

# HBL

ASSET MANAGEMENT LTD.

ايسيت مينجمنت لميتد



## PICIC Growth Fund

QUARTERLY  
REPORT 2018

For the Quarter ended March 31, 2018

A black and white photograph of a long, straight staircase leading upwards. The stairs are flanked by concrete railings. The perspective is from the bottom of the stairs, looking up towards the top. A large teal diagonal stripe runs from the bottom left towards the top right, overlapping the top of the stairs.

MOVING TOWARDS  
**EXCELLENCE**

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# CORPORATE INFORMATION

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## Management Company HBL Asset Management Limited.

Chairman	Mr. Agha Sher Shah	(Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director)
	Ms. Ava A. Cowasjee	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Non-Executive Director)
	Mr. Shahid Ghaffar	(Non-Executive Director)
	Mr. 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](http://www.hblasset.com)

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

# FUND INFORMATION

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<b>Name of Fund</b>	PICIC Growth Fund
<b>Name of Auditor</b>	Deloitte Yousuf Adil Chartered Accountants
<b>Name of Trustee</b>	Central Depository Company of Pakistan Limited (CDC)
<b>Banks</b>	MCB Bank Limited JS Bank Limited Soneri Bank Limited Habib Bank Limited

# REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS ENDED MARCH 31, 2018

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The Board of Directors of HBL Asset Management Limited, the Management Company of PICIC Growth Fund (PGF or Fund) is pleased to present its report together with the financial statements of PICIC Growth Fund.

## 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 scene 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.

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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 BAHL, 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.

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.

#### **Operating Results**

During the period under review, the fund occurred a gross loss of Rs. 61 million which includes unrealized loss of Rs 61 million. Realized capital loss during the period stood at Rs 551 million. The dividend income during the period stood at Rs 498 million. Total expenditure during the period stood at Rs 260 million.

Tax provision for the current period amounted to nil due to tax exemption under Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 and Regulation 63 of NBFC & NE Regulations, 2008.

The net loss for the period stood at Rs 321 million. This translates into loss per certificate of Rs. 1.13 for the period.

The net assets decreased from Rs. 14.58 billion as on June 30, 2017 to Rs 13.10 billion as on March 31, 2018 and accordingly the net asset value per certificate decreased from Rs 51.44 per certificate as on June 30, 2017 to Rs 46.20 per certificate as on March 31, 2018 after incorporating dividends of Rs. 2.75 per certificate, which translates into negative return of 5.16% during the period under review against the benchmark (KSE 100 Index) of negative 2.16%.

#### **Management Company Quality Rating**

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has upgraded the management quality rating to 'AM2+' (AM Two Plus) to the Management Company and the outlook on the assigned rating has been assessed as 'Stable'.

#### **Acknowledgement**

Finally, we once again avail this opportunity to thank all our valued certificate holders and correspondents for their continuing patronage and support. We would also like to thank the Ministry of Finance, Securities & Exchange Commission of Pakistan, State Bank of Pakistan, Central Depository Company of Pakistan Limited (Trustee), National Clearing Company of Pakistan Limited and other regulatory authorities, financial institutions and the auditors for their continued guidance and assistance. The Board also wishes to place on record its appreciation for the staff for their commitment and hard work and to the certificate-holders for the trust and confidence reposed in us.

On behalf of the Board of  
HBL Asset Management Limited

Chief Executive Officer

Director

## پکک گروتھ فنڈ مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ برائے نو ماہ اختتام از 31 مارچ 2018

انجیل ایل ایسٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز جو پکک گروتھ فنڈ (PGF یا فنڈ) کی مینجمنٹ کمپنی ہے، 31 مارچ 2018 کو اختتام پذیر ہونے والے نو ماہ کے پکک گروتھ فنڈ کے مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے فونٹنی مضمون کرتے ہیں۔

### اقتصادی جائزہ

9MFY18 کے دوران پاکستان کے معاشی اعلیٰ یکمیز مضبوط LSM کی ترقی کم افراط زر اور نجی شعبے کے بہتر کریڈٹ آف ایک کے ساتھ مخلوط رہے جبکہ خارجہ اکاؤنٹ کے دباؤ میں اضافہ ہوا۔ 3QFY18 کے دوران، کرنٹ اکاؤنٹ ڈیفیٹ شہرشی میں رہا جس کے سبب فاریکس ریزرو میں کمی کے ساتھ مقامی کرنسی پر مسلسل دباؤ جاری رہا۔ 3QFY18 کے دوران حکومت نے منگرو اکنامک چیلنجز پر توجہ دیتے ہوئے پالیسی کی شرح کو 25bps تک بڑھانے کے پالیسی اقدامات کیے (جنوری 18- کو مالیاتی پالیسی)، جس سے روپے کی قدر میں مزید 5% کمی ہوئی (دسمبر 17 میں پہلا راکنڈیکل ہوا) اور ملک میں لگن میں اور ڈالر کے ہواؤ کو بڑھانے کے لئے اینٹنسی اکنیم کا اعلان کیا گیا۔

9MFY18 کے دوران افراط زر مناسب خوراک کی فراہمی کے باعث اور اینڈین کی قیمتوں میں توقع سے کم اضافے کی وجہ سے 3.78% YoY اوسط کے ساتھ رہی۔ تاہم بنیادی افراط زر (غیر خوراک غیر توانائی CPI) سے پینائش شدہ) گزشتہ سال کی اسی مدت کے دوران 4.9% کے مقابلے میں 9MFY18 کے دوران 5.5% کی اونچی سطح ریکارڈ پر گیا گیا جو کہ معیشت پر طلب کے دباؤ کی عکاسی کرتا ہے۔ بڑھتی ہوئی بنیادی افراط زر جو کہ 9MFY18 میں روپے کی قدر میں 9.5% کمی کی اور بڑھتی ہوئی بین الاقوامی آئل کی قیمتیں (+40%) کی وجہ سے آنے والے مہینوں میں افراط زر کو اونچی سطح پر رکھیں گی۔ افراط زر کے دباؤ میں حالیہ اضافے کے سبب جو کہ مارچ 18- میں NFNE کے 5.8% سے واضح ہے، ماہانہ CPI/افراط زر FY18 کے اختتام تک 5%-YoY 5.5% تک پہنچ جانے کا امکان ہے، جبکہ FY18 کے لیے اوسط 4.5% سے نیچے رہنے کی توقع ہے۔

8MFY18 کے دوران بڑے پیمانے پر مینوفیکچرنگ (LSM) میں 6.2% YoY اضافہ ہوا۔ جس کی خاص طور پر الیکٹریٹس (+38.8%)، آئرن اور اسٹیل مصنوعات (30.9%)، آٹوموبائل (19.6%+) اور غیر غذائی معدنی مصنوعات (+11.9%) نے قیادت کی۔ مینوفیکچرنگ سیکٹور کی امید افزا ترقی کے ساتھ اہم فصلوں کی حوصلہ افزا تجویز کاری (کیپاس کے علاوہ) سروس سیکٹور کے لئے ایک اچھا ٹھکان ثابت ہوگا اور 8MFY18 میں مضبوط GDP کی ترقی کا امکان ہے۔ تاہم اب تک تیز اقتصادی ترقی (مشینری درآمدات کی حوصلہ افزائی جو کہ خصوصاً CPE اور پٹرولیم درآمدات کے لئے پاور پلانٹس سے متعلق ہے) نے 8MFY18 میں خارجی محاذ پر عدم توازن کا باعث بنی جس کے سبب کرنٹ اکاؤنٹ خسارہ بڑھ کر 10.8 بلین ڈالر (GDP کا 4.8%) ہو گیا ہے جو ہفتہ ماہ گزشتہ سال کی اسی مدت کے دوران 7.2 بلین ڈالر (GDP کا 3.6%) تھا۔ 8MFY18 میں اشیاء کی درآمدات میں 17.3% YoY کے اضافے کے ساتھ 35.6 بلین ڈالر رہی۔ جبکہ اشیاء کی درآمدات 12.2% اضافے کے ساتھ 16.0 بلین ڈالر ہو گئیں جس کے نتیجے میں تجارتی خسارہ گزشتہ سال کی اسی مدت کے دوران ہونے والے 16.2 بلین ڈالر کے خسارے کے مقابلے میں 19.7 بلین ڈالر ہوا۔ نتیجتاً SBP کے فاریکس ریزرو Jun-17 سے 4.5 بلین ڈالر سے کم ہو کر 9MFY18 کے آخر تک 11.6 بلین ڈالر تک پہنچ گئے۔ آگے بڑھتے ہوئے، ہم سخت پالیسی اقدامات کے تسلسل کی پیش گوئی کرتے ہیں (مالیاتی مضبوطی اور درآمد کی تخفیف) جیسا کہ خارجہ اکاؤنٹ کے خطرات اب بھی موجود ہیں۔ البتہ کامیاب اینٹنسی اکنیم اور بین الاقوامی بانڈ کا اجرا، کرنٹ اکاؤنٹ پر دباؤ کو کچھ حد تک کم کر سکتا ہے۔

### منی مارکیٹ کا جائزہ:

9MFY18 میں عالمی مارکیٹ میں 5.03 اور 10 سالہ PIBs کی شرح سود میں بالترتیب 145.142 اور 69.9 bps کا اضافہ ہوا۔ اسی دوران 12 اور 6.3 مہینے کی۔ بانڈ کی شرح سود میں بالترتیب 57.41 اور 71.1 bps کا اضافہ ہوا۔ حکومت پاکستان نے جولائی 17 میں PIB کی بنیادی کے ذریعے 54.2 بلین پاکستانی روپے اکٹھے کیے جبکہ اگلی منعقد ہونے والی PIB کی بنیاد میں منسوخ کردی گئیں۔ آخری کٹ آف کی شرح سود بالترتیب 5.03 اور 10 سالہ PIBs کے لیے 6.409%، 6.896% اور 7.9360% p.a پر موجود رہی۔ مجموعی طور پر 9MFY18 کے دوران طویل المدتی بانڈز میں تجارت مایوں کن بری جو مارکیٹ میں شرح کی شرح سود میں مزید اضافہ کی توقعات کی عکاسی کرتی ہے۔

9MFY18 کے دوران حکومت نے بینکوں سے 1,378 بلین پاکستانی روپے لیے جو کہ گزشتہ سال اسی مدت کے مقابلے میں PIB کے متعدد منسوخ ٹیلا میوں کی وجہ سے 97 بلین پاکستانی روپے کی

اوانیگیال تھیں۔ اسی دوران SBP سے حاصل کردہ حکومتی قرضوں میں دوران مدت 2,237 ملین پاکستانی روپے سے اضافہ ہوا جو گزشتہ سال اسی مدت کے دوران 802 ملین پاکستانی روپے تھے۔ حکومت پاکستان نے 12,875 ملین پاکستانی روپے کے مجموعی ہدف اور منجھوٹیز سے حاصل کردہ 11,928 ملین پاکستانی روپے کے مقابلے میں ٹی۔بزل کے ذریعے 11,765 ملین پاکستانی روپے (NCB کو چھوڑ کر) کھیلے۔ مارچ-17 میں منصفہ ہونے والی آخری ٹی۔بزل کی بنیادی میں 6 اور 12 ماہ کے ٹی۔بزل میں کوئی رقم قبول نہیں کی گئی۔ تین ماہ کے ٹی۔بزل کے لئے کٹ-آف شرح سود 6.2591% حاصل ہوئی۔ جنوری 18 کی مالیاتی پالیسی کے دوران SBP نے مجموعی طور پر طلب میں اضافے اور بڑھتے ہوئے کرنٹ اکاؤنٹ ڈیفیٹ سے متعلق اقتصادی خطرات کو کم کرنے کے لئے پالیسی کی شرح میں 25 bps کے اضافے کا اقدام کیا۔ تاہم، مارچ-18 MPSI SBP نے 25-50bps میں متوقع اضافے کے خلاف پالیسی کی شرح کو 6% پر برقرار رکھا اور اسے MPS کے لئے "دیجیٹل انفراسٹرکچر" کے نقطہ نظر کی تجویز پیش کی، جب تک حالیہ پالیسی کے اقدامات (جنوری-18 میں 25bps کے اضافے اور دراصل میں PKR کی تخفیف) کے نتائج اقتصادی اینڈیکسز میں نظر آتے ہیں۔ البتہ ہم اس بات کا یقین کرتے ہیں کہ یہ صرف وقت کا فرق ہے اور ہم امید کرتے ہیں کہ معیشت میں بیکروائٹا کٹا کم خطرات کے باعث اس مالی سال میں سودی شرح میں مزید 25-50bps کا اضافہ ہو جائے گا۔

## اسٹاک مارکیٹ کا جائزہ :

9MFY18 کے دوران KSE100 اینڈیکس گزشتہ ماہی کے دوران مضبوط کارکردگی کے بعد 1,005 پوائنٹس (2%) کی کمی کے ساتھ 45,560 پوائنٹس پر بند ہوا جبکہ 1HFY18 کے دوران مارکیٹ میں یکمل 13% کی کمی دیکھی گئی۔ یہ پس منظر حالیہ روپے کی قدر میں کمی اور آئندہ آنے والے بجٹ کے بارے میں جاری خبروں کے بہاؤ کے دوران کے پھیلنے والے ماحول میں ماحول کے بعد سیاسی عدم استحکام کے خراب ہونے اور کرنٹ اکاؤنٹ خسارے سے متعلق بڑھتے والے معاشی محاذ کے بارے میں خدشات جس نے غیر ملکی کرنسی کے ذخائر پر دباؤ پیدا کیا، کے ردعمل میں آیا۔

زیر جائزہ مدت کے دوران سینٹ سیکٹرز بدترین کارکردگی کا مظاہرہ کیا، بیٹھانچا اینڈیکس میں 1,232 پوائنٹس کی کمی کا سبب بنا۔ 15% اور 19% قیمت کی قدر میں کمی کے ساتھ LUCK اور DGKC بائز ترتیب پر فرسٹ رہے۔ سیکٹرز میں اس کارکردگی کی وجہ سے مارکیٹ قیمتوں کی جنگ کے خدشات کی وجہ سے گئی گئی تھی جیسا کہ مختصر یہ ہونے والی توسیعی ضرورت سے زیادہ رسد کی ایک صورتحال کی جانب لے جائیں گی۔ لیکن حالیہ سینٹ کی قیمتوں میں PKR50 / ~ bag کے اضافے کے نتیجے کو کچھ ریلیف فراہم کیا ہے۔ بجلی پیدا کرنے کے لئے فرس آئل پر انحصار کو کم کرنے سے متعلق حکومتی فیصلے کے بعد OMCS اور پاور سیکٹرز آمدنی میں کمی کے امکانات کے باعث آئل اور گیس مارکیٹنگ (20%)، بجلی کی پیداوار (8%) اور ریفرنسز سیکٹر (31%) نے مارکیٹ میں تیزی سے بائز ترتیب 290 پوائنٹس، 284 پوائنٹس اور 235 پوائنٹس کی کمی کا سبب بنے۔ اور گیس کی قیمتوں کے یقین اور واپسی کے طریقہ کار کو تہہ بل کرنے کے بارے میں بائز ترتیب کے آغاز کے فیصلے جس سے بڑھتی ہوئی آمدنی کی ترقی میں بنیادیں سے متعلق غیر یقینی صورتحال کی تشکیل کے سبب 19% کی کمی کے ساتھ SNGP بھی اہم خسارے میں رہا۔

1HFY18 کے دوران بنیادی طور پر SBP کی جانب سے بیٹھانچا پالیسی کی شرح میں ہونے والے اضافے، مزید متوقع اضافے اور 16% کی کمی کے باوجود زیر جائزہ مدت کے دوران بینکنگ سیکٹر اپنی سطح پر برقرار رہا۔ پاکستان کے سب سے بڑے تجارتی بینکوں میں سے ایک پر پینائٹی گاندہ ہونے اور سب سے بڑے پبلک سیکٹرز بینک کے خلاف پیشکش کے مقدمات میں سپریم کورٹ کا ہینشور کے حق میں فیصلہ دینے کی وجہ سے لارج اسکیل بینکوں نے مارکیٹ کے مقابلے میں خراب کارکردگی دکھائی۔ جبکہ چھوٹے بینکوں نے مضبوط کارکردگی کا مظاہرہ کیا جہاں، HMB، BAHL اور BAFL کو بائز ترتیب 43%، 40% اور 35% کا اضافہ ہوا۔ اینڈیکس ہیوی ویٹ، آئل اینڈ گیس، ایکسپلوریشن کا شعبہ میں 9MFY18 کے دوران 26% کے شاندار اضافے کے ساتھ 1,719 پوائنٹس کے مجموعی اضافے کا سبب بنا۔ PPL، POL اور OGDC میں بائز ترتیب 53%، 49% اور 29% کا اضافہ ہوا۔ جبکہ MARI (-6%) رہا۔ یہ زبردست اضافے بنیادی طور پر اوسط بین الاقوامی تیل کی قیمتوں میں 40% اضافے اور روپے کی قدر میں کمی کے باعث تھا۔

آگے بڑھتے ہوئے، ہم متوقع ہیں کہ مارکیٹ رفتار کو جاری رکھتے ہوئے جیسا کہ اینڈیکس ہیوی ویٹ (آئل اور گیس، E&P، ایکسٹائل اور IPPS) حالیہ روپے کی قدر میں کمی سے نکل کر نامہ حاصل کرے گی۔ البتہ بینکنگ اسٹاکس کی رفتار حالیہ MPS کے موافق کی وجہ سے عارضی طور پر کم ہو سکتی ہے۔ بیکروائٹا کٹا کم خطرات کے ساتھ، ہم باٹم اپ (بیچنے سے اوپر) کی اپروچ پر عمل کریں گے اور مضبوط آمدنی کے امکانات کے ساتھ اسٹاک پر فوج مرکوز رکھیں گے۔

## آپریٹنگ کے نتائج:

زیر جائزہ مدت کے دوران، فنڈ کو 61 ملین روپے کا مجموعی نقصان ہوا جس میں 61 ملین روپے کا غیر حاصل شدہ نقصان بھی شامل ہے۔ اس مدت کے دوران کینٹھنل لاس 551 ملین روپے ہوا۔ دوران مدت ڈیویڈنڈنگ 498 ملین روپے رہی۔ اس مدت کے دوران مجموعی اخراجات 260 ملین روپے ہوئے۔



موجودہ مدت کے لئے ٹیکس کی فراہمی کی رقم، آئی ٹیکس آرڈیننس، 2001 کے دوسرے شیڈول، 2001 کی سیکشن 99 کے پارٹ ا اور NBFC اور NE ریگولیشن 2008 کے ریگولیشن 63 کے تحت ٹیکس چھوٹ کے سبب سے صفر رہی۔

اس مدت کے لئے خالص نقصان 321 ملین روپے رہا جس کے مطابق دوران مدت فی سرٹیفکیٹ 1.13 روپے کا نقصان ہوا۔

جون 2017:30 کے نیٹ اگلے 14.58 ملین روپے سے کم ہو کر 31 مارچ 2018 کو 13.10 ملین روپے ہو گئے۔ اور اسی طرح 30 جون 2017 کے نیٹ اگلے جات کی قدر فی سرٹیفکیٹ 51.44 روپے سے کم ہو کر 31 مارچ 2018 کو 2.75 روپے فی سرٹیفکیٹ منافع ادا کرنے کے بعد 46.20 روپے ہو گئی۔ جس کے مطابق زیر جائزہ مدت کے دوران منفی ریٹرن %1.16 رہا جبکہ نتیجہ مارک (KSE-100 Index) ریٹرن منفی %2.16 رہا۔

## میںجمنٹ کمپنی کی کوالٹی ریٹنگ:

VIS-JCR کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS-JCR) نے میںجمنٹ کمپنی کو میںجمنٹ کمپنی کی درجہ بندی میلا (AM2) پر اپ گریڈ کر دیا ہے۔

## اظہار تشکر

آخر میں، ہم ایک بار پھر اس موقع کا فائدہ اٹھاتے ہوئے مسلسل سرپرستی اور حمایت کے لئے اپنے تمام قابل قدر شریکین ہولڈرز اور نامہ نگاروں کا شکریہ ادا کرتے ہیں۔ ہم وزارت خزانہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، سینٹرل ڈیپازٹری کمپنی آف پاکستان (ڈی سی)، نیشنل ایکسچینج کمپنی آف پاکستان لمیٹڈ اور دیگر ریگولیٹری حکام، مالیاتی ادارے اور آڈیٹرز کی جانب سے مسلسل رہنمائی اور معاونت کرنے پر شکر گزار ہیں۔ بورڈ اپنے اسٹاک ہولڈرز کے بھروسے اور اعتماد کے لئے ان کی تعریف ریکارڈ کرنا چاہتا ہے۔

من جانب بورڈ

ایچ بی ایل ایسٹ میںجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

مورخہ 23 اپریل 2018ء

ہتھام، کراچی

**PICIC Growth Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*AS at March 31, 2018*

		<b>March 31, 2018 (Un-Audited)</b>	June 30, 2017 (Audited)
	Note	-----Rupees in '000-----	
<b>Assets</b>			
Bank balances	4	<b>898,835</b>	649,726
Investments	5	<b>12,452,899</b>	14,097,911
Dividend and profit receivable		<b>39,502</b>	171,792
Receivable against sale of investment		<b>47,141</b>	-
Security deposits and other receivables		<b>3,012</b>	2,682
<b>Total assets</b>		<b>13,441,389</b>	14,922,111
<b>Liabilities</b>			
Payable to the Management Company	6	<b>25,764</b>	28,671
Payable to the Trustee		<b>746</b>	1,847
Payable to Securities and Exchange Commission of Pakistan		<b>9,338</b>	13,508
Payable against purchase of investments		<b>-</b>	8,219
Accrued expenses and other liabilities	7	<b>169,156</b>	167,734
Unclaimed dividend		<b>137,602</b>	119,419
<b>Total liabilities</b>		<b>342,606</b>	339,398
<b>Net assets</b>		<b>13,098,783</b>	14,582,713
<b>Capital and reserves</b>			
Issued, subscribed and paid-up capital		<b>2,835,000</b>	2,835,000
Premium on issue of certificates		<b>2,992,500</b>	2,992,500
Unappropriated profit		<b>1,465,157</b>	2,565,464
Net unrealised appreciation on re-measurement of investments classified as "available-for-sale"	5.2	<b>5,806,126</b>	6,189,749
<b>Total certificate holders' funds</b>		<b>13,098,783</b>	14,582,713
<b>Net assets value per certificate</b>		<b>46.20</b>	51.44

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

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**PICIC Growth Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the nine months ended March 31, 2018*

	Note	Quarter ended March 31,		Quarter ended March 31,	
		2018	2017	2018	2017
----- Rupees in '000 -----					
<b>Income</b>					
Capital (loss) / gain on sale of investments - net		(550,681)	426,367	(185,495)	232,321
Dividend income		497,514	309,566	47,049	50,289
Income from government securities		760	-	760	
Profit on bank deposits		52,667	17,792	16,203	5,105
		260	753,725	(121,483)	287,714
Unrealised (diminution) / appreciation on re-measurement of investment at 'fair value through profit or loss - held-for-trading' - net		(61,184)	1,059,350	719,365	(188,329)
		(60,924)	1,813,075	597,882	99,385
<b>Expenses</b>					
Remuneration of the Management Company	6.1 & 6.2	221,426	233,303	72,445	85,424
Remuneration of the Trustee		6,701	6,998	2,200	2,524
Annual fee to Securities and Exchange Commission of Pakistan		9,338	9,807	3,045	3,591
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	9,798	10,323	3,206	3,780
Securities transaction costs		7,343	8,961	3,494	2,853
Auditors' remuneration		498	557	156	171
Fee and subscription		1,268	1,043	150	134
Conversion Cost Closed End to Open End		2,280	-	1,492	-
Settlement and bank charges		1,107	1,145	330	302
		259,759	272,137	86,518	98,779
<b>Net (loss) / income from operating activities</b>		(320,683)	1,540,937	511,363	606
Provision for Sindh Workers' Welfare Fund	7.1	-	(78,173)	-	(78,173)
<b>Net (loss) / income for the period before taxation</b>		(320,683)	1,619,110	511,363	78,779
Taxation	8	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		(320,683)	1,619,110	511,363	78,779
<b>(Loss) / earning per certificate (Rupees)</b>		(1.13)	5.71	1.80	0.28

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

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

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

**PICIC Growth Fund****Condensed Interim Statement of other Comprehensive Income (Un-Audited)***For the nine months ended March 31, 2018*

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2018	2017	2018	2017
	----- Rupees in '000 -----			
Net (loss) / income for the period after taxation	<b>(320,683)</b>	1,619,110	<b>511,363</b>	78,779
<b>Other comprehensive income for the period</b>				
<b>Items that will be reclassified to income statement</b>				
Unrealized (diminution) / appreciation on re-measurement of investments classified as available-for-sale	<b>(383,622)</b>	1,816,436	<b>718,711</b>	437,280
<b>Total comprehensive income for the period</b>	<b>(704,305)</b>	<b>3,435,546</b>	<b>1,230,074</b>	<b>516,059</b>

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

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**PICIC Growth Fund**  
**Condensed Interim Distribution Statement (Un-Audited)**  
*For the nine months ended March 31, 2018*

	Quarter ended	
	March 31,	
	2018	2017
	-----Rupees in '000-----	
<b>Unappropriated income brought forward</b>		
Realised income	1,748,697	896,722
Unrealised gain	816,767	221,018
	<b>2,565,464</b>	1,117,740
<b>Net (loss) / income for the period after taxation</b>	<b>(320,683)</b>	1,619,110
Final dividend for the year ended June 30, 2017 at 27.5% (June 30, 2016: at 7.5%)	<b>(779,625)</b>	(212,625)
<b>Unappropriated income carried forward</b>	<b>1,465,156</b>	2,524,225
<b>Undistributed income comprising of:</b>		
Realised income	1,526,340	1,464,875
Unrealised (loss) / gain	<b>(61,184)</b>	1,059,350
	<b>1,465,156</b>	2,524,225

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

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**PICIC Growth Fund**  
**Condensed Interim Statement of Movement in Equity**  
**and Reserves Per Certificate (Un-Audited)**  
**For the nine months ended March 31, 2018**

	Nine months ended	
	March 31,	
	2018	2017
	-----Rupees in '000-----	
<b>Net assets value at the beginning of the period</b>	51.44	41.73
Movement in net assets value from operating activities		
Capital (loss) / gain on sale of investments - net	(1.94)	1.50
Dividend income	1.75	1.09
Net unrealized (diminution) / appreciation on re-measurement of investment at 'fair value through profit or loss' - held for trading	(0.22)	3.74
Profit on bank deposits	0.19	0.06
	(0.22)	6.40
Operating expenses	(0.92)	(0.68)
Net (decrease) / increase in net assets value per certificate from operating activities	(1.13)	5.71
<b>Movement in net assets value per certificate from financing activities</b>		
Final dividend	(2.75)	(0.75)
Net unrealized (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	(1.35)	6.41
Net (decrease) / increase in net assets value from financing and investing activities	(4.10)	5.66
<b>Net asset value at the end of the period</b>	<b>46.20</b>	<b>53.10</b>

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

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

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

**PICIC Growth Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the nine months ended March 31, 2018**

	Nine months ended	
	March 31,	
	2018	2017
Note	-----Rupees in '000-----	
<b>Cash flows from operating activities</b>		
Net (loss) / income for the period before taxation	(320,683)	1,619,110
<b>Adjustments of non-cash items:</b>		
Capital loss / (gain) on sale of investments - net	550,681	(426,367)
Income from government securities	(760)	-
Dividend income	(497,514)	(309,567)
Profit on bank deposits	(52,667)	(17,792)
Unrealised diminution / (appreciation) on re-measurement of investment at 'fair value through profit or loss' - net	61,184	(1,059,350)
	<u>(259,759)</u>	<u>(193,966)</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	594,595	102,479
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(2,907)	6,140
Payable to the Trustee	(1,101)	145
Payable to Securities and Exchange Commission of Pakistan	(4,170)	(529)
Accrued expenses and other liabilities	1,422	(77,679)
Unclaimed dividend	18,184	8,313
	<u>11,428</u>	<u>(63,610)</u>
	<u>346,264</u>	<u>(155,097)</u>
Dividend received	631,621	357,283
Bank profits received	50,849	17,664
	<u>682,470</u>	<u>374,947</u>
<b>Net cash generated from operating activities</b>	<b>1,028,735</b>	<b>219,850</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(779,626)	(212,625)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>249,109</b>	<b>7,225</b>
Cash and cash equivalents at the beginning of the period	649,726	442,390
<b>Cash and cash equivalents at the end of the period</b>	<b>898,835</b>	<b>449,615</b>

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

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

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

**PICIC Growth Fund**

**Condensed Interim Statement of Movement in Equity and Reserves (Un-Audited)**

*For the nine months ended March 31, 2018*

	Issued, subscribed and paid-up capital	Premium on issue of certificates	Unappropriated income	Net unrealized appreciation on re- measurement of investments classified as 'available-for-sale'	Total
-----Rupees in '000-----					
<b>Balance as at July 01, 2016</b>	2,835,000	2,992,500	1,117,740	4,885,153	8,837,893
<b>Total comprehensive income for the period</b>					
Net income for the period after taxation	-	-	1,540,937	-	1,540,937
<b>Other comprehensive income</b>					
Unrealised appreciation on re-measurement of investments classified as 'available-for-sale' - net	-	-	-	1,379,156	1,379,156
<b>Transactions with certificate holders</b>					
Final cash dividend for the year ended June 30, 2016 at 7.5% declared on August 26, 2016	-	-	(212,625)	-	(212,625)
<b>Balance as at December 31, 2016</b>	<u>2,835,000</u>	<u>2,992,500</u>	<u>2,446,052</u>	<u>6,264,309</u>	<u>14,537,861</u>
<b>Balance as at July 01, 2017</b>	2,835,000	2,992,500	2,565,464	6,189,749	14,582,713
<b>Total comprehensive income for the period</b>					
Net loss for the period after taxation	-	-	(320,683)	-	(320,683)
<b>Other comprehensive income</b>					
Unrealised diminution on re-measurement of investments classified as 'available-for-sale' - net	-	-	-	(383,622)	(383,622)
<b>Transactions with certificate holders</b>					
Final dividend for the year ended June 30, 2017 at 27.5% declared on August 28, 2017	-	-	(779,625)	-	(779,625)
<b>Balance as at March 31, 2018</b>	<u>2,835,000</u>	<u>2,992,500</u>	<u>1,465,156</u>	<u>5,806,127</u>	<u>13,098,783</u>

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

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



## PICIC Growth Fund

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

For the nine months ended March 31, 2018

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#### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 PICIC Growth Fund (the Fund) is close-end equity scheme established under a Trust Deed, executed between PICIC Asset Management Company (Now HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.
- 1.2 The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3 The Certificates of the Fund are listed on Pakistan Stock Exchange Limited. The principal business of the Fund is to invest in listed equity securities with an object to general capital growth.
- 1.4 The SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited through its order dated August 31, 2016. Consequently, HBL Asset Management Limited became Management Company of the Fund. As per the merger order of SECP, the Fund was required to be converted into open-end fund from closed end fund scheme by December 31, 2016. The Management Company after resolving certain legal and operational matter relating to the Conversion exercise with SECP called the meeting of the certificate holders to approve the Conversion Plan on March 27, 2017. However, the meeting was postponed on the advice of SECP with the directives to amend the conversion plan in the best interest of the certificate holders, which were made in due course.

Subsequent to period end, the Certificate Holders in Extra Ordinary General Meeting held on January 10, 2018 approved the Conversion Plan, which entailed the conversion of the fund into an open-end scheme. The management applied with the SECP for the approval of the Conversion plan duly approved by the Certificate Holders. In pursuant to the application filed, SECP vide its letter no SCD/AMCW/HBLAML/266/2018 dated February 16, 2018 has approved the conversion of PICIC Growth Fund into an open-end scheme and set a deadline of July 2, 2018 to complete the conversion of Fund. As per the Plan, existing certificate holders will be issued one unit each of class i.e. A and B against each certificate of PICIC Growth Fund. Class A units would represent frozen portfolio of the Fund which will be treated as close-end fund for the purpose continuous trading in the same manner as certificate of a listed close-end fund through Pakistan Stock Exchange. Class B units will represent unfrozen portfolio of the Fund which will be redeemable subject to back-end load by the Management Company.

- 1.5 JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+ (AM Two Plus) to the Management Company.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

#### 2. BASIS OF PREPARATION

##### 2.1 Statement of compliance

- 2.1.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

- 2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2017.
- 2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2018.

##### 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets 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 currency and presentation currency.

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### 3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGMENT AND CHANGES THEREIN

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2017.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended June 30, 2017.
- 3.6 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: Financial Instruments (IFRS 9), which will replace IAS 39: Financial Instruments: Recognition and Measurement of Financial assets and Financial liabilities (IAS 39). The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.
- 3.7 International Accounting Standard (IAS) 1 Presentation of Financial Statements allows an entity to prepare either two performance statements i.e. income statement and statement of comprehensive income, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2017, has changed its policy with regard to preparation of income statement and other comprehensive income and opted to prepare two separate performance statements i.e. "income statement" and "statement of comprehensive income" showing separately both income or loss for the period and items of other comprehensive income in separate statements.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year/period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'Income statement' and "statement of comprehensive income" separately.

		March 31, 2018	June 30, 2017
	Note	-----Rupees in '000-----	
<b>4. BANK BALANCES</b>			
In savings account	4.1	<u>898,835</u>	<u>649,726</u>
4.1 These accounts carry return at rates ranging from 4.50% to 6.30% (June 30, 2017: 3.75% to 6.60%) per annum.			
<b>5. INVESTMENTS</b>			
<b>Investment in marketable securities:</b>			
Financial assets at 'fair value through profit or loss' - held-for-trading	5.1	<u>5,226,397</u>	6,487,787
Available-for-sale	5.2	<u>7,226,502</u>	7,610,124
		<u>12,452,899</u>	<u>14,097,911</u>

5.1 Financial assets at fair value through profit and loss

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

Name of investee company	Number of shares					Carrying value as at March 31, 2018 (Rupees in '000)	Market value as at March 31, 2018 (Rupees in '000)	Appreciation/ (diminution)	Capital Gain / (Loss)	Dividend Income	Percentage in relation to		
	As at July 1, 2017	Purchases during the period	Bonus issue	Sales during the period	As at March 31, 2018						Net assets of the Fund	Total investments	Investee paid up capital
<b>Automobile Assembler</b>													
Honda Atlas Cars (Pakistan) Ltd	133,050	-	-	133,050	-	-	-	-	(46,208)	556	-	-	
Indus Motor Company Limited	53,660	10,720	-	-	64,380	115,064	112,166	(2,897)	-	5,461	0.86	0.90	
Pak Suzuki Motor Company Limited	108,500	-	-	108,500	-	-	-	-	(28,914)	-	-	-	
	<b>295,210</b>	<b>10,720</b>	<b>-</b>	<b>241,550</b>	<b>64,380</b>	<b>115,064</b>	<b>112,166</b>	<b>(2,897)</b>	<b>(75,121)</b>	<b>6,017</b>	<b>0.86</b>	<b>0.90</b>	
<b>Automobile Parts and Accessories</b>													
Exide Pakistan Ltd	87,250	-	-	38,550	48,700	45,705	19,237	(26,468)	(17,927)	1,091	0.15	0.15	
General Tyre & Rubber Co of Pakistan Ltd	215,200	-	-	215,200	-	-	-	-	(23,238)	-	-	-	
Thal Limited	211,600	157,000	-	211,600	157,000	78,428	80,957	4,529	(8,864)	1,712	0.62	0.01	
	<b>514,050</b>	<b>157,000</b>	<b>-</b>	<b>465,350</b>	<b>205,700</b>	<b>122,133</b>	<b>100,194</b>	<b>(21,939)</b>	<b>(50,029)</b>	<b>2,803</b>	<b>0.76</b>	<b>0.16</b>	
<b>Cable and Electrical Goods</b>													
Pak Electron Ltd	1,317,500	280,000	-	350,500	1,247,000	125,455	56,377	(69,078)	(17,728)	1,976	0.43	0.45	
TPL Trakker Limited	2,311,000	-	-	2,311,000	-	-	-	-	(2,823)	323	-	-	
	<b>3,628,500</b>	<b>280,000</b>	<b>-</b>	<b>2,661,500</b>	<b>1,247,000</b>	<b>125,455</b>	<b>56,377</b>	<b>(69,078)</b>	<b>(20,550)</b>	<b>2,299</b>	<b>0.43</b>	<b>0.45</b>	
<b>Cement</b>													
Cherat Cement Company Ltd.	1,995,000	-	-	1,995,000	-	-	-	-	(107,389)	2,730	-	-	
D G Khan Cement Co. Ltd.	1,012,300	443,000	-	523,900	931,400	170,466	151,921	(18,545)	(32,713)	3,663	1.16	1.22	
Fauji Cement Company Limited	-	3,150,000	-	1,016,000	2,134,000	59,121	62,420	3,298	1,101	-	0.48	0.50	
Lucky Cement Ltd	555,200	-	-	95,000	460,200	384,847	317,363	(67,484)	(13,108)	8,588	2.42	2.55	
Pioneer Cement Limited	2,352,100	-	-	2,352,100	-	-	-	-	(99,158)	3,696	-	-	
	<b>5,914,600</b>	<b>3,593,000</b>	<b>-</b>	<b>5,982,000</b>	<b>3,525,600</b>	<b>614,434</b>	<b>531,703</b>	<b>(82,731)</b>	<b>(251,268)</b>	<b>18,677</b>	<b>4.06</b>	<b>4.27</b>	
<b>Chemicals</b>													
Engro Polymer & Chemicals Ltd	2,650,000	2,730,000	-	5,372,500	7,500	224	267	43	(22,668)	2,788	0.00	0.00	
ICI Pakistan Ltd	101,000	-	-	101,000	-	-	-	-	(30,405)	834	0.00	0.00	
	<b>2,751,000</b>	<b>2,730,000</b>	<b>-</b>	<b>5,473,500</b>	<b>7,500</b>	<b>224</b>	<b>267</b>	<b>43</b>	<b>(53,073)</b>	<b>3,622</b>	<b>0.00</b>	<b>0.00</b>	
<b>Commercial Bank</b>													
Bank Al-Falah Ltd	6,154,000	-	-	2,029,500	4,124,500	165,805	217,897	52,092	6,821	6,187	1.66	1.75	
Bank Al-Habib Limited	-	888,500	-	330,000	568,500	38,458	44,059	5,601	4,400	393	0.34	0.35	
Bank of Punjab Ltd	-	5,492,500	-	-	5,492,500	51,253	54,266	3,013	-	-	0.41	0.44	
Faysal Bank Limited	-	2,370,000	345,000	-	2,715,000	58,155	71,622	13,467	-	-	0.55	0.58	
Habib Bank Ltd	1,447,800	916,600	-	794,600	1,569,800	340,931	333,033	(7,898)	(21,758)	3,125	2.54	2.67	
MCB Bank Ltd	1,406,300	-	-	285,400	1,120,900	235,871	246,744	10,873	(2,406)	14,821	1.88	1.98	
United Bank Limited	1,578,100	118,600	-	331,400	1,365,300	317,207	285,198	(32,010)	(9,113)	14,551	2.18	2.29	
	<b>10,586,200</b>	<b>9,786,200</b>	<b>345,000</b>	<b>3,760,900</b>	<b>16,956,500</b>	<b>1,207,680</b>	<b>1,252,818</b>	<b>45,138</b>	<b>(22,056)</b>	<b>39,477</b>	<b>9.56</b>	<b>10.06</b>	
<b>Engineering</b>													
Aisha Steel Mills Ltd	1,470,997	-	-	-	1,470,997	29,200	29,861	(59)	-	-	0.23	0.24	
Aisha Steel Mills Ltd - Pref. Shares	257,327	-	-	-	257,327	6,094	5,172	(921)	-	-	0.04	0.04	
Aisha Steel Mills Ltd - Conv. Cum. Pref. Shares	1,628,663	-	-	-	1,628,663	70,114	70,033	(81)	-	-	0.53	0.56	
Amreri Steels Limited	1,532,500	-	-	572,500	960,000	118,032	88,349	(29,683)	(16,528)	3,065	0.67	0.71	
Crescent Steel & Allied Products Ltd	206,100	-	-	206,100	-	-	-	-	(6,755)	309	-	-	
International Industries Ltd	240,200	190,700	-	80,000	350,900	110,849	99,796	(11,053)	(610)	-	0.76	0.85	
International Steels Limited	1,185,000	135,000	-	355,200	964,800	122,889	111,830	(11,059)	(3,924)	3,899	0.85	0.90	
Mughal Iron & Steel Inds Ltd	-	378,000	-	-	378,000	27,790	27,745	(45)	-	-	0.21	0.22	
	<b>6,520,787</b>	<b>703,700</b>	<b>-</b>	<b>1,213,800</b>	<b>6,010,687</b>	<b>485,688</b>	<b>432,786</b>	<b>(52,902)</b>	<b>(27,816)</b>	<b>7,273</b>	<b>3.30</b>	<b>3.48</b>	
<b>Fertilizer</b>													
Engro Corporation Ltd	977,600	102,000	-	127,500	952,100	304,568	294,818	(9,751)	(5,709)	13,158	2.25	2.37	
Engro Fertilizers Limited	1,526,500	1,562,000	-	402,500	2,686,000	164,205	185,576	21,371	3,478	19,826	1.42	1.49	
Fauji Fertilizer Bin Qasim Ltd	1,195,500	-	-	1,195,500	-	-	-	-	(10,764)	120	-	-	
Fauji Fertilizer Co Ltd	-	1,622,500	-	669,500	953,000	86,101	89,630	3,528	4,318	1,374	0.68	0.72	
	<b>3,699,600</b>	<b>3,286,500</b>	<b>-</b>	<b>2,395,000</b>	<b>4,591,100</b>	<b>554,875</b>	<b>570,023</b>	<b>15,148</b>	<b>(8,678)</b>	<b>34,478</b>	<b>4.36</b>	<b>4.57</b>	
<b>Insurance</b>													
Admanjee Insurance Company Limited	1,260,000	-	-	1,260,000	-	-	-	-	375	-	-	-	
TPL Direct Insurance Limited	321,388	-	-	102,000	219,388	5,397	4,388	(1,009)	(467)	-	0.03	0.04	
	<b>1,581,388</b>	<b>-</b>	<b>-</b>	<b>1,362,000</b>	<b>219,388</b>	<b>5,397</b>	<b>4,388</b>	<b>(1,009)</b>	<b>(92)</b>	<b>-</b>	<b>0.03</b>	<b>0.04</b>	

Name of investee company	Number of shares					Carrying value as at March 31, 2018 (Rupees in '000)	Market value as at March 31, 2018 (Rupees in '000)	Appreciation/ (diminution)	Capital Gain/ (Loss)	Dividend Income	Percentage in relation to		
	As at July 1, 2017	Purchases during the period	Bonus issue	Sales during the period	As at March 31, 2018						Net assets of the Fund	Total Investments	Investee paid up capital
<b>Oil and Gas Exploration Company</b>													
Mari Petroleum Company Ltd	78,180	70,220	-	-	148,400	226,585	219,715	(6,870)	-	685	1.68	1.76	0.13
Oil & Gas Development Co Ltd	1,837,200	160,000	-	70,000	1,927,200	272,602	335,487	62,885	397	13,084	2.56	2.69	0.04
Pakistan Oilfields Ltd	338,700	45,600	-	20,250	364,050	174,232	236,836	62,604	3,182	14,040	1.81	1.90	0.15
Pakistan Petroleum Ltd	850,000	438,300	-	50,000	1,238,300	195,697	263,560	67,863	2,340	7,430	2.01	2.12	0.06
	<b>3,104,080</b>	<b>714,120</b>	<b>-</b>	<b>140,250</b>	<b>3,677,950</b>	<b>868,115</b>	<b>1,055,598</b>	<b>186,483</b>	<b>5,919</b>	<b>35,239</b>	<b>8.06</b>	<b>8.48</b>	
<b>Oil and Gas Marketing Company</b>													
Pakistan State Oil Company Ltd	-	610,700	-	-	610,700	187,578	196,334	8,755	-	-	1.50	1.58	0.19
Sui Northern Gas Pipeline Ltd	416,000	980,200	-	516,000	880,200	104,984	99,207	(5,776)	(3,799)	5,250	0.76	0.80	0.14
	<b>416,000</b>	<b>1,590,900</b>	<b>-</b>	<b>516,000</b>	<b>1,490,900</b>	<b>292,562</b>	<b>295,541</b>	<b>2,979</b>	<b>(3,799)</b>	<b>5,250</b>	<b>2.26</b>	<b>2.37</b>	
<b>Pharmaceuticals</b>													
Abbott Laboratories (Pak) Ltd	230,150	-	-	104,450	125,700	117,479	90,618	(26,861)	(20,540)	1,917	0.69	0.73	0.13
GlaxoSmithKline Consumer Healthcare Pakistan	450	-	-	450	-	-	-	-	17	-	-	-	-
GlaxoSmithKline Pakistan Ltd	561,100	-	-	561,100	-	-	-	-	(10,443)	1,683	-	-	-
The Searle Company Ltd	178,650	98,950	52,520	-	330,120	138,504	116,073	(22,431)	-	2,101	0.89	0.93	0.18
Wyeth Pakistan Ltd	9,900	-	-	9,900	-	-	-	-	(500)	666	-	-	-
	<b>980,250</b>	<b>98,950</b>	<b>52,520</b>	<b>675,900</b>	<b>455,820</b>	<b>255,983</b>	<b>206,692</b>	<b>(49,292)</b>	<b>(31,466)</b>	<b>6,367</b>	<b>1.58</b>	<b>1.66</b>	
<b>Power Generation and Distribution</b>													
Hub Power Company Ltd	2,204,200	762,900	-	-	2,967,100	333,896	298,194	(35,703)	-	14,017	2.28	2.39	0.26
K-Electric Limited	4,785,000	8,642,000	-	4,785,000	8,642,000	54,477	60,580	6,104	(1,794)	-	0.46	0.49	0.03
Kot Addu Power Company Ltd	1,460,500	-	-	1,460,500	-	-	-	-	(3,461)	5,175	-	-	-
	<b>8,429,700</b>	<b>9,404,900</b>	<b>-</b>	<b>6,225,500</b>	<b>11,609,100</b>	<b>388,373</b>	<b>358,774</b>	<b>(29,599)</b>	<b>(5,254)</b>	<b>19,193</b>	<b>2.74</b>	<b>2.88</b>	
<b>TECHNOLOGY &amp; COMMUNICATION</b>													
Systems Limited	-	440,000	-	-	440,000	42,214	42,513	299	-	-	0.32	0.34	0.40
	<b>-</b>	<b>440,000</b>	<b>-</b>	<b>-</b>	<b>440,000</b>	<b>42,214</b>	<b>42,513</b>	<b>299</b>	<b>-</b>	<b>-</b>	<b>0.32</b>	<b>0.34</b>	
<b>Textile Composite</b>													
Gul Ahmed Textile Mills Ltd	640,000	-	-	640,000	-	-	-	-	(1,268)	-	-	-	-
Nishat (Chunian) Ltd	100,000	-	-	100,000	-	-	-	-	(39)	-	-	-	-
Nishat Mills Ltd	756,000	611,000	-	67,000	1,300,000	208,385	206,557	(1,828)	159	4,943	1.58	1.66	0.37
	<b>1,496,000</b>	<b>611,000</b>	<b>-</b>	<b>807,000</b>	<b>1,300,000</b>	<b>208,385</b>	<b>206,557</b>	<b>(1,828)</b>	<b>(1,148)</b>	<b>4,943</b>	<b>1.58</b>	<b>1.66</b>	
<b>Tobacco</b>													
Pakistan Tobacco Company Ltd	30,400	-	-	30,400	-	-	-	-	(6,183)	-	-	-	-
	<b>30,400</b>	<b>-</b>	<b>-</b>	<b>30,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,183)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total March 31, 2018</b>	<b>49,947,765</b>	<b>33,406,990</b>	<b>397,520</b>	<b>31,950,650</b>	<b>51,801,625</b>	<b>5,287,582</b>	<b>5,226,397</b>	<b>(61,185)</b>	<b>(550,615)</b>	<b>185,637</b>	<b>39.91</b>	<b>41.96</b>	
Total June 30, 2017	87,313,998	28,009,331	-	65,375,564	49,947,765	5,671,020	6,487,787	816,767	578,978	260,086	44.50	46.02	

\* Sponsor of the Management Company

\*\* Related party due to common directorship

5.1.1 0.8 million shares of United Bank Limited and 4 million shares of Bank Al-Falah Limited having market value amounting to Rs. 167.112 million and Rs. 211.32 million, respectively, (June 2017: 1 million shares of Cherat Cement Company Limited and 5 million shares of Bank Al-Falah Limited having market value amounting to Rs. 178.78 million and Rs. 201 million, respectively) have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the Stock Exchange.

5.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. 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% 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 Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 1.40 million at March 31, 2018 (June 30, 2017: Rs. Nil) and not yet deposited on CDC account of department of income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

5.2 Available-for-sale

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

Name of the investee Company	Number of shares					Carrying value as at March 31, 2018 (Rupees in '000)	Market value as at March 31, 2018 (Rupees in '000)	Appreciation / (diminution)	Capital Gain / (Loss)	Dividend Income	Percentage in relation to		
	As at July 1, 2017	Purchases during the period	Bonus issue	Sales during the period	As at March 31, 2018						Net assets of the Fund	Total investments	Investee paid up capital
<b>Oil and Gas Marketing Company</b>													
Pakistan State Oil Company Limited	15,836,172	-	3,167,234	-	19,003,406	1,307,980	6,109,405	4,801,425	-	237,543	46.64	49.06	5.83
Sui Northern Gas Pipeline Limited	9,911,246	-	-	-	9,911,246	112,395	1,117,097	1,004,702	-	74,334	8.53	8.97	1.56
<b>Total March 31, 2018</b>	<b>25,747,418</b>	<b>-</b>	<b>3,167,234</b>	<b>-</b>	<b>28,914,652</b>	<b>1,420,375</b>	<b>7,226,502</b>	<b>5,806,127</b>	<b>-</b>	<b>311,877</b>	<b>55.17</b>	<b>58.03</b>	
Total June 30, 2017	25,747,418	-	-	-	25,747,418	1,420,375	7,610,124	6,189,749	-	277,133	52.18	53.98	

5.2.1 The above mentioned shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited are blocked / frozen by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the NBFC Regulations, 2008 does not apply to the above frozen shares.

5.2.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. 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% 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 Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 50.91 million at March 31, 2018 (June 30, 2017: Rs. Nil) and not yet deposited on CDC account of department of income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

5.3 Financial assets at fair value through profit or loss - held-for-trading - Market treasury bills

Issue date	Tenure	As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (diminution)		
(Rupees in '000)										
February 15, 2018	3 months	-	5,000,000	5,000,000	-	-	-	-	-	-
<b>Total - As at March 31, 2018</b>			<b>5,000,000</b>	<b>5,000,000</b>						
Total - June 30, 2017			-	-	-	-	-	-	-	-

**March 31, 2018**      **June 30, 2017**  
-----Rupees in '000-----  
**Note**

6. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	<b>21,834</b>	24,297
Sindh sales tax on remuneration of the Management Company	6.2	<b>2,838</b>	3,159
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	<b>1,092</b>	1,215
		<b>25,764</b>	<b>28,671</b>

- 6.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2017: two percent per annum) of the average net assets of the Fund for the current period.
- 6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent (June 30, 2017: 13 percent) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.
- 6.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum up to 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.

		March 31, 2018	June 30, 2017
Note		-----Rupees in '000-----	
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	7.1	40,775	40,775
Provision for Federal Excise Duty and additional Sales tax on Management Fee	7.2	125,303	125,303
Brokerage		1,677	642
Auditors' remuneration		279	580
National Clearing Company Pakistan Limited charges		62	60
Withholding tax payable		88	39
Printing Payable		972	335
		<u>169,156</u>	<u>167,734</u>

- 7.1 The legal status of applicability of Worker's welfare fund and Sindh workers' welfare fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

As there is loss for the nine months ended March 31, 2018, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per certificate of the Fund as at December 31, 2017 would have been higher by Rs. 0.14 per certificate (June 30, 2017: 0.14 per certificate).

- 7.2 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal filed by tax authorities against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 125.303 million. Had the provision not been retained, NAV per certificate of the Fund as at December 31, 2017 would have been higher by Rs. 0.44 per certificate (June 30, 2017: 0.44 per certificate).

## 8. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ended June 30, 2018 to its certificate holders.

## 9. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the certificates of the Fund.

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

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

Details of significant transactions carried out by the Fund with connected persons and balances with them, other than disclosed elsewhere in these condensed interim financial information, as at period end, are as follows:

Nine months year ended	
March 31,	
2018	2017
-----Rupees in '000-----	

## 9.1 Transactions during the period

### HBL Asset Management Company - Management Company

Remuneration of the Management Company	195,952	130,866
Sales tax on remuneration to the Management company	25,474	17,013
Allocation of expenses related to registrar services, accounting, operation and valuation services	9,798	6,543

### Habib Bank Limited - Sponsor

Dividend income	3,125	10,384
Profit on saving accounts	1,179	-
Bank charges	1	-

### MCB Bank Limited (Connected person due to holding more than 10% certificate)

Profit on savings accounts	10,394	12,687
Bank Charges	21	3
Dividend Income	14,821	11,850

### Central Depository Company of Pakistan Limited - Trustee

Trustee Fee	6,701	4,474
CDS Charges	606	465
CDC Annual Listing Fee	497	-

March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
-----Rupees in '000-----	

## 9.2 Balances at period / year end

### HBL Asset Management Company Limited - Management Company

Payable to the Management Company	21,834	24,297
Sindh Sales Tax on Management Company's remuneration	2,838	3,159
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,092	1,215

### Habib Bank Limited - Sponsor

Bank Balances	22,503	-
Ordinary shares held: 1,569,800 shares (June 30, 2017: 1,447,800 shares)	333,033	389,661

	March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
	-----Rupees in '000-----	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	<u>746</u>	<u>1,725</u>
Security deposit with the Trustee	<u>175</u>	<u>175</u>
CDS Charges Payable	<u>62</u>	<u>122</u>
<b>CDC - Trustee National Investment (Unit) Trust - Associated Company</b>		
Certificates held: 6,466,800 certificates (June 2017: Nil Certificates)	<u>64,668</u>	<u>-</u>
<b>Jubilee General Insurance Company Limited - Associated Company</b>		
Certificates held: 1,42,500 certificates (June 2017: 200,000 Certificates)	<u>1,425</u>	<u>2,000</u>
<b>MCB Bank Limited - Connected person due to holding more than 10% certificate</b>		
Bank Balances	<u>157,933</u>	<u>141,571</u>
Certificates held: 43,482,858 certificates (June 2017: 43,482,858 Certificates)	<u>434,829</u>	<u>434,829</u>
Profit receivable	<u>839</u>	<u>597</u>
Ordinary shares held: 1,120,900 shares (June 30, 2017: 1,406,300 shares)	<u>246,744</u>	<u>295,928</u>
<b>Pakistan Reinsurance Company Limited - Connected person due to holding more than 10% certificate</b>		
Certificates held: 30,406,721 certificates (June 2017: 30,406,721 certificates)	<u>304,067</u>	<u>304,067</u>
<b>Pension Reserves Investment Trust Fund - Connected person due to holding more than 10% certificate</b>		
Certificates held: 32,201,105 certificates (June 2017: 30,953,055 Certificates)	<u>321,946</u>	<u>309,531</u>
<b>Directors and Executives of the Management Company</b>		
Certificate held: 18,000 certificates (June 30, 2017: 18,000 certificates)	<u>180</u>	<u>180</u>

#### 10. 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. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

IFRS 13, 'Fair Value Measurements: Disclosures' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).



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

		March 31, 2018					Fair Value			
		Carrying amount				Total	Level 1	Level 2	Level 3	Total
Fair value through profit and loss	Available-for-sale	Loans and receivables	Other financial liabilities							
<b>On-balance sheet financial instruments</b>	Note	(Rupees in '000)								
<b>Financial assets measured at fair value</b>										
Investment in listed equity securities		5,226,397	7,226,502	-	-	12,452,899	12,452,899	-	-	12,452,899
		<u>5,226,397</u>	<u>7,226,502</u>	<u>-</u>	<u>-</u>	<u>12,452,899</u>	<u>12,452,899</u>	<u>-</u>	<u>-</u>	<u>12,452,899</u>
<b>Financial assets not measured at fair value</b>										
Bank balances	10.1	-	-	898,835	-	898,835				
Dividend and profit receivable		-	-	39,502	-	39,502				
Receivable against sales of investment		-	-	75,782	-	75,782				
		<u>-</u>	<u>-</u>	<u>1,014,119</u>	<u>-</u>	<u>1,014,119</u>				
<b>Financial liabilities not measured at fair value</b>										
Payable to the Management Company	10.1	-	-	-	25,764	25,764				
Payable to the Trustee		-	-	-	746	746				
Accrued expenses and other liabilities		-	-	-	2,990	2,990				
Unclaimed dividend		-	-	-	137,602	137,602				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>167,102</u>	<u>167,102</u>				
		June 30, 2017					Fair Value			
		Carrying amount				Total	Level 1	Level 2	Level 3	Total
Fair value through profit and loss	Available-for-sale	Loans and receivables	Other financial liabilities							
<b>On-balance sheet financial instruments</b>		(Rupees in '000)								
<b>Financial assets measured at fair value</b>										
Investment in listed equity securities		6,487,787	7,610,124	-	-	14,097,911	14,097,911	-	-	14,097,911
		<u>6,487,787</u>	<u>7,610,124</u>	<u>-</u>	<u>-</u>	<u>14,097,911</u>	<u>14,097,911</u>	<u>-</u>	<u>-</u>	<u>14,097,911</u>
<b>Financial assets not measured at fair value</b>										
Bank balances	10.1	-	-	649,726	-	649,726				
Dividend and profit receivable		-	-	171,792	-	171,792				
		<u>-</u>	<u>-</u>	<u>821,518</u>	<u>-</u>	<u>821,518</u>				
<b>Financial liabilities not measured at fair value</b>										
Payable to the Management Company	10.1	-	-	-	28,671	28,671				
Payable to the Trustee		-	-	-	1,847	1,847				
Accrued expenses and other liabilities		-	-	-	1,617	1,617				
Payable against purchase of investments		-	-	-	8,219	8,219				
Unclaimed dividend		-	-	-	119,419	119,419				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>159,773</u>	<u>159,773</u>				

10.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

## 10.2 Transfers during the period

No transfers were made between various levels of fair value hierarchy during the period.

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**11. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the period ended March 31, 2018 is 1.98% (March 31, 2017: 2.20%) which includes 0.28% (March 31, 2017: 0.50%) representing government levy and SECP fee.

**12. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **April 23, 2018**.

**13. GENERAL**

**13.1** Figures have been rounded off to the nearest thousand rupees.

**13.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



















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# HBL

## ASSET MANAGEMENT LTD.

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