Years	13,000	-	-	13,000	13,118	12,999	34.94	13.43
June 30, 2017	7.4.1.3	3 Years	-	1,000	1,000	-	-	-	-	-
February 15, 2016	7.4.1.4	3 Years	6,200	-	-	6,200	6,219	6,203	16.67	6.41
			24,200	1,000	1,000	24,200	24,436	24,177	64.98	24.98

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

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

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

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

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

5.5.1 Held by Debt Sub-Fund

Issue Date	Tenor	Face value			As at March 31, 2018	Amortised Cost as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of	
		As at July 1, 2017	Purchases during the period	Sales / matured during the period				Total Investments of sub-fund	Net assets of sub-fund
			(Rupees in '000)					%	
June 30, 2017	3 years	-	22,000	22,000	-	-	-	-	-
June 30, 2017	3 years	-	2,000	2,000	-	-	-	-	-
June 30, 2017	3 years	-	25,000	25,000	-	-	-	-	-
		-	49,000	49,000	-	-	-	-	-

5.5.2 Held by Money Market Sub-Fund

Issue Date	Tenor	Face value			As at March 31, 2018	Amortised Cost as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of	
		As at July 1, 2017	Purchases during the period	Sales / matured during the period				Total Investments of sub-fund	Net assets of sub-fund
			(Rupees in '000)					%	
June 30, 2017	3 Years	-	24,000	24,000	-	-	-	-	-
June 30, 2017	3 Years	-	9,000	9,000	-	-	-	-	-
June 30, 2017	3 Years	-	12,000	12,000	-	-	-	-	-
June 30, 2017	3 Years	-	3,000	3,000	-	-	-	-	-
		-	48,000	48,000	-	-	-	-	-

5.6 Term Finance Certificates and Sukuk bonds - Available for sale

5.6.1 Held by Debt Sub-Fund

Name of the Investee Company	Face value			As at March 31, 2018	Amortised Cost as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of	
	As at July 1, 2017	Purchases during the year	Sales / Matured during the year				Total Investments	Net Assets
	Number of certificates			(Rupees in '000)		%		
Pharmaceuticals								
AGP Limited	-	24	-	24	2,040	2,058	6	2
	-	24	-	24	2,040	2,058	6	2
Multisutilities								
Water and Power Development Authority	474	-	-	474	1,354	1,413	4	1
KElectric	400	-	-	400	1,701	1,725	5	2
	874	-	-	874	3,055	3,138	9	3
Fertilizers								
Fatima Fertilizers Company Limited	457	-	-	457	1,868	1,857	5	2
	457	-	-	457	1,868	1,857	5	2
Total	1,331	24	-	1,355	6,963	7,053	20	7

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

Name of security	Remaining principal (Rupees per FFC)	Mark-up rate (per annum)	Issue date	Maturity date
AGP Limited	50,000	3 months KIBOR + 1.30%	9-Jun-17	9-Jun-22
Water and Power Development Authority	2,858	6 months KIBOR + 1%	14-Oct-13	14-Oct-21
KElectric	4,500	3 months KIBOR + 1%	17-Jun-15	17-Jun-22
Fatima Fertilizers Company Limited	4,000	6 months KIBOR + 1.1%	28-Nov-16	28-Nov-21

5.7 Term Finance Certificates and Sukuk bonds - Held for trading

5.7.1 Held by Debt Sub-Fund

Name of the investee Company	As at July 1, 2017	Purchases during the year	Sales / Matured during the year	As at March 31, 2018	Amortised Cost as at March 31, 2018	Market value as at March 31, 2018	Market value as a percentage of Total Net Assets	
	Number of certificates			(Rupees in '000)		Investments	%	%
Commercial Banks								
Bank Al Baraka Limited Sukuk	2	-	2	-	-	-	-	-
Fertilizers								
Dawood Hercules Corporation Limited Sukuk	-	20	-	20	2,000	2,010	5	2
Miscellaneous								
International Brands Limited Sukuk	-	20	-	20	2,000	2,000	5	2
Total	2	40	2	40	4,000	4,010	10	4

5.7.1.1 Significant terms and conditions of Term Finance Certificates and Sukuk bonds outstanding as at March 31, 2018 are as follows:

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

5.8 Commercial Papers - Loans and Receivables

5.8.1 Held by Debt Sub-Fund

Name of Company	Note	Maturity Date	Placements made during the period	Income Accrued	Matured during the period	As at March 31, 2018	Market Value as a Percentage of Total value of Investments	
							(Rupees in '000)	%
Hascol Petroleum Limited	7.8.3	June 29, 2018	1,928	37	-	1,965	5	2
			<u>1,928</u>	<u>37</u>		<u>1,965</u>	<u>5</u>	<u>2</u>

5.8.2 Held by Money Market Sub-Fund

Name of Company	Note	Maturity Date	Placements made during the period	Income Accrued	Matured during the period	As at December 31, 2017	Market Value as a % of Total value of Investments	
							(Rupees in '000)	%
Hascol Petroleum Limited	7.8.3	June 29, 2018	2,892	55	-	2,947	100	4
			<u>2,892</u>	<u>55</u>		<u>2,947</u>	<u>100</u>	<u>4</u>

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

6. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - PENSION FUND MANAGER

	Note	March 31, 2018 (Unaudited)				June 30, 2017 (Audited)			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)							
Management fee	10.1	193	119	93	405	262	117	96	475
Sindh Sales Tax	10.2	25	15	12	52	34	15	13	62
		<u>218</u>	<u>134</u>	<u>105</u>	<u>457</u>	<u>296</u>	<u>132</u>	<u>109</u>	<u>537</u>

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

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

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	March 31, 2018 (Unaudited)				June 30, 2017 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Auditors' remuneration	40	39	40	119	83	83	83	249
Payable against purchase of investments	3,164	-	-	3,164	945	-	-	945
Federal Excise Duty	7.1	879	488	383	879	488	383	1,750
Provision for Sindh Workers' Welfare Fund	9	1,952	246	182	1,952	195	145	2,292
Other payable		515	73	188	776	157	38	330
	<u>6,550</u>	<u>846</u>	<u>793</u>	<u>8,189</u>	<u>4,016</u>	<u>804</u>	<u>746</u>	<u>5,566</u>

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

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

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Pension Fund Manager has made a provision with effect from 13 June 2013, aggregating to Rs. 0.879 million, 0.488 million and 0.383 million (2016: Rs. 0.879 million, Rs. 0.488 million and Rs. 0.383 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at March 31, 2018 would have been higher by Rs. 2.11, Rs. 0.71 and Rs. 0.71 (2017: Rs. 1.87 Rs. 0.70 and Rs. 0.65) per unit respectively. However after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

8. NUMBER OF UNITS IN ISSUE

	March 31, 2018 (Unaudited)				June 30, 2017 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Number)							
Opening units in issue	470,012	696,065	583,084	1,749,161	472,936	672,201	488,681	1,633,818
Units issued during the period	46,000	207,461	126,614	380,075	84,179	172,056	231,597	487,832
Units redeemed during the period	(91,452)	(236,095)	(173,248)	(500,795)	(87,535)	(148,331)	(136,981)	(372,847)
Reallocation during the period	(8,282)	21,897	4,242	17,857	432	139	(213)	358
Total units in issue at the end of the period	416,278	689,328	540,692	1,646,298	470,012	696,065	583,084	1,749,161

9. PROVISION FOR WORKERS' WELFARE FUND

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

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

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

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. The reversal of provision for WWF amounting to Rs. 1.397 million, Rs. 0.27 million and Rs. 0.223 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively and a provision for SWWF of Rs.1.953 million, Rs. 0.228 million and Rs. 0.170 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund would have been higher by Rs. 4.69, Rs. 0.36 and Rs. 0.34 (30 June 2017: Rs. 4.15, Rs. 0.28 and Rs. 0.24) per unit respectively.

10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

		Held by Equity sub-fund							
		March 31, 2018 (Unaudited)							
		Carrying Amount				Fair Value			
Note	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
- Listed equity securities	91,395	69,830	-	-	161,225	161,225	-	-	161,225
Financial assets not measured at fair value									
- Bank balances	-	-	13,806	-	13,806	-	-	-	-
- Dividend receivable and accrued mark-up	-	-	2,026	-	2,026	-	-	-	-
- Advances, deposits, prepayments and other receivables	-	-	106	-	106	-	-	-	-
	91,395	69,830	15,938	-	177,163	-	-	-	-
Financial liabilities not measured at fair value									
- Payable to the Pension Fund Manager	-	-	-	218	218	-	-	-	-
- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	23	23	-	-	-	-
- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	43	43	-	-	-	-
- Accrued expenses and other liabilities	-	-	-	3,719	3,719	-	-	-	-
	-	-	-	4,003	4,003	-	-	-	-
Held by Equity sub-fund									
June 30, 2017 (Audited)									
Note	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
- Listed equity securities	-	188,834	-	-	188,834	188,834	-	-	188,834
Financial assets not measured at fair value									
- Bank balances	-	-	22,092	-	22,092	-	-	-	-
- Dividend receivable and accrued mark-up	-	-	812	-	812	-	-	-	-
- Advances, deposits, prepayments and other receivables	-	-	100	-	100	-	-	-	-
	-	-	23,004	-	23,004	-	-	-	-
	-	188,834	23,004	-	211,838	-	-	-	-
Financial liabilities not measured at fair value									
- Payable to the Pension Fund Manager	-	-	-	296	296	-	-	-	-
- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	30	30	-	-	-	-
- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	66	66	-	-	-	-
- Accrued expenses and other liabilities	-	-	-	1,185	1,185	-	-	-	-
	-	-	-	1,577	1,577	-	-	-	-
Held by Debt sub-fund									
March 31, 2018 (Unaudited)									
Note	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
- Ijarah Sukuks	-	24,177	-	-	24,177	-	24,177	-	24,177
- Term Finance Certificates and Sukuk Bonds - Unlisted	4,010	7,053	-	-	11,063	-	11,063	-	11,063
	4,010	31,230	-	-	35,240	-	-	-	-
Financial assets not measured at fair value									
- Bank balances	-	-	58,935	-	58,935	-	-	-	-
- Term Deposit Receipts (TDRs)	-	-	1,559	-	1,559	-	-	-	-
- Dividend receivable and accrued mark-up	-	-	120	-	120	-	-	-	-
- Other receivables	-	-	1,965	-	1,965	-	-	-	-
- Commercial Paper	-	-	62,579	-	62,579	-	-	-	-
	4,010	31,230	62,579	-	97,819	-	-	-	-
Financial liabilities not measured at fair value									
- Payable to the Pension Fund Manager	-	-	-	134	134	-	-	-	-
- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	14	14	-	-	-	-
- Payable to the Securities and Exchange Commission of Pakistan	-	-	-	24	24	-	-	-	-
- Accrued expenses and other liabilities	-	-	-	112	112	-	-	-	-
	-	-	-	284	284	-	-	-	-

		Held by Debt sub-fund					June 30, 2017 (Audited)			
On-balance sheet financial instruments		Carrying Amount				Fair Value				
Note	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)										
Financial assets measured at fair value										
	-	24,737	-	-	24,737	-	24,737	-	24,737	
	-	5,840	-	-	5,840	-	5,840	-	5,840	
	-	30,577	-	-	30,577	-	-	-	-	
Financial assets not measured at fair value										
11.1	-	-	45,363	-	45,363	-	-	-	-	
	-	-	481	-	481	-	-	-	-	
	-	-	18,000	-	18,000	-	-	-	-	
	-	-	2,500	-	2,500	-	-	-	-	
	-	-	66,344	-	66,344	-	-	-	-	
	-	30,577	66,344	-	96,921	-	-	-	-	
Financial liabilities not measured at fair value										
11.1	-	-	-	132	132	-	-	-	-	
	-	-	-	13	13	-	-	-	-	
	-	-	-	30	30	-	-	-	-	
	-	-	-	121	121	-	-	-	-	
	-	-	-	296	296	-	-	-	-	
Held by Money Market sub-fund										
		Carrying Amount					Fair Value			
On-balance sheet financial instruments		March 31, 2018 (Unaudited)								
Note	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)										
Financial assets not measured at fair value										
11.1	-	-	71,834	-	71,834	-	-	-	-	
	-	-	-	-	-	-	-	-	-	
	-	-	792	-	792	-	-	-	-	
	-	-	2,947	-	2,947	-	-	-	-	
	-	-	75,573	-	75,573	-	-	-	-	
Financial liabilities not measured at fair value										
11.1	-	-	-	105	105	-	-	-	-	
	-	-	-	10	10	-	-	-	-	
	-	-	-	18	18	-	-	-	-	
	-	-	-	228	228	-	-	-	-	
	-	-	-	361	361	-	-	-	-	
Held by Money Market sub-fund										
		Carrying Amount					Fair Value			
On-balance sheet financial instruments		June 30, 2017 (Audited)								
Note	Held For Trading	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)										
Financial assets not measured at fair value										
11.1	-	-	65,212	-	65,212	-	-	-	-	
	-	-	14,000	-	14,000	-	-	-	-	
	-	-	257	-	257	-	-	-	-	
	-	-	79,469	-	79,469	-	-	-	-	
Financial liabilities not measured at fair value										
11.1	-	-	-	109	109	-	-	-	-	
	-	-	-	11	11	-	-	-	-	
	-	-	-	23	23	-	-	-	-	
	-	-	-	218	218	-	-	-	-	
	-	-	-	361	361	-	-	-	-	

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

12. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Pension Fund Manager on April 23, 2018

13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL


ASSET MANAGEMENT LTD.

ایس ایٹ مینجمنٹ لمیٹڈ

Head Office Karachi:
7th Floor, Emerald Tower, Clifton,
Karachi.
UAN: 111 HBL AMC (111-425-262)
Fax: 021-35168455
info@hblasst.com

Lahore:
7-E/2, Main Boulevard,
Gulberg III Main Boulevard Gulberg,
Lahore 54000, Pakistan
Phone: 042-35773914-15

Islamabad:
HBL Corporate Center,
HBL building, Jinnah Avenue,
Islamabad
Tel: 051-2821183
Fax: 051-2822206

(021) 111-425-262 | www.hblasst.com | SMS "Invest" to 9300 for call back    HBLFunds