

HBL

ASSET MANAGEMENT LTD.
ایسٹٹ مینجمنٹ لمیٹڈ

AMC Rating : AM2+ by JCR-VIS



HBL Pension Fund & HBL Islamic Pension Fund

HALF YEARLY REPORT 2018

For the period ended December 31, 2018

MOVING TOWARDS
EXCELLENCE

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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited

Board of Directors

Chairman	Mr. Agha Sher Shah	(Independent Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director / CEO)
	Mr. Shabbir Hussain Hashmi	(Independent Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Shahid Ghaffar	(Independent Director)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)

Audit Committee

Chairman	Mr. Shabbir Hussain Hashmi	(Independent Director)
Members	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Shahid Ghaffar	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)

Human Resource Committee

Chairman	Mr. Agha Sher Shah	(Independent Director)
Members	Mr. Shabbir Hussain Hashmi	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)

Risk Management Committee

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Members	Mr. Farid Ahmed Khan	(Executive Director / CEO)
	Mr. Rizwan Haider	(Non-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 & Registered Office

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

REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2018

The Board of Directors of HBL Asset Management Limited is pleased to present its report along with Financial Statements Report for the half year ended December 31, 2018.

1. HBL Pension Fund
2. HBL Islamic Pension Fund

Economic Review

Pakistan's economy continued to face challenges with sustained twin deficits, increasing inflationary pressures and depleting FX reserves. Due to persistent macroeconomic issues, central bank pursued monetary tightening and PKR depreciation to contain aggregate demand and external account pressures. These measures reflected improvement towards the end of the half with slowdown in LSM and CAD. These recent changes along with substantial financial flows and commitments by the friendly countries (Saudi Arabia, UAE and China) allowed breathing space to the government to plug external funding gap.

Policy makers allowed PKR depreciation of 15.0% during 1HFY19 to counter overvaluation of currency to improve overall trade balance of the country. After last round of PKR depreciation, Real Effective Exchange Rate reached to 106.4 (Nov-18), down 14.4% YoY, reflecting currency is close to its fair value. Central bank also pursued monetary tightening by raising benchmark interest rates by 350bps during 1HFY19. These drastic changes led to some respite in trade data (PBS) showed export growth of 2.2% in 1HFY19 compared to decline in import by 2.3%, dragging 1HFY19 trade deficit by 5.0% to USD 16.8bn. Remittances also showed encouraging trend as it witnessed an uptick of 10% in 1HFY19 clocking at USD 10.7bn. These factors led the Current Account Deficit (CAD) for 1HFY19 to decrease by 4.4% to USD 8.0bn (5.4% of GDP) compared to USD 8.4bn (5.2% of GDP) during same period last year. Slowdown in CAD was a welcome effect but it was coupled with overall slowdown in domestic economy with 0.9% decline in LSM during 5MFY19 compared to increase of 7.7% during 5MFY18. Foreign exchange reserves dropped to USD 13.8bn while SBP reserves depleted to USD 7.2bn (less than 2 months of import cover).

Average headline CPI inflation was 6.0% in 1HFY19, much higher than the 3.8% recorded during the same period last year on account of higher average oil prices and currency depreciation. Headline inflation displayed some slowdown in the last quarter due to decline in oil prices and perishable food items. Core inflation (non-food & non-energy) continued to remain on the elevated side reaching 8.4% during Dec-18, taking 1HFY19 average to 8.0% compared to 5.5% during same period last year. While we expect headline inflation to remain moderate owing to adequate food supply, core inflation may remain sticky in the near term. The Government revised fiscal deficit target to 5.1% of GDP.

Going forward, we expect macroeconomic challenges would persist while Government would be eyeing foreign flows from friendly countries and target agreement with IMF to bridge external funding gap on sustainable basis. We also foresee that Government would pursue fiscal austerity measures after entry into IMF program.

Money Market Review

SBP continued its monetary tightening policy in 1HFY19 to control the rising current account deficit and in anticipation of increasing inflationary pressures. Yields across all the tenors increased by 352-413bps due to cumulative increase of 350 bps in SBP policy rate with 100bps in July-18, 100bps in September-18 and a further 150bps in November-18 to 10.00%. Secondary market yields of 3, 5 and 10-year PIBs increased by 393, 393 and 413 bps respectively while yields of 3, 6 and 12 month T-Bills increased by 352, 368 and 398 bps respectively. Government of Pakistan raised only PKR 35bn through the PIB auction against a target of PKR 300bn due to lack of interest as market participants expected interest rates to increase as Government geared up for an entry into the IMF program. Latest cut-off yields stood at 12.25%, 12.70% and 13.15% for the 3year, 5-year and 10 year PIB respectively.

As per latest data available, Islamic Banking industry assets posted 18.0% growth and stood at PKR 2,458 billion by Sep-18. Similarly, deposits of Islamic banks also witnessed a sharp growth of 15.9% YoY and reached PKR 2,005 billion by Sep-18. Despite the massive growth in assets and deposits, SBP did not issue any fixed or floating rate GOP Ijarah Sukuk in FY18 and in 1HFY19. In Dec-18, GOP Ijara 16 of PKR117.7 billion matured thus government conducted "Bai-Muajjal" transaction of PKR 103bn with the banks so the banks could park their excess liquidity. The "Bai-Muajjal" was SLR Eligible which ensured that the Islamic banks continue to meet the SLR requirement. The government has also announced to launch Islamic Sukuk of PKR 200bn to partially retire the circular debt. This will be potentially SLR Eligible. These developments has resulted in increased investment avenues for the Islamic banks.

During the half, Government shifted its borrowing from scheduled banks to central bank. Government retired PKR 606bn from scheduled banks against borrowing of PKR 315bn during same period last year due to lack of interest in the T-Bill and PIB auctions. Meanwhile, Government borrowing from SBP increased by PKR 1,257bn during the period against retirement of PKR 3bn during same period last year. Government largely managed its borrowing requirements through domestic sources, and largely from central bank.

In the monetary policy held in January-19, SBP increased the policy rate by a further 25bps to 10.25%. Going forward, we foresee that large part of monetary tightening has been done and the interest rates would remain around current levels (10-11%) during the remaining months of fiscal year 2019.

Stock Market Review

Pakistan Equity Markets witnessed a decline in the outgoing half as increased macroeconomic risks dent overall investor sentiment. Market posted gains for a brief period after the successful political transition post General Elections 2018 with huge expectations from incumbent Government and political stability after one year. However, the bear took charge due to persistent foreign outflows, interest rate hikes and PKR depreciation.

The benchmark KSE100 Index fell 4,844 points to close at 37,067 points (↓11.6%) while the benchmark KMI30 Index fell 9,888 points to close at 61,174 points (↓13.9%). Majority of the sectors witnessed drop due to weak sentiment and declining earnings of cyclical companies due to concerns over sustainability of demand and margins (after monetary tightening and currency depreciation). Consequently Cement, Engineering and Auto sector led to an attrition of 1,100 points from KSE-100 index. The Auto sector remained under pressure due to demand concerns after continuation of ban on non-filers from purchasing cars and news flow of allowance of import of used tractors. Oil & Gas Marketing sector dragged 476 points due to ban on import of furnace oil and decline in volume of retail fuel.

Despite rising interest rates and PKR depreciation, performance of the Banking and Oil & Gas Exploration sectors remained disappointing. Banking sector's performance was marred by the underperformance of index heavy weights owing to fears of foreign provisioning and persistent foreign selling. E&P sector witnessed losses due to volatility in international oil prices from a peak of USD 86/bbl in Oct-18 to USD 53/bbl towards the close of the year. Foreigners continued to remain net sellers in the market, divesting equities worth USD404mn during the half ended Dec-18. These flows were largely absorbed by Insurance companies and Individuals with investment of USD173mn and USD152mn respectively.

Looking ahead, Pakistan equities are expected to remain range bound as the market participants await clarity on the government's policy action post entry into IMF program. However, we highlight that the current macro-economic environment bodes well for index heavy weights (E&Ps and Banks) while recent underperformance has opened up valuations of cyclical stocks. We believe Pakistan equities offers a good entry opportunity for long term investors.

Fund's 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 incurred total and net loss of Rs. 8.41 million and Rs. 14.99 million respectively during the period under review. The fund size decreased from Rs. 577.44 million as on June 30, 2018 to Rs. 559.83 million as at December 31, 2018 thereby showing a decline of 3% 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 a total and net loss of Rs. 21.27 million and Rs. 24.31 million respectively. The net assets of the Equity sub-fund was Rs. 219.26 million representing Net Asset Value (NAV) of Rs. 330.4818 per unit as at December 31, 2018. The Sub Fund earned a negative return of 9.78% for the period under review. The Fund is invested to the extent of 92% in equities.

Debt Sub-Fund

During the period under review, the Debt sub-fund earned total and net income of Rs. 6.62 million and Rs. 4.69 million respectively. The net assets of the Debt sub-fund was Rs. 174.18 million representing Net Asset Value (NAV) of Rs. 163.7395 per unit as at December 31, 2018. The Fund yielded annualized return of 5.22% 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. 6.25 million and Rs. 4.63 million respectively. The net assets of the Money Market sub-fund was Rs. 166.40 million representing Net Asset Value (NAV) of Rs. 151.8849 per unit as at December 31, 2018. An annualized return of 6.22% 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 a total and net loss of Rs. 6.77 million and Rs. 11.42 million respectively during the period under review. The fund size increased from Rs. 357.06 million as at June 30, 2018 to Rs. 389.66 million as at December 31, 2018 showing an increase of 9%. Performance review for each sub Fund is given below:

Equity Sub-Fund

During the period under review, the Equity sub-fund incurred a total and net loss of Rs. 13.99 million and Rs. 16.47 million respectively. The net assets of the Equity sub-fund was Rs. 185.21 million representing Net Asset Value (NAV) of Rs. 357.1940 per unit as at December 31, 2018. The Fund yielded a negative return of 8.00% for the period under review. The Sub Fund is invested to the extent of 90% in equities.

Debt Sub-Fund

During the period under review, the Debt sub-fund earned total and net income of Rs. 3.92 million and Rs. 2.71 million respectively. The net assets of the Debt sub-fund was Rs. 110.78 million representing Net Asset Value (NAV) of Rs. 145.3743 per unit as at December 31, 2018. The Fund yielded annualized return of 4.97% 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. 3.33 million Rs. 2.33 million respectively. The net assets of the Money Market sub-fund was Rs. 93.68 million representing Net Asset Value (NAV) of Rs. 143.2869 per unit as at December 31, 2018. An annualized return of 5.58% 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

HBL

Pension Fund

FUND INFORMATION

Name of Fund	HBL Pension Fund
Name of Auditor	KPMG Taseer Hadi & Co.
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Faysal Bank Limited Allied Bank Limited JS Bank Limited NIB Bank Limited Sindh Bank Limited Soneri Bank Limited Zarai Taraqiati Bank Limited

AUDITORS REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION



KPMG Taseer Hadi & Co.
Chartered Accountants
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Independent Auditors' Review Report to the Participants of HBL Pension Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Pension Fund** ("the Fund") as at December 31, 2018 and the related condensed interim income statement and statement of comprehensive income, condensed interim statement of movement in participants' funds, condensed interim cash flow statement and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "interim financial information"). Pension Fund Manager is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarter ended December 31, 2018 in the condensed interim income statement and statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

**AUDITORS REPORT TO THE UNIT HOLDERS
ON REVIEW OF INTERIM FINANCIAL INFORMATION**



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Syed Iftikhar Anjum.

Date: 8 February 2019

Karachi

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

HBL Pension Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
As at December 31, 2018

	Note	December 31, 2018 (Un-Audited)				June 30, 2018 (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	17,703	35,280	69,651	122,634	30,584	80,285	89,795	200,664
Investments	7	204,270	139,933	98,021	442,224	229,934	101,170	56,676	387,780
Dividend and profit receivable	8	116	1,049	477	1,642	525	1,054	302	1,881
Advances, deposits, prepayments and other receivables	9	138	119	114	371	105	100	102	307
Total assets		222,227	176,381	168,263	566,871	261,148	182,609	146,875	590,632
Liabilities									
Payable to Pension Fund Manager	10	349	249	225	823	355	249	202	806
Payable to Trustee	11	74	51	45	170	35	25	20	80
Payable to Securities and Exchange Commission of Pakistan	12	43	29	25	97	78	61	51	190
Accrued expenses and other liabilities	13	2,506	1,874	1,569	5,949	8,232	1,969	1,920	12,121
Total liabilities		2,972	2,203	1,864	7,039	8,700	2,304	2,193	13,197
Net assets		219,255	174,178	166,399	559,832	252,448	180,305	144,682	577,435
Participants' sub funds (as per statement attached)		219,255	174,178	166,399	559,832	252,448	180,305	144,682	577,435
Number of units in issue	15	663,440	1,063,749	1,095,563	2,822,752	689,150	1,130,160	982,454	2,801,764
----- (Rupees) -----									
Net assets value per unit		330.4818	163.7395	151.8849		366.3184	159.5394	147.2662	

The annexed notes 1 to 20 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 Comprehensive Income (Un-Audited)
For the six months period ended December 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	5,674	-	-	5,674	6,131	-	-	6,131
Profit on bank deposits calculated using the effective interest method	6.1 916	966	2,286	4,168	784	1,929	3,582	6,295
Mark-up / return on investments calculated using the effective interest method	-	6,334	3,907	10,241	-	3,786	1,491	5,277
Realized (loss) / gain on sale of investments	(3,665)	(298)	54	(3,909)	(8,292)	17	18	(8,257)
Unrealized (loss) / gain on revaluation of investments at fair value through profit or loss	(24,195)	(387)	-	(24,582)	(138)	105	-	(33)
	(21,270)	6,615	6,247	(8,408)	(1,515)	5,837	5,091	9,413
Impairment loss on investments classified as 'available for sale'	-	-	-	-	(17,663)	-	-	(17,663)
	(21,270)	6,615	6,247	(8,408)	(19,178)	5,837	5,091	(8,250)
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	2,178	1,500	1,262	4,940	1,865	1,555	1,331	4,751
Remuneration of Central Depository Company of Pakistan Limited - Trustee	218	150	127	495	187	156	134	477
Annual fee to Securities and Exchange Commission of Pakistan	43	29	25	97	37	31	26	94
Auditors' remuneration	87	84	84	255	61	61	60	182
Settlement and bank charges	502	36	18	556	195	59	19	273
Other expenses	12	24	8	44	19	15	19	53
	3,040	1,823	1,524	6,387	2,364	1,877	1,589	5,830
	(24,310)	4,792	4,723	(14,795)	(21,542)	3,960	3,502	(14,080)
Provision for Sindh Workers' Welfare Fund (SWWF)	16 -	(100)	(93)	(193)	-	(78)	(69)	(147)
Net (loss) / income before taxation	(24,310)	4,692	4,630	(14,988)	(21,542)	3,882	3,433	(14,227)
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(24,310)	4,692	4,630	(14,988)	(21,542)	3,882	3,433	(14,227)
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	-	-	-	-	(22,764)	(384)	12	(23,136)
Reclassification adjustment relating to available for sale investments sold during the period	-	-	-	-	8,076	(36)	(7)	8,033
	-	-	-	-	(14,688)	(420)	5	(15,103)
Total comprehensive (loss) / income for the period	(24,310)	4,692	4,630	(14,988)	(36,230)	3,462	3,438	(29,330)

The annexed notes 1 to 20 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 Comprehensive Income (Un-Audited)
For the six months period ended December 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	2,886	-	-	2,886	4,537	-	-	4,537
Profit on bank deposits calculated using the effective interest method	511	387	1,263	2,161	418	1,146	1,969	3,533
Mark-up / return on investments calculated using the effective interest method	-	3,522	2,118	5,640	-	1,665	469	2,134
Realized (loss) / gain on sale of investments	(3,050)	7	48	(2,995)	(3,392)	191	5	(3,196)
Unrealized gain / (loss) on revaluation of investments at fair value through profit or loss	(23,545)	(144)	(34)	(23,723)	1,347	50	(1)	1,396
	(23,198)	3,772	3,395	(16,031)	2,910	3,052	2,442	8,404
Impairment loss on investments classified as 'available for sale'	-	-	-	-	(17,663)	-	-	(17,663)
	(23,198)	3,772	3,395	(16,031)	(14,753)	3,052	2,442	(9,259)
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	1,072	747	648	2,467	911	798	666	2,375
Remuneration of Central Depository Company of Pakistan Limited - Trustee	107	74	65	246	91	80	67	238
Annual fee to Securities and Exchange Commission of Pakistan	21	14	13	48	18	16	13	47
Auditors' remuneration	9	9	9	27	16	16	15	47
Settlement and bank charges	416	5	8	429	120	26	13	159
Other expenses	3	7	2	12	19	-	19	38
	1,628	856	745	3,229	1,175	936	793	2,904
	(24,826)	2,916	2,650	(19,260)	(15,928)	2,116	1,649	(12,163)
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(57)	(52)	(109)	-	(42)	(32)	(74)
Net (loss) / income before taxation	(24,826)	2,859	2,598	(19,369)	(15,928)	2,074	1,617	(12,237)
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(24,826)	2,859	2,598	(19,369)	(15,928)	2,074	1,617	(12,237)
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	-	-	-	-	6,343	(169)	5	6,179
Reclassification adjustment relating to available for sale investments sold during the period	-	-	-	-	3,177	85	(5)	3,257
	-	-	-	-	9,520	(84)	-	9,436
Total comprehensive (loss) / income for the period	(24,826)	2,859	2,598	(19,369)	(6,408)	1,990	1,617	(2,801)

The annexed notes 1 to 20 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 Unit Holders' Fund
For the six months period ended December 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	252,448	180,305	144,682	577,435	229,202	185,117	160,032	574,351
Issuance of units	14 36,893	18,242	44,943	100,078	36,202	37,162	18,030	91,394
Redemption of units	(52,799)	(24,010)	(25,884)	(102,693)	(8,358)	(29,681)	(27,324)	(65,363)
Reallocation among funds	7,023	(5,051)	(1,972)	-	(3,800)	2,800	1,000	-
Other comprehensive income								
Net (loss) / income for the period	(24,310)	4,692	4,630	(14,988)	(21,542)	3,882	3,433	(14,227)
Net unrealised (loss) / gain on remeasurement of investments classified as available for sale	-	-	-	-	(14,688)	(420)	5	(15,103)
Total comprehensive (loss) / income for the period	(24,310)	4,692	4,630	(14,988)	(36,230)	3,462	3,438	(29,330)
Net assets at end of the period	219,255	174,178	166,399	559,832	217,016	198,860	155,176	571,052
Net assets value per unit at beginning of the period	366.3184	159.5394	147.2662		408.1194	153.4136	141.0836	
Net assets value per unit at end of the period	330.4818	163.7395	151.8849		347.5979	156.2543	144.1937	

The annexed notes 1 to 20 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 (Unaudited)
For the six months period ended December 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	(24,310)	4,692	4,630	(14,988)	(21,542)	3,882	3,433	(14,227)
Adjustments								
Unrealized diminution / (appreciation) in the market value of investments classified as fair value through profit or loss	24,195	387	-	24,582	138	(105)	-	33
Impairment loss on investments classified as 'available for sale'	-	-	-	-	17,663	-	-	17,663
	(115)	5,079	4,630	9,594	(3,741)	3,777	3,433	3,469
(Increase) / decrease in assets								
Investments - net	1,469	(39,150)	(41,345)	(79,026)	(17,493)	16,055	10,190	8,752
Dividend and profit receivable	409	5	(175)	239	(806)	(424)	(413)	(1,643)
Advances, deposits, prepayments and other receivables	(33)	(19)	(12)	(64)	-	(314)	(20)	(334)
	1,845	(39,164)	(41,532)	(78,851)	(18,299)	15,317	9,757	6,775
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	(6)	-	23	17	(41)	37	10	6
Payable to Central Depository Company of Pakistan Limited - Trustee	39	26	25	90	(3)	3	2	2
Payable to Securities and Exchange Commission of Pakistan	(35)	(32)	(26)	(93)	(29)	(27)	(25)	(81)
Accrued expenses and other liabilities	(5,726)	(95)	(351)	(6,172)	(2,251)	170	179	(1,902)
	(5,728)	(101)	(329)	(6,158)	(2,324)	183	166	(1,975)
Net cash (used in) / generated from operating activities	(3,998)	(34,186)	(37,231)	(75,415)	(24,364)	19,277	13,356	8,269
CASH FLOW FROM FINANCING ACTIVITIES								
Amount received on issue of units	36,893	18,242	44,943	100,078	36,202	37,162	18,030	91,394
Amount paid on redemption of units	(52,799)	(24,010)	(25,884)	(102,693)	(8,358)	(29,681)	(27,324)	(65,363)
Reallocation among funds	7,023	(5,051)	(1,972)	-	(3,800)	2,800	1,000	-
Net cash (used in) / generated from financing activities	(8,883)	(10,819)	17,087	(2,615)	24,044	10,281	(8,294)	26,031
Net (decrease) / increase in cash and cash equivalents	(12,881)	(45,005)	(20,144)	(78,030)	(320)	29,558	5,062	34,300
Cash and cash equivalents at beginning of the period	30,584	80,285	89,795	200,664	15,488	18,391	96,629	130,508
Cash and cash equivalents at end of the period	17,703	35,280	69,651	122,634	15,168	47,949	101,691	164,808

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.

HBL Pension Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the six months period ended December 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 consists of tradable debt securities with weighted average duration of the investment portfolio of the Sub-Fund not exceeding five years. At least twenty five percent (25%) of the assets in the Sub-Fund shall be invested in 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+ (positive)' 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 The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules); and
- Provisions of and or directives issued under the Companies Act, 2017.

In case where requirements differ, the VPS Rules and the provisions of and or directives issued under the Companies Act, 2017 have been followed.

2.1.2 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 June 30, 2018. 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.

2.1.3 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

Except as described below, the accounting policies applied in 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 June 30, 2018.

The Fund has adopted IFRS 9 'Financial instruments' from July 1, 2018. The Fund also adopted IFRS 15 'Revenue from contracts with customers' from July 1, 2018. A number of other new standards are effective from July 1, 2018 but they do not have a material effect on the Fund's financial information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. As a result of adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial statements', which requires separate presentation in the income statement and statement of comprehensive income, profit / mark-up calculated using the effective interest method.

The adoption of IFRS 15 did not impact the timing or amount of dividend, profit, mark-up and other investment income and related assets and liabilities recognised by the fund. Accordingly, there is no impact on comparative information.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 did not have a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in income statement.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

			Held by Equity sub Fund	
<i>Note</i>	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
	(a) Available-for-sale	Mandatorily at FVTPL	57,753	57,753
	(b) Held for trading	Mandatorily at FVTPL	172,181	172,181
	(c) Loans and receivables	Amortised cost	30,584	30,584
	(c) Loans and receivables	Amortised cost	525	525
	(c) Loans and receivables	Amortised cost	105	105
			<u>261,148</u>	<u>261,148</u>
			Held by Debt sub Fund	
<i>Note</i>	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
	(b) Held for trading	Mandatorily at FVTPL	51,434	51,434
	(c) Available-for-sale	Mandatorily at FVTPL	52	52
	(c) Available-for-sale	Mandatorily at FVTPL	10,575	10,575
	(b) Held for trading	Mandatorily at FVTPL	35,143	35,143
	(d) Loans and receivables	Amortised cost	3,966	3,966
	(d) Loans and receivables	Amortised cost	80,285	80,285
	(d) Loans and receivables	Amortised cost	1,054	1,054
	(d) Loans and receivables	Amortised cost	100	100
			<u>182,609</u>	<u>182,609</u>
			Held by Money Market sub Fund	
<i>Note</i>	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
	(b) Held for trading	Mandatorily at FVTPL	56,676	56,676
	(d) Loans and receivables	Amortised cost	89,795	89,795
	(d) Loans and receivables	Amortised cost	302	302
	(d) Loans and receivables	Amortised cost	102	102
			<u>146,875</u>	<u>146,875</u>

(a) Listed equity securities classified as financial assets 'available-for-sale' have not been elected by the Fund to be classified to fair value through other comprehensive income.

(b) Listed equity securities and debt securities classified as financial assets at fair value through profit or loss - held for trading have been measured at fair value through profit or loss with value changes continue to be recognised in income statement.

(c) Debt securities classified as financial assets 'available-for-sale' have been reclassified as 'fair value through profit or loss' based on the business model whose objective is neither to collect the contractual cashflows nor both collecting contractual cashflows and selling of financial assets.

(d) The financial assets classified as 'loans and receivables' have been classified as amortised cost.

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

iii. Transition

The changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively except that comparative periods have not generally been restated. As the fund present the movement in Participant's Funds on net assets basis, there is no impact of the changes on net assets of the funds. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to information presented for 2018 under IFRS 9.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2018.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2018.

6. BANK BALANCES

Note	December 31, 2018				June 30, 2018				
	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	6.1	17,703	35,280	69,651	122,634	30,584	80,285	89,795	200,664
		<u>17,703</u>	<u>35,280</u>	<u>69,651</u>	<u>122,634</u>	<u>30,584</u>	<u>80,285</u>	<u>89,795</u>	<u>200,664</u>

6.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 5.00% to 11.00% per annum (year ended June, 2018: 3.75% to 7.5% per annum).

7. INVESTMENTS

	Note	December 31, 2018				June 30, 2018			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Investments by category ----- (Rupees in '000) -----									
At fair value through profit or loss									
Listed equity securities	7.1	204,270	-	-	204,270	172,181	-	-	172,181
Government securities									
- Treasury bills	7.2, 7.3	-	82,648	84,616	167,264	-	51,434	56,676	108,110
- Pakistan investment bonds		-	50	-	50	-	-	-	-
Term finance certificates and sukuk bonds	7.4	-	44,948	-	44,948	-	35,143	-	35,143
		204,270	127,646	84,616	416,532	172,181	86,577	56,676	315,434
Available for sale investments									
Listed equity securities		-	-	-	-	57,753	-	-	57,753
Government securities									
- Treasury bills		-	-	-	-	-	-	-	-
- Pakistan investment bonds		-	-	-	-	-	52	-	52
Term finance certificates and sukuk bonds		-	-	-	-	-	10,575	-	10,575
		-	-	-	-	57,753	10,627	-	68,380
At amortised Cost (June 30, 2018: Loans and receivables)									
Commercial papers	7.5	-	12,287	13,405	25,692	-	3,966	-	3,966
		204,270	139,933	98,021	442,224	229,934	101,170	56,676	387,780

7.1 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, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2018	Cost of holdings as at December 31, 2018	Market value as at December 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	3,060	-	-	3,060	-	-	-	-	-	-
Honda Atlas Cars Pakistan Limited	3,500	-	-	3,500	-	-	-	-	-	-
Indus Motor Company Limited	1,400	-	-	1,400	-	-	-	-	-	-
	7,960	-	-	7,960	-	-	-	-	-	-
Automobile Parts & Accessories										
Thal Limited (Rs. 5 each)	13,000	-	-	1,000	12,000	5,730	5,132	2.51	2.34	0.01
	13,000	-	-	1,000	12,000	5,730	5,132	2.51	2.34	0.01
Cement										
Lucky Cement Limited	14,800	9,100	-	4,950	18,950	9,357	8,237	4.03	3.76	0.01
Cherat Cement Company Limited	-	31,000	-	31,000	-	-	-	-	-	-
Kohat Cement Company Limited	-	11,700	3,510	15,210	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	60,000	-	60,000	-	-	-	-	-	-
Pioneer Cement Limited	12,000	-	-	12,000	-	-	-	-	-	-
D.G. Khan Cement Company Limited	41,000	-	-	41,000	-	-	-	-	-	-
	67,800	111,800	3,510	164,160	18,950	9,357	8,237	4.03	3.76	0.01

Name of the Investee Company	As at July 1, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2018	Cost of holdings as at December 31, 2018	Market value as at December 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) -----		-----%-----			
Chemical										
Descon Oxychem Limited	63,000	-	-	63,000	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	136,000	50,314	-	45,500	140,814	4,060	5,230	2.56	2.39	0.02
Engro Polymer & Chemicals Limited (Rights)	50,314	-	-	50,314	-	-	-	-	-	-
Sitara Chemical Industries Limited	-	1,000	-	-	1,000	320	300	0.15	0.14	-
	249,314	51,314	-	158,814	141,814	4,380	5,530	2.71	2.53	0.02
Commercial Banks										
United Bank Limited	69,400	60,600	-	12,500	117,500	13,084	14,410	7.05	6.57	0.01
Askari Bank Limited	113,000	-	-	113,000	-	-	-	-	-	-
Allied Bank Limited	-	50,500	-	3,500	47,000	4,699	5,051	2.47	2.30	-
Bank of Punjab	435,000	-	-	75,000	360,000	4,345	4,309	2.11	1.97	0.01
Bank Alfalah Limited	224,500	33,500	20,800	47,615	231,185	11,062	9,384	4.59	4.28	0.01
Bank Al Habib Limited	136,000	69,500	-	6,500	199,000	15,528	13,689	6.70	6.24	0.02
Faysal Bank Limited ***	77,800	-	-	76,960	840	22	20	0.01	0.01	-
Meezan Bank Limited	107,000	-	10,700	67,000	50,700	3,767	4,684	2.29	2.14	-
National Bank of Pakistan	-	24,000	-	-	24,000	1,248	1,009	0.49	0.46	-
MCB Bank Limited	55,200	7,500	-	4,200	58,500	11,609	11,324	5.54	5.16	-
	1,217,900	245,600	31,500	406,275	1,088,725	65,364	63,880	31.25	29.13	0.05
Engineering										
Mughal Iron and Steel Industries Limited ***	42,000	675	-	42,000	675	36	27	0.01	0.01	-
Amreli Steels Limited	29,466	-	-	29,466	-	-	-	-	-	-
International Industries Limited	11,900	4,500	-	7,700	8,700	1,855	1,340	0.66	0.61	0.01
International Steels Limited	25,800	7,900	-	17,100	16,600	1,603	1,092	0.53	0.50	-
	109,166	13,075	-	96,266	25,975	3,494	2,459	1.20	1.12	0.01
Fertilizer										
Engro Corporation Limited	42,000	22,400	-	8,800	55,600	17,125	16,184	7.92	7.38	0.01
Engro Fertilizers Limited	133,500	-	-	55,000	78,500	5,880	5,420	2.65	2.47	0.01
Fauji Fertilizer Bin Qasim Limited	-	51,000	-	19,000	32,000	1,305	1,193	0.58	0.54	-
Fauji Fertilizer Company Limited	51,490	16,000	-	19,000	48,490	4,719	4,502	2.20	2.05	-
	226,990	89,400	-	101,800	214,590	29,029	27,299	13.35	12.44	0.02
Glass and Ceramics										
Shabbir Tiles & Ceramics Limited	-	41,500	-	41,500	-	-	-	-	-	-
	-	41,500	-	41,500	-	-	-	-	-	-
Insurance										
Adamjee Insurance Company Limited	-	50,000	-	-	50,000	2,262	2,101	1.03	0.96	0.01
	-	50,000	-	-	50,000	2,262	2,101	1.03	0.96	0.01
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	68,800	59,300	-	22,500	105,600	16,245	13,517	6.62	6.16	-
Pakistan Petroleum Limited	64,100	14,000	9,615	1,600	86,115	16,012	12,888	6.31	5.88	-
Mari Petroleum Company Limited	7,760	2,500	648	1,280	9,628	13,116	11,899	5.83	5.43	0.01
Pakistan Oilfields Limited	14,550	4,730	2,380	100	21,560	11,924	9,159	4.48	4.18	0.01
	155,210	80,530	12,643	25,480	222,903	57,297	47,463	23.24	21.65	0.02
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited***	26,540	15,600	5,708	8,500	39,348	10,192	8,870	4.34	4.05	0.01
Sui Northern Gas Pipelines Limited	49,700	-	-	26,500	23,200	2,325	1,788	0.88	0.82	-
Hascol Petroleum Limited	16,900	-	4,225	20,400	725	182	108	0.05	0.05	-
	93,140	15,600	9,933	55,400	63,273	12,699	10,766	5.27	4.92	0.01
Pharmaceuticals										
Searle Pakistan Limited ***	7,382	-	597	3,400	4,579	1,352	1,125	0.55	0.51	-
AGP Limited	19,375	10,000	-	1,000	28,375	2,530	2,481	1.21	1.13	0.01
Hightnoon Laboratories Limited ***	6,160	-	-	5,500	660	271	229	0.11	0.10	-
	32,917	10,000	597	9,900	33,614	4,153	3,835	1.87	1.74	0.01

Name of the Investee Company	As at July 1, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2018	Cost of holdings as at December 31, 2018	Market value as at December 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) -----		-----%-----			
Power Generation and Distribution										
Hub Power Company Limited	104,400	-	-	14,000	90,400	8,331	7,755	3.84	3.54	0.01
Pakgen Power Limited	-	82,000	-	14,000	68,000	1,172	1,159	0.57	0.53	0.02
K-Electric Limited (Rs. 3.5 each)	750,500	317,000	-	658,500	409,000	2,301	2,429	1.19	1.11	-
	854,900	399,000	-	686,500	567,400	11,804	11,343	5.60	5.18	0.03
Technology & Communication										
Pakistan Telecommunication Company Limited	-	150,500	-	-	150,500	1,444	1,446	0.71	0.66	-
Systems Limited	40,000	-	-	40,000	-	-	-	-	-	-
	40,000	150,500	-	40,000	150,500	1,444	1,446	0.71	0.66	-
Textile Composite										
Kohinoor Textile Mills Limited	-	127,000	-	19,500	107,500	5,253	4,846	2.37	2.21	0.04
Nishat Chunian Limited	-	26,000	-	26,000	-	-	-	-	-	-
Nishat Mills Limited	49,800	35,000	-	6,300	78,500	10,587	9,933	4.86	4.53	0.02
	49,800	188,000	-	51,800	186,000	15,840	14,779	7.23	6.74	0.06
	3,118,097	1,446,319	58,183	1,846,855	2,775,744	222,853	204,270	100.00	93.17	0.26

*** 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. 0.201 million (June 30, 2018: 0.206 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.

7.2 Investment in Government Securities - at fair value through profit or loss

Held by Debt Sub-Fund

Issue date	Tenor	Face value				Amortised Cost as at December 31, 2018	Market value as at December 31, 2018	Market value as a	
		As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at December 31, 2018			Total investments	Net assets of sub-fund
		----- (Rupees in '000) -----				-----%-----			
Treasury bill									
April 26, 2018	3 months	-	45,700	45,700	-	-	-	-	-
June 7, 2018	3 months	52,000	8,500	60,500	-	-	-	-	-
July 19, 2018	3 months	-	705,000	705,000	-	-	-	-	-
October 11, 2018	3 months	-	234,000	234,000	-	-	-	-	-
December 6, 2018	3 months	-	112,000	28,000	84,000	82,652	82,648	40.46	47.45
		52,000	1,105,200	1,073,200	84,000	82,652	82,648	40.46	47.45
Pakistan Investment Bonds									
July 17, 2014	5 years	50	-	-	50	50	50	-	-
August 9, 2018	10 years	-	200,000	200,000	-	-	-	-	-
		50	200,000	200,000	50	50	50	-	-

7.3 Investment in Government Securities - at fair value through profit or loss

Held by Money Market Sub-Fund

Issue date	Tenor	Face value			As at December 31, 2018	Amortised Cost as at December 31, 2018	Market value as at December 31, 2018	Market value as a	
		As at July 1, 2018	Purchases during the period	Sales / matured during the period				Total investments of sub-fund	Net assets of sub-fund
							----- (Rupees in '000) -----		----- % -----
Treasury bill									
April 26, 2018	3 months	-	79,300	79,300	-	-	-	-	-
June 7, 2018	3 months	57,300	-	57,300	-	-	-	-	-
July 19, 2018	3 months	-	980,000	980,000	-	-	-	-	-
August 2, 2018	3 months	-	100,000	100,000	-	-	-	-	-
October 11, 2018	3 months	-	390,000	390,000	-	-	-	-	-
December 6, 2018	3 months	-	111,000	25,000	86,000	84,616	84,616	41.42	48.58
		57,300	1,660,300	1,631,600	86,000	84,616	84,616	41.42	48.58

7.4 Term finance certificates and sukuk bonds - at fair value through profit or loss

Held by Debt Sub-Fund

Name of the Investee Company	As at July 1, 2018	Purchases during the period	Sales / Matured during the period	As at December 31, 2018	Amortised Cost as at December 31, 2018	Market value as at December 31, 2018	Market value as a percentage of		
							Total Investments	Net Assets	
					----- (Rupees in '000) -----		----- % -----		
Commercial Banks									
Bank of Punjab	85	-	-	85	8,515	8,393	4.11	4.82	
Bank Alfalah Limited	2,550	-	50	2,500	12,582	12,350	6.05	7.09	
JS Bank Limited	850	-	850	-	-	-	-	-	
MCB Bank Limited	-	50	-	50	250	250	0.12	0.14	
		3,485	50	900	2,635	21,347	20,993	10.28	12.05
Multiutilities									
Water and Power Development Authority	798	-	-	798	1,710	1,757	0.86	1.01	
K-Electric Limited	-	1,200	-	1,200	4,200	4,249	2.08	2.44	
		798	1,200	-	1,998	5,910	6,006	2.94	3.45
Fertilizers									
Dawood Hercules Corporation Limited Sukuk	40	-	-	40	4,000	4,000	1.96	2.30	
		40	-	-	4,000	4,000	1.96	2.30	
Miscellaneous									
International Brands Limited Sukuk	40	-	-	40	4,000	3,949	1.93	2.27	
Jahangir Siddiqui and Company Limited	2,000	-	-	2,000	10,000	10,000	4.90	5.74	
		2,040	-	-	2,040	14,000	13,949	6.83	8.01
Total	6,363	1,250	900	6,713	45,257	44,948	22.01	25.81	

7.4.1 Significant terms and conditions of term finance certificates and sukuk bonds outstanding as at December 31, 2018 are as follows:

Name of security	Remaining principal (Rupees per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Bank Alfalah Limited	4,989	6 months KIBOR + 1.25%	20-Feb-13	20-Feb-21
Bank of Punjab	99,920	6 months KIBOR+1%	23-Dec-16	23-Dec-26
MCB Bank Limited	4,991	6 months KIBOR + 1.15%	19-Jun-14	19-Jun-22
Water and Power Development Authority	2,143	6 months KIBOR+1.4%	14-Oct-13	14-Oct-21
K-Electric Limited	3,500	3 months Kibor + 1%	17-Jun-15	17-Jun-22
Dawood Hercules Corporation Limited Sukuk	100,000	3 months KIBOR + 1%	16-Nov-17	16-Nov-22
International Brands Limited Sukuk	100,000	12 months KIBOR + 0.5%	15-Nov-17	15-Nov-21
Jahangir Siddiqui and Company Limited	5,000	6 months KIBOR + 1.75%	6-Mar-18	6-Mar-23

7.5 Commercial papers - at amortised cost

7.5.1 Held by Debt Sub-Fund

Name of Company	Maturity Date <i>Note</i>	As at July 1, 2018	Placement made during the period	Income Accrued	Matured during the period	As at December 31, 2018	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) ----- % -----								
Crescent Steel & Allied Products Limited	August 15, 2018	3,966	-	34	4,000	-	-	-
Hascol Petroleum Limited	7.5.1.1 January 4, 2019	-	4,223	174	-	4,397	2.15	2.52
K-Electric Limited	7.5.1.2 March 1, 2019	-	7,655	235	-	7,890	3.86	4.53
		3,966	11,878	443	4,000	12,287	6.01	7.05

7.5.1.1 This commercial paper has been placed at discount at a rate of 8.29% and is being amortised over a period of 184 days.

7.5.1.2 This commercial paper has been placed at discount at a rate of 8.95% and is being amortised over a period of 184 days.

7.5.2 Held by Money Market Sub-Fund

Name of Company	Maturity Date <i>Note</i>	As at July 1, 2018	Placement made during the period	Income Accrued	Matured during the period	As at December 31, 2018	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) ----- % -----								
Hascol Petroleum Limited	7.5.2.1 January 4, 2019	-	6,719	276	-	6,995	3.42	4.02
K-Electric Limited	7.5.2.2 March 1, 2019	-	6,219	191	-	6,410	3.14	3.68
		-	12,938	467	-	13,405	6.56	7.70

7.5.2.1 This commercial paper has been placed at discount at a rate of 8.29% and is being amortised over a period of 184 days.

7.5.2.2 This commercial paper has been placed at discount at a rate of 8.95% and is being amortised over a period of 184 days.

8. DIVIDEND AND PROFIT RECEIVABLE

	December 31, 2018				June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Dividend receivable	10	-	-	10	437	-	-	437
Profit receivable on bank deposits	106	127	477	710	88	174	302	564
Profit accrued on term finance certificates and sukuk bonds	-	919	-	919	-	878	-	878
Profit accrued on government securities	-	3	-	3	-	2	-	2
	116	1,049	477	1,642	525	1,054	302	1,881

9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2018				June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Security Deposit with Central Depository Company of Pakistan Limited	100	100	100	300	100	100	100	300
Others	38	19	14	71	5	-	2	7
	138	119	114	371	105	100	102	307

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

Note	December 31, 2018				June 30, 2018			
	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	304	217	196	717	314	220	179	713
Sindh Sales Tax 10.2	45	32	29	106	41	29	23	93
	349	249	225	823	355	249	202	806

10.1 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.

10.2 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.

11. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Note	December 31, 2018				June 30, 2018			
	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)							
Trustee remuneration	64	44	39	147	31	22	18	71
Sindh Sales Tax on Trustee remuneration 11.1	10	7	6	23	4	3	2	9
	74	51	45	170	35	25	20	80

- 11.1 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2016.

12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	December 31, 2018				June 30, 2018			
	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	86	83	83	252	78	78	78	234
Payable against purchase of shares	-	-	-	-	5,714	-	-	5,714
Payable against redemption of units	-	-	-	-	30	215	456	701
Federal Excise Duty 13.1	763	878	836	2,477	763	878	836	2,477
Provision for Sindh Workers' Welfare Fund 16	1,643	885	641	3,169	1,643	785	548	2,976
Other payable	14	28	9	51	4	13	2	19
	2,506	1,874	1,569	5,949	8,232	1,969	1,920	12,121

- 13.1 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 effect 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, 2018: 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 December 31, 2018 would have been higher by Rs. 1.15, Rs. 0.82 and Rs. 0.76 (June 30, 2018: Rs. 1.11, Rs. 0.78 and Rs. 0.85) 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.

14. CONTRIBUTION TABLE

Contributions received during the period are as follows:

	Half year ended December 31, 2018							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
From:								
Individuals	103,338	36,893	116,021	18,242	297,631	44,943	516,990	100,078
	103,338	36,893	116,021	18,242	297,631	44,943	516,990	100,078

Half year ended December 31, 2017

	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
From:								
Individuals	93,988	36,202	240,337	37,162	126,844	18,030	461,169	91,394
	93,988	36,202	240,337	37,162	126,844	18,030	461,169	91,394

15. NUMBER OF UNITS IN ISSUE

	December 31, 2018				June 30, 2018			
	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	689,150	1,130,160	982,454	2,801,764	561,606	1,206,656	1,134,303	2,902,565
Units issued during the period	103,338	116,021	297,631	516,990	187,868	462,372	342,197	992,437
Units redeemed during the period	(149,451)	(150,858)	(171,177)	(471,486)	(50,903)	(557,108)	(501,124)	(1,109,135)
Reallocation during the period	20,403	(31,574)	(13,345)	(24,516)	(9,421)	18,240	7,078	15,897
Total units in issue at the end of the period	663,440	1,063,749	1,095,563	2,822,752	689,150	1,130,160	982,454	2,801,764

16. 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 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. 2.48, Rs. 0.83 and Rs. 0.58 (30 June 2018: Rs. 2.38, Rs. 0.69 and Rs. 0.56) per unit respectively.

17. 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:

17.1 Transactions during the period

	Half year ended December 31, 2018				Half year ended December 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	2,178	1,500	1,262	4,940	1,865	1,555	1,331	4,751
Habib Bank Limited - Sponsor								
Bank charges paid	15	20	13	48	12	17	8	37
Profit on bank deposits earned	280	246	177	703	328	292	345	965
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Reallocation of units	Number 1,448	(2,457)	(723)	(1,732)	(1,126)	2,389	619	1,882
Amount of units reallocated	499	(392)	(107)	-	(455)	368	87	-
Executives and their relatives								
Issuance of units	Number 736	1,659	398	2,793	4,882	-	-	4,882
Amount of units issued	270	270	60	600	1,688	-	-	1,688
Redemption of units issued	Number (382)	(206)	-	-	-	-	-	-
Amount of units redeemed	(124)	(33)	-	-	-	-	-	-
Reallocation of units	Number 181	(355)	(39)	(213)	(20)	37	17	34
Amount of units reallocated	63	(57)	(6)	-	(8)	6	2	-
Directors and Executives of the Habib Bank Limited (Sponsor) their relatives								
Executives and their relatives								
Issuance of units	Number 904	6,362	2,295	9,561	-	-	-	-
Amount of units issued	340	1,020	340	1,700	-	-	-	-
Reallocation of units	Number 1,747	(2,752)	(1,102)	(2,107)	(1,229)	2,421	877	2,069
Amount of units reallocated	602	(439)	(163)	-	(496)	372	124	-
Central Depository Company of Pakistan Limited - Trustee								
Remuneration	218	150	127	495	187	156	134	477
Central Depository System charges	8	3	3	14	12	5	13	30
Directors of Connected Persons								
Units issued	Number -	-	-	-	-	8,092	8,784	16,876
Amount of units issued	-	-	-	-	-	1,250,000	1,250,000	2,500,000
Units redeemed	Number (218)	(1,879)	(7,627)	(9,724)	(179)	(1,881)	(7,667)	(9,727)
Amount of units redeemed	(79)	(304)	(1,143)	(1,526)	63,921	291,551	1,096,146	1,451,618
Units reallocated	Number 456	(138)	(916)	(598)	(306)	404	435	533
Amount of units reallocated	157	(22)	(135)	-	(123,457)	62,028	61,429	-

17.2 Balances outstanding as at period end

	December 31, 2018				June 30, 2018			
	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	304	217	196	717	314	220	179	713
Federal Excise Duty payable	763	878	836	2,477	763	878	836	2,477
Sindh Sales Tax payable	45	32	29	106	41	29	23	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	99,145	49,122	45,565	193,832	109,896	47,862	44,180	201,938
Profit receivable on bank deposits	13	12	6	31	103	16	10	129
Bank balances	17,077	3,291	3,287	23,655	8,445	8,680	9,856	26,981
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Units held	Number 10,270	53,170	14,392	77,832	8,822	55,627	15,116	79,565
Amount of units held	3,394	8,706	2,186	14,286	3,231	8,875	2,226	14,332
Executives and their relatives								
Units held	Number 11,498	9,157	1,377	22,032	10,963	8,059	1,019	20,041
Amount of units held	3,812	1,499	209	5,520	4,016	1,286	150	5,452
Directors and Executives of the HBL Bank Limited - Sponsor and their relatives								
Executives and their relatives								
Units held	Number 12,938	84,239	30,402	127,579	10,286	80,629	29,209	120,124
Amount of units held	4,276	13,793	4,618	22,687	3,768	12,864	4,301	20,933
Central Depository Company of Pakistan Limited - Trustee								
Remuneration payable	74	51	45	170	35	25	20	80
Security Deposit receivable	100	100	100	300	100	100	100	300
Directors of Connected Persons								
Units held	Number 2,403	20,736	84,194	107,333	2,165	88,487	163,911	254,563
Amount of units held	794	3,395	12,788	16,977	793	14,117	24,139	39,049

18. 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							
		December 31, 2018							
		Carrying Amount				Fair Value			
Note	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	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	204,270	-	-	-	204,270	-	-	204,270
		204,270	-	-	-	204,270	-	-	204,270
	Financial assets not measured at fair value								
18.1	- Bank balances	-	-	17,703	17,703				
	- Dividend receivable and accrued mark-up	-	-	116	116				
	- Advances, deposits, prepayments and other receivables	-	-	138	138				
		-	-	17,957	17,957				
		204,270	-	17,957	222,227				
	Financial liabilities not measured at fair value								
18.1	- Payable to the Pension Fund Manager	-	-	349	349				
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	74	74				
	- Accrued expenses and other liabilities	-	-	100	100				
		-	-	523	523				
(Rupees in '000)									
		June 30, 2018							
		Carrying Amount				Fair Value			
	Designated as at fair value through profit or loss	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	172,181	57,753	-	-	229,934	229,934	-	229,934
		172,181	57,753	-	-	229,934	-	-	229,934
	Financial assets not measured at fair value								
18.1	- Bank balances	-	-	30,584	30,584				
	- Dividend receivable and accrued mark-up	-	-	525	525				
	- Advances, deposits, prepayments and other receivables	-	-	105	105				
		-	-	31,214	31,214				
		172,181	57,753	31,214	261,148				
	Financial liabilities not measured at fair value								
18.1	- Payable to the Pension Fund Manager	-	-	355	355				
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	35	35				
	- Accrued expenses and other liabilities	-	-	5,826	5,826				
		-	-	6,216	6,216				
(Rupees in '000)									
		December 31, 2018							
		Carrying Amount				Fair Value			
Note	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	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	82,648	-	-	-	-	82,648	-	82,648
	Pakistan Investment Bonds	50	-	-	-	-	-	-	50
	- Term Finance Certificates and Sukuk Bonds - Unlisted	44,948	-	-	-	-	44,948	-	44,948
		127,646	-	-	-	-	127,646	-	127,646
	Financial assets not measured at fair value								
18.1	- Bank balances	-	-	35,280	35,280				
	- Dividend receivable and accrued mark-up	-	-	1,049	1,049				
	- Advances, deposits, prepayments and other receivables	-	-	119	119				
	- Commercial Papers	-	-	12,287	12,287				
		-	-	48,735	48,735				
		127,646	-	48,735	176,331				
	Financial liabilities not measured at fair value								
18.1	- Payable to the Pension Fund Manager	-	-	249	249				
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	51	51				
	- Accrued expenses and other liabilities	-	-	111	111				
		-	-	411	411				

		Held by Debt sub-fund							
		June 30, 2018					Fair Value		
On-balance sheet financial instruments		Carrying Amount			Total	Level 1	Level 2	Level 3	Total
Designated as at fair value through profit or loss	Available for Sale	Loan and Receivables	Other Financial Liabilities						
(Rupees in '000)									
Financial assets measured at fair value									
- Government securities									
Treasury bills	51,434				51,434	-	51,434	-	51,434
Pakistan Investment Bonds		52			52	-	52		52
- Term Finance Certificates and Sukuk Bonds - Unlisted	35,143	10,575			45,718	-	10,575		10,575
	<u>86,577</u>	<u>10,627</u>			<u>97,204</u>				
Financial assets not measured at fair value									
- Bank balances			80,285		80,285				
- Dividend receivable and accrued mark-up			1,054		1,054				
- Advances, deposits, prepayments and other receivables			100		100				
- Commercial papers			3,966		3,966				
			<u>85,405</u>		<u>85,405</u>				
	<u>86,577</u>	<u>10,627</u>	<u>85,405</u>		<u>182,609</u>				
Financial liabilities not measured at fair value									
- Payable to the Pension Fund Manager				249	249				
- Payable to Central Depository Company of Pakistan Limited - Trustee				25	25				
- Accrued expenses and other liabilities				306	306				
				<u>580</u>	<u>580</u>				

		Held by Money Market sub-fund							
		December 31, 2018					Fair Value		
On-balance sheet financial instruments		Carrying Amount			Total	Level 1	Level 2	Level 3	Total
Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost						
(Rupees in '000)									
Financial assets measured at fair value									
- Government securities									
Treasury Bills	84,616				84,616	-	84,616	-	84,616
	<u>84,616</u>				<u>84,616</u>				
Financial assets not measured at fair value									
- Bank balances			69,651		69,651				
- Dividend receivable and accrued mark-up			477		477				
- Advances, deposits, prepayments and other receivables			114		114				
- Commercial Papers			13,405		13,405				
			<u>83,647</u>		<u>83,647</u>				
	<u>84,616</u>		<u>83,647</u>		<u>168,263</u>				
Financial liabilities not measured at fair value									
- Payable to the Pension Fund Manager				225	225				
- Payable to Central Depository Company of Pakistan Limited - Trustee				45	45				
- Accrued expenses and other liabilities				92	92				
				<u>362</u>	<u>362</u>				

		Held by Money Market sub-fund							
		June 30, 2018					Fair Value		
On-balance sheet financial instruments		Carrying Amount			Total	Level 1	Level 2	Level 3	Total
Designated as at fair value through profit or loss	Available for Sale	Loan and Receivables	Other Financial Liabilities						
(Rupees in '000)									
Financial assets measured at fair value									
- Government securities									
Treasury Bills	56,676				56,676	-	56,676	-	56,676
	<u>56,676</u>				<u>56,676</u>				
Financial assets not measured at fair value									
- Bank balances			89,795		89,795				
- Dividend receivable and accrued mark-up			302		302				
- Advances, deposits, prepayments and other receivables			102		102				
			<u>90,199</u>		<u>90,199</u>				
	<u>56,676</u>		<u>90,199</u>		<u>146,875</u>				
Financial liabilities not measured at fair value									
- Payable to the Pension Fund Manager				202	202				
- Payable to Central Depository Company of Pakistan Limited - Trustee				20	20				
- Accrued expenses and other liabilities				536	536				
				<u>758</u>	<u>758</u>				

18.1 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.

19. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Pension Fund Company on February 8, 2019.

20. 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

Islamic Pension Fund

FUND INFORMATION

Name of Fund	Islamic Pension Fund
Name of Auditor	KPMG Taseer Hadi & Co.
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Faysal Bank Limited Allied Bank Limited Dubai Islamic Bank Summit Bank Limited Meezan Bank Limited Bank Al Habib Limited Bank Islami Pakistan Limited

AUDITORS REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION



KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi 75530 Pakistan
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Independent Auditors' Review Report to the Participants of HBL Islamic Pension Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Pension Fund** ("the Fund") as at December 31, 2018 and the related condensed interim income statement and statement of comprehensive income, condensed interim statement of movement in participants' funds, condensed interim cash flow statement and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "interim financial information"). Pension Fund Manager is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarter ended December 31, 2018 in the condensed interim income statement and statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

**AUDITORS REPORT TO THE UNIT HOLDERS
ON REVIEW OF INTERIM FINANCIAL INFORMATION**



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Syed Iftikhar Anjum.

Date: 8 February 2019

Karachi

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

HBL Islamic Pension Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
As at December 31, 2018

Note	December 31, 2018 (Un-Audited)				June 30, 2018 (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	18,787	78,997	86,414	184,198	22,106	64,977	83,992	171,075
Investments	7	170,016	30,974	7,349	208,339	153,805	36,959	-	190,764
Dividend and profit receivable	8	102	1,397	695	2,194	362	778	343	1,483
Advances, deposits, prepayments and other receivables	9	101	555	115	771	100	130	112	342
Total assets		189,006	111,923	94,573	395,502	176,373	102,844	84,447	363,664
Liabilities									
Payable to Pension Fund Manager	10	282	155	132	569	239	138	112	489
Payable to Central Depository Company of Pakistan Limited - Trustee	11	59	31	26	116	24	14	11	49
Payable to Securities and Exchange Commission of Pakistan	12	31	17	14	62	57	32	25	114
Accrued expenses and other liabilities	13	3,429	944	718	5,091	4,152	929	868	5,949
Total liabilities		3,801	1,147	890	5,838	4,472	1,113	1,016	6,601
Net assets		185,205	110,776	93,683	389,664	171,901	101,731	83,431	357,063
Participants' sub funds (as per statement attached)		185,205	110,776	93,683	389,664	171,901	101,731	83,431	357,063
Number of units in issue	15	518,499	762,004	653,813	1,934,316	442,737	717,333	598,657	1,758,727
----- (Rupees) -----									
Net assets value per unit		357.1940	145.3743	143.2869		388.2683	141.8178	139.3646	

The annexed notes 1 to 20 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 Comprehensive Income (Un-Audited)
For the six months period ended December 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	4,456	-	-	4,456	4,560	-	-	4,560
Profit on bank deposits calculated using the effective interest method	634	2,312	1,900	4,846	475	1,498	1,760	3,733
Mark-up / return on investments calculated using the effective interest method	-	1,750	1,406	3,156	-	1,099	256	1,355
Realized (loss) on sale of investments	(2,818)	(89)	(2)	(2,909)	(7,927)	96	55	(7,776)
Unrealized (diminution) on re-measurement of investments at fair value through profit or loss	(16,263)	(58)	-	(16,321)	(1,338)	-	-	(1,338)
	(13,991)	3,915	3,304	(6,772)	(4,230)	2,693	2,071	534
Impairment loss on investments classified as 'available for sale'	-	-	-	-	(14,639)	-	-	(14,639)
	(13,991)	3,915	3,304	(6,772)	(18,869)	2,693	2,071	(14,105)
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	1,593	888	735	3,216	1,481	825	630	2,936
Remuneration of Central Depository Company of Pakistan Limited - Trustee	160	89	74	323	149	83	63	295
Annual fee to Securities and Exchange Commission of Pakistan	31	17	14	62	29	16	12	57
Auditors' remuneration	84	84	84	252	61	61	61	183
Settlement and bank charges	252	11	11	274	174	23	11	208
Other expenses	355	60	9	424	504	10	10	524
	2,475	1,149	927	4,551	2,398	1,018	787	4,203
	(16,466)	2,766	2,377	(11,323)	(21,267)	1,675	1,284	(18,308)
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(52)	(47)	(99)	-	(33)	(25)	(58)
Net (loss) / income before taxation	(16,466)	2,714	2,330	(11,422)	(21,267)	1,642	1,259	(18,366)
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(16,466)	2,714	2,330	(11,422)	(21,267)	1,642	1,259	(18,366)
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Unrealised (loss) on re-measurement of investments - classified as available for sale	-	-	-	-	(19,531)	(259)	-	(19,790)
Reclassification adjustment relating to available for sale investments sold during the period	-	-	-	-	7,887	(74)	-	7,813
	-	-	-	-	(11,644)	(333)	-	(11,977)
Total comprehensive (loss) / income for the period	(16,466)	2,714	2,330	(11,422)	(32,911)	1,309	1,259	(30,343)

The annexed notes 1 to 20 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 Comprehensive Income (Un-Audited)
For the six months period ended December 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	2,493	-	-	2,493	3,441	-	-	3,441
Profit on bank deposits calculated using the effective interest method	307	1,237	470	2,014	222	781	973	1,976
Mark-up / return on investments calculated using the effective interest method	-	1,061	1,303	2,364	-	425	31	456
Realized (loss) on sale of investments	(2,811)	(89)	(2)	(2,902)	(4,046)	23	45	(3,978)
Unrealized (diminution) on re-measurement of investments at fair value through profit or loss	(14,806)	112	-	(14,694)	(784)	-	-	(784)
	(14,817)	2,321	1,771	(10,725)	(1,167)	1,229	1,049	1,111
Impairment loss on investments classified as 'available for sale'	-	-	-	-	(14,639)	-	-	(14,639)
	(14,817)	2,321	1,771	(10,725)	(15,806)	1,229	1,049	(13,528)
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	830	462	378	1,670	668	402	310	1,380
Remuneration of Central Depository Company of Pakistan Limited - Trustee	83	46	38	167	68	41	31	140
Annual fee to Securities and Exchange Commission of Pakistan	16	9	7	32	14	8	6	28
Auditors' remuneration	9	9	9	27	26	26	26	78
Settlement and bank charges	101	6	6	113	112	19	11	142
Other expense	349	47	3	399	497	7	10	514
	1,388	579	441	2,408	1,385	503	394	2,282
	(16,205)	1,742	1,330	(13,133)	(17,191)	726	655	(15,810)
Provision for Sindh Workers' Welfare Fund (SWWF)	9	(28)	(27)	(46)	-	(15)	(12)	(27)
Net (loss) / income before taxation	(16,196)	1,714	1,303	(13,179)	(17,191)	711	643	(15,837)
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(16,196)	1,714	1,303	(13,179)	(17,191)	711	643	(15,837)
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Unrealised gain / (loss) on re-measurement of investments - classified as available for sale	-	-	-	-	5,754	(119)	-	5,635
Reclassification adjustment relating to available for sale investments sold during the period	-	-	-	-	4,006	(1)	-	4,005
	-	-	-	-	9,760	(120)	-	9,640
Total comprehensive (loss) / income for the period	(16,196)	1,714	1,303	(13,179)	(7,431)	591	643	(6,197)

The annexed notes 1 to 20 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 Participants' Funds (Un-Audited)
For the six months period ended December 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	171,901	101,731	83,431	357,063	207,430	95,942	78,580	381,952
Issuance of units	14 47,625	29,485	33,951	111,061	11,726	14,977	12,563	39,266
Redemption of units	(21,042)	(20,711)	(25,285)	(67,038)	(28,287)	(22,608)	(20,840)	(71,735)
Reallocation among funds	3,187	(2,443)	(744)	-	(3,642)	3,022	620	-
	29,770	6,331	7,922	44,023	(20,203)	(4,609)	(7,657)	(32,469)
Other comprehensive income								
Net (loss) / income for the period	(16,466)	2,714	2,330	(11,422)	(21,267)	1,642	1,259	(18,366)
Net unrealised (loss) / gain on remeasurement of investments classified as available for sale	-	-	-	-	(11,644)	(333)	-	(11,977)
Total comprehensive (loss) / income for the period	(16,466)	2,714	2,330	(11,422)	(32,911)	1,309	1,259	(30,343)
Net assets at end of the period	185,205	110,776	93,683	389,664	154,316	92,642	72,182	319,140
Net assets value per unit at beginning of the period	388.2683	141.8178	139.3646		441.3274	137.8331	134.7699	
Net assets value per unit at end of the period	357.1940	145.3743	143.2869		370.4969	139.7315	137.0303	

The annexed notes 1 to 20 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 (Unaudited)
For the six months period ended December 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	(16,466)	2,714	2,330	(11,422)	(21,267)	1,642	1,259	(18,366)
Adjustments								
Unrealized diminution in the market value of investments classified as fair value through profit or loss	16,263	58	-	16,321	1,338	-	-	1,338
Impairment loss on investments classified as 'available for sale'	-	-	-	-	14,639	-	-	14,639
	(203)	2,772	2,330	4,899	(5,290)	1,642	1,259	(2,389)
Decrease / (increase) in assets								
Investments - net	(32,474)	5,927	(7,349)	(33,896)	14,342	(8,405)	(2,894)	3,043
Dividend and profit receivable	260	(619)	(352)	(711)	(447)	(227)	(65)	(739)
Advances, deposits, prepayments and other receivables	(1)	(425)	(3)	(429)	-	2,343	-	2,343
	(32,215)	4,883	(7,704)	(35,036)	13,895	(6,289)	(2,959)	4,647
(Decrease) / increase in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	43	17	20	80	(78)	2	(4)	(80)
Payable to Central Depository Company of Pakistan Limited - Trustee	35	17	15	67	(7)	1	(1)	(7)
Payable to Securities and Exchange Commission of Pakistan	(26)	(15)	(11)	(52)	(36)	(14)	(11)	(61)
Accrued expenses and other liabilities	(723)	15	(150)	(858)	2,547	30	34	2,611
	(671)	34	(126)	(763)	2,426	19	18	2,463
Net cash (used in) / generated from operating activities	(33,089)	7,689	(5,500)	(30,900)	11,031	(4,628)	(1,682)	4,721
CASH FLOW FROM FINANCING ACTIVITIES								
Amount received on issue of units	47,625	29,485	33,951	111,061	11,726	14,977	12,563	39,266
Amount paid on redemption of units	(21,042)	(20,711)	(25,285)	(67,038)	(28,287)	(22,608)	(20,840)	(71,735)
Reallocation among funds	3,187	(2,443)	(744)	-	(3,642)	3,022	620	-
Net cash generated from / (used in) financing activities	29,770	6,331	7,922	44,023	(20,203)	(4,609)	(7,657)	(32,469)
Net (decrease) / increase in cash and cash equivalents	(3,319)	14,020	2,422	13,123	(9,172)	(9,237)	(9,339)	(27,748)
Cash and cash equivalents at beginning of the period	22,106	64,977	83,992	171,075	22,092	63,363	79,212	164,667
Cash and cash equivalents at end of the period	18,787	78,997	86,414	184,198	12,920	54,126	69,873	136,919

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.

HBL Islamic Pension Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the six months period ended December 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 Al-Hilal Shariah Advisors (Pvt.) Limited 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 consists of tradable debt securities with weighted average duration of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the assets in the sub-fund shall be invested in debt securities issued by the Federal Government. Up to twenty five percent (25%) may be deposited with banks having not less than 'AA+' rating. In case the Shariah compliant securities issued by Federal Government are not available to comply with above, the assets of a Shariah compliant debt sub-fund may be deposited in Islamic commercial banks, having not less than "A+" rating or Islamic window 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+ (positive)' 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 The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules); and
- Provisions of and or directives issued under the Companies Act, 2017.

In case where requirements differ, the VPS Rules and the provisions of and or directives issued under the Companies Act, 2017 have been followed.

2.1.2 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 June 30, 2018. 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.

2.1.3 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

Except as described below, the accounting policies applied in 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 June 30, 2018.

The Fund has adopted IFRS 9 'Financial instruments' from July 1, 2018. The Fund also adopted IFRS 15 'Revenue from contracts with customers' from July 1, 2018. A number of other new standards are effective from July 1, 2018 but they do not have a material effect on the Fund's financial information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. As a result of adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial statements', which requires separate presentation in the income statement and statement of comprehensive income, profit / markup calculated using the effective interest method.

The adoption of IFRS 15 did not impact the timing or amount of dividend, profit, markup and other investment income and related assets and liabilities recognised by the fund. Accordingly, there is no impact on comparative information

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 did not have a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Profit / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Profit / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

			Held by Equity sub Fund		
<i>Note</i>	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	
Financial assets					
	(a)	Available-for-sale	Mandatorily at FVTPL	44,796	44,796
	(b)	Held for trading	Mandatorily at FVTPL	109,009	109,009
	(d)	Loans and receivables	Amortised cost	22,106	22,106
	(d)	Loans and receivables	Amortised cost	362	362
	(d)	Loans and receivables	Amortised cost	100	100
			176,373	176,373	
			Held by Debt sub Fund		
<i>Note</i>	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	
Financial assets					
	(c)	Available-for-sale	Mandatorily at FVTPL	25,766	25,766
	(c)	Available-for-sale	Mandatorily at FVTPL	4,803	4,803
	(b)	Held for trading	Mandatorily at FVTPL	6,390	6,390
	(d)	Loans and receivables	Amortised cost	64,977	64,977
	(d)	Loans and receivables	Amortised cost	778	778
	(d)	Loans and receivables	Amortised cost	130	130
			102,844	102,844	
			Held by Money Market sub Fund		
<i>Note</i>	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	
Financial assets					
	(d)	Loans and receivables	Amortised cost	83,992	83,992
	(d)	Loans and receivables	Amortised cost	343	343
	(d)	Loans and receivables	Amortised cost	112	112
			84,447	84,447	

(a) Listed equity securities classified as financial assets 'available-for-sale' have not been elected by the Fund to be classified to fair value through other comprehensive income.

(b) Listed equity securities and debt securities classified as financial assets at fair value through profit or loss - held for trading have been measured at fair value through profit or loss with value changes continue to be recognised in income statement.

(c) Debt securities classified as financial assets 'available-for-sale' have been reclassified as 'fair value through profit or loss' based on the business model whose objective is neither to collect the contractual cashflows nor both collecting contractual cashflows and selling of financial assets.

(d) The financial assets classified as 'loans and receivables' have been classified as amortised cost.

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

iii. Transition

The changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively except that comparative periods have not generally been restated. As the fund present the movement in Participant's Funds on net assets basis, there is no impact of the changes on net assets of the funds. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to information presented for 2018 under IFRS 9.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2018.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2018.

6. BANK BALANCES

Note	December 31, 2018				June 30, 2018				
	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	6.1	18,787	60,997	71,414	151,198	22,106	45,477	68,492	136,075
Term deposit receipts (TDRs)	6.2	-	18,000	15,000	33,000	-	19,500	15,500	35,000
		<u>18,787</u>	<u>78,997</u>	<u>86,414</u>	<u>184,198</u>	<u>22,106</u>	<u>64,977</u>	<u>83,992</u>	<u>171,075</u>

6.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 6.00% to 10.75% per annum (Year ended June 30, 2018: 3.75% - 7.10% per annum).

6.2 This represents investment in TDRs placed with Bank Islami Limited maturing in January 2019 and carry profit 8.60% per annum (June 30, 2018: 5.75%)

7. INVESTMENTS

Note	December 31, 2018				June 30, 2018				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
Investments by category									
----- (Rupees in '000) -----									
At fair value through profit or loss									
Listed equity securities	7.1	170,016	-	-	170,016	109,009	-	-	109,009
GoP ijarah sukus	7.2	-	11,185	-	11,185	-	-	-	-
Term finance certificates and sukuk bonds	7.3	-	17,390	-	17,390	-	6,390	-	6,390
		170,016	28,575	-	198,591	109,009	6,390	-	115,399
Available for sale investments									
Listed equity securities		-	-	-	-	44,796	-	-	44,796
GoP ijarah sukus		-	-	-	-	-	25,766	-	25,766
Term finance certificates and sukuk bonds		-	-	-	-	-	4,803	-	4,803
		-	-	-	-	44,796	30,569	-	75,365
At amortised Cost									
Commercial papers	7.4	-	2,399	7,349	9,748	-	-	-	-
		170,016	30,974	7,349	208,339	153,805	36,959	-	190,764

7.1 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, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2018	Cost of holdings as at December 31, 2018	Market value as at December 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										
Millat Tractors Limited	4,060	-	-	4,060	-	-	-	-	-	-
	4,060	-	-	4,060	-	-	-	-	-	-
Automobile Parts & Accessories										
Thal Limited (Rs. 5 each)	9,800	10,950	-	1,700	19,050	8,380	8,147	4.79	4.40	0.02
	9,800	10,950	-	1,700	19,050	8,380	8,147	4.79	4.40	0.02
Cement										
Lucky Cement Limited	12,150	6,200	-	1,750	16,600	8,319	7,216	4.24	3.90	0.01
D.G. Khan Cement Company Limited	28,000	4,300	-	32,300	-	-	-	-	-	-
Cherat Cement Company Limited	-	24,000	-	24,000	-	-	-	-	-	-
Kohat Cement Company Limited	5,900	1,600	2,250	9,750	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	94,500	-	49,000	45,500	2,120	1,850	1.09	1.00	0.01
Pioneer Cement Limited	16,000	2,000	-	18,000	-	-	-	-	-	-
	62,050	132,600	2,250	134,800	62,100	10,439	9,066	5.33	4.90	0.02
Chemical										
Engro Polymer & Chemicals Limited	97,000	52,885	-	-	149,885	4,350	5,567	3.27	3.01	0.02
Engro Polymer & Chemicals Limited (Rights)	35,885	-	-	35,885	-	-	-	-	-	-
Dawood Hercules Chemicals Limited	-	30,600	-	-	30,600	3,722	3,401	2.00	1.84	0.01
Descon Oxychem	56,500	35,000	-	91,500	-	-	-	-	-	-
Sitara Chemical Industries Limited	-	1,000	-	1,000	1,000	320	300	0.18	0.16	-
	189,385	119,485	-	127,385	181,485	8,392	9,268	5.45	5.01	0.03

Name of the Investee Company	As at July 1, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2018	Cost of holdings as at December 31, 2018	Market value as at December 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) -----		-----%-----			
Commercial Banks										
Meezan Bank Limited	110,500	38,000	11,050	39,500	120,050	9,807	11,091	6.52	5.99	0.01
	110,500	38,000	11,050	39,500	120,050	9,807	11,091	6.52	5.99	0.01
Engineering										
Amreli Steels Limited	19,300	-	-	19,300	-	-	-	-	-	-
Aisha Steel Mills Limited	45,000	-	-	45,000	-	-	-	-	-	-
International Industries Limited	7,700	8,200	-	9,000	6,900	1,496	1,063	0.63	0.57	0.01
International Steels Limited	20,800	2,600	-	10,600	12,800	1,266	842	0.50	0.45	-
Mughal Iron and Steel Industries Limited	33,000	-	-	33,000	-	-	-	-	-	-
	125,800	10,800	-	116,900	19,700	2,762	1,905	1.13	1.02	0.01
Fertilizer										
Engro Corporation Limited	35,900	30,300	-	6,500	59,700	18,419	17,377	10.22	9.38	0.01
Engro Fertilizer Limited	150,000	-	-	48,800	101,200	7,581	6,988	4.11	3.77	0.01
Fauji Fertilizer Company Limited	37,000	14,000	-	9,500	41,500	4,028	3,853	2.27	2.08	-
	222,900	44,300	-	64,800	202,400	30,028	28,218	16.60	15.23	0.02
Glass and Ceramics										
Shabbir Tiles & Ceramics Limited	75,000	-	-	75,000	-	-	-	-	-	-
	75,000	-	-	75,000	-	-	-	-	-	-
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	64,300	71,700	-	20,000	116,000	17,834	14,848	8.73	8.02	-
Pakistan Petroleum Limited	48,900	36,700	9,300	2,500	92,400	16,964	13,829	8.13	7.47	-
Mari Petroleum Company Limited	6,000	1,520	580	200	7,900	10,834	9,763	5.74	5.27	0.01
Pakistan Oilfields Limited	11,300	4,400	2,400	1,300	16,800	9,292	7,137	4.20	3.85	0.01
	130,500	114,320	12,280	24,000	233,100	54,924	45,577	26.80	24.61	0.02
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited***	23,680	8,100	4,556	2,500	33,836	8,895	7,628	4.49	4.12	0.01
Hascal Petroleum Limited	13,500	-	3,375	5,500	11,375	2,855	1,688	0.99	0.91	0.01
Sui Southern Gas Company Limited	70,000	-	-	70,000	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	42,000	31,500	-	48,800	24,700	2,453	1,904	1.12	1.03	-
	149,180	39,600	7,931	126,800	69,911	14,203	11,220	6.60	6.06	0.02
Paper and Board										
Packages Limited	3,150	-	-	3,150	-	-	-	-	-	-
	3,150	-	-	3,150	-	-	-	-	-	-
Pharmaceuticals										
AGP Limited	12,375	33,000	-	-	45,375	3,967	3,967	2.33	2.14	0.02
The Searl Company Limited***	10,062	-	849	4,400	6,511	1,922	1,599	0.94	0.86	-
	22,437	33,000	849	4,400	51,886	5,889	5,566	3.27	3.00	0.02
Power Generation and Distribution										
The Hub Power Company Limited	88,600	90,000	-	-	178,600	15,762	15,322	9.01	8.27	0.02
Pakgen Power Limited	-	64,000	-	-	64,000	1,103	1,091	0.64	0.59	0.02
K-Electric Limited (Rs. 3.5 each)	725,500	339,000	-	155,000	909,500	5,127	5,402	3.18	2.92	-
	814,100	493,000	-	155,000	1,152,100	21,992	21,815	12.83	11.78	0.04
Textile Composite										
Nishat Mills Limited	48,000	28,000	-	-	76,000	10,330	9,616	5.66	5.19	0.02
Kohinoor Textile Mills Limited	-	113,000	-	-	113,000	5,573	5,094	3.00	2.75	0.04
	48,000	141,000	-	-	189,000	15,903	14,710	8.66	7.94	0.06
Technology & Communication										
Systems Limited	36,500	-	-	14,000	22,500	2,277	2,472	1.45	1.33	0.02
Pakistan Telecommunication Company Limited	-	100,000	-	-	100,000	960	961	0.57	0.52	-
	36,500	100,000	-	14,000	122,500	3,237	3,433	2.02	1.85	0.02
	2,003,362	1,277,055	34,360	891,495	2,423,282	185,956	170,016	100.00	91.79	0.29

*** 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.0.113 million (June 30, 2018: 0.135 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.

7.2 Investment in Government Securities - Ijarah Sukuk - At fair value through profit or loss

7.2.1 Held by Debt Sub-Fund

Issue Date	Tenor	Face value				Amortised Cost as at December 31, 2018	Market value as at December 31, 2018	Market value as a percentage of	
		As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at December 31, 2018			Total investments of sub-fund	Net assets of sub-fund
----- (Rupees in '000) -----									
December 18, 2015	3 Years	14,500	15,000	29,500	-	-	-	-	-
February 15, 2016	7.2.1.1 3 Years	6,200	-	-	6,200	6,200	6,201	20.02	5.60
March 29, 2016	7.2.1.2 3 Years	5,000	-	-	5,000	5,011	4,984	16.09	4.50
		25,700	15,000	29,500	11,200	11,211	11,185	36.11	10.10

7.2.1.1 These carry markup at the rate of 6.10% (June 30, 2018: 6.10%) per annum receivable semi-annually in arrears, maturing in February 2019.

7.2.1.2 These carry markup at the rate of 5.59% (June 30, 2018: 5.59%) per annum receivable semi-annually in arrears, maturing in March 2019.

7.2.2 Held by Money Market Sub-Fund

Issue Date	Tenor	Face value				Amortised Cost as at December 31, 2018	Market value as at December 31, 2018	Market value as a percentage of	
		As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at December 31, 2018			Total investments of sub-fund	Net assets of sub-fund
----- (Rupees in '000) -----									
December 18, 2015	3 Years	-	40,000	40,000	-	-	-	-	-
		-	40,000	40,000	-	-	-	-	-

7.3 Term Finance Certificates and Sukuk bonds - At fair value through profit or loss

7.3.1 Held by Debt Sub-Fund

Name of the Investee Company	As at July 1, 2018	Purchases during the year	Sales / Matured during the year	As at December 31, 2018	Amortised Cost as at December 31, 2018	Market value as at December 31, 2018	Market value as a percentage of		
							Total Investments	Net Assets	
-----Number of certificates-----									
----- (Rupees in '000) -----									
Fertilizers									
Dawood Hercules Corporation Limited Sukuk	20	-	-	20	2,000	2,000	6.46	1.81	
Engro Fertilizer Limited	900	-	-	900	1,576	1,575	5.08	1.42	
Fatima Fertilizers Company Limited	457	-	100	357	1,071	1,080	3.49	0.97	
	1,377	-	100	1,277	4,647	4,655	15.03	4.20	
Multiutilities									
Water and Power Development Authority	474	-	-	474	1,016	1,044	3.37	0.94	
K-Electric Limited	-	1,700	-	1,700	5,950	6,020	19.44	5.43	
	474	1,700	-	2,174	6,966	7,064	22.81	6.37	
Pharmaceuticals									
AGP Limited	24	-	-	24	1,680	1,697	5.48	1.53	
	24	-	-	24	1,680	1,697	5.48	1.53	
Miscellaneous									
International Brands Limited Sukuk	20	-	-	20	2,000	1,974	6.37	1.78	
Agha Steel Industries Limited Sukuk	-	2	-	2	2,000	2,000	6.46	1.81	
	20	2	-	22	4,000	3,974	12.83	3.59	
Total	1,895	1,702	100	3,497	17,293	17,390	56.15	15.69	

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

Name of security	Remaining principal (Rupees per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Agha Steel Industries Limited Sukuk	1,000,000	3 months KIBOR + 0.8%	09-Oct-18	09-Oct-24
AGP Limited	70,000	3 months KIBOR + 1.30%	09-Jun-17	09-Jun-22
Dawood Hercules Corporation Limited Sukuk	100,000	3 months KIBOR + 1%	16-Nov-17	16-Nov-22
Engro Fertilizer Limited	1,750	6 months KIBOR + 1.75%	09-Jul-14	09-Jul-19
Fatima Fertilizers Company Limited	3,000	6 months KIBOR + 1.1%	28-Nov-16	28-Nov-21
International Brands Limited Sukuk	100,000	12 months KIBOR + 0.5%	15-Nov-17	15-Nov-21
K-Electric Limited	3,500	3 months KIBOR + 1%	17-Jun-15	17-Jun-22
Water and Power Development Authority	2,143	6 months KIBOR + 1%	14-Oct-13	14-Oct-21

7.4 Commercial Papers - at amortised cost

7.4.1 Held by Debt Sub-Fund

Name of Company	Note	Maturity Date	Placements made during the period	Income Accrued	Matured during the period	As at December 31, 2018	Market Value as a	
							Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----							----- % -----	
Hascol Petroleum Limited	7.4.1.1	January 4, 2019	2,304	95	-	2,399	8	2
			2,304	95	-	2,399	8	2

7.4.1.1 This commercial paper has been placed at discount at a rate of 8.29% and is being amortised over a period of 184 days.

7.4.2 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, 2018	Market Value as a % of	
							Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----							----- % -----	
Hascol Petroleum Limited	7.4.2.1	January 4, 2019	3,743	154	-	3,897	53	4
K-Electric Limited	7.4.2.2	March 1, 2019	3,349	103	-	3,452	47	4
			7,092	257	-	7,349	100	8

7.4.2.1 The commercial paper has been placed at discount at a rate of 8.29% and is being amortised over a period of 184 days.

7.4.2.2 The commercial paper has been placed at discount at a rate of 8.95% and is being amortised over a period of 184 days.

8. DIVIDEND AND PROFIT RECEIVABLE

	December 31, 2018				June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----								
Dividend receivable	5	-	-	5	303	-	-	303
Profit receivable on bank deposits	97	470	364	931	59	295	334	688
Profit accrued on sukuk bonds	-	361	-	361	-	235	-	235
Profit accrued on government securities - Ijarah Sukuk	-	184	-	184	-	237	-	237
Profit accrued on term deposit receipts	-	382	331	713	-	11	9	20
	102	1,397	695	2,194	362	778	343	1,483

9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2018				June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Security Deposit with Central Depository Company of Pakistan Limited	100	100	100	300	100	100	100	300
Advance against Initial Public Offer (IPO) of Sukuks	-	-	-	-	-	-	-	-
Other Receivable	1	455	15	471	-	30	12	42
	101	555	115	771	100	130	112	342

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

Note	December 31, 2018				June 30, 2018			
	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	245	135	115	495	212	122	99	433
Sindh Sales Tax 10.2	37	20	17	74	27	16	13	56
	282	155	132	569	239	138	112	489

10.1 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.

10.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on the remuneration of the Management Company through Sindh Sales Tax Act, 2011 effective from July 01, 2017.

11. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Note	December 31, 2018				June 30, 2018			
	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)							
Trustee remuneration	51	27	23	101	21	12	10	43
Sindh Sales Tax on Trustee remuneration 11.1	8	4	3	15	3	2	1	6
	59	31	26	116	24	14	11	49

11.1 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on the remuneration of the Trustee through Sindh Sales Tax Act, 2011 effective from July 01, 2017.

12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	December 31, 2018				June 30, 2018			
	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	84	84	84	252	79	79	80	238
Payable against purchase of investments	-	-	-	-	724	-	-	724
Federal Excise Duty 13.1	879	488	383	1,750	879	488	383	1,750
Provision for Sindh Workers' Welfare Fund 16	1,952	315	241	2,508	1,952	266	196	2,414
Payable against redemption of units	-	-	-	-	11	94	208	313
Other payable	514	57	10	581	507	2	1	510
	3,429	944	718	5,091	4,152	929	868	5,949

- 13.1 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 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. 0.879 million, 0.488 million and 0.383 million (June 30, 2018: 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 December 31, 2017 would have been higher by Rs. 1.69, Rs. 0.64 and Rs. 0.58 (June 30, 2018: Rs. 1.98 Rs. 0.68 and Rs. 0.63) 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.

14. CONTRIBUTION TABLE

Contributions received during the period are as follows:

	Half year ended December 31, 2018							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
From:								
Individuals	122,836	47,625	205,552	29,485	238,342	33,951	566,730	111,061
	122,836	47,625	205,552	29,485	238,342	33,951	566,730	111,061

	Half year ended December 31, 2017							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
From:								
Individuals	31,024	11,726	107,854	14,977	92,590	12,563	231,468	39,266
	31,024	11,726	107,854	14,977	92,590	12,563	231,468	39,266

15. NUMBER OF UNITS IN ISSUE

	December 31, 2018				June 30, 2018			
	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	442,737	717,333	598,657	1,758,727	470,012	696,065	583,084	1,749,161
Units issued during the period	122,836	205,552	238,342	566,730	82,298	310,830	204,761	597,889
Units redeemed during the period	(55,834)	(143,728)	(177,888)	(377,450)	(101,291)	(311,459)	(193,430)	(606,180)
Reallocation during the period	8,760	(17,153)	(5,298)	(13,691)	(8,282)	21,897	4,242	17,857
Total units in issue at the end of the period	518,499	762,004	653,813	1,934,316	442,737	717,333	598,657	1,758,727

16. 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. 0.39 and Rs. 0.32 (30 June 2018: Rs. 3.77, Rs. 0.41 and Rs. 0.37) per unit respectively.

17. 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:

17.1 Transactions during the period

	Half year ended December 31, 2018				Half year ended December 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	1,593	888	735	3,216	1,481	825	630	2,936
Habib Bank Limited - Sponsor								
Bank charges paid	12	9	6	27	10	7	5	22
Profit on bank deposits earned	221	45	62	328	241	58	40	339
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Issue of units	Number 1,853	4,171	1,058	7,082	15,945	35,503	9,048	60,496
Amount of units issued	750	600	150	1,500	6,139	4,911	1,228	12,278
Reallocation of units	Number 2,988	(5,356)	(2,349)	(4,717)	(1,448)	2,985	1,667	3,204
Amount of Units Reallocated	1,088	(760)	(328)	-	(637)	412	225	-
Executives and their relatives								
Issuance of units	Number -	-	5	5	1,123	2,265	-	3,388
Amount of units issued	-	-	1	1	435	315	-	750
Reallocation of units	Number 1,317	(3,617)	-	(2,300)	88	(279)	-	(191)
Amount of units reallocated	513	(513)	-	-	39	(39)	-	-
Directors and Executives of the Habib Bank Limited - Sponsor and their relatives								
Executives and their relatives								
Issue of units	-	-	-	-	-	-	-	-
Amount of units issued	-	-	-	-	-	-	-	-
Withdrawal of units	-	-	-	-	-	-	-	-
Amount of units withdrawn	-	-	-	-	-	-	-	-
Reallocation of units	Number 458	(1,174)	-	(716)	-	-	-	-
Amount of Units Reallocated	167	(167)	-	-	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee								
Remuneration	160	89	74	323	149	83	63	295
Central Depository System Charges	7	3	3	13	10	3	-	13
Directors of connected persons								
Reallocation of units	Number (146)	(1,500)	(5,723)	(7,369)	(219)	53	660	494
Amount of units reallocated	(57)	(215)	(810)	(1,082)	(96,371)	7,289	89,082	-
Redemption of units	Number 334	(120)	(749)	(535)	(118)	(1,509)	(5,783)	(7,410)
Amount of units redeemed	122	(17)	(105)	-	45,672	209,526	787,336	1,042,534

17.2 Balances outstanding as at period end

	December 31, 2018				June 30, 2018			
	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	245	135	115	495	212	122	99	433
Sindh Sales tax Payable	37	20	17	74	27	16	13	56
Federal Excise Duty payable	879	488	383	1,750	879	488	383	1,750
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	107,158	43,612	42,986	193,756	116,480	42,545	41,809	200,834
Profit receivable on bank deposits	10	12	39	61	38	8	6	52
Bank balances	4,537	23,549	20,718	48,804	10,832	5,152	8,494	24,478

	December 31, 2018				June 30, 2018			
	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)								
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Units held	<i>Number</i> 38,375	87,334	32,654	158,363	33,534	88,519	33,945	155,998
Amount of units held	13,707	12,696	4,679	31,082	13,020	12,554	4,731	30,305
Executives and their relatives								
Units held	<i>Number</i> 13,155	8,685	5	21,845	11,838	12,302	-	24,140
Amount of units held	4,699	1,263	1	5,963	4,596	1,745	-	6,341
Executives of the Habib Bank Limited - Sponsor and their relatives								
Units Held	7,201	18,472	-	25,673	6,743	19,646	-	26,389
Amount of Units held	2,572	2,685	-	5,257	2,618	2,786	-	5,404
Central Depository Company of Pakistan Limited - Trustee								
Remuneration payable	59	31	26	116	24	14	11	49
Security deposit receivable	100	100	100	300	100	100	100	300
Directors of connected persons								
Units held	<i>Number</i> 1,612	16,541	63,107	81,260	1,424	18,160	69,580	89,164
Amount of units held	618	2,405	9,042	12,065	553	2,575	9,697	12,825

18. 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								
		December 31, 2018								
On-balance sheet financial instruments		Carrying Amount			Fair Value					
Note	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)										
Financial assets measured at fair value										
	- Listed equity securities	170,016	-	-	-	170,016	-	-	170,016	
		170,016	-	-	-	170,016	-	-	170,016	
Financial assets not measured at fair value										
18.1	- Bank balances	-	-	-	18,787	-	-	-	18,787	
	- Dividend receivable and accrued mark-up	-	-	-	102	-	-	-	102	
	- Advances, deposits, prepayments and other receivables	-	-	-	101	-	-	-	101	
		-	-	-	18,990	-	-	-	18,990	
		170,016	-	-	18,990	-	-	-	189,006	
Financial liabilities not measured at fair value										
18.1	- Payable to the Pension Fund Manager	-	-	-	282	-	-	-	282	
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	59	-	-	-	59	
	- Accrued expenses and other liabilities	-	-	-	598	-	-	-	598	
		-	-	-	939	-	-	-	939	
(Rupees in '000)										
		Held by Equity sub-fund								
		June 30, 2018								
On-balance sheet financial instruments		Carrying Amount			Fair Value					
18.1	Designated as at fair value through profit or loss	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										
	- Listed equity securities	109,009	44,796	-	-	153,805	-	-	153,805	
		109,009	44,796	-	-	153,805	-	-	153,805	
Financial assets not measured at fair value										
18.1	- Bank balances	-	-	22,106	-	-	-	-	22,106	
	- Dividend receivable and accrued mark-up	-	-	362	-	-	-	-	362	
	- Advances, deposits, prepayments and other receivables	-	-	100	-	-	-	-	100	
		-	-	22,568	-	-	-	-	22,568	
		109,009	44,796	22,568	-	-	-	-	176,373	
Financial liabilities not measured at fair value										
18.1	- Payable to the Pension Fund Manager	-	-	-	239	-	-	-	239	
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	24	-	-	-	24	
	- Accrued expenses and other liabilities	-	-	-	1,321	-	-	-	1,321	
		-	-	-	1,584	-	-	-	1,584	
(Rupees in '000)										
		Held by Debt sub-fund								
		December 31, 2018								
On-balance sheet financial instruments		Carrying Amount			Fair Value					
Note	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)										
Financial assets measured at fair value										
	- GoP Ijarah Sukuks	11,185	-	-	-	-	11,185	-	11,185	
	- Term Finance Certificates and Sukuk Bonds - Unlisted	17,390	-	-	-	-	17,390	-	17,390	
		28,575	-	-	-	-	17,390	-	28,575	
Financial assets not measured at fair value										
18.1	- Bank balances	-	-	-	60,997	-	-	-	60,997	
	- Term Deposit Receipts (TDRs)	-	-	-	18,000	-	-	-	18,000	
	- Dividend receivable and accrued mark-up	-	-	-	1,397	-	-	-	1,397	
	- Other receivables	-	-	-	555	-	-	-	555	
	- Commercial Paper	-	-	-	2,399	-	-	-	2,399	
		-	-	-	83,348	-	-	-	83,348	
		28,575	-	-	83,348	-	-	-	111,923	
Financial liabilities not measured at fair value										
18.1	- Payable to the Pension Fund Manager	-	-	-	155	-	-	-	155	
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	31	-	-	-	31	
	- Accrued expenses and other liabilities	-	-	-	141	-	-	-	141	
		-	-	-	327	-	-	-	327	

		Held by Debt sub-fund								
		June 30, 2018					Fair Value			
On-balance sheet financial instruments	Note	Carrying Amount				Total	Level 1	Level 2	Level 3	Total
		Designated as at fair value through profit or loss	Available for Sale	Loan and Receivables	Other Financial Liabilities					
(Rupees in '000)										
Financial assets measured at fair value										
- GoP Ijarah Sukuks		-	25,766	-	-	25,766	-	25,766	-	25,766
- Term Finance Certificates and Sukuk Bonds - Unlisted		6,390	4,803	-	-	11,193	-	11,193	-	11,193
		6,390	30,569	-	-	36,959				
Financial assets not measured at fair value	18.1									
- Bank balances		-	-	45,477	-	45,477				
- Dividend receivable and accrued mark-up		-	-	778	-	778				
- Term deposits receipts (TDRs)		-	-	19,500	-	19,500				
- Advances, deposits, prepayments and other receivables		-	-	130	-	130				
		-	-	65,885	-	65,885				
		6,390	30,569	65,885	-	102,844				
Financial liabilities not measured at fair value	18.1									
- Payable to the Pension Fund Manager		-	-	-	138	138				
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	14	14				
- Accrued expenses and other liabilities		-	-	-	175	175				
		-	-	-	327	327				

		Held by Money Market sub-fund								
		December 31, 2018				Fair Value				
On-balance sheet financial instruments	Note	Carrying Amount				Total	Level 1	Level 2	Level 3	Total
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost					
(Rupees in '000)										
Financial assets not measured at fair value	18.1									
- Bank balances		-	-	-	71,414	71,414				
- Term deposits receipts (TDRs)		-	-	-	15,000	15,000				
- Dividend receivable and accrued mark-up		-	-	-	695	695				
- Advances, deposits, prepayments and other receivables		-	-	-	115	115				
- Commercial Paper		-	-	-	7,349	7,349				
		-	-	-	94,573	94,573				
Financial liabilities not measured at fair value	18.1									
- Payable to the Pension Fund Manager		-	-	-	132	132				
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	26	26				
- Accrued expenses and other liabilities		-	-	-	94	94				
		-	-	-	252	252				

		Held by Money Market sub-fund								
		June 30, 2018				Fair Value				
On-balance sheet financial instruments	Note	Carrying Amount				Total	Level 1	Level 2	Level 3	Total
		Designated as at fair value through	Available for Sale	Loan and Receivables	Other Financial Liabilities					
(Rupees in '000)										
Financial assets not measured at fair value	18.1									
- Bank balances		-	-	68,492	-	68,492				
- Term deposits receipts (TDRs)		-	-	15,500	-	15,500				
- Dividend receivable and accrued mark-up		-	-	343	-	343				
- Advances, deposits, prepayments and other receivables		-	-	112	-	112				
		-	-	84,447	-	84,447				
Financial liabilities not measured at fair value	18.1									
- Payable to the Pension Fund Manager		-	-	-	112	112				
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	11	11				
- Accrued expenses and other liabilities		-	-	-	289	289				
		-	-	-	412	412				

18.1 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.

19. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Pension Fund Company on February 8, 2019.

20. 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




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HBL

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