

HBL

ASSET MANAGEMENT LTD.
ایس ایٹ مینجمنٹ لمیٹڈ

AMC Rating : AM2+ by JCR-VIS



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 together with Financial Statements for the half year ended December 31, 2018.

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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 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.

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 to 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.

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%). 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 AND PAYOUTS

HBL Income Fund

The total income and net income of the Fund was Rs. 95.06 million and Rs. 77.77 million respectively during the period ended December 31, 2018. The Net Asset Value (NAV) per unit of the Fund was Rs. 111.2890 per unit as on June 30, 2018 which decreased to Rs. 109.6712 per unit as on December 31, 2018 (after incorporating dividend of Rs. 5.50 per unit); thereby giving an annualized return of 7.28. During the same period, the benchmark (6 Month KIBOR) return was 8.96%. The size of Fund was Rs. 2.04 billion as on December 31, 2018 as compared to Rs. 2.46 billion at the start of the year.

JCR-VIS Credit Rating Company Limited has reaffirmed A(f) Fund Stability Rating to the Fund.

HBL Government Securities Fund

The total income and net income of the Fund was Rs. 21.86 million and Rs. 17.03 million respectively during the period ended December 31, 2018. The Net Asset Value (NAV) per unit of the Fund was Rs. 110.4244 per unit as on June 30, 2018 which

decreased to Rs. 109.8533 per unit as on December 31, 2018 (after incorporating dividend of Rs. 4.75 per unit); thereby giving an annualized return of 7.84%. During the same period the benchmark (6 Month PKRV Rates) return was 8.72%.The size of Fund was Rs. 209 million as on December 31, 2018 as compared to Rs. 314 million at the start of the year.

JCR-VIS Credit Rating Company Limited has reaffirmed A+(f) Fund Stability Rating to the Fund.

HBL Money Market Fund

The total income and net income of the Fund was Rs. 330.69 million and Rs. 275.73 million respectively during the period ended December 31, 2018. The Net Asset Value (NAV) per unit of the Fund was Rs. 107.1869 per unit as on June 30, 2018 which decreased to Rs. 105.7004 per unit as on December 31, 2018 (after incorporating dividend of Rs. 5.15 per unit) ; thereby giving an annualized return of 7.12%. During the same period the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 7.36%.The size of Fund was Rs. 7.45 billion as on December 31, 2018 as compared to Rs. 7.25 billion at the start of the year.

JCR-VIS Credit Rating Company Limited has reaffirmed AA(f) Fund Stability Rating to the Fund.

HBL Cash Fund

The total income and net income of the Fund was Rs. 538.44 million and Rs. 464.79 million respectively during the period ended December 31, 2018. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs 106.0021 per unit as on June 30, 2018. The NAV of the Fund was Rs 100.9932 per unit as on December 31, 2018 (after incorporating final dividend of Rs. 5.25 per unit and interim dividend of Rs. 3.50 per unit); thereby giving an annualized return of 7.37%. During the same period, the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 7.36%.The size of Fund was Rs 10.31 billion as on December 31, 2018 as compared to Rs.12.04 billion at the start of the year.

JCR-VIS Credit Rating Company Limited has reaffirmed AA(f) Fund Stability Rating to the Fund.

HBL Stock Fund

The Fund incurred a total and net loss of Rs. 496.51 million and Rs. 597.00 million respectively during the period ended December 31, 2018. The Net Asset Value (NAV) per unit of the Fund was Rs 107.0620 per unit as on June 30, 2018. The NAV of the Fund was Rs. 94.7188 per unit as on December 31, 2018; thereby giving a negative return of 11.53%. During the same period, the benchmark KSE 30 index yielded a negative return of 13.99%.The size of Fund was Rs 3.35 billion as on December 31, 2018 as compared to Rs. 5.96 billion at the start of the year.

HBL Equity Fund

The Fund incurred a total and net loss of Rs. 27.62 million and Rs. 33.56 million respectively during the period ended December 31, 2018. The Net Asset Value (NAV) per unit of the Fund was Rs. 110.4602 per unit as on June 30, 2018. The NAV of the Fund was Rs. 98.7442 per unit as on December 31, 2018; thereby giving a negative return of 10.61%. During the same period, the benchmark KSE 100 index yielded a negative return of 11.56%.The size of Fund was Rs. 0.27 billion as on December 31, 2018 as compared to Rs. 0.29 billion at the start of the year.

HBL Energy Fund

The Fund incurred a total and net loss of Rs. 138.12 million and Rs. 154.87 million respectively during the period ended December 31, 2018. The Net Asset Value (NAV) per unit of the Fund was Rs. 14.6857 per unit as on June 30, 2018. The NAV of the Fund was Rs. 12.4186 per unit as on December 31, 2018; thereby giving a negative return of 15.44%. During the same period, the benchmark KSE 30 index yielded a negative return of 13.99%.The size of Fund was Rs. 0.83 billion as on December 31, 2018 as compared to Rs. 1.06 billion at the start of the year.

HBL Multi Asset Fund

The Fund incurred a total and net loss of Rs. 13.65 million and Rs. 18.69 million respectively during the period ended December 31, 2018. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs 105.0519 per unit as on June 30, 2018. The NAV of the Fund was Rs 98.2805 per unit as on December 31, 2018; thereby giving a negative return of 6.45%. During the same period, the benchmark index (Weighted average daily return KSE 100 and 6 Month PKRV rates) yielded a negative return of 4.94%. The size of Fund was Rs 0.27 billion as on December 31, 2018 as compared to Rs. 0.32 billion at the start of the year.

HBL Financial Planning Fund

The Fund comprises of three sub funds (plans) namely Active allocation plan, Conservative allocation plan and Strategic allocation plan.

The Fund as a whole incurred total and net loss of Rs. 23.21 million and Rs. 24.88 million respectively during the period under review. The fund size of the fund stood at Rs. 0.43 billion as on December 31, 2018.

Performance review for plans is given below:

Active Allocation Plan

During the period under review, the Active allocation plan incurred total and net loss of Rs. 14.84 million and Rs 15.37 million respectively. The net assets of the Active allocation plan stood at Rs. 0.17 billion representing Net Asset Value (NAV) of Rs. 95.8727 per unit as at December 31, 2018. The plan posted a negative return of 6.60% for the period under review. The plan is invested to the extent of 57% in equity funds & 41% in fixed income funds.

Conservative Allocation Plan

During the period under review, the Conservative allocation plan earned total and net income of Rs. 1.45 million and Rs 1.06 million respectively. The net assets of the Conservative allocation plan stood at Rs. 0.07 billion representing Net Asset Value (NAV) of Rs. 104.1590 per unit as at December 31, 2018. The plan earned a return of 0.38% for the period under review. The plan is invested to the extent of 18% in equity funds & 80% in fixed income funds.

Strategic Allocation Plan

During the period under review, the Strategic allocation plan incurred total and net loss of Rs. 9.82 million and Rs 10.56 million respectively. The net assets of the Strategic allocation plan stood at Rs. 0.19 billion representing Net Asset Value (NAV) of Rs. 97.2577 per unit as at December 31, 2018. The plan yielded a negative return of 5.14% for the period under review. The plan is invested to the extent of 49% in equity funds & 51% in fixed income funds.

HBL Growth Fund (Formerly PICIC Growth Fund)

During the year under review the fund converted into an open-ended collective investment scheme from a closed-ended Fund effective from July 2, 2018. The matter related to conversion of the fund is disclosed in detail in note 1.4 of the condensed interim Financial Information of the Fund. Post conversion the Fund comprises of two separate segments i.e. Class-A Segment & Class-B Segment. The Fund as a whole incurred total and net loss of Rs. 429.22 million and Rs. 621.18 million respectively during the period under review. The fund size of the fund stood at Rs. 10.87 billion as on December 31, 2018.

Performance of each segment is given below:

Class-A Segment

During the period under review, Class-A earned total income of Rs. 101.10 million and incurred a net loss of Rs 4.12 million. The

net assets of the class stood at Rs. 6.09 billion representing Net Asset Value (NAV) of Rs. 21.4836 per unit as at December 31, 2018. The class posted a negative return of 15.78% for the period under review.

Class-B Segment

During the period under review, Class-B incurred a total and net loss of Rs. 530.31 million and Rs 617.06 million respectively. The net assets of the class stood at Rs. 4.78 billion representing Net Asset Value (NAV) of Rs. 17.0063 per unit as at December 31, 2018. The class posted a negative return of 11.43% for the period under review.

HBL Investment Fund (Formerly PICIC Investment Fund)

During the year under review the fund converted into an open-ended collective investment scheme from a closed-ended Fund effective from July 2, 2018. The matter related to conversion of the fund is disclosed in detail in note 1.4 of the condensed interim Financial Information of the Fund. Post conversion the Fund comprises of two separate segments i.e. Class-A Segment & Class-B Segment. The Fund as a whole incurred total and net loss of Rs. 239.17 million and Rs. 324.00 million respectively during the period under review. The fund size of the fund stood at Rs. 4.68 billion as on December 31, 2018.

Performance of each category is given below:

Class-A Segment

During the period under review, Class-A earned a total income of Rs. 37.71 million and incurred a net loss of Rs 1.24 million. The net assets of the class stood at Rs. 2.18 billion representing Net Asset Value (NAV) of Rs. 7.6872 per unit as at December 31, 2018. The class posted a negative return of 15.43% for the period under review.

Class-B Segment

During the period under review, Class-B incurred a total and net loss of Rs. 278.67 million and Rs 322.77 million respectively. The net assets of the class stood at Rs. 2.50 billion representing Net Asset Value (NAV) of Rs. 8.8907 per unit as at December 31, 2018. The class posted a negative return of 11.45% for the period under review.

MANAGEMENT COMPANY RATING

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

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 and MCB Financial Services Limited as Trustee, the Pakistan Stock Exchange Limited 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

بینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

ایچ بی ایل ایسیٹ بینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2018 کو ختم ہونے والے سال کے لئے ایچ بی ایل انکم فنڈ، ایچ بی ایل گورنمنٹ سیکورٹیز فنڈ، ایچ بی ایل منی مارکیٹ فنڈ، ایچ بی ایل کیش فنڈ، ایچ بی ایل اسٹاک فنڈ، ایچ بی ایل ایکویٹی فنڈ، ایچ بی ایل انرجی فنڈ، ایچ بی ایل ملٹی ایسیٹ فنڈ، ایچ بی ایل فنانشل پلاننگ فنڈ، ایچ بی ایل گروتھ فنڈ (سابق پب اک گروتھ فنڈ) اور ایچ بی ایل انویسٹمنٹ فنڈ (سابق پب اک انویسٹمنٹ فنڈ) (فنڈز) کی رپورٹ مع ان کے مالیاتی گوشوارہ جات پیش کرتے ہوئے اظہار مسرت کرتا ہے۔

معیشت کا جائزہ

پاکستان کی معیشت کو مستقل طور پر دہرے خساروں، بڑھتے ہوئے افراط زر کے دباؤ اور کم ہوتے ہوئے غیر ملکی زرمبادلہ کے ذخائر کے ساتھ مستقل چیلنجز کا سامنا ہے۔ مسلسل میکرو اکنامک ایشوز کے باعث مرکزی بینک نے مالیاتی سختی لانے کی کوشش کی اور پاک روپے کی قدر میں کمی مجموعی طلب برقرار رکھنے اور بیرونی اکاؤنٹ کے دباؤ کے تحت کی۔ ان حالیہ تبدیلیوں بشمول مناسب کیش فلوز دوست ممالک (سعودی عرب، یو اے ای اور چین) کی جانب سے تعاون کے وعدوں نے حکومت کو بیرونی فنڈنگ کے خلا کو پُر کرنے کی قوت فراہم کی۔

پالیسی سازوں نے مالی سال 19ء کی پہلی ششماہی کے دوران پاک روپے کی قدر میں 15 فیصد کمی ملک کے مجموعی تجارتی توازن کو بہتر بنانے کے لئے کرنسی کی اور وولیویشن سے نمٹنے کی غرض سے کی۔ پاک روپے کی قدر میں آخری بار کمی کے بعد ریئل ایفیکٹیو ایکسچینج ریٹ 106.4 (نومبر-18ء) تک پہنچ گیا % 14.4 کی کمی ہوئی، جو کرنسی کی اس کی فیئر ویلیو پر بند ہونے کی عکاس ہے۔ مرکزی بینک نے مالی سال 19ء کی پہلی ششماہی کے دوران 350bps کے ذریعے بیچ مارک شرح سود میں اضافے کے تحت سخت مالیاتی پالیسی پر توجہ مرکوز رکھی۔ ان نمایاں تبدیلیوں سے تجارتی ڈیٹا (PBS) میں کچھ مہلت ملی جس سے مالی سال 19ء کی پہلی ششماہی میں 2.2 فیصد کمی برآمدگی گروتھ ظاہر ہوئی، اس کے مقابلے میں درآمدات میں 2.3 فیصد کمی آئی جس سے مالی سال 19ء کی پہلی ششماہی کے دوران تجارتی خسارہ 5 فیصد تک کم ہو کر 16.8 ارب ڈالر تک کم ہوا۔ زرتربیل کارجمان بھی خاصا حوصلہ افزا رہا جس نے مالی سال 19ء کی پہلی ششماہی میں 10 فیصد تک کا اضافہ ظاہر کیا اور 10.7 ارب ڈالر تک جانچنے۔ ان عناصر کے نتیجے میں مالی سال 19ء کی پہلی ششماہی کے لئے کرنٹ اکاؤنٹ خسارہ (CAD) 4.4 فیصد کم ہو کر 8.0 ارب ڈالر (جی ڈی پی کا 5.4 فیصد) ہو گیا جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران 8.4 ارب ڈالر (جی ڈی پی کا 5.2 فیصد) رہا تھا۔ کرنٹ اکاؤنٹ خسارے میں سست روی خوش آئند اثرات تھے تاہم اس کے ساتھ مقامی معیشت میں مالی سال 19ء کے پہلے پانچ ماہ کے دوران ایل ایس ایم میں بھی 0.9 فیصد کمی کارجمان رہا۔ جبکہ اس کے مقابلے میں مالی سال 18ء کے پہلے پانچ ماہ کے دوران 7.7 فیصد کا اضافہ ہوا تھا۔ غیر ملکی زرمبادلہ کے ذخائر 13.8 ارب ڈالر تک کم ہوئے جبکہ ایس بی پی کے ذخائر میں 7.2 ارب ڈالر کمی آئی۔

مالی سال 19ء کی پہلی ششماہی میں اوسطاً سرکردہ سی پی آئی افراط زر کی شرح 6.0 فیصد تھی جو بلند تر اوسطاً تیل کے نرخوں اور کرنسی کی قدر میں کمی کے باعث گزشتہ سال کی اسی مدت کے دوران ریکارڈ کی جانے والی 3.8 فیصد سے بہت زیادہ رہی۔ افراط زر میں آخری سہ ماہی کے دوران تیل کے نرخوں میں کمی اور جلد خراب ہو جانے والے فوڈ آئٹمز میں کمی کے باعث کسی قدر سست روی دیکھنے میں آئی۔ بنیادی افراط زر (نان-فوڈ اور نان-انرجی) بدستور اوپر سی سطح پر گامزن رہا اور دسمبر 18ء کے دوران 8.4 فیصد پر پہنچ گیا جو مالی سال 19ء کی پہلی ششماہی میں اوسطاً 8.0 فیصد رہا اور گزشتہ سال کی اسی مدت کے دوران مقابلتاً 5.5 فیصد تھا۔ جبکہ ہم توقع کرتے ہیں کہ افراط زر کی شرح مناسب فوڈ سپلائی کے باعث متوازن رہے گی جبکہ بنیادی افراط زر یہی مدت کے دوران سخت رہ سکتی ہے۔ حکومت نے مالیاتی خسارے کے ہدف پر جی ڈی پی کے 5.1 فیصد تک کی نظر ثانی کی ہے۔

آگے بڑھتے ہوئے ہم توقع کرتے ہیں کہ میکرو اکنامک چیلنجز سے نمٹ لیا جائے گا کیونکہ حکومت دوست ممالک سے امداد پر نگاہ رکھے ہوئے ہے اور آئی ایم ایف کے ساتھ معاہدے کے بعد غیر ملکی فنڈنگ کا خلا مستحکم بنیادوں پر پُر کیا جاسکے گا۔ ہم یہ بھی دیکھ رہے ہیں کہ حکومت آئی ایم ایف پروگرام میں داخل ہونے کے بعد مالی استحکام کے اقدامات پر بھی بھرپور توجہ دے گی۔

بازار زر کا جائزہ

ایس بی پی نے مالی سال 19ء کی پہلی ششماہی میں سخت مالیاتی پالیسی کا تسلسل جاری رکھا تاکہ بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے کو کم کرنے کے ساتھ بڑھتے ہوئے افراط زر کے دباؤ کو قابو میں لایا جاسکے۔ ایس بی پی کے پالیسی ریٹ میں 350 بی پی ایس کے مجموعی اضافے کے باعث تمام مدتوں میں پیداوار 413bps-352 تک بڑھی جو جولائی 18ء میں 100bps، ستمبر میں 100bps اور نومبر 18ء میں مزید 150bps بڑھ کر 10.00% ہو گئی۔ 3، 5 اور 10 سالہ پی آئی بی کی سیکنڈری مارکیٹ پیداوار بالترتیب 393، 303 اور 413 بی پی ایس تک بڑھی جبکہ 3، 6 اور 12 ماہ کے ٹی بلز کی پیداوار میں بالترتیب 352، 368 اور 398 بی پی ایس کا اضافہ ہوا۔ حکومت پاکستان نے 300 ارب روپے کے ہدف کے برخلاف پی آئی بی نیلام کے ذریعے صرف 35 ارب تک کا اضافہ کیا جس کی وجہ دلچسپی کا فقدان تھا کیونکہ مارکیٹ کے شرکاء کو شرح سود میں اضافے کی توقع تھی اور اس کا سبب حکومت کا متوقع طور پر آئی ایم ایف پروگرام میں شامل ہونا تھا۔ تین سال، 5 سال اور 10 سالہ پی آئی بی کے لئے تازہ ترین کٹ آف پیداوار بالترتیب 12.25%، 12.70% اور 13.15% پر موجود ہے۔

ششماہی کے دوران حکومت نے اپنے قرضہ جات شیڈول بینکوں سے سینٹرل بینک کی جانب منتقل کئے۔ حکومت نے ٹی بلز اور پی آئی بی آکشنز میں فقدان کے باعث گزشتہ سال کی اسی مدت کے دوران 315 ارب روپے کے قرضوں کے عوض شیڈول بینکوں سے 606 ارب روپے نمٹائے۔ دریں اثنا حکومت کے اس مدت کے دوران ایس بی پی سے قرضوں میں 1,275 ارب روپے کا اضافہ ہوا اس کے برخلاف گزشتہ سال کی اس مدت کے دوران 3 ارب روپے کے قرضے لئے گئے تھے۔ حکومت نے بڑے پیمانے پر اپنے قرضوں کی ضروریات کا بندوبست مقامی وسائل بالخصوص سینٹرل بینک کے ذریعے کیا۔

جنوری 2019 میں آنے والی مانیٹری پالیسی میں اسٹیٹ بینک نے پالیسی ریٹ 25bps مزید بڑھا کر 10.25% کر دیا۔ آگے بڑھتے ہوئے ہم دیکھ رہے ہیں کہ مالیاتی سخت پالیسی کا بڑا دورانیہ گزر جائے گا اور مالی سال 2019 کی باقیماندہ مدت میں شرح سود موجودہ سطح (10-11%) پر برقرار رہے گا۔

بازار حصص کا جائزہ

پاکستان ایکویٹی مارکیٹس نے جاتی ہوئی ششماہی میں کمی کا سامنا کیا ہے کیونکہ بڑھتے ہوئے میکرو اکنامک خطرات مجموعی طور پر سرمایہ کاروں کے رجحان کو متاثر کر رہے ہیں۔ مارکیٹ نے عام انتخابات 2018 کے بعد کامیاب سیاسی منتقلی کے ساتھ نئی حکومت سے بہتر توقعات کی امیدوں اور ایک سال کے بعد آنے والے سیاسی استحکام کے ساتھ مختصر مدت کے لئے خوشگوار اثرات ظاہر کئے تاہم مستقل غیر ملکی بہاؤ، شرح سود میں اضافے اور پاک روپے کی قدر میں کمی دباؤ بڑھتا گیا۔

ہینج مارک KSE 100 انڈیکس 4,844 پوائنٹس سے گر کر 37.067 پوائنٹس (% 11.6) پر بند ہوا۔ کمزور رجحانات کے باعث بیشتر شعبوں میں کارکردگی کمتر رہی اور طلب اور مارجنز میں استحکام پر تشویش پائی جانے کے باعث زیر گردش کمپنیوں کی آمدنی میں کمی آئی (مانیٹری سخت گیر پالیسی اور کرنسی کی قدر میں کمی کے بعد)۔ اسی طرح سیمنٹ، انجینئرنگ اور آٹو سیکٹر KSE-100 انڈیکس سے 1,100 پوائنٹس کے ساتھ نمایاں رہا۔ آٹو سیکٹر پر نان فاکٹرز کے لئے کاروں کی خریداری پر پابندی کے تسلسل کے بعد طلب میں کمی جبکہ استعمال شدہ ٹریکٹرز کی درآمد پر الاؤنس کے فلو کے باعث دباؤ رہا۔ آئل اور گیس سیکٹر میں فرنیس آئل کی درآمد پر پابندی اور ریٹیل فیول کے حجم میں کمی کے باعث 476 پوائنٹس کی کمی آئی۔

بڑھتی ہوئے شرح سود اور پاک روپے کی قدر میں کمی کے باوجود بینکنگ اور آئل اینڈ گیس ایکسپلوریشن سیکٹرز کی کارکردگی مایوس کن رہی۔ بینکاری کے شعبے کی کارکردگی انڈیکس ہیوی ویٹس کی چٹائی کارکردگی کے باعث متاثر ہوئی جس کی وجہ غیر ملکی فراہمی اور مستقل غیر ملکی فروخت کا خوف تھا۔ ای اینڈ پی سیکٹر نے اکتوبر 18 میں تیل کے بین الاقوامی نرخ 86 ڈالر فی بیرل تک پہنچنے کے بعد سال کے اختتام پر 53 ڈالر فی بیرل رہ جانے کے باعث پورے سال اتار چڑھاؤ کے سبب خسارے کا سامنا کیا۔ مارکیٹ میں غیر ملکی خریدار بدستور نیٹ سیلرز رہے جنہوں نے دسمبر 18ء کو ختم ہونے والی ششماہی کے دوران 404 ملین ڈالر کی ایکویٹیز کی سرمایہ کاری واپس لی۔ ان نقد بہاؤ کو بڑی حد تک بیمہ کمپنیوں اور انفرادی طور پر افراد نے بالترتیب 173 ملین ڈالر اور 152 ملین ڈالر کی سرمایہ کاری کے ذریعے جذب کیا۔

آگے بڑھتے ہوئے پاکستان ایکویٹیز کے بارے میں محدود رہنے کے امکانات برقرار ہیں گے کیونکہ مارکیٹ میں موجود شرکاء آئی ایم ایف پروگرام میں شامل ہونے کے بعد حکومت کی پالیسی اقدامات کے واضح ہونے کا انتظار کر رہے ہیں۔ لیکن ہم اس کے ساتھ واضح کرتے ہیں کہ موجودہ میکرو اکنامک ماحول کے اثرات انڈیکس

ہیوی ویٹس (ای اینڈ پیز اور بیٹکوں) کے لئے مثبت رہیں گے جبکہ حالیہ نچلی کارکردگی زیر گردش اسٹاکس کی ویلیو ایشن کھل جائے گی۔ ہم یقین رکھتے ہیں کہ پاکستان ایکویٹیز طویل مدتی سرمایہ کاروں کے لئے بہترین مواقع کی پیشکش کریں گی۔

فنڈز کی کارکردگی اور ادائیگیاں:

ایچ بی ایل انکم فنڈ:

31 دسمبر 2018 کو ختم ہونے والے عرصے کے دوران فنڈ کی کل آمدن اور خالص آمدن علی الترتیب 95.06 ملین روپے اور 77.77 ملین روپے رہی۔ بمطابق 30 جون 2018 فنڈ کے خالص مالیت اثاثہ (NAV) فی یونٹ 111.2890 روپے تھی جو 31 دسمبر 2018 کے مطابق کم ہو کر 109.6712 روپے فی یونٹ ہو گئی (5.50 روپے فی یونٹ کا منافع منقسمہ دینے کے بعد)۔ جس کے ذریعے 7.28% کا سالانہ منافع دیا گیا۔ اسی سال کے دوران بینچ مارک منافع (6 ماہہ کا پی بور) 8.96% تھا۔ فنڈ کی جسامت بمطابق 31 دسمبر 2018، 2.04 ارب روپے تھی جو اس کے مقابلے میں سال کے آغاز پر 2.46 ارب روپے تھی۔

جے سی آر- وی آئی ایس کریڈیٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کو اے (ایف) فنڈ اسٹیمپلٹی ریٹنگ کی توثیق کی ہے۔

ایچ بی ایل گورنمنٹ سیکورٹیز فنڈ

31 دسمبر 2018 کو ختم ہونے والے عرصے کے دوران فنڈ کی کل آمدن اور خالص آمدن علی الترتیب 21.86 ملین روپے اور 17.03 ملین روپے رہی۔ فنڈ کی خالص مالیت اثاثہ بمطابق 30 جون 2018، 110.4244 روپے فی یونٹ تھی جو 31 دسمبر 2018 کے مطابق کم ہو کر 109.8533 روپے فی یونٹ ہو گئی (4.75 روپے فی یونٹ کا منافع منقسمہ دینے کے بعد)۔ جس کے ذریعے 7.84% کا سالانہ منافع دیا گیا۔ اسی سال کے دوران بینچ مارک منافع (6 ماہہ پی کے آروی شرحیں) 8.72% تھا۔ فنڈ کی جسامت بمطابق 31 دسمبر 2018، 209.2 ملین روپے تھی جو سال کے آغاز پر 314 ارب روپے تھی۔

جے سی آر- وی آئی ایس کریڈیٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کے لئے اے پلس (ایف) فنڈ اسٹیمپلٹی ریٹنگ کی توثیق کی ہے۔

ایچ بی ایل منی مارکیٹ فنڈ:

31 دسمبر 2018 کو ختم ہونے والے عرصے کے دوران فنڈ کی کل آمدن اور خالص آمدن علی الترتیب 330.69 ملین روپے اور 275.73 ملین روپے رہی۔ فنڈ کی خالص مالیت اثاثہ 30 جون 2018 کے مطابق 107.1869 روپے فی یونٹ تھی جو 31 دسمبر 2018 کے مطابق کم ہو کر 105.7004 روپے فی یونٹ ہو گئی (5.15 روپے فی یونٹ کا منافع منقسمہ دینے کے بعد)۔ جس کے ذریعے 7.12% کا سالانہ منافع دیا گیا۔ اسی سال کے دوران بینچ مارک منافع 7.36% (70% تین ماہہ پی کے آروی اور 30% تین ماہہ ڈپازٹ شرحیں) تھا۔ فنڈ کی جسامت بمطابق 31 دسمبر 2018، 7.45 ارب روپے تھی جو سال کے آغاز پر اس کے مقابلے میں 7.25 ارب روپے تھی۔

جے سی آر- وی آئی ایس کریڈیٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کے لئے اے اے (ایف) فنڈ اسٹیمپلٹی ریٹنگ کی توثیق کی ہے۔

ایچ بی ایل کیش فنڈ

31 دسمبر 2018 کو ختم ہونے والے عرصے کے دوران فنڈ کی کل آمدن اور خالص آمدن علی الترتیب 538.44 ملین روپے اور 464.79 ملین روپے رہی۔ فنڈ کی فی یونٹ سابقہ منافع منقسمہ خالص مالیت اثاثہ 30 جون 2018 کے مطابق 106.0021 روپے فی یونٹ تھی۔ فنڈ کی خالص مالیت اثاثہ بمطابق 31 دسمبر 2018، 100.9932 روپے فی یونٹ تھی (5.25 روپے فی یونٹ کے حتمی منافع منقسمہ اور 3.50 روپے فی یونٹ عبوری منافع منقسمہ کے بعد) جس کے ذریعے 7.37% کا سالانہ منافع دیا گیا۔ اسی سال کے دوران بینچ مارک منافع 7.36% (70% تین ماہہ پی کے آروی اور 30% تین ماہہ ڈپازٹ شرحیں) تھا۔ فنڈ کی جسامت بمطابق 31 دسمبر 2018، 10.31 ارب روپے تھی جو سال کے آغاز میں اس کے مقابلے میں 12.04 ارب روپے تھی۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کے لئے اے اے ایف (ایف) فنڈ اسٹیبلشمنٹ ریٹنگ کی توثیق کی ہے۔

ایچ بی ایل اسٹاک فنڈ

31 دسمبر 2018 کو ختم ہونے والے عرصے کے دوران فنڈ کی مجموعی اور خالص خسارہ علی الترتیب 496.51 ملین روپے اور 597.00 ملین روپے رہا۔ فنڈ کی فی یونٹ سابقہ منافع منقسمہ خالص مالیت اثاثہ 30 جون 2018 کے مطابق 107.0620 روپے فی یونٹ تھی۔ فنڈ کی خالص مالیت اثاثہ فی یونٹ بمطابق 31 دسمبر 2018 94.7188 روپے فی یونٹ رہی۔ جس کے ذریعے 11.53% کا منفی منافع دیا گیا۔ اسی سال کے دوران بیچ مارک کے ایس ای 30 انڈیکس کا منفی منافع 13.99% تھا۔ فنڈ کی جسامت بمطابق 31 دسمبر 2018، 3.35 ارب روپے تھی جو سال کے آغاز پر اس کے مقابلے میں 5.96 ارب روپے تھی۔

ایچ بی ایل ایکویٹی فنڈ

31 دسمبر 2018 کو ختم ہونے والے عرصے کے دوران فنڈ کا مجموعی اور خالص خسارہ علی الترتیب 27.62 ملین روپے اور 33.56 ملین روپے رہا۔ فنڈ کی فی یونٹ خالص مالیت اثاثہ 30 جون 2018 کے مطابق 104.4602 روپے فی یونٹ تھی۔ فنڈ کی فی یونٹ مالیت اثاثہ فی یونٹ بمطابق 31 دسمبر 2018، 98.7442 روپے فی یونٹ رہی۔ جس کے ذریعے 10.61% کا منفی منافع دیا گیا۔ اسی سال کے دوران بیچ مارک کے ایس ای 100 انڈیکس منفی منافع 11.56% تھا۔ فنڈ کی جسامت بمطابق 31 دسمبر 2018، 0.27 ملین روپے تھی جو سال کے آغاز پر اس کے مقابلے میں 0.29 ملین روپے تھی۔

ایچ بی ایل انرجی فنڈ

31 دسمبر 2018 کو ختم ہونے والے عرصے کے دوران فنڈ کی مجموعی اور خالص خسارہ علی الترتیب 138.12 ملین روپے اور 154.87 ملین روپے رہا۔ فنڈ کی فی یونٹ خالص مالیت اثاثہ 30 جون 2018 کے مطابق 14.6857 روپے فی یونٹ تھی۔ فنڈ کی خالص مالیت اثاثہ جات فی یونٹ بمطابق 31 دسمبر 2018، 12.4186 روپے فی یونٹ رہی۔ جس کے ذریعے 15.44% کا منفی منافع دیا گیا۔ اسی سال کے دوران بیچ مارک کے ایس ای 30 انڈیکس کا منفی منافع 13.99% تھا۔ فنڈ کی جسامت بمطابق 31 دسمبر 2018، 0.83 ارب روپے تھی جو سال کے آغاز پر اس کے مقابلے میں 1.06 ارب روپے تھی۔

ایچ بی ایل ملٹی ایسیٹ فنڈ

31 دسمبر 2018 کو ختم ہونے والے عرصے کے دوران فنڈ کا کل اور خالص خسارہ علی الترتیب 13.65 ملین روپے اور 18.69 ملین روپے رہا۔ فنڈ کی فی یونٹ سابقہ منافع منقسمہ خالص مالیت اثاثہ (NAV) بمطابق 30 جون 2018، 105.0519 روپے فی یونٹ تھی۔ فنڈ کی خالص مالیت اثاثہ بمطابق 31 دسمبر 2018، 98.2805 روپے فی یونٹ تھی۔ جس کے ذریعے 6.45% کا منفی منافع دیا جا رہا ہے۔ اسی سال کے دوران بیچ مارک انڈیکس منافع (بھاری اوسط روزانہ کے ایس ای 100 منافع اور 6 ماہ کی پی کے آر وی شرحیں) منفی 4.94% تھا۔ فنڈ کی جسامت بمطابق 31 دسمبر 2018، 0.27 ارب روپے تھی جو سال کے آغاز پر 0.32 ارب روپے تھی۔

ایچ بی ایل فنانشل پلاننگ فنڈ

فنڈ تین ذیلی فنڈز (پلانز) بنام ایکٹو ایلوکیشن پلان، کنزرویٹو ایلوکیشن پلان اور اسٹریٹجک ایلوکیشن پلان پر مشتمل ہے۔

فنڈ نے مجموعی طور پر زیر جائزہ عرصے کے دوران کل اور خالص خسارہ علی الترتیب 23.21 ملین روپے اور 24.88 ملین روپے حاصل کیا۔ 31 دسمبر 2018 کے مطابق فنڈ کا کل حجم 10.43 ارب روپے رہا۔

پلان کے لئے کارکردگی کا جائزہ درج ذیل ہے:

ایکیٹیو ایلوکیشن پلان:

زیر جائزہ عرصے کے دوران ایکیٹیو ایلوکیشن پلان نے علی الترتیب 14.84 ملین روپے اور 15.37 ملین روپے کا کل اور خالص خسارہ حاصل کیا۔ ایکیٹیو ایلوکیشن پلان کے خالص اثاثہ جات (NAV) 0.17 بلین روپے پر رہے جو بمطابق 31 دسمبر 2018، 95.8727 روپے فی یونٹ خالص مالیت اثاثہ کو ظاہر کرتا ہے۔ زیر جائزہ عرصے کے لئے پلان نے 6.60% کا منفی منافع حاصل کیا۔ پلان نے 57% کی حد تک ایکیٹیو فنڈ ز اور 41% کی حد تک فکسڈ انکم فنڈز میں سرمایہ کاری کی۔

کنزرویٹو ایلوکیشن پلان:

زیر جائزہ عرصے کے دوران کنزرویٹو ایلوکیشن پلان نے علی الترتیب 1.45 ملین روپے اور 1.06 ملین روپے کی کل اور خالص آمدن حاصل کی۔ کنزرویٹو ایلوکیشن پلان کے خالص اثاثہ جات 0.07 بلین روپے پر قائم رہے جو بمطابق 31 دسمبر 2018، 104.1590 روپے فی یونٹ کی خالص مالیت اثاثہ جات (NAV) کو ظاہر کرتا ہے۔ زیر جائزہ عرصے کے لئے پلان نے 0.38% کا منافع کمایا۔ پلان نے 18% کی حد تک ایکیٹیو فنڈ ز اور 80% کی حد تک فکسڈ انکم فنڈز میں سرمایہ کاری کی۔

اسٹریٹجک ایلوکیشن پلان:

زیر جائزہ عرصے کے دوران اسٹریٹجک ایلوکیشن پلان نے علی الترتیب 9.82 ملین روپے اور 10.56 ملین روپے کا کل اور خالص خسارہ حاصل کیا۔ اسٹریٹجک ایلوکیشن پلان کے خالص اثاثہ جات 0.19 ارب روپے پر قائم رہے جو بمطابق 31 دسمبر 2018، 97.2577 روپے فی یونٹ کی خالص مالیت اثاثہ جات کو ظاہر کرتا ہے۔ زیر جائزہ عرصے کے لئے پلان نے 5.14% کا منفی منافع حاصل کیا۔ پلان نے 49% کی حد تک ایکیٹیو فنڈ ز اور 51% کی حد تک فکسڈ انکم فنڈز میں سرمایہ کاری کی۔

ایچ بی ایل گروتھ فنڈ (سابق پک اک گروتھ فنڈ)

زیر جائزہ عرصے کے دوران فنڈ کو مورخہ 2 جولائی 2018 سے ایک کلوزڈ-اینڈڈ فنڈ سے ایک اوپن-اینڈڈ مشنرڈ انویسٹمنٹ اسکیم میں منتقل کر دیا گیا۔ فنڈ کی منتقلی سے متعلق معاملات کو فنڈ کے کنڈینسڈ عبوری مالیاتی حسابات کے نوٹ 1.4 میں تفصیل سے ظاہر کر دیا گیا ہے۔ منتقلی کے بعد فنڈ دو الگ الگ شعبوں یعنی کلاس-اے سیگمنٹ اور کلاس-بی سیگمنٹ پر مشتمل ہے۔ فنڈ نے مجموعی طور پر زیر جائزہ مدت کے دوران علی الترتیب 429.22 ملین روپے اور 621.18 ملین روپے کا کل اور خالص خسارہ حاصل کیا۔ فنڈ کا حجم 31 دسمبر 2018 کے مطابق 10.87 ارب روپے پر موجود تھا۔

ہر ایک سیگمنٹ کی کارکردگی درج ذیل کے مطابق ہے:

کلاس-اے سیگمنٹ:

زیر جائزہ مدت کے دوران کلاس-اے نے مجموعی طور پر 101.10 ملین روپے کی آمدنی حاصل کی اور 4.12 ملین روپے کا خالص خسارہ حاصل کیا۔ کلاس کے خالص اثاثہ جات 6.09 ارب روپے پر موجود رہے جو 31 دسمبر 2018 کے مطابق 21.4836 روپے فی یونٹ کے خالص اثاثہ جات کی مالیت (NAV) کو ظاہر کرتا ہے۔ کلاس نے زیر جائزہ مدت کے لئے 15.78% کا منفی منافع ظاہر کیا۔

کلاس-بی سیگمنٹ:

زیر جائزہ مدت کے دوران کلاس-بی نے کل اور خالص خسارہ علی الترتیب 530.31 ملین روپے اور 617.06 ملین روپے حاصل کیا۔ کلاس کے خالص اثاثہ جات 4.78 ارب روپے پر موجود رہے جو 31 دسمبر 2018 کے مطابق 17.0063 روپے فی یونٹ کے خالص اثاثہ جات کی مالیت (NAV) کو ظاہر کرتا ہے۔ کلاس نے زیر جائزہ مدت کے لئے 11.43% کا منفی منافع ظاہر کیا۔

ایچ بی ایل انویسٹمنٹ فنڈ (سابق پیک اک انویسٹمنٹ فنڈ):

زیر جائزہ عرصے کے دوران فنڈ کو مورخہ 2 جولائی 2018 سے ایک کلوزڈ- اینڈڈ فنڈ سے ایک اوپن- اینڈڈ مشترکہ انویسٹمنٹ اسکیم میں منتقل کر دیا گیا۔ فنڈ کی منتقلی سے متعلق معاملات کو فنڈ کے کنڈینسڈ عبوری مالیاتی حسابات کے نوٹ 1.4 میں تفصیل سے ظاہر کر دیا گیا ہے۔ منتقلی کے بعد فنڈ دو الگ الگ شعبوں یعنی کلاس-اے سیگمنٹ اور کلاس-بی سیگمنٹ پر مشتمل ہے۔ فنڈ نے مجموعی طور پر زیر جائزہ مدت کے دوران علی الترتیب 239.17 ملین روپے اور 324.00 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا۔ فنڈ کا حجم 31 دسمبر 2018 کے مطابق 4.68 ارب روپے تھا۔

ہر ایک کٹیگری کی کارکردگی درج ذیل کے مطابق ہے:

کلاس-اے سیگمنٹ:

زیر جائزہ مدت کے دوران کلاس-اے نے مجموعی طور پر 37.71 ملین روپے کی آمدنی حاصل کی اور 1.24 ملین روپے کا خالص خسارہ حاصل کیا۔ کلاس کے خالص اثاثہ جات 2.18 ارب روپے پر تھے جو 31 دسمبر 2018 کے مطابق 7.6872 روپے فی یونٹ کے خالص اثاثہ جات کی مالیت (NAV) کو ظاہر کرتا ہے۔ کلاس نے زیر جائزہ مدت کے لئے 15.43% کا منفی منافع ظاہر کیا۔

کلاس-بی سیگمنٹ:

زیر جائزہ مدت کے دوران کلاس-بی نے کل اور خالص خسارہ علی الترتیب 278.67 ملین روپے اور 322.77 ملین روپے حاصل کیا۔ کلاس کے خالص اثاثہ جات 2.50 ارب روپے پر تھے جو 31 دسمبر 2018 کے مطابق 8.8907 روپے فی یونٹ کے خالص اثاثہ جات کی مالیت (NAV) کو ظاہر کرتا ہے۔ کلاس نے زیر جائزہ مدت کے لئے 11.45% کا منفی منافع ظاہر کیا۔

مینجمنٹ کمپنی ریٹنگ (درجہ بندی):

جے سی آر-وی آئی ایس کرڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے مینجمنٹ کمپنی کے لئے اے ایم 2 پوزیٹو (AM2+) کی مینجمنٹ کوالٹی ریٹنگ (درجہ بندی) کو اپ گریڈ کیا ہے اور آؤٹ لک ”مستحکم“ تفویض کیا ہے۔

اعتراف:

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے اپنے تمام یونٹ ہولڈرز کا ان کے اعتماد اور سرپرستی کے لئے دل کی گہرائیوں سے شکریہ ادا کرتا ہے۔ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سینٹرل ڈپازٹری کمپنی آف پاکستان بطور ٹرسٹی، پاکستان اسٹاک ایکسچینج لمیٹڈ اور بینک دولت پاکستان کی جانب سے فراہم کردہ اعانت اور راہنمائی کے لئے ان کی کاوشوں کی قدر کرتا ہے اور معترف بھی ہے۔ بورڈ عملے کی جانب سے ان کی انتھک محنت اور لگن کو بھی سراہتا ہے۔

منجانب بورڈ

ایچ بی ایل ایسیٹ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر

HBL

Income Fund

FUND INFORMATION

Name of Fund	HBL Income Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Faysal Bank Limited Allied Bank Limited JS Bank Limited Samba Bank Limited MCB Bank Limited Askari Bank Limited Zarai Taraqati Bank Limited Soneri Bank Limited Sindh Bank Limited Telenor Microfinance Bank Limited Meezan Bank Limited NRSP Microfinance Bank Limited Industrial & Commercial Bank of China Limited First Microfinance Bank Limited U Microfinance Bank Limited
Rating	A(f) (JCR-VIS)

TRUSTEE REPORT TO THE UNIT HOLDERS

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Income Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 20, 2019



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

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

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Auditors' report to the Unit Holders on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Income Fund** (the Fund) as at December 31, 2018, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2018 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

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 condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Chartered Accountants

Engagement Partner
Hena Sadiq

Place: Karachi
Date: February 11, 2019

Member of
Deloitte Touche Tohmatsu Limited

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

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	1,103,740	1,242,036
Investments	5	957,956	1,221,606
Accrued mark-up		28,499	21,696
Advances, deposits, prepayments and other receivables	6	7,039	47,841
Receivable against sale of investments		-	24,984
Total assets		2,097,234	2,558,163
Liabilities			
Payable to the Management Company	7	3,498	4,399
Payable to the Trustee		262	349
Payable to the Securities and Exchange Commission of Pakistan		836	2,742
Accrued expenses and other liabilities	8	52,353	50,424
Payable against purchase of investments		-	43,789
Total liabilities		56,949	101,703
Net assets		2,040,285	2,456,460
Unit holders' fund (as per statement attached)		2,040,285	2,456,460
Contingencies and commitments	9		
		----- (Number of units) -----	
Number of units in issue		18,603,649	22,072,806
		----- (Rupees) -----	
Net assets value per unit		109.6712	111.2890

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Income Fund
Condensed Interim Income Statement (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Note	Half year ended December 31,		Quarter ended December 31,	
		2018	2017	2018	2017
(Rupees in '000)					
Income					
Mark-up on deposits with banks		48,045	50,516	27,425	25,126
Mark-up / return on investments		48,647	84,462	22,518	39,986
Dividend income		12,807	11,561	7,949	10,167
Unrealised (diminution) / appreciation on revaluation of investments classified as financial asset at fair value through profit or loss - net		(6,455)	513	3,676	199
Capital loss on sale of investments - net		(7,988)	(839)	(6,033)	(8,218)
Other Income		4		(2)	
		95,060	146,213	55,533	67,260
Reversal of provision against non-performing Term Finance Certificates	5.1.2	6,186	-	1,548	-
Expenses					
Remuneration of the Management Company		16,618	35,508	8,060	17,130
Remuneration of the Trustee		1,555	2,496	750	1,222
Annual fee to Securities and Exchange Commission of Pakistan		836	1,571	397	758
Allocation of expenses related to registrar services, accounting, operation and valuation services		1,114	2,095	528	1,011
Settlement and bank charges		1,428	2,632	490	1,635
Auditors' remuneration		190	205	97	117
Legal and professional charges		-	12	-	6
Printing and stationery		-	33	-	33
Listing fee		13	14	7	7
Rating fee		139	150	71	73
		21,893	44,716	10,400	21,992
Net income from operating activities		79,353	101,497	46,681	45,268
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		-	-	-	-
Provision for Sindh Workers' Welfare Fund	8.2	(1,587)	(2,030)	(824)	(816)
Net income for the period before taxation		77,766	99,467	45,857	44,452
Taxation	10	-	-	-	-
Net income for the period after taxation		77,766	99,467	45,857	44,452
Allocation of net income for the period					
Income already paid on redemption of units		13,672	22,975	7,757	26,538
Accounting income available for distribution:					
- Relating to capital losses		-	(251)	(1,958)	(3,232)
- Excluding capital gains		64,094	76,743	40,058	21,146
		64,094	76,492	38,100	17,914
		77,766	99,467	45,857	44,452

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Income Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Half year ended		Quarter ended,	
	December 31,		December 31,	
	2018	2017	2018	2017
	----- (Rupees in '000') -----			
Net income for the period after taxation	77,766	99,467	45,857	44,452
Other comprehensive (loss) / income for the period	-	(9,090)	-	2,693
Total comprehensive income for the period	77,766	90,377	45,857	47,145

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Income Fund
Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)
For the Half Year Ended December 31, 2018

	2018				2017			
	Capital Value	Undistributed Income	Unrealised (loss) / income of investment	Total	Capital Value	Undistributed Income	Unrealised (loss) / income of investment	Total
-----Rupees in '000'-----								
Net assets at beginning of the year	2,230,273	226,959	(772)	2,456,460	4,378,846	117,658	(6,208)	4,490,296
Adoption of IFRS 9	-	(772)	772	-	-	-	-	-
Issue of 8,946,463 units (2017: 4,855,714 units)								
- Capital value (at net asset value per unit at the beginning of the period)	946,437	-	-	946,437	514,777	-	-	514,777
- Element of income	17,559	-	-	17,559	4,338	-	-	4,338
Total proceeds on issuance of units	963,996	-	-	963,996	519,115	-	-	519,115
Redemption of 12,415,620 units (2017: 15,638,730 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(1,313,437)	-	-	(1,313,437)	(1,657,933)	-	-	(1,657,933)
- Element of loss	(9,427)	-	-	(9,427)	1,629	-	-	1,629
- Income already paid on redemption of units	-	(13,671)	-	(13,671)	-	(22,975)	-	(22,975)
	(1,322,864)	(13,671)	-	(1,336,535)	(1,656,304)	(22,975)	-	(1,679,279)
Total comprehensive income for the period	-	77,765	-	77,765	-	99,467	-	99,467
Refund of Capital	(13,463)	-	-	(13,463)	-	-	-	-
Distribution during the period	-	(107,938)	-	(107,938)	-	-	(9,090)	(9,090)
Total comprehensive income for the period	(13,463)	(30,173)	-	(43,636)	-	99,467	(9,090)	90,377
Net assets at end of the year	1,857,942	182,343	-	2,040,285	3,241,657	194,150	(15,298)	3,420,509
Undistributed income brought forward								
- Realised		224,607				117,670		
- Unrealised		2,352				(12)		
		226,959				117,658		
Adoption of IFRS 9		(772)				-		
Accounting income available for distribution								
- Relating to capital losses		-				(251)		
- Excluding capital losses		64,094				76,743		
		64,094				76,492		
Distribution during the period		(107,938)				-		
Undistributed income carried forward		182,343				194,150		
Undistributed income carried forward								
- Realised		188,798				193,637		
- Unrealised		(6,455)				513		
		182,343				194,150		
					(Rupees)			(Rupees)
Net assets value per unit at beginning of the period				111.2890				106.0146
Net assets value per unit at end of the period				109.6712				108.3385

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Income Fund
Condensed Interim Statement of Cash Flow (Un- Audited)
For the Half Year Ended December 31, 2018

	Half year ended December 31,	
	2018	2017
Note	----- (Rupees in '000) -----	
Cash flows from operating activities		
Net income for the period before taxation	77,766	99,467
Adjustments for non-cash items:		
Mark-up on deposits with banks	(48,045)	(50,516)
Mark-up / return on investments	(48,647)	(84,462)
Dividend income	(12,807)	(11,561)
Provision for Sindh Workers' Welfare Fund	1,587	2,030
Unrealised (appreciation) / diminution on revaluation of investments classified as financial asset at fair value through profit or loss - net	6,455	(513)
Capital loss on sale of investments - net	7,988	839
	(15,703)	(44,716)
Decrease / (increase) in assets		
Investments	230,402	(88,237)
Advances, deposits, prepayments and other receivables	40,802	840,513
	271,204	752,276
Increase / (decrease) in liabilities		
Payable to the Management Company	(901)	(2,224)
Payable to the Trustee	(87)	(77)
Payable to the Securities and Exchange Commission of Pakistan	(1,906)	(2,720)
Accrued expenses and other liabilities	342	-
	(2,552)	(5,021)
Net cash generated from operating activities	252,949	702,539
Dividend received	12,807	11,561
Profit received	89,888	151,896
	102,695	163,457
Net cash generated from operating activities	355,644	865,996
Cash flows from financing activities		
Amount received on issue of units	963,996	519,115
Payment against redemption of units	(1,336,535)	(1,679,279)
Distribution paid	(121,401)	-
Net cash used in financing activities	(493,940)	(1,160,164)
Net decrease in cash and cash equivalents	(138,296)	(294,168)
Cash and cash equivalents at beginning of the period	1,242,036	881,829
Cash and cash equivalents at end of the period	1,103,740	587,661

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Income Fund

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

For the Half Year Ended December 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Income Fund (the Fund) was established under a Trust Deed, dated September 06, 2006, executed between HBL Asset Management Limited as the Management Company 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 unit trust scheme on July 25, 2006.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from March 15, 2007 to March 17, 2007.

The principal activity of the Fund is to make investments in fixed income securities. Other avenues of investments include ready future arbitrage in listed securities and transactions under Continuous Funding System.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+' to the Management Company and the fund stability rating of A(f) to the Fund.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of IAS 34. These condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain investments are measured at fair value.

2.3 Functional and presentation currency

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

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

3.1 The accounting policies adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for spread transaction as disclosed in note 3.1.1 and for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.1.1 Spread transactions (ready-future transactions)

The Fund enters into transactions involving purchase of an equity security in the ready market and simultaneous sale of the same security in the futures market. The security purchased in ready market is classified as 'financial assets at fair value through profit or loss' and carried on the Statement of Assets and Liabilities at fair value till their eventual disposal, with the resulting gain / loss taken to the Income Statement. The forward sale of the security in the futures market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to the Income Statement

3.2 The preparation of these condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial information

3.5 On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the half year ended December 31, 2018.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

"Specifically":

- . debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- . debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- . all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;

the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- the Fund's investment in debt instruments that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at FVTPL because they are held within a business model whose objective is primarily to sell the bonds. The change in the fair value on these redeemable notes will be recorded in the profit of loss account;
- there is no change in the measurement of the Fund's investments in debt instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

Para (d) below tabulates the change in classification of the Fund's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

(b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Carrying amount as per IAS 39 as on June 30, 2018	Reclassi- fications	Remeasur- ements	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on retained earnings on July 1, 2018
(Rupees in '000')					
Financial assets					
Fair value through profit or loss					
Listed equity securities from available for sale (IAS 39)	336,779	336,779	-	336,779	-
Total	336,779	336,779	-	336,779	-

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
4. BANK BALANCES			
Balances with banks in:			
- Savings accounts	4.1	1,103,740	1,032,036
- Term deposit receipt (TDR)		-	210,000
		<u>1,103,740</u>	<u>1,242,036</u>

4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts ranges between 8.03% - 11.75% (June 30, 2018: 4.10% - 7.50%) per annum.

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
5. INVESTMENTS			
Financial assets at fair value through profit or loss			
- Term finance certificates - Listed	5.1	234,013	391,551
- Term finance certificates and sukuk bonds - Unlisted	5.2	723,943	758,349
- Investment in ready / future - spread transaction	5.3	-	71,706
- Investment in Government securities	5.4	-	-
		<u>957,956</u>	<u>1,221,606</u>

5.1 Term finance certificates - Listed

Name of the Investee Company	Number of certificates			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			Total Investments	Net Assets
(Rupees in '000')							
Financial Services							
Saudi Pak Leasing Company Limited - (Note 5.1.1)**	2,000	-	-	2,000	-	-	-
Commercial Banks							
Soneri Bank Limited	27,100	-	27,100	-	-	-	-
Chemicals							
Dawood Hercules Chemical Limited*	2,550	-	210	2,340	234,013	24.43	11.47
Fixed Line Telecommunication							
World Call Telecom Limited - (Note 5.1.2)**	23,750	-	-	23,750	-	-	-
	<u>25,750</u>	<u>-</u>	<u>-</u>	<u>25,750</u>	<u>234,013</u>	<u>-</u>	<u>-</u>
Cost of investments at December 31, 2018					<u>234,468</u>		
Cost of investments at June 30, 2018					<u>443,866</u>		

* Related party due to common directorship

** In case of debt securities against which a provision has been made, these are carried at amortised cost less provision. For non-performing securities market value / valuation by MUFAP is not available.

5.1.1 "Saudi Pak Leasing Company Limited defaulted towards payment falling due in September 2010. Accordingly, the exposure was classified as non-performing and provision was recognised in accordance with the SECP's provisioning guidelines.

Subsequently, on the request of the Issuer, TFC holders approved the restructuring of the facility by extending repayment period from 5 years to 9 years and by reducing mark-up rate to 6% for 24 months from restructuring date and 8% for next 24 months and thereafter fixing the mark-up rate at 1 month KIBOR. Further, half of the accrued mark-up is to be paid in cash and the balance is being deferred.

The Issuer defaulted again in the payment of principal and mark-up due on September 13, 2011. In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by the Securities Exchange Commission of Pakistan (SECP), the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non performing exposure. A provision of Rs. 5.550 million equivalent to 100% of the amount outstanding has been made."

5.1.2 World call Telecom Limited TFC's were classified by MUFAP as non-performing on November 8, 2012 after default of instalment due on October 7, 2012 (earlier default on April 7, 2012) for the second time. A restructuring agreement was signed on December 26, 2012. The restructuring included the extension of repayment period by 2 years, deferral of principal instalments till October 7, 2014 and payment of regular mark-up during the restructuring period. In accordance with Circular No. 33 of 2012 dated October 24, 2012, a provision of Rs. 47.767 million has been made out of which during the period ended December 31, 2018 Rs. 6.18 million is received leaving outstanding balance as at December 31, 2018 of Rs. 41.581 million.

5.1.3 Accrued mark up includes Rs 3.064 million receivable from Dawood Hercules Chemical Limited (Related party due to common directorship).

5.2 Term finance certificates and sukuk bonds - Unlisted

Name of the Investee Company	Number of certificates			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		Total Investments	Net Assets	
(Rupees in '000)							
Commercial Banks							
Bank of Punjab *	650	-	-	650	64,182	6.70	3.15
JS Bank Limited	3,150	-	-	3,150	15,806	1.65	0.77
JS Bank Limited *	2,000	-	-	2,000	198,021	20.67	9.71
JS Bank Limited	8,450	-	4,150	4,300	21,576	2.25	1.06
Bank of Punjab **	1,400	-	-	1,400	138,237	14.43	6.78
	15,650	-	4,150	11,500	437,822	45.70	21.46
Chemicals							
Agritech Limited (Note: 5.2.1)	2,430	-	-	2,430	-	-	-
Ghani Gases Limited **	200	-	-	200	14,163	1.48	0.69
	200	-	-	200	14,163	1.48	0.69
Multiutilities							
Water and Power Development Authority	55,160	-	-	55,160	117,799	12.30	5.77
Investment Companies							
Jahangir Siddiqui & Company Limited	18,000	-	8,000	10,000	50,000	5.22	2.45
Jahangir Siddiqui & Company Limited	-	8,000	-	8,000	39,900	4.17	1.96
Jahangir Siddiqui & Company Limited	-	10,000	-	10,000	30,938	3.23	1.52
	18,000	18,000	8,000	28,000	120,838	12.61	5.92

Name of the Investee Company	Number of certificates			Market value as at December 31, 2018 (Rupees in '000)	Market value as a percentage of		
	As at July 1, 2018	Purchases during the period	Sales / Matured during the period		Total Investments	Net Assets	
Technology and communication							
TPL Corporation Limited *	500	-	-	500	33,321	3.478	1.63
Others							
New Allied Electronic Industries (Private) Limited (Note: 5.2.2)**	9,000	-	-	9,000	-	-	-
New Allied Electronic Industries (Private) Limited (Note: 5.2.2)**	9,000	-	-	9,000	-	-	-
	18,000	-	-	18,000	-	-	-
Total	89,510	18,000	12,150	95,360	723,943	76	35
Cost of investments at December 31, 2018					729,943		
Cost of investments at June 30, 2018					829,282		

* These TFCs have face value of Rs. 100,000 per TFC.

** In case of debt securities against which a provision has been made, these are carried at amortised cost less provision. For non-performing securities market value / valuation by MUFAP is not available.

5.2.1 Installments amounting to Rs. 1.998 million became due for payment of the following TFCs / sukuks.

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	----- (Rupees in '000') -----	
Agritech Limited	1,998	1,998

5.2.2 These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided.

5.2.3 **Details of non-compliant investments with the investment limit specified by Regulation 55 sub regulation 5 of the NBFC Regulations**

Name of Non-Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	% of Net Assets	% of Gross Assets
----- (Rupees in '000') -----						
Dawood Hercules Corporation Limited (note 5.2.4)	Sukuk	234,013	-	234,013	11.47	11.16
JS Bank Limited	TFC	235,402	-	235,402	11.54	11.22

5.2.4 The exposure limit in a single entity as a percentage of net assets exceeded by 1.47% and 1.54% against the prescribed limit of 10% of the total net assets as required under the NBFC Regulations. The disclosure for breach of exposure limit is made as required by the circular no. 16 of 2010 dated July 07, 2010 by SECP. Exposure limit exceeded the prescribed limit of 10% due to reduction of fund size, subsequent to the purchase of investment.

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

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Term Finance Certificates and Sukuk bonds - Listed				
Dawood Hercules Corporation Limited -Sukuk	100,000	3 months KIBOR + 1.0%	November 16, 2017	November 16, 2022
Term Finance Certificates and Sukuk bonds - Unlisted				
Jahangir Siddiqui & Company Ltd - TFC	5,000	6 months KIBOR + 1.4%	March 6, 2018	March 6, 2023
JS Bank Limited - TFC	4,996	6 months KIBOR + 1.4%	December 14, 2016	December 16, 2023
TPL Corp Ltd. - TFC	66,667	3 months KIBOR + 1.5%	December 19, 2017	December 18, 2019
Bank Of Punjab - TFC	99,920	6 months KIBOR + 1.0%	December 23, 2016	December 23, 2026
Jahangir Siddiqui & Company Ltd - TFC	5,000	6 months KIBOR + 1.4%	July 18, 2017	July 18, 2022
JS Bank Limited - TFC	99,960	6 months KIBOR + 1.4%	December 29, 2017	December 29, 2024
Jahangir Siddiqui & Company Ltd - TFC	3,125	6 months KIBOR + 1.65%	June 24, 2016	June 24, 2021
JS Bank Limited - TFC	4,996	6 months KIBOR + 1.0%	December 14, 2016	December 16, 2023
Water and Power Development Authority - TFC	2,143	6 months KIBOR + 1.0%	September 27, 2013	September 27, 2021
Ghani Gasses Limited - Sukuk	79,143	3 months KIBOR + 1.0%	February 2, 2017	February 2, 2023

5.3 The investment in equity securities represents spread transactions entered into the by the Fund. The Fund purchases equity securities in ready settlement market and sells the securities in future settlement market on the same day, resulting in spread income due to differences in ready and future stock prices. There are no outstanding equity investments as at December 31, 2018.

5.4 Investment in Government securities

Issue Date	Tenure	Face value			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			Total Investments	Net Assets
(Rupees in '000)								
Treasury bill								
August 2, 2018	3 months	-	850,000	850,000	-	-	-	-
December 6, 2018	3 months	-	1,000,000	1,000,000	-	-	-	-
GoP Ijara								
June 30, 2017	3 years	-	500,000	500,000	-	-	-	-
		-	1,500,000	1,500,000	-	-	-	-
Cost of investments at December 31, 2018							-	

		December 31, 2018 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2018 (Audited)
6.	ADVANCES, DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES		
	Security deposit with National Clearing Company of Pakistan Limited	6,115	46,831
	Security deposit with Central Depository Company of Pakistan Limited	100	100
	Receivable against investments of term finance certificates and sukuk bonds	1,998	1,998
	Advance tax	645	645
	Dividend receivable	39	-
	Prepaid expenses	140	265
		<u>9,037</u>	<u>49,839</u>
	Less: Provision against overdue installments of term finance certificates and sukuk bonds	1,998	1,998
		<u>7,039</u>	<u>47,841</u>
7.	PAYABLE TO THE MANAGEMENT COMPANY		
	Management fee	2,508	3,125
	Sindh Sales Tax	326	408
	Sales load payable	481	617
	Allocation of expenses related to registrar services, accounting, operation and valuation services	183	249
		<u>3,498</u>	<u>4,399</u>
8.	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Auditors' remuneration	182	328
	Federal Excise Duty payable	8.1 27,578	27,578
	Other payables	1,304	870
	Capital gain tax payable	349	352
	Withholding tax payable	98	41
	Provision for Sindh Workers' Welfare Fund	8.2 22,842	21,255
		<u>52,353</u>	<u>50,424</u>

8.1 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in the note 13.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order by Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying a provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 27.578 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2018 would have been higher by Rs. 1.482 per unit (June 30, 2018: 1.249 per unit)

8.2 "The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018."

In view of the above, the Management Company, being prudent, recognized provision for SWWF amounting to Rs. 22.842 million (June 30, 2018: Rs. 21.255 million). Had the provision not been retained, NAV per unit of the Fund as at December 31, 2018 would have been higher by Rs. 1.228 per unit (June 30, 2018: Rs. 0.963 per unit)

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no contingencies outstanding as at December 31, 2018 and June 30, 2018

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

9.2 COMMITMENTS

Future sell transactions of equity securities entered into by the fund not settled as at year end

-	72,135
---	--------

10. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2018 is 1.06% (December 31, 2017: 1.367%), which includes 0.20% (December 31, 2017: 0.18%) representing government levy, Worker's Welfare Fund and SECP fee.

12. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons / related parties comprise HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and the directors of the connected persons.

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

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

Details of the transactions with connected persons during the period and balances with them at period end are as follows:

		Half year ended December 31,	
		2018	2017
		(Un-Audited)	(Un-Audited)
		----- (Rupees in '000) -----	
12.1	Transactions during the period		
	HBL Asset Management Limited - Management Company		
	Management fee inclusive of sales tax	16,618	35,508
	Allocation of expenses related to registrar services, accounting, operation and valuation services	1,114	2,095
	Issue of 27,655 units (2017: 422,082 units)	2,926	45,000
	Redemption of 1,211,327 units (2017: nil units)	129,374	-
	Dividend paid	6,359	-
	Refund of capital 27,571 units	2,917	-
	Habib Bank Limited - Sponsor		
	Bank charges paid	20	12
	Issue of 493,384 units (2017: Nil units)	52,195	-
	Redemption of 3,365,559 units (2017: 4,621,852 units)	360,000	500,000
	Mark-up earned during the period	594	1,715
	Purchase of TFCs: Nil units (2017: 1,250 units)	-	123,676
	Sale of TFCs: Nil units (2017: 3,960 units)	-	392,019
	MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan - CIS Managed by the Management Company		
	Issue of 30,098 units (2017: 1,734,330 units)	3,184	186,000
	Redemption of Nil units (2017: 404,113 units)	-	43,500
	Refund of capital 30,098 units	3,184	-
	Dividend paid	3,184	-
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration	1,555	2,496
	CDC charges	78	465
	Executives and their relatives		
	Issue of 3,220 units (2017: Nil units)	341	-
	Redemption of Nil units (2017: 1,887 units)	-	201
12.2	Balances outstanding as at period / year end		
	HBL Asset Management Limited - Management Company		
	Investment held in the Fund: Nil units (30 June, 2018: 1,156,101 units)	-	128,661
	Management fee	2,508	3,125
	Sindh Sales Tax	326	408
	Sales load payable	481	617
	Allocation of expenses related to registrar services, accounting, operation and valuation services	183	249

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	----- (Rupees in '000) -----	
Habib Bank Limited - Sponsor		
Investment held by HBL in the Fund: 6,617,744 units (June 30, 2018: 9,489,918 units)	725,776	1,056,124
Bank balances with HBL	38,322	14,381
The First Microfinance Bank - Associate		
Bank balances	10	-
MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan - CIS Managed by the Management Company		
Investment held in the Fund: 609,023 units (June 30, 2018: 578,925 units)	66,792	64,428
Directors and Executives of the Management Company and their relatives		
Executives and their relatives		
Investment held in the Fund: 73,993 units (June 30, 2018: 11,472 units)	8,115	1,278
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	232	282
Sindh Sales tax	30	37
Security deposit	100	100
CDC Charges	5	30

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

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

		December 31, 2018 (Un-Audited)								
		Carrying amount				Fair Value				
		Fair value through profit or loss	Financial asset at amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total	
Note		(Rupees in '000')								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
		957,956	-	-	957,956	-	957,956	-	957,956	
		957,956	-	-	957,956	-	957,956	-	957,956	
Financial assets not measured at fair value 13.1										
		-	-	1,103,740	1,103,740					
		-	-	28,499	28,499					
		-	-	6,254	6,254					
				1,138,493	1,138,493					
Financial liabilities not measured at fair value 13.1										
		-	-	3,172	3,172					
		-	-	740	740					
		-	-	232	232					
		-	-	1,486	1,486					
		-	-	5,630	5,630					
		June 30, 2018 (Audited)								
		Carrying amount				Fair Value				
		Available for sale	Held-for-trading	Loans and receivable	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000')								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
		336,779	813,121	-	-	1,149,900	-	1,149,900	-	1,149,900
		-	71,706	-	-	71,706	71,706	-	-	71,706
		336,779	884,827	-	-	1,221,606	71,706	1,149,900	-	1,221,606
Financial assets not measured at fair value 13.1										
			-	1,242,036	-	1,242,036				
			-	21,696	-	21,696				
			-	24,984	-	24,984				
			-	46,931	-	46,931				
				1,335,647	-	1,335,647				
Financial liabilities not measured at fair value 13.1										
		-	-	-	3,991	3,991				
		-	-	-	2,742	2,742				
		-	-	-	309	309				
		-	-	-	1,198	1,198				
		-	-	-	43,789	43,789				
		-	-	-	52,029	52,029				

13.1 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 frequently. Therefore, their carrying amounts are reasonable approximation of fair value.

14. DISCLOSURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME

The Securities and Exchange Commission of Pakistan vide Circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Income Fund (the Fund) as Income Scheme' in accordance with the said circular. As at December 31, 2018, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Name of Non-Compliant Investment	Type of Investment	Value of Investment before provision	Provision held	Value of Investment after provision	% of Gross Assets
		(Rupees in '000)			
New Allied Electronics Industries (Private) Limited	TFC	19,025	19,025	-	-
New Allied Electronics Industries (Private) Limited	Sukuk	44,149	44,149	-	-
Agritech Limited	TFC	9,992	9,992	-	-
Saudi Pak Leasing Company Limited	TFC	5,550	5,550	-	-
World Call Telecom Limited	TFC	41,581	41,581	-	-
JS Bank Limited	TFC	235,402	-	235,402	11.22%
Dawood Hercules Chemical Limited	Sukuk	234,013	-	234,013	11.16%

The above securities have ratings lower than investment grade.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 8, 2019.

16. GENERAL

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

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

16.3 These condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2018 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Government Securities Fund

FUND INFORMATION

Name of Fund	HBL Government Securities Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Allied Bank Limited JS Bank Limited Samba Bank Limited MCB Bank Limited Zarai Taraqati Bank Limited United Bank Limited Soneri Bank Limited MCB Bank Limited Sindh Bank Limited NRSP Microfinance Bank Limited

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

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S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
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URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL GOVERNMENT SECURITIES FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Government Securities Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 20, 2019



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



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL GOVERNMENT SECURITIES FUND ("the Fund") as at December 31, 2018 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as "condensed interim financial information"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed 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 condensed 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 condensed interim financial information as at and for the half year ended December 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended December 31, 2018 and December 31, 2017 in the condensed interim income statement and condensed interim 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



The financial statements of the Fund for the year ended June 30, 2018 and condensed interim financial information for the half year ended December 31, 2017 were audited and reviewed by another firm of chartered accountants who have expressed an unqualified opinion and conclusion thereon vide their reports dated September 19, 2018 and February 26, 2018 respectively.

KARACHI

DATED: 08 FEB 2019

BDO Ebrahim & Co.
BDO
CHARTERED ACCOUNTANTS
Engagement Partner: Raheel Shahnawaz

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BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee.

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

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	-----Rupees in '000-----	
ASSETS			
Bank balances	4	174,672	332,785
Investments	5	52,079	-
Receivable against Margin Trading System		1,846	77
Profit receivable		2,598	2,054
Deposits, prepayments and other receivables		2,150	2,310
TOTAL ASSETS		233,345	337,226
LIABILITIES			
Payable to the Management Company	6	730	344
Payable to the Trustee		57	24
Payable to Securities and Exchange Commission of Pakistan		168	514
Payable against redemption of units		368	523
Accrued expenses and other liabilities	7	23,420	22,184
TOTAL LIABILITIES		24,743	23,589
NET ASSETS		208,602	313,637
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		208,602	313,637
CONTINGENCIES AND COMMITMENTS			
	8	-----Number of units-----	
Number of units in issue		1,898,917	2,840,288
		-----Rupees-----	
Net assets value per unit		109.8533	110.4244

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Government Securities Fund
Condensed Interim Income Statement (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Note	Half year ended December 31		Quarter ended December 31	
		2018	2017	2018	2017
-----Rupees in '000-----					
INCOME					
Capital gain / (loss) on sale of investments - net		686	19	(186)	270
Income from government securities		1,000	12,994	600	2,164
Income from money market placements		1,525	5,801	1,122	2,143
Income from Margin Trading System		165	1,634	150	671
Profit on bank deposits		18,485	12,896	9,045	7,545
		<u>21,861</u>	<u>33,344</u>	<u>10,731</u>	<u>12,793</u>
Unrealised diminution on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net		-	(17)	-	(59)
		<u>21,861</u>	<u>33,327</u>	<u>10,731</u>	<u>12,734</u>
EXPENSES					
Remuneration of the Management Company	6.1 & 6.2	2,900	7,270	1,417	2,731
Remuneration of the Trustee		379	921	178	370
Annual fee to the Securities and Exchange Commission of Pakistan		168	386	79	145
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	224	515	106	194
Auditors' remuneration		223	222	111	108
Fees and subscription		149	186	38	96
Securities transaction cost		411	823	207	294
Bank charges		34	43	19	13
Printing charges		-	193	-	105
		<u>4,488</u>	<u>10,559</u>	<u>2,155</u>	<u>4,056</u>
Net income for the period from operating activities		<u>17,373</u>	<u>22,768</u>	<u>8,576</u>	<u>8,678</u>
Provision for Sindh Workers' Welfare Fund	7.2	(347)	(455)	(171)	(173)
Net income for the period before taxation		<u>17,026</u>	<u>22,313</u>	<u>8,405</u>	<u>8,505</u>
Taxation	9	-	-	-	-
Net income for the period after taxation		<u>17,026</u>	<u>22,313</u>	<u>8,405</u>	<u>8,505</u>
Allocation of net income for the period					
Income already paid on redemption of units		10,245	8,165	7,673	5,428
Accounting income available for distribution:					
Relating to capital gains		151	1	-	76
Excluding capital gains		6,630	14,147	732	3,001
		<u>6,781</u>	<u>14,148</u>	<u>732</u>	<u>3,077</u>
		<u>17,026</u>	<u>22,313</u>	<u>8,405</u>	<u>8,505</u>
Earnings per unit	10				

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Government Securities Fund
Condensed Statement of Comprehensive Income (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Half year ended December 31		Quarter ended December 31	
	2018	2017	2018	2017
-----Rupees in '000-----				
Net income for the period after taxation	17,026	22,313	8,405	8,505
Other comprehensive income for the period				
Items that may be reclassified subsequently to income statement	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-
Total comprehensive income for the period	<u>17,026</u>	<u>22,313</u>	<u>8,405</u>	<u>8,505</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Government Securities Fund
Condensed Interim Cash Flow Statement (Unaudited)
For the Half Year Ended December 31, 2018

	Note	Half year ended December 31	
		2018	2017
		-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		17,026	22,313
Adjustments for:			
Income from government securities		(1,000)	(12,994)
Income from money market placements		(1,525)	(5,801)
Income from margin trading system		(165)	(1,634)
Profit on bank deposits		(18,485)	(12,896)
Unrealised diminution on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net		-	17
Capital gain on sale of investments - net		(686)	(19)
		(4,835)	(11,014)
(Increase) / decrease in assets			
Investments - net		(49,279)	743,871
Receivable against margin trading system		(1,769)	37,106
Deposits, prepayments and other receivables		160	(1,212)
		(50,888)	779,765
Increase / (decrease) in liabilities			
Payable to the Management Company		386	(1,015)
Payable to the Trustee		33	(350)
Payable to the Securities and Exchange Commission of Pakistan		(346)	(1,066)
Accrued expenses and other liabilities		1,236	(6,825)
		1,309	(9,256)
Cash (used in) / generated from operations			
		(54,414)	759,495
Income received from government securities		411	22,686
Income received from money market placements		-	6,903
Income received from margin trading system		146	2,015
Bank profits received		17,960	11,750
		18,517	43,354
Net cash (used in) / generated from operating activities			
		(35,897)	802,849
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts from issue of units		593,474	23,554
Payment against redemption of units		(702,199)	(1,125,235)
Dividend paid		(13,491)	-
Net cash used in financing activities		(122,216)	(1,101,681)
Net decrease in cash and cash equivalents		(158,113)	(298,832)
Cash and cash equivalents at the beginning of the period		332,785	546,623
Cash and cash equivalents at end of the period	4	174,672	247,791

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Government Securities Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the Half Year Ended December 31, 2018

	Half year ended December 31					
	2018			2017		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	Rupees in '000					
Net assets at beginning of the period	229,135	84,502	313,637	1,299,434	70,516	1,369,950
Issuance of 5,538,275 units (2017: 222,503 units)						
Capital value (at net asset value per unit at the beginning of the period)	585,254	-	585,254	23,458	-	23,458
Element of income	8,220	-	8,220	96	-	96
Total proceeds on issuance of units	593,474	-	593,474	23,554	-	23,554
Redemption of 6,479,646 units (2017: 7,158,445 units)						
Capital value (at net asset value per unit at the beginning of the period)	(684,733)	-	(684,733)	(754,691)	-	(754,691)
Income already paid on redemption of units	-	(10,245)	(10,245)	-	(8,165)	(8,165)
Element of loss	(7,066)	-	(7,066)	(61)	-	(61)
Total payments on redemption of units	(691,799)	(10,245)	(702,044)	(754,752)	(8,165)	(762,917)
Total comprehensive income for the period	-	17,026	17,026	-	22,313	22,313
Refund of capital	(196)	-	(196)	-	-	-
Distribution during the period	-	(13,295)	(13,295)	-	-	-
	(196)	3,731	3,535	-	22,313	22,313
Net assets at end of the period	130,614	77,988	208,602	568,236	84,664	652,900
Undistributed income brought forward						
Realised		84,502			69,776	
Unrealised		-			740	
		84,502			70,516	
Accounting income available for distribution						
Relating to capital gains		151			1	
Excluding capital gains		6,630			14,147	
		6,781			14,148	
Distribution during the period		(13,295)			-	
Undistributed income carried forward		77,988			84,664	
Undistributed income carried forward						
Realised		77,988			84,681	
Unrealised		-			(17)	
		77,988			84,664	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			110.4244			105.4266
Net assets value per unit at end of the period			109.8533			107.7676

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Government Securities Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the Half Year Ended December 31, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

HBL Government Securities Fund ("the Fund") was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. NBFC-II/DD/PICICIF/199 dated March 10, 2010 and the Trust Deed was executed on March 17, 2010.

Through an order dated August 31, 2016, SECP approved the merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on February 17, 2017. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund For Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open-ended sovereign income scheme and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from December 11, 2010 to December 13, 2010. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The Fund has been categorised as a sovereign income scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).

The core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company and assigned stability rating of A+(f) to the Fund as at December 28, 2018 and December 26, 2018, respectively.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the 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, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

2.1.3 The comparative statement of assets and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2017.

2.1.4 This condensed interim financial information is unaudited, but has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2018 have not been reviewed.

2.1.5 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

This condensed information has been prepared following accrual basis of accounting except for cash flow information.

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 AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018 except as explained in note 3.6.

3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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

3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.

3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2018.

3.6 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.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after 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 condensed interim 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 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

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had 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.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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 or dividend income, are recognised in profit or loss.

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 income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Debt investments at FVOCI These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss 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 profit or loss.

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.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
-----Rupees in '000-----					
Financial assets					
Bank balances	(a)	Loans and receivables	Amortised cost	332,785	332,785
Receivable against Margin Trading System (MTS)	(a)	Loans and receivables	Amortised cost	77	77
Profit receivable	(a)	Loans and receivables	Amortised cost	2,054	2,054
Deposits, prepayments and other receivables	(a)	Loans and receivables	Amortised cost	2,310	2,310
				<u>337,226</u>	<u>337,226</u>

(a) **These 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.

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 Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

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 the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	-----Rupees in '000-----	
4 BANK BALANCES			
In savings accounts	4.1	174,663	332,776
In current accounts		9	9
		<u>174,672</u>	<u>332,785</u>

4.1 These accounts carry mark-up ranging from 8.03% to 11.00% per annum (June 30, 2018: 3.75% to 7.50% per annum).

5 INVESTMENTS

At fair value through profit or loss	5.1	799	-
At amortized cost	5.2	51,280	-
		<u>52,079</u>	<u>-</u>

5.1 Financial assets at fair value through profit or loss

Market treasury bills	5.1.1	799	-
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5.1.1 Financial assets at fair value through profit or loss: - Market Treasury Bills

Issue date	Tenure	Face value				Balance as at December 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at December 31, 2018	Carrying value	Market value	Appreciation / (diminution)		
-----Rupees in '000-----										
August 2, 2018	3 Month	-	3,725,000	3,725,000	-	-	-	-	-	-
December 6, 2018	3 Month	-	2,255,000	2,255,000	-	-	-	-	-	-
June 7, 2018	3 Month	-	1,100,000	1,100,000	-	-	-	-	-	-
October 11, 2018	3 Month	-	4,230,000	4,229,200	800	799	799	-	0.38%	1.53%
July 19, 2018	3 Month	-	4,813,000	4,813,000	-	-	-	-	-	-
April 26, 2018	3 Month	-	500,000	500,000	-	-	-	-	-	-
Total - As at December 31, 2018		-	16,623,000	16,622,200	800	799	799	-	0.38%	1.53%
Total - As at June 30, 2018		37,000	29,951,360	29,988,360	-	-	-	-	-	-

5.1.2 The effective yield on market treasury bills is 8.75% per annum (June 30, 2018: Nil) per annum.

5.1.3 Financial assets at fair value through profit or loss: - Pakistan Investment Bonds

Issue date	Tenure	Face value				Balance as at December 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at December 31, 2018	Carrying value	Market value	Appreciation / (diminution)		
-----Rupees in '000-----										
December 29, 2016	3 Years	-	39,500	39,500	-	-	-	-	-	-
August 9, 2018	10 Years	-	800,000	800,000	-	-	-	-	-	-
Total - As at December 31, 2018		-	839,500	839,500	-	-	-	-	-	-
Total - As at June 30, 2018		850,000	1,900,000	2,750,000	-	-	-	-	-	-

**5.1.4 Financial assets at fair value through profit or loss:
- GoP Ijara Sukuk Certificates**

Issue details	Tenure	Face value				Balance as at December 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchases during the period	Sales/ matured during the period	As at December 31, 2018	Carrying value	Market value	Appreciation/ (diminution)		
-----Rupees in '000-----										
GOP Ijarah 17	3 Years	-	510,000	510,000	-	-	-	-	-	-
GOP Ijarah 18	3 Years	-	125,000	125,000	-	-	-	-	-	-
GOP Ijarah 19	3 Years	-	100,000	100,000	-	-	-	-	-	-
Total - As at December 31, 2018		-	735,000	735,000	-	-	-	-	-	-
Total - As at June 30, 2018		-	665,200	665,200	-	-	-	-	-	-

		December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
5.2 Financial assets at amortized cost:			
Commercial paper	5.2.1	<u>51,280</u>	<u>-</u>

5.2.1 This represents placement in commercial paper issued by K-Electric Limited which carries mark-up at the rate of 8.95% (June 2018: Nil) per annum. This will mature on March 01, 2019.

5.3 Details of non-compliant investments with the investment criteria as specified by SECP

In accordance with the section 55 (5) of NBFC Regulations, exposure of collective investment schemes to any single entity shall not exceed an amount equal to ten percent of total net assets of the collective investment scheme and, in case of an exposure to any debt issue of a company, it shall not exceed ten percent of that issue. However, the percentage of such investment in K-Electric Limited as at December 31, 2018 was 24.58% of the net assets of the Fund.

6 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	373	262
Sindh Sales Tax on Management Company's remuneration	6.2	48	34
Sales load payable		279	22
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	<u>30</u>	<u>26</u>
		<u>730</u>	<u>344</u>

6.1 As per the offering document of the Fund, the Management Company charges a fee at the rate of 1.25% of the average annual net assets on daily basis of the Scheme subject to the guidelines issued by the Commission from time to time. However, on December 28, 2017, second supplement to the offering document was issued according to which the management company was to charge a fee at the rate of 12.5% of gross earnings with floor of 1.00% and cap of 1.25% of the average annual net assets on daily basis of the Scheme effective from January 15, 2018. The management fee is being charged accordingly and the fee is payable monthly in arrears.

6.2 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 on Services Act, 2011.

- 6.3** As per Regulation 60 (3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	-----Rupees in '000-----	
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	7.1	15,531	15,531
Provision for Sindh Workers' Welfare Fund	7.2	6,311	5,964
Withholding tax payable		805	10
Auditors' remuneration		222	312
Printing charges		204	216
Zakat payable		232	142
Others		115	9
		<u>23,420</u>	<u>22,184</u>

- 7.1** The legal status of applicability of Federal Excise Duty (FED) on the Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 15.531 million. Had the provision not been retained, net asset value per unit of the Fund as at December 31, 2018 would have been higher by Rs. 8.18 per unit (June 30, 2018: Rs. 5.47 per unit).

- 7.2** The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 6.311 million as at December 31, 2018 in this condensed interim financial information. Had the provision not been made, net assets value per unit at December 31, 2018 would have been higher by Rs. 3.32 per unit (June 30, 2018: Rs. 2.10 per unit).

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2018 and June 30, 2018.

9 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2019 to its unit holders.

10 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed in this condensed interim financial information as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

11 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

Transactions and balances with parties who were connected persons due to holding 10% or more units in the comparative period and not in the current period are not disclosed in the comparative period.

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

	Half year ended	
	December 31	
	2018	2017
	(Un-Audited)	(Un-Audited)
	-----Rupees in '000-----	
11.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	2,566	6,434
Sindh Sales Tax on remuneration of the Management Company	334	836
Sales load paid	30	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	224	515
Issue of 915,008 (2017: 970,138) units	95,000	-
Redemption of 1,753,587 (2017: 3,094,251) units	189,048	90,000
Dividend paid	4,355	-
Habib Bank Limited - Sponsor		
Bank charges paid	13	4
Profit on bank deposits earned	121	611
Executive of the Management Company		
Issue of 19,346 (2017: Nil) units	2,110	-
Redemption of 19,346 (2017: Nil) units	2,115	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	379	921
Central Depository service charges	8	22
Taavun (Private) Limited		
Connected person due to holding of 10% or more*		
Issue of 12,536 (2017: Nil) units	-	-
Dividend paid	1,559	-

*Comparative transactions / balances of these parties have not been disclosed as these parties were not related parties in the last period.

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	-----Rupees in '000-----	
11.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Remuneration payable to the Management Company	373	262
Sindh Sales Tax on remuneration of the Management Company	48	34
Sales load payable	279	22
Allocation of expenses related to registrar services, accounting, operation and valuation services	30	26
Units held: 78,294 (June 30, 2018: 916,873)	8,601	101,245
Habib Bank Limited - Sponsor		
Bank balances	1,293	1,905
Profit receivable	24	17
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	51	17
CDC charges payable	6	7
Security deposit	100	100
TAAVUN (Private) Limited		
Connected person due to holding of 10% or more		
Units held: 340,649 (June 30, 2018: 328,113)	37,421	36,232

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

The Fund classifies 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:

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

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

		December 31, 2018 (Un-Audited)						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
12.1	Market treasury bills	799	-	799	-	799	-	799
		799	-	799	-	799	-	799
Financial assets not measured at fair value								
12.2	Bank balances	-	174,672	174,672				
	Commercial paper	-	51,280	51,280				
	Profit receivable	-	2,598	2,598				
	Receivable against margin trading system	-	1,846	1,846				
	Deposits	-	1,550	1,550				
		-	231,946	231,946				
Financial liabilities not measured at fair value								
12.2	Payable to Management Company	-	682	682				
	Payable to the Trustee	-	50	50				
	Payable against redemption of units	-	368	368				
	Accrued expenses and other liabilities	-	514	514				
		-	1,614	1,614				
		June 30, 2018 (Audited)						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets not measured at fair value								
12.2	Bank balances	-	332,785	332,785				
	Profit receivable	-	2,054	2,054				
	Receivable against margin trading system	-	77	77				
	Deposits	-	1,550	1,550				
		-	336,466	336,466				
Financial liabilities not measured at fair value								
12.2	Payable to the Management Company	-	310	310				
	Payable to the Trustee	-	24	24				
	Payable against redemption of units	-	523	523				
	Accrued expenses and other liabilities	-	537	537				
		-	1,394	1,394				

12.1 Valuation techniques

For level 2 investments at fair value through profit or loss - investment in respect of Treasury Bills, Fund uses rates which are derived from PKRV rates at reporting date per certificate multiplied by the number of certificates held as at period end.

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

12.3 Transfers during the period

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

13 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended December 31, 2018 is 1.09 % (December 31, 2017: 1.08%) which includes 0.20% (December 31, 2017: 0.18%) representing government levy and SECP fee.

14 DATE OF AUTHORISATION FOR ISSUE

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

15 GENERAL

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

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Money Market Fund

FUND INFORMATION

Name of Fund	HBL Money Market Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited Allied Bank Limited Meezan Bank Limited Askari Bank Limited Samba Bank Limited Zarai Taraqati Bank Limited Sindh Bank Limited United Bank Limited
Fund Rating	AA(f) (JCR-VIS)

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL MONEY MARKET FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Money Market Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 20, 2019

Yasir



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

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

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Auditors' report to the Unit Holders on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Money Market Fund** (the Fund) as at December 31, 2018, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2018 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

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 condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner
Hena Sadiq

Place: Karachi
Date: February 11, 2019

Member of
Deloitte Touche Tohmatsu Limited

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

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	6,237,281	7,298,928
Investments	5	4,680,599	-
Accrued mark up		55,207	18,703
Advances, deposits and prepayments		253	104
Total assets		10,973,340	7,317,735
Liabilities			
Payable to the Management Company	6	6,864	5,327
Payable to the Trustee		1,113	532
Payable to Securities and Exchange Commission of Pakistan		2,959	4,064
Payable against Purchase of investments		3,445,617	-
Accrued expenses and other liabilities	7	64,314	58,310
Total liabilities		3,520,867	68,233
Net assets		7,452,473	7,249,502
Unit holders' fund (as per statement attached)		7,452,473	7,249,502
Contingencies and commitments	8	----- (Number of units) -----	
Number of units in issue		70,505,600	67,634,199
		----- (Rupees) -----	
Net assets value per unit		105.7004	107.1869

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Money Market Fund
Condensed Interim Income Statement (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Note	Half year ended December 31,		Quarter ended December 31,	
		2,018	2017	2018	2017
(Rupees in '000)					
Income					
Mark-up on deposits with banks		139,428	110,158	51,591	53,929
Mark-up / return on investments		198,301	58,041	121,410	30,594
Capital (loss) / gain on sale of investments - net		(7,021)	375	(6,550)	268
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net		(17)	-	(17)	-
		330,691	168,574	166,434	84,791
Expenses					
Remuneration of the Management Company		37,887	29,250	18,952	14,853
Remuneration of the Trustee		3,771	2,621	1,777	1,328
Annual fee to Securities and Exchange Commission of Pakistan		2,959	1,936	1,383	983
Allocation of expenses related to registrar services, accounting, operation and valuation services		3,945	2,588	1,844	1,313
Settlement and bank charges		317	124	158	85
Auditors' remuneration		299	304	149	209
Fee and subscription		149	159	86	97
Securities transaction cost		3	94	2	39
Printing charges		-	90	-	51
		49,330	37,166	24,351	18,958
Net income from operating activities		281,361	131,408	142,083	65,833
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		-	-	-	-
Provision for Sindh Workers' Welfare Fund	7.2	(5,627)	(2,628)	(2,841)	(1,317)
Net income for the period before taxation		275,734	128,780	139,242	64,516
Taxation	9	-	-	-	-
Net income for the period after taxation		275,734	128,780	139,242	64,516
Allocation of income for the period					
Income already paid on redemption of units		86,480	36,106	74,599	25,402
Accounting income available for distribution:					
- Relating to capital gains		-	270	-	162
- Excluding capital gains		189,254	92,404	64,643	38,952
		189,254	92,674	64,643	39,114
		275,734	128,780	139,242	64,516

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Money Market Fund

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Half Year & Quarter Ended December 31, 2018

	Half year ended		Quarter ended,	
	December 31,		December 31,	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
Net income for the period after taxation	275,734	128,780	139,242	64,516
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	275,734	128,780	139,242	64,516

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Money Market Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the Half Year Ended December 31, 2018

	Half year ended December 31,					
	2018			2017		
	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period	7,033,537	215,965	7,249,502	3,901,721	40,289	3,942,010
Issue of 66,487,174 units (2017: 56,024,781 units)						
- Capital value (at net asset value per unit at the beginning of the period)	6,784,145	-	6,784,145	5,701,548	-	5,701,548
- Element of income	104,723	-	104,723	66,472	-	66,472
Total proceeds on issuance of units	6,888,868	-	6,888,868	5,768,020	-	5,768,020
Redemption of 63,615,773 units (2017: 4,715,847 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(6,491,156)	-	(6,491,156)	(4,801,007)	-	(4,801,007)
- Income already paid on redemption of units	-	(86,480)	(86,480)	-	(36,106)	(36,106)
- Element of loss	(35,678)	-	(35,678)	(36,035)	-	(36,035)
Total payments on redemption of units	(6,526,834)	(86,480)	(6,613,314)	(4,837,042)	(36,106)	(4,873,148)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	-	-
Net income for the period after taxation	-	275,734	275,734	-	128,780	128,780
Refund of Capital	(181,739)	-	(181,739)	-	-	-
Distribution during the period	-	(166,578)	(166,578)	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-
Net income for the period less distribution	-	109,156	(72,583)	-	128,780	128,780
Net assets at end of the period	7,395,571	238,641	7,452,473	4,832,699	132,963	4,965,662
Undistributed income brought forward						
- Realised		215,965			40,289	
- Unrealised		-			-	
		215,965			40,289	
Distribution during the period		(166,578)			-	
Accounting income available for distribution:						
- Relating to capital gains		-			270	
- Excluding capital gains		189,254			92,404	
		189,254			92,674	
Undistributed income carried forward		238,641			132,963	
Undistributed income carried forward						
- Realised		238,641			132,963	
- Unrealised		-			-	
		238,641			132,963	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			107.1869			101.7683
Net assets value per unit at end of the period			105.7004			104.3555

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Money Market Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the Half Year Ended December 31, 2018

	Half year ended December 31,	
	2018	2017
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Net income for the period before taxation	275,734	128,780
Adjustments for non-cash items:		
Capital (gain) / loss on sale of investments - net	7,021	(375)
Mark-up / return on investments	(198,301)	(58,041)
Profit on bank deposits	(139,428)	(110,158)
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net	17	-
Provision for Sindh Worker's Welfare Fund	5,627	2,628
	(49,330)	(37,166)
Decrease / (increase) in assets		
Investments	(4,687,637)	(822,316)
Advances, deposits and prepayments	(149)	(141)
	(4,687,786)	(822,457)
Increase / (decrease) in liabilities		
Payable to the Management Company	1,537	511
Payable to the Trustee	581	38
Payable to the Securities and Exchange Commission of Pakistan	(1,105)	(1,189)
Payable against purchase of investment	3,445,617	-
Accrued expenses and other liabilities	377	(33,739)
	3,447,007	(34,379)
Net cash used in operations	(1,290,109)	(894,002)
Profit received on bank deposits	108,799	115,457
Markup received on investments	192,426	38,020
	301,225	153,477
Net cash used in operating activities	(988,884)	(740,525)
Cash flows from financing activities		
Amount received on issue of units	6,888,868	5,768,020
Payment against redemption of units	(6,613,314)	(4,873,148)
Cash dividend paid	(348,317)	-
Net cash (used in) / generated from financing activities	(72,763)	894,872
Net (decrease) / increase in cash and cash equivalents	(1,061,647)	154,347
Cash and cash equivalents at beginning of the period	7,298,928	3,542,143
Cash and cash equivalents at end of the period	6,237,281	3,696,490

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Money Market Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the Half Year Ended December 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Money Market Fund ('the Fund') was established under a Trust Deed, dated March 18, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund has been authorized by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on April 9, 2010.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through a certificate of registration issued by the 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 open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from July 12, 2010 to July 14, 2010.

The principal activity of the Fund is to seek high liquidity and comparative return for investors by investing in low risk securities of shorter duration and maturity.

JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+' (Positive outlook) to the Management Company and Assigned Stability Rating of AA(f) to the fund.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of IAS-34. These condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Basis of measurement

These condensed interim financial information have been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 The accounting policies adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.2 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial information.

3.5 On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the half year ended December 31, 2018.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;

the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- the Fund's investment in debt instruments that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at FVTPL because they are held within a business model whose objective is primarily to sell the bonds. The change in the fair value on these redeemable notes will be recorded in the profit or loss account;
- there is no change in the measurement of the Fund's investments in debt instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

-
-
- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

(b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

There have been no reclassification in financial assets as a result of transition to IFRS 9

		(Un-Audited)	(Audited)
		December 31,	June 30,
		2018	2018
		----- (Rupees in '000) -----	
4	BANK BALANCES	Note	
	Balances with banks in:		
	- Savings accounts	4.1	7,298,928
		<u>6,237,281</u>	<u>7,298,928</u>
4.1	This represents bank accounts held with different banks. Mark-up rates on these accounts ranges between 4.00% - 10.90% per annum (June 30, 2018: 4.00% - 7.45% per annum).		

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
5. INVESTMENTS	Note	----- (Rupees in '000) -----	
Financial asset at fair value through profit or loss			
- Government Securities	5.1	3,445,599	-
Financial assets at amortised cost			
- Term deposit receipts	5.2	585,000	-
- Clean placement	5.3	650,000	-
		4,680,599	-

5.1 Investment in Government Securities - Held-for-trading

Issue Date	Tenure	Face value			Market Value as at December 31, 2018	Market value as a percentage of		
		As at July 01, 2018	Purchases during the year	Sales / Matured during the year		As at December 31, 2018	Total Investments	Net Assets
----- (Rupees in '000) -----								
Treasury bills								
December 6, 2018	3 month	-	7,500,000	4,000,000	3,500,000	3,445,599	73.61	46.96
October 25, 2018	3 month	-	1,000,000	1,000,000	-	-	-	-
October 11, 2018	3 month	-	17,050,000	17,050,000	-	-	-	-
August 2, 2018	3 month	-	8,550,000	8,550,000	-	-	-	-
July 19, 2018	3 month	-	22,418,000	22,418,000	-	-	-	-
April 26, 2018	3 month	-	1,309,500	1,309,500	-	-	-	-
June 21, 2008	3 month	-	300,000	300,000	-	-	-	-
Total - As at December 31, 2018		-	58,127,500	54,627,500	3,500,000	3,445,599	73.61	46.96
Total - As at June 30, 2018		-	-	-	-	-	-	-

5.2 Term Deposit Receipts

Name of Company	As at July 01, 2018	Purchased made during the period	Matured during the period	As at December 31, 2018	Percentage of total value of investments (%)	Percentage of Net Assets (%)
Bank Alfalah Limited	-	1,285,000	700,000	585,000	12.50	7.85
Askari Bank Ltd	-	600,000	600,000	-	-	-
Allied Bank Limited	-	500,000	500,000	-	-	-
Zarai Taraqiyati Bank Limited	-	1,700,000	1,700,000	-	-	-
Total - As at December 31, 2018	-	4,085,000	3,500,000	585,000	12.50	7.85
Total - As at June 30, 2018	-	-	-	-	-	-

5.2.1 Term deposit receipts carry mark-up at rate of 10.95% (June 30, 2018: Nil) per annum. These will mature by January 21, 2019.

5.3 Clean placement carries mark-up range between the range of 10.6% to 10.93% (June 30, 2018: Nil) per annum and will mature on January 31, 2019.

	(Un-Audited)	(Audited)
	December 31,	June 30,
	2018	2018
Note	----- (Rupees in '000) -----	
6. PAYABLE TO THE MANAGEMENT COMPANY		
Management fee	5,575	4,231
Sindh sales tax on Management Company's remuneration	725	550
Allocation of expenses related to registrar services, accounting, operation and valuation services	564	546
	6,864	5,327

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		299	542
Capital gain tax payable		1,485	1,388
Federal Excise Duty	7.1	41,211	41,211
Provision for Sindh Workers' Welfare Fund	7.2	18,000	12,371
Advance received against units to be issued		2,500	2,500
Others		819	298
		64,314	58,310

7.1 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in the note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order by Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying a provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 41.211 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2018 would have been higher by Rs. 0.584 per unit (June 30, 2018: 0.61 per unit)

7.2 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

In view of the above, the Management Company, being prudent, recognized provision for SWWF amounting to Rs. 18 million (June 30, 2018: Rs. 12.37 million). Had the provision not been retained, NAV per unit of the Fund as at December 31, 2018 would have been higher by Rs. 0.255 per unit (June 30, 2018: Rs. 0.183 per unit)

8. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 30, 2018 and June 30, 2018.

9. TAXATION

The Fund's income is exempt from income tax as per Clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.

10. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

Details of the transactions with connected persons during the period and balances with them at period end are as follows:

	(Un-Audited)	
	Half year ended	
	December 31,	
	2018	2017
	----- (Rupees in '000) -----	
10.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee inclusive of Sales tax	37,887	29,250
Allocation of expenses related to registrar services, accounting, operation and valuation services	3,945	2,588
Issue of 64,872 units (2017: 1,106,290 units)	6,678	114,079
Redemption of 1,069,156 units (2017: 115,577 units)	111,111	12,000
Refund of capital 13,571 units (2017: Nil units)	1,385	-
Habib Bank Limited - Sponsor		
Mark-up earned during the period	21,520	21,401
Issue of units 95,212 units (2017: Nil units)	9,715	-
Refund of capital 324,598 units (2017: Nil units)	33,121	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	3,771	2,621
Directors, Executives and Key Management personnel		
Issue of 1,880 units (2017: Nil units)	194	-
Redemption of 1,627 units (2017: 137,374 units)	169	14,100
Refund of capital 15 units (2017: Nil units)	2	-

		(Un-Audited)	
		Half year ended	
		December 31,	
		2018	2017
		----- (Rupees in '000) -----	
Pakistan Mobile Communication Limited -			
Connected persons due to holding 10% or more units			
Issue of 6,002,169 units (2017: Nil units)		617,616	-
Redemption of units 3,722,407 units (2017: Nil units)		389,600	-
Refund of capital 240,744 units (2017: Nil units)		24,565	-
		(Un-Audited)	(Audited)
		December 31,	June 30,
		2018	2018
		----- (Rupees in '000) -----	
10.2	Amounts outstanding as at period / year end		
HBL Asset Management Limited - Management Company			
Management Fee		5,575	4,231
Sindh Sales Tax		725	550
Allocation of expenses related to registrar services, accounting, operation and valuation services		564	546
Investment held in the Fund : Nil units (June 30, 2018 : 990,713 units)		-	106,191
Habib Bank Limited - Sponsor			
Investment held in the Fund : 8,737,508 units (June 30, 2018: 8,317,697 units)		923,558	891,548
Bank balances		369,847	479,807
Central Depository Company of Pakistan Limited - Trustee			
Remuneration payable		985	471
Sindh Sales tax		128	61
Directors, Executives and Key Management personnel			
Investment held in the Fund : 12,273 units (June 30, 2018: 12,005 units)		1,297	1,287
Pakistan Mobile Communication Limited - Connected persons due to holding 10% or more units			
Investment held in the Fund : 7,887,857 units (June 30, 2018: Nil units)		833,750	-

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2018 is 0.70% (December 31, 2017: 0.78%) which includes 0.17% (December 31, 2017: 0.17%) representing government levies and SECP fee.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

	December 31, 2018							
	Carrying amount				Fair Value			
	Fair value through profit or loss	Financial asset at amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
- Government securities	3,445,599	-	-	3,445,599				
Financial assets not measured at fair value								
Bank balance	-	-	6,237,281	6,237,281				
Investments				-				
- Term deposit receipts	-	585,000	-	585,000				
- Clean placements	-	650,000	-	650,000				
Accrued mark-up	-	-	55,207	55,207				
Deposits and prepayments	-	-	240	240				
	-	1,235,000	6,292,728	7,527,728				
Financial liabilities not measured at fair value								
Payable to the Management Company	-	-	6,139	6,139				
Payable to SECP	-	-	2,959	2,959				
Payable to the Trustee	-	-	985	985				
Accrued expenses and other liabilities	-	-	3,618	3,618				
	-	-	13,701	13,701				

	June 30, 2018						
	Carrying amount			Fair Value			
	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
On-balance sheet financial instruments							
Financial assets not measured at fair value							
Bank balance	7,298,928	-	7,298,928				
Investments							
- Term deposit receipts	-	-	-				
- Clean placements	-	-	-				
Accrued mark-up	18,703	-	18,703				
Deposits and prepayments	100	-	100				
	<u>7,317,731</u>	=	<u>7,317,731</u>				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	4,777	4,777				
Payable to SECP	-	4,064	4,064				
Payable to the Trustee	-	471	471				
Accrued expenses and other liabilities	-	3,340	3,340				
	-	<u>12,652</u>	<u>12,652</u>				

12.1 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.

12.2 Transfers during the period

There were no transfers between various levels of fair value hierarchy during the period.

13. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors of the Management Company on February 08, 2019.

14. GENERAL

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

14.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, the effect of which is not material.

14.3 These condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2018 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Cash Fund

FUND INFORMATION

Name of Fund	HBL Cash Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited MCB Bank Limited Allied Bank Limited JS Bank Limited Samba Bank Limited Zarai Taraqati Bank Limited United Bank Limited Sindh Bank Limited
Fund Rating	'AA(f)' (JCR-VIS)

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL CASH FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Cash Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 20, 2019



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



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL CASH FUND ("the Fund") as at December 31, 2018 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as "condensed interim financial information"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed 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 condensed 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 condensed interim financial information as at and for the half year ended December 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended December 31, 2018 and December 31, 2017 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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



The financial statements of the Fund for the year ended June 30, 2018 and condensed interim financial information for the half year ended December 31, 2017 were audited and reviewed by another firm of chartered accountants who have expressed an unqualified opinion and conclusion thereon vide their reports dated September 19, 2018 and February 26, 2018 respectively.

KARACHI

DATED: 08 FEB 2019

BDO Ebrahim & Co.
bdo CHARTERED ACCOUNTANTS
Engagement Partner: Raheel Shahnawaz

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

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	7,246,215	10,899,252
Investments	5	8,971,066	1,150,000
Profit receivable		97,825	43,554
Deposits and prepayments		4,026	199
TOTAL ASSETS		16,319,132	12,093,005
LIABILITIES			
Payable to the Management Company	6	10,586	7,830
Payable to the Trustee		947	981
Payable to Securities and Exchange Commission of Pakistan		4,819	7,921
Payable against purchase of investments		5,906,772	-
Accrued expenses and other liabilities	7	80,381	36,539
Dividend payable		1,641	-
TOTAL LIABILITIES		6,005,146	53,271
NET ASSETS		10,313,986	12,039,734
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		10,313,986	12,039,734
CONTINGENCIES AND COMMITMENTS			
	8	----- (Number of Units) -----	
Number of units in issue		102,125,571	113,580,129
		----- (Rupees) -----	
Net assets value per unit		100.9932	106.0021

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Cash Fund
Condensed Interim Income Statement (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Note	Half year ended December 31,		Quarter ended December 31,	
		2018	2017	2018	2017
------(Rupees in '000)-----					
Income					
Capital (loss) / gain on sale of investments - net		(8,350)	533	(8,002)	376
Income from government securities		237,362	68,261	113,043	31,049
Income from money market transactions and placements		94,297	51,412	57,751	34,335
Profit on bank deposits		215,163	179,240	121,898	109,693
		<u>538,472</u>	<u>299,446</u>	<u>284,690</u>	<u>175,453</u>
Unrealized diminution on re-measurement of investment classified as financial assets at 'fair value through profit or loss' - net		(30)	-	(30)	-
		<u>538,442</u>	<u>299,446</u>	<u>284,660</u>	<u>175,453</u>
Expenses					
Remuneration of the Management Company	6.1 & 6.2	46,276	26,916	29,993	15,843
Remuneration of the Trustee		5,638	4,421	2,784	2,541
Annual fee to Securities and Exchange Commission of Pakistan		4,819	3,578	2,371	2,103
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	6,426	4,770	3,162	2,804
Auditors' remuneration		221	221	110	114
Securities transaction costs		440	216	199	96
Settlement and bank charges		194	161	110	91
Fee and subscription		153	171	79	72
Printing charges		-	188	-	100
		<u>64,167</u>	<u>40,642</u>	<u>38,808</u>	<u>23,764</u>
Net income for the period from operating activities		<u>474,275</u>	<u>258,804</u>	<u>245,852</u>	<u>151,689</u>
Provision for Sindh Workers' Welfare Fund	7.2	(9,485)	(5,176)	(5,023)	(3,034)
Net income for the period before taxation		<u>464,790</u>	<u>253,628</u>	<u>240,829</u>	<u>148,655</u>
Taxation	9	-	-	-	-
Net income for the period after taxation		<u>464,790</u>	<u>253,628</u>	<u>240,829</u>	<u>148,655</u>
Allocation of net income for the period					
Income already paid on redemption		197,309	90,650	167,668	78,326
Accounting income available for distribution:					
Relating to capital gains		-	342	-	178
Excluding capital gains		267,481	162,636	73,161	70,151
		<u>267,481</u>	<u>162,978</u>	<u>73,161</u>	<u>70,329</u>
		<u>464,790</u>	<u>253,628</u>	<u>240,829</u>	<u>148,655</u>
Earnings per unit	10				

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Cash Fund

Condensed Statement of Comprehensive Income (Un-Audited)

For the Half Year & Quarter Ended December 31, 2018

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	------(Rupees in '000)-----			
Net income for the period after taxation	464,790	253,628	240,829	148,655
Other comprehensive income				
Items that may be reclassified subsequently to income statement	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-
Total comprehensive income for the period	<u>464,790</u>	<u>253,628</u>	<u>240,829</u>	<u>148,655</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Cash Fund
Condensed Interim Statement of Cash Flow (Un-Audited)
For the Half Year Ended December 31, 2018

	Half year ended December 31,	
	2018	2017
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	464,790	253,628
Adjustments for:		
Capital loss / (gain) on sale of investment-net	8,350	(533)
Income from government securities	(237,362)	(68,261)
Income from money market placements	(94,297)	(51,412)
Profit from bank deposits	(215,163)	(179,240)
	<u>(73,682)</u>	<u>(45,818)</u>
Increase in assets		
Investments - net	(7,829,416)	(1,737,158)
Deposits and prepayments	(3,827)	(145)
	<u>(7,833,243)</u>	<u>(1,737,303)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	2,756	5,371
Payable to the Trustee	(34)	(92)
Payable to Securities and Exchange Commission of Pakistan	(3,102)	308
Payable against investments	5,906,772	-
Dividend payable	1,641	-
Accrued expenses and other liabilities	43,842	(25,214)
	<u>5,951,875</u>	<u>(19,627)</u>
Cash used in operations	<u>(1,955,050)</u>	<u>(1,802,748)</u>
Income received from government securities	237,362	68,261
Income received from money market placement	81,440	28,318
Profit received from bank deposits	173,748	149,068
	<u>492,550</u>	<u>245,647</u>
Net cash used in operating activities	<u>(1,462,500)</u>	<u>(1,557,101)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	16,561,545	13,670,983
Payments on redemption of units	(17,772,306)	(10,656,140)
Dividend paid	(979,777)	-
Net cash (used in) / generated from financing activities	<u>(2,190,538)</u>	<u>3,014,843</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(3,653,038)</u>	<u>1,457,742</u>
Cash and cash equivalents at the beginning of the period	10,899,252	6,537,316
Cash and cash equivalents at the end of the period	<u>4</u> <u>7,246,215</u>	<u>7,995,058</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Cash Fund

Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)

For the Half Year Ended December 31, 2018

Half year ended December 31,

	2018			2017		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	11,727,212	312,522	12,039,734	5,925,167	28,963	5,954,130
Issuance of 161,719,040 units (2017: 134,171,541 units)						
Capital value (at net asset value per unit at the beginning of the period)	16,293,535	-	16,293,535	13,482,734	-	13,482,734
Element of income	268,010	-	268,010	188,249	-	188,249
Total proceeds on issuance of units	16,561,545	-	16,561,545	13,670,983	-	13,670,983
Redemption of 173,173,598 units (2017: 92,590,676 units)						
Capital value (at net asset value per unit at the beginning of the period)	(17,447,606)	-	(17,447,606)	(9,304,324)	-	(9,304,324)
Income already paid on redemption of units	-	(197,309)	(197,309)	-	(90,650)	(90,650)
Element of loss	(127,391)	-	(127,391)	(77,541)	-	(77,541)
Total payments on redemption of units	(17,574,997)	(197,309)	(17,772,306)	(9,381,865)	(90,650)	(9,472,515)
Total comprehensive income for the period	-	464,790	464,790	-	253,628	253,628
Refund of capital	(451,869)	-	(451,869)	-	-	-
Distribution during the period	-	(527,908)	(527,908)	-	-	-
	(451,869)	(63,118)	(514,987)	-	253,628	253,628
Net assets at end of the period	10,261,891	52,095	10,313,986	10,214,285	191,941	10,406,226

Undistributed income brought forward

Realised	312,522	28,963
Unrealised	-	-
	312,522	28,963

Accounting income available for distribution

Relating to capital gains	-	342
Excluding capital gains	267,481	162,636
	267,481	162,978

Distribution during the period

(527,908)	-
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Undistributed income carried forward

52,095	191,941
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Undistributed income carried forward

Realised	52,095	191,941
Unrealised	-	-
	52,095	191,941

(Rupees)

(Rupees)

Net assets value per unit at beginning of the period

106.0021

100.4888

Net assets value per unit at end of the period

100.9932

103.2030

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Cash Fund

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

For the Half Year Ended December 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Cash Fund ('the Fund') was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/NBFC-II/DD/PCF/844/2010 dated November 11, 2010 and the Trust Deed was executed on October 22, 2010.

Through an order dated August 31, 2016, SECP approved the merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on February 17, 2017. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A., is the parent company of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open-ended money market scheme and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from December 11, 2010 to December 13, 2010. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The Fund has been categorised as a money market scheme as per the criteria laid down by the SECP for categorization of open-end Collective Investment Schemes (CISs).

The core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) positive outlook to the Management Company and assigned stability rating of AA(f) to the Fund as at December 28, 2018 and December 26, 2018, respectively.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the 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, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

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-
- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.1.3** The comparative statement of assets and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2017.
- 2.1.4** This condensed interim financial information is unaudited, but has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2018 have not been reviewed.
- 2.1.5** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

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 AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

- 3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2018 except as explained in note 3.6.
- 3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2018.
- 3.4** There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.
- 3.5** The Fund's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Fund for the year ended June 30, 2018.

3.6 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.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after 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 condensed interim 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 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 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had 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.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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 or dividend income, are recognised in profit or loss.
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 income, foreign exchange gains and losses and impairment are recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss 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 profit or loss.

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.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees in '000) -----					
Financial assets					
Bank balances - Saving Accounts	(a)	Loans and receivables	Amortised cost	9,799,252	9,799,252
Bank balances - Term Deposit Receipts (TDRs)	(a)	Loans and receivables	Amortised cost	1,100,000	1,100,000
Investments - Letter of Placements	(a)	Loans and receivables	Amortised cost	1,150,000	1,150,000
Profit Receivable	(a)	Loans and receivables	Amortised cost	43,554	43,554
Deposits & Prepayments	(a)	Loans and receivables	Amortised cost	199	199
				12,093,005	12,093,005
				12,093,005	12,093,005

(a) These 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.

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 Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

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 the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	-----
4 BANK BALANCES			
In savings accounts	4.1	6,071,215	9,799,252
Term deposit receipt	4.2	1,175,000	1,100,000
		<u>7,246,215</u>	<u>10,899,252</u>

4.1 These accounts carry mark-up at rates ranging between 5% to 11% (June 30, 2018: 3.75% to 7.5%) per annum.

4.2 This term deposit receipt carries mark-up at the rate of 10.95% (June 30, 2018: 7.4%). This will mature by January 21, 2019.

4.3 In accordance with section 55(5) of NBFC Regulations, exposure of collective investment schemes to any single entity shall not exceed an amount equal to ten percent of total net assets of the collective investment scheme and, in case of an exposure to any debt issue of a company, it shall not exceed ten percent of that issue. However, the percentage of such investment in Bank Alfalah Limited, as at December 31, 2018, was 11% of the net assets of the Fund.

5 INVESTMENTS

At fair value through profit or loss	5.1	5,906,742	-
At amortized cost	5.2	3,064,324	1,150,000
		<u>8,971,066</u>	<u>1,150,000</u>

5.1 Financial assets at fair value through profit or loss

Market treasury bills	5.1.1	5,906,742	-
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5.1.1 Financial assets at fair value through profit or loss:

Market treasury bills

Issue date	Tenure	As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at December 31, 2018	Balance as at December 31, 2018			Market value as at percentage of net assets	Market value as at percentage of total investments
						Carrying value	Market value	Appreciation / (diminution)		
----- (Rupees in '000) -----										
April 26, 2018	3 months	-	7,290,000	7,290,000	-	-	-	-	-	-
May 10, 2018	3 months	-	850,000	850,000	-	-	-	-	-	-
June 21, 2018	3 months	-	700,000	700,000	-	-	-	-	-	-
July 19, 2018	3 months	-	31,523,000	31,523,000	-	-	-	-	-	-
August 2, 2018	3 months	-	6,850,000	6,850,000	-	-	-	-	-	-
October 11, 2018	3 months	-	18,105,000	18,105,000	-	-	-	-	-	-
December 6, 2018	3 months	-	12,500,000	6,500,000	6,000,000	5,906,772	5,906,742	(30)	0.57	0.66
Total - As at December 31, 2018		-	77,818,000	71,818,000	6,000,000	5,906,772	5,906,742	(30)	0.57	0.66
Total - June 30, 2018										

	Note	December 31, 2018 (Un-Audited) (Rupees in '000)	June 30, 2018 (Audited)
5.2 Financial assets at amortized cost			
Letter of placements	5.2.1	2,375,000	1,150,000
Commercial paper	5.2.2	689,324	-
		<u>3,064,324</u>	<u>1,150,000</u>

5.2.1 These carry mark-up at the rate of 10.60% to 10.93% per annum (June 30, 2018: 6.7%). These will mature on January 31, 2019.

5.2.2 This carries mark-up at the rate of 8.95% (June 30, 2018: Nil) per annum. This will mature on March 01, 2019.

5.3 Detail of non-compliant investments with the investment criteria as specified by SECP

In accordance with section 55(5) of NBFC Regulations, exposure of collective investment schemes to any single entity shall not exceed an amount equal to ten percent of total net assets of the collective investment scheme and, in case of an exposure to any debt issue of a company, it shall not exceed ten percent of that issue. However, the percentage of such investment in Pak Oman Investment Company Limited and Pak Brunei Investment Company Limited, as at December 31, 2018, were 11% and 12%, respectively, of the net assets of the Fund.

6 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration to the Management Company	6.1	8,413	5,922
Sindh sales tax on Management Company's remuneration	6.2	1,094	770
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	1,079	1,138
		<u>10,586</u>	<u>7,830</u>

6.1 As per the offering document of the Fund, the Management Company shall charge a fee at the rate of 0.50% of the average annual net assets on daily basis of the Scheme subject to the guidelines as may be issued by the SECP from time to time. Effective from June 29, 2017 the rate of fee is revised through amendment in the Offering Documents of the Scheme as 7.5% of the gross earnings of the scheme, calculated on a daily basis subject to a cap of 1.00% and a floor of 0.50% of the average daily net assets. The fee is payable monthly in arrears.

6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2018: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

6.3 As per Regulation 60(3)(s) of the NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

	December 31, 2018 (Un-Audited) (Rupees in '000)	June 30, 2018 (Audited)
7 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	
Provision for Federal Excise Duty and sales tax on management fee	7.1	7,528
Provision for Sindh Workers' Welfare Fund	7.2	22,654
Withholding tax payable		49,206
Sales Load-payable to the related parties		461
Auditors' remuneration		221
Printing charges		92
Brokerage payable		168
Zakat Payable		51
		<u>80,381</u>
		<u>36,539</u>

7.1 The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 7.528 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2018 would have been higher by Rs. 0.07 per unit (June 30, 2018: Rs. 0.13 per unit).

7.2 The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 22.654 million as at December 31, 2018 in this condensed interim financial information, Had the provision not been made, net assets value per unit at December 31, 2018 would have been higher by Rs.0.22 per unit (June 30, 2018: Rs.0.12 per unit).

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2018 and June 30, 2018.

9 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2019 to its unit holders.

10 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed in this condensed interim financial information as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

11 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

Transactions and balances with parties who were connected persons due to holding 10% or more units in the comparative period and not in the current period are not disclosed in the comparative period.

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

	Half year ended December 31,	
	2018	2017
	----- (Un-Audited) -----	
	----- (Rupees in '000) -----	
11.1 Transaction during the period		
HBL Asset Management Limited		
Remuneration of Management Company	40,952	23,819
Sindh Sales Tax on remuneration of Management Company	5,324	3,097
Allocation of expenses related to registrar services, accounting, operation and valuation services	6,426	4,770
Issue of 740,028 (2017: 1,073,478) units	70,907	110,000
Redemption of 1,296,097 (2017: 588,277) units	132,175	60,000
Dividend paid	1,068	-
Refund of capital	4,297	-
Central Depository Company Of Pakistan Limited - Trustee		
Remuneration	5,638	4,421
CDS connection charges	3	3
Habib Bank Limited - Sponsor		
Return on Deposit Accounts	30,781	38,770
Bank charges	120	72
Jubilee Life Insurance Company Limited		
Sales of Market Treasury Bills	5,000,000	-
Directors and Executives of the Management Company		
Issue of 165,049 (2017: 363,436) units	15,162	36,893
Redemption of 104,710 (2017: 30,548) units	10,767	3,137
Dividend paid	2,698	-
Refund of capital	1,733	-

	Half year ended December 31,	
	2018	2017
	----- (Un-Audited) -----	
	----- (Rupees in '000) -----	
HBL Financial Planning Fund - Active Allocation Plan - Associate		
Issue of 261,274 (2017: 2,710,972) units	19,943	277,000
Redemption of 783,791 (2017: 60,666) units	79,446	62,100
Dividend paid	1,943	-
Refund of capital	6,915	-
HBL Financial Planning Fund - Conservative Allocation Plan - Associate		
Issue of 69,986 (2017: 1,387,105) units	1,842	141,500
Redemption of 536,334 (2017: 39,905) units	55,567	4,100
Dividend paid	1,842	-
Refund of capital	5,213	-
HBL Financial Planning Fund - Strategic Allocation Plan - Associate		
Issue of 203,493 (2017: 97,963) units	18,554	10,000
Redemption of 276,450 (2017: 926) units	28,256	95
Dividend paid	554	-
Refund of capital	2,480	-
Pakistan Mobile Communication Limited- Connected Person due to holding of more than 10% units		
Issue of 10,575,209 (2017: nil) units	1,016,090	-
Redemption of 5,229,481 (2017: nil) units	540,500	-
Dividend paid	50,695	-
Refund of capital	60,028	-
Pakistan Telecommunication Company Limited- Connected Person due to holding of more than 10% units		
Issue of 58,753,683 (2017: nil) units	5,904,196	-
Redemption of 62,186,177 (2017: nil) units	6,349,034	-
Dividend paid	15,556	-
Refund of capital	133,582	-
	December 31,	June 30,
	2018	2018
	(Un-Audited)	(Audited)
	----- (Rupees in '000) -----	

11.2 Balances outstanding at the period / year end

HBL Asset Management Limited

Units held: 282,979 (June 30, 2018: 839,048)	28,572	88,941
Payable to Management Company	8,413	5,922
Sindh sales tax on Management Company's remuneration	1,094	770
Payable against allocation of expenses related to registrar services, accounting, operation and valuation services	1,079	1,138
Sales load payable	461	313

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	947	981
Security deposit held	100	100
Habib Bank Limited - Sponsor		
Bank balances	29,256	13,521
Profit receivable	133	455
Sales load payable	-	-
Directors and Executives of the Management Company		
Units held: 549,601 (June 30, 2018: 502,978)	55,493	53,317
HBL Financial Planning Fund - Active Allocation Plan - Associate		
Units held: 708,385 (June 30, 2018: 1,230,903)	71,525	130,478
HBL Financial Planning Fund - Conservative Allocation Plan - Associate		
Units held: 533,641 (June 30, 2018: 999,990)	53,881	106,001
HBL Financial Planning Fund - Strategic Allocation Plan - Associate		
Units held: 307,087 (June 30, 2018: 380,044)	31,006	40,285
Pakistan Mobile Communication Limited -Connected Person due to holding of more than 10% units*		
Units held: 16,051,034 (June 30, 2018: nil)	1,620,663	-
Pakistan Telecommunication Company Limited -Connected Person due to holding of more than 10% units		
Units held: 10,910,643 (June 30, 2018: 14,343,137)	1,101,641	1,520,403

12 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2018 is 0.58% (2017: 0.48%) which includes 0.16% (2017: 0.13%) representing government levy and SECP fee.

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

		December 31, 2018 (Un-Audited)						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----						
On-balance sheet financial instruments								
Financial assets measured at fair value								
	13.1							
		5,906,742	-	5,906,742	-	5,906,742	-	5,906,742
Financial assets not measured at fair value								
	13.2							
		-	7,246,215	7,246,215				
		-	97,825	97,825				
		-	2,375,000	2,375,000				
		-	9,719,040	9,719,040				
Financial liabilities not measured at fair value								
	13.2							
		-	10,586	10,586				
		-	947	947				
		-	942	942				
		-	1,641	1,641				
		-	14,116	14,116				
		June 30, 2018 (Audited)						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----						
On-balance sheet financial instruments								
Financial assets not measured at fair value								
	13.2							
		-	10,899,252	10,899,252				
		-	43,554	43,554				
		-	1,150,000	1,150,000				
		-	12,092,806	12,092,806				
Financial liabilities not measured at fair value								
	13.2							
		-	7,060	7,060				
		-	868	868				
		-	851	851				
		-	8,779	8,779				

13.1 Valuation techniques

For level 2 investments at fair value through profit or loss - investment in respect of Treasury Bills, Fund uses rates which are derived from PKRV rates at reporting date per certificate multiplied by the number of certificates held as at period end.

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

13.3 Transfers during the period

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

14 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Management company on February 8, 2019.

15 GENERAL

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

15.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, the effect of which is not material.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Stock Fund

FUND INFORMATION

Name of Fund	HBL Stock Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Allied Bank Limited JS Bank Limited MCB Bank Limited

TRUSTEE REPORT TO THE UNIT HOLDERS

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL STOCK FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Stock Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 20, 2019



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

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314

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Auditors' report to the Unit Holders on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Stock Fund** (the Fund) as at December 31, 2018, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2018 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

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 condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner
Hena Sadiq

Place: Karachi
Date: February 11, 2019

Member of
Deloitte Touche Tohmatsu Limited

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

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	560,846	577,518
Investments	5	3,285,017	5,442,731
Dividend receivable and accrued mark-up		5,141	15,470
Advances, deposits, prepayments and other receivables	6	347,372	29,082
Total assets		4,198,376	6,064,801
Liabilities			
Payable to the Management Company	7	15,085	23,982
Payable to the Trustee		553	658
Payable to the Securities and Exchange Commission of Pakistan		2,745	5,547
Payable against redemption of units		748,864	-
Accrued expenses and other liabilities	8	77,383	76,244
Total liabilities		844,630	106,431
Net assets		3,353,746	5,958,370
Unit holders' fund (as per statement attached)		3,353,746	5,958,370
Contingencies and commitments	9		
		----- (Number of units) -----	
Number of units in issue		35,407,383	55,653,438
		----- (Rupees) -----	
Net assets value per unit		94.7188	107.0620

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Stock Fund
Condensed Interim Income Statement (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Note	Half year ended December 31,		Quarter ended December 31,	
		2018	2017	2018	2017
----- (Rupees in '000) -----					
Income					
Dividend income		127,373	151,090	63,031	105,172
Mark-up on deposits with banks		30,161	22,759	14,744	11,687
Capital loss on sale of investments - net		(215,827)	(229,600)	(226,930)	(213,546)
		(58,293)	(55,751)	(149,155)	(96,687)
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial asset at fair value through profit or loss - net		(438,220)	(316,081)	(316,906)	21,213
Impairment loss on equity securities classified as 'available-for-sale'		-	(294,670)	-	(294,670)
		(496,513)	(666,502)	(466,061)	(370,144)
Expenses					
Remuneration of the Management Company		65,305	63,588	31,084	30,524
Remuneration of the Trustee		3,835	3,749	1,692	1,752
Annual fee to the Securities and Exchange Commission of Pakistan		2,745	2,670	1,304	1,278
Allocation of expenses related to registrar services, accounting, operation and valuation services		2,890	2,810	1,376	1,347
Selling and marketing expense		11,558	11,250	5,502	17,809
Securities transaction costs		12,801	3,129	-	-
Auditors' remuneration		447	304	224	210
Settlement and bank charges		890	498	663	338
Other expenses		18	120	18	52
		100,489	88,118	41,863	53,310
Net loss from operating activities		(597,002)	(754,620)	(507,924)	(423,454)
Element of income and capital gains included in prices of units issued less those in units redeemed - net		-	-	-	-
Provision for Sindh Workers' Welfare Fund	8.2	-	-	-	-
Net loss for the period before taxation		(597,002)	(459,950)	(507,924)	(423,454)
Taxation	10	-	-	-	-
Net loss for the period after taxation		(597,002)	(459,950)	(507,924)	(423,454)
Allocation of net (loss) / income for the period:					
Income already paid on redemption of units		-	-	-	-
Accounting (loss) / income available for distribution:					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		-	-	-	-
		(597,002)	(459,950)	(507,924)	(423,454)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Stock Fund

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Half Year & Quarter Ended December 31, 2018

	Half year ended December 31,		Quarter ended, December 31,	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
Net loss for the period after taxation	(597,002)	(459,950)	(507,924)	(423,454)
Other comprehensive income for the period				
Item that may be reclassified subsequently to Income Statement				
Unrealised gain on re-measurement of investments classified as available-for-sale	-	(42,096)	-	339,790
Net reclassification adjustments relating to available-for-sale financial assets	-	(517,830)	-	(508,216)
Other comprehensive loss for the period	-	(559,926)	-	(168,426)
Total comprehensive loss for the period	(597,002)	(1,019,876)	(507,924)	(591,880)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Stock Fund
Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)
For the Half Year Ended December 31, 2018

Half year ended December 31,

	2018			2017				
	Capital Value	Undistributed income / (accumulated loss)	Unrealised income / (loss) on investment	Total	Capital Value	Undistributed income / (accumulated loss)	Unrealised income / (loss) on investment	Total
	-----Rupees in '000-----							
Net assets as at the beginning of the period	6,270,547	(378,651)	66,474	5,958,370	5,899,589	(96,624)	551,707	6,354,672
Adoption of IFRS 9	-	66,474	(66,474)	-	-	-	-	-
Issue of 5,396,462 units (2017: 8,746,171 units)								
- Capital value (at net asset value per unit at the beginning of the period)	577,756	-	-	577,756	1,062,221	-	-	1,062,221
- Element of loss	(5,985)	-	-	(5,985)	(101,503)	-	-	(101,503)
Total proceeds on issue of units	571,771	-	-	571,771	960,718	-	-	960,718
Redemption of 25,642,518 units (2017: 8,540,416 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(2,745,340)	-	-	(2,745,340)	(1,037,232)	-	-	(1,037,232)
- Element of income	165,947	-	-	165,947	99,232	-	-	99,232
Total payments on redemption of units	(2,579,393)	-	-	(2,579,393)	(938,000)	-	-	(938,000)
Total comprehensive loss for the period	-	(597,002)	-	(597,002)	-	(459,950)	(559,926)	(1,019,876)
Distribution during the period	-	-	-	-	-	-	-	-
Net loss for the period less distribution	-	(597,002)	-	(597,002)	-	(459,950)	(559,926)	(1,019,876)
Net assets as at the end of the period	4,262,925	(909,179)	-	3,353,746	5,922,307	(556,574)	(8,219)	5,357,514
Accumulated loss								
- Realised		(378,651)				(96,624)		
- Unrealised		-				-		
		(378,651)				(96,624)		
Net loss for the period		(597,002)				(459,950)		
Adoption of IFRS 9		66,474						
Distribution during the period		-				-		
Accumulated loss carried forward		(909,179)				(556,574)		
Accumulated loss carried forward								
- Realised		(470,959)				(535,163)		
- Unrealised		(438,220)				(21,411)		
		(909,179)				(556,574)		
					Rupees			Rupees
Net asset value per unit at the beginning of the period				<u>107.0620</u>				<u>121.4498</u>
Net asset value per unit at end of the period				<u>94.7188</u>				<u>101.9911</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Stock Fund
Condensed Interim Statement of Cash Flow (Un- Audited)
For the Half Year Ended December 31, 2018

	2018	2017
	----- Rupees in '000 -----	
Cash flows from operating activities		
Net loss for the period before taxation	(597,002)	(459,950)
Adjustments for Non-cash items:		
Impairment loss on investments classified as available-for-sale	-	294,670
Mark-up on deposits with banks	(30,161)	(22,759)
Dividend income	(127,373)	(151,090)
Capital loss on sale of investments - net	215,827	229,600
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net	438,220	21,411
	(100,489)	(88,118)
Decrease / (Increase) in assets		
Investments - net	1,503,667	160,562
Advances, deposits, prepayments and other receivables	(318,290)	212,053
	1,185,377	372,615
Increase / (Decrease) Increase in liabilities		
Payable to the Management Company	(8,897)	(5,144)
Payable to the Trustee	(105)	(818)
Payable to the Securities and Exchange Commission of Pakistan	(2,802)	(2,728)
Accrued expenses and other liabilities	1,139	(4,493)
	(10,665)	(13,183)
Mark-up on bank deposits received	29,662	23,374
Dividend received	138,201	164,422
Net cash generated from operating activities	1,242,086	459,110
Cash flows from financing activities		
Amount received on issue of units	571,771	960,718
Payments / Payable against redemption of units	(1,830,529)	(1,119,744)
Cash dividend paid	-	(5,331)
Net cash used in financing activities	(1,258,758)	(164,357)
Net (decrease) / increase in cash and cash equivalents	(16,672)	294,753
Cash and cash equivalents at beginning of the year	577,518	650,713
Cash and cash equivalents at end of the year	560,846	945,466

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Stock Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the Half Year Ended December 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** HBL Stock Fund (the Fund) was established under a Trust Deed, dated August 09, 2007, executed between HBL Asset Management Limited (the Management Company) 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 unit trust scheme on August 21, 2007.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from August 29, 2007 to August 31, 2007.
- 1.4** The principal activity of the Fund is to provide long-term capital growth by investing primarily in a diversified pool of equities and equities related instruments.
- 1.5** JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+' (AM Two Plus) to the Management Company.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

- 2.1.1** This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

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

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

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

2.4 Use of judgments and estimates

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) classification and valuation of financial assets ; and
- (ii) impairment of financial assets

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

3.1 The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in this condensed interim financial information.

3.5 On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the half year ended December 31, 2018.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- the Fund's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been reclassified as at FVTPL. The change in fair value on these equity instruments will be recorded in the profit or loss account;
- there is no change in the measurement of the Fund's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

Para (d) below tabulates the change in classification of the Fund's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

(b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Carrying amount as per IAS 39 as on June 30, 2018	Reclassifications	Remeasurements	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
----- Rupees -----					
Financial assets					
Fair Value through Profit of Loss					
From available for sale (IAS 39)	887,003	887,003	-	887,003	-
Total	887,003	887,003	-	887,003	-

(Un-Audited)
December 31,
2018

(Audited)
June 30,
2018

4. BANK BALANCES

Note

----- (Rupees in '000) -----

Balances with banks in:

Savings accounts	4.1	558,396	575,068
Current accounts		2,450	2,450
		560,846	577,518

4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 4% - 11% (June 30, 2018: 4% - 8.25%) per annum.

(Un-Audited)
December 31,
2018

(Audited)
June 30,
2018

5. INVESTMENTS

Note

----- (Rupees in '000) -----

Financial assets at fair value through profit or loss account

- Listed equity securities	5.1	3,285,017	5,442,731
		3,285,017	5,442,731

Listed equity securities - At fair value through profit or loss

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

Name of the Investee Company	Number of shares					Market value as at December 31, 2018 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2018		Total Investments	Net Assets	
TEXTILE COMPOSITE									
Kohinoor Textile Mills Limited	-	752,000	-	374,000	378,000	17,040	0.52%	0.51%	0.36%
Nishat (Chunian) Limited	-	1,006,000	-	1,006,000	-	-	-	-	-
Nishat Mills Limited	1,058,600	213,500	-	479,600	792,500.00	100,275	3.05%	2.99%	0.23%
	1,058,600	1,971,500	-	1,859,600	1,170,500	117,315	3.57%	3.50%	
CEMENT & Material									
Cherat Cement Company Limited.	-	618,100	-	618,100	-	-	-	-	-
D G Khan Cement Company Limited	-	1,245,000	-	1,245,000	-	-	-	-	-
Kohat Cement Limited	222,300	128,200	-	350,500	-	-	-	-	-
Lucky Cement Limited	361,050	288,900	-	339,000	310,950	135,161	4.11%	4.03%	0.10%
Maple Leaf Cement Factory Limited	-	3,786,000	-	3,786,000	-	-	-	-	-
Pioneer Cement Limited	488,500	150,000	-	638,500	-	-	-	-	-
Shabbir Tiles & Ceramics Limited	481,500	335,500	-	817,000	-	-	-	-	-
	1,553,350	6,551,700	-	7,794,100	310,950	135,161	4.11%	4.03%	

Name of the Investee Company	Number of shares					Market value as at December 31, 2018 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2018		Total Investments	Net Assets	
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	3,093,400	1,585,500	-	1,970,500	2,708,400	232,354	7.07%	6.93%	0.23%
K-Electric Limited	5,724,500	9,487,500	-	9,060,500	6,151,500	36,540	1.11%	1.09%	0.02%
Nishat Chunian Power Limited	-	1,044,500	-	110,000	934,500	21,961	0.67%	0.65%	0.25%
Pakgen Power Limited	-	1,570,000	-	502,000	1,068,000	18,199	0.55%	0.54%	0.29%
	8,817,900	13,687,500	-	11,643,000	10,862,400	309,053	9.41%	9.22%	
ENGINEERING									
Amreli Steels Limited	847,200	282,000	-	1,129,200	-	-	-	-	-
International Industries Limited	251,300	474,500	-	551,200	174,600	26,897	0.82%	0.80%	0.15%
International Steels Limited	587,000	714,300	-	791,800	509,500	33,510	1.02%	1.00%	0.12%
Mughal Iron & Steel Inds Limited	983,165	383,000	-	1,348,000	18,165	735	0.02%	0.02%	0.01%
	2,668,665	1,853,800	-	3,820,200	702,265	61,142	1.86%	1.82%	
AUTOMOBILE PARTS & ACCESSORIES									
Honda Atlas Cars (Pakistan) Limited	104,950	-	-	104,950	-	-	-	-	-
Indus Motor Company Limited	55,160	2,840	-	58,000	-	-	-	-	-
Millat Tractors Limited	101,670	3,000	-	104,670	-	-	-	-	-
Thal Limited	278,650	121,900	-	131,050	269,500	115,254	3.51%	3.44%	0.33%
	540,430	127,740	-	398,670	269,500	115,254	3.51%	3.44%	
TECHNOLOGY & COMMUNICATION									
Systems Limited	629,000	-	-	629,000	-	-	-	-	-
PHARMACEUTICALS									
AGP Limited	-	721,500	-	303,000	418,500	36,589	1.11%	1.09%	0.01%
The Searle Company Limited	167,984	25,000	1,197	185,000	9,181	2,255	0.07%	0.07%	0.00%
	167,984	746,500	1,197	488,000	427,681	38,844	1.18%	1.16%	
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	198,960	17,140	18,778	86,120	148,758	183,843	5.60%	5.48%	0.13%
Oil & Gas Development Company Limited	1,919,400	1,029,900	-	1,382,100	1,567,200	200,602	6.11%	5.98%	0.04%
Pakistan Oilfields Limited	448,800	107,550	75,960	364,300	268,010	113,856	3.47%	3.39%	0.11%
Pakistan Petroleum Limited	1,658,600	825,200	240,345	1,240,300	1,483,845	222,072	6.76%	6.62%	0.08%
	4,225,760	1,979,790	335,083	3,072,820	3,467,813	720,373	21.93%	21.48%	
OIL & GAS MARKETING COMPANIES									
Hascol Petroleum Limited	246,200	25,000	55,300	312,600	13,900	2,063	0.06%	0.06%	0.01%
Pakistan State Oil Company Limited	661,140	573,800	152,328	791,800	595,468	134,236	4.09%	4.00%	0.18%
Sui Northern Gas Pipeline Limited	1,210,900	253,000	-	1,017,500	446,400	34,404	1.05%	1.03%	0.07%
	2,118,240	851,800	207,628	2,121,900	1,055,768	170,703	5.20%	5.09%	

Name of the Investee Company	Number of shares					Market value as at December 31, 2018 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2018		Total Investments	Net Assets	
COMMERCIAL BANKS									
Allied Bank Limited	-	543,500	-	158,000	385,500	41,430	1.26%	1.24%	0.03%
Bank Alfalah Limited	4,994,500	1,422,000	372,100	3,199,000	3,589,600	145,702	4.44%	4.34%	0.23%
Bank Al-Habib Limited	1,885,500	2,390,500	-	1,109,000	3,167,000	217,858	6.63%	6.50%	0.28%
Bank of Punjab Limited	9,666,500	4,150,000	-	9,575,000	4,241,500	50,771	1.55%	1.51%	0.80%
Faysal Bank Limited	2,298,350	433,500	-	1,260,000	1,471,850	35,427	1.08%	1.06%	0.16%
Habib Bank Limited	1,811,619	1,468,500	-	2,137,500	1,142,619	137,628	4.19%	4.10%	0.08%
Habib Metropolitan Bank Limited	-	651,000	-	651,000	-	-	-	-	-
MCB Bank Limited	1,574,300	509,400	-	1,363,100	720,600	139,487	4.25%	4.16%	0.06%
Meezan Bank Limited	437,000	294,500	66,400	797,900	-	-	-	-	-
National Bank of Pakistan Limited	-	876,500	-	191,500	685,000	28,791	0.88%	0.86%	0.03%
United Bank Limited	1,761,500	1,841,400	-	1,430,100	2,172,800	266,472	8.11%	7.95%	0.18%
	24,429,269	14,580,800	438,500	21,872,100	17,576,469	1,063,566	32.38%	31.71%	
FERTILIZER									
Engro Corporation Limited	972,100	637,900	-	700,900	909,100	264,621	8.06%	7.89%	0.17%
Engro Fertilizers Limited	3,439,000	841,000	-	3,284,000	996,000	68,774	2.09%	2.05%	0.07%
Fauji Fertilizer Bin Qasim Limited	-	808,000	-	280,000	528,000	19,679	0.60%	0.59%	0.06%
Fauji Fertilizer Company Limited	1,210,000	512,500	-	957,000	765,500	71,077	2.16%	2.12%	0.06%
	5,621,100	2,799,400	-	5,221,900	3,198,600	424,150	12.91%	12.65%	
CHEMICAL									
Engro Polymer & Chemicals Limited	2,056,500	2,574,579	-	2,101,500	2,529,579	93,949	2.86%	2.80%	0.20%
Engro Polymer & Chemicals Limited - LOR	640,579	-	-	640,579	-	-	-	-	-
	2,697,079	2,574,579	-	2,742,079	2,529,579	93,949	2.86%	2.80%	
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	1,619,800	1,136,500	-	2,756,300	-	-	-	-	-
INSURANCE									
Adamjee Insurance Company Limited	-	1,330,000	-	485,000	845,000	35,507	1.08%	1.06%	0.24%
Total as at December 31, 2018	56,147,177	50,191,609	982,408	64,904,669	42,416,525	3,285,017	100%	98%	
Carrying value as at December 31, 2018						3,723,237			

5.1.1 Investments include shares having market value aggregating to Rs. 286.361 million (June 30, 2018: Rs. 324.348 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.2 This includes 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 Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 3.82 million at December 31, 2018 (June 30, 2018: Rs. 4.7 million) and not yet deposited in CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
6. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Receivable against sale of securities		344,333	26,053
Advance tax		429	429
Advance against subscription of Term Finance Certificates (TFC)		25,000	25,000
Prepaid annual listing fee		10	-
		<u>372,372</u>	<u>54,082</u>
Less: Provision in respect of advance against subscription of term finance certificates		<u>(25,000)</u>	<u>(25,000)</u>
		<u>347,372</u>	<u>29,082</u>
7. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee		8,085	10,009
Sindh Sales Tax		1,051	1,301
Sales load payable		43	77
Selling and marketing payable		5,502	12,094
Allocation of expenses related to registrar services, accounting, operation and valuation services		404	501
		<u>15,085</u>	<u>23,982</u>
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Federal Excise Duty	8.1	37,838	37,838
Provision for Sindh Workers' Welfare Fund	8.2	34,381	34,381
Withholding tax payable		877	849
Auditors remuneration		447	543
Payable to broker		3,051	1,764
Others		790	870
		<u>77,383</u>	<u>76,244</u>

8.1 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order by Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 37.838 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2018 would have been higher by Rs. 1.07 per unit (June 30, 2018: 0.68 per unit).

8.2 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for the half year ended December 31, 2018, no provision for SWWF has been recognised in this condensed interim financial information. As at December 31, 2018, the provision in relation to SWWF amounted to Rs. 34.381 million (2018: Rs. 34.381 million). Had the provision not being made, the Net Asset Value per unit as at December 31, 2018 would have been higher by Rs.0.9710 (June 30, 2018: Rs. 0.6178) per unit.

9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2018 and June 30, 2018.

10. TAXATION

The Fund's income is exempt from income tax as per Clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.

11. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

Details of the transactions with connected persons and balances with them are as follows:

	(Un-Audited) Half year ended December 31,	
	2018	2017
	----- (Rupees in '000) -----	
11.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management Fee including sales tax thereon	65,305	63,588
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,890	2,810
Selling and marketing expense	11,558	11,250
Habib Bank Limited - Sponsor		
Bank charges paid	23	5
Mark-up on deposits with banks earned	1,489	2,449
Dividend income earned	3,900	1,225
Executives and their relatives		
Issuance of 18,480 units (December 31, 2017: 60,366 units)	1,750	6,258
Redemption of 8,890 units (December 31, 2017: 10,431 units)	842	1,083

	(Un-Audited) Half year ended December 31,	
	2018	2017
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	3,835	3,749
Central Depository service charges	337	138
Habib Bank Limited - Sponsor		
Redemption of 20,136.833 units (December 31, 2017 : Nil units)	1,907,337	-
MCBFSL - HBL Financial Planning Fund Active Allocation Plan - Trustee		
Issuance of 161,838 units (December 31, 2017 : 723,889 units)	15,329	73,900
Redemption of 974,195 units (December 31, 2017 : Nil units)	92,275	-
MCBFSL - HBL Financial Planning Fund Conservative Allocation Plan - Trustee		
Issuance of 27,480 units (December 31, 2017 : 357,628 units)	2,603	36,350
Redemption of 147,765 units (December 31, 2017 : Nil units)	13,996	-
MCBFSL - HBL Financial Planning Fund Strategic Allocation Plan - Trustee		
Issuance of 228,499 units (December 31, 2017 : 491,579 units)	21,643	49,400
Redemption of 205,041 units (December 31, 2017 : Nil units)	19,421	-
11.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Management fee	8,085	10,009
Sindh Sales Tax	1,051	1,301
Sales load payable	43	77
Selling and marketing payable	5,502	12,094
Allocation of expenses related to registrar services, accounting, operation and valuation services	404	501
Habib Bank Limited - Sponsor		
Investment held in the Fund: 17,617,867 units (June 30, 2018: 37,754,700 units)	1,668,744	4,042,095
Bank balances	17,242	14,079
Mark-up receivable	47	107
Directors and Executives of the Management Company and their relatives		
Directors and their relatives		
Investment held in the Fund: 90,736 units (June 30, 2018: 84,184 units)	8,594	9,013
HBL Employees Provident Fund - Associated Entity		
Investment held in the Fund: 7,125,389 units (June 30, 2018: 7,125,389 units)	674,908	762,859
MCBFSL - HBL Financial Planning Fund Active Allocation Plan - Trustee		
Investment held in the Fund: 1,038,386 units (June 30, 2018: 1,850,743 units)	98,355	198,144
MCBFSL - HBL Financial Planning Fund Conservative Allocation Plan - Trustee		
Investment held in the Fund: 127,911 units (June 30, 2018: 248,195 units)	12,116	26,572
MCBFSL - HBL Financial Planning Fund Strategic Allocation Plan - Trustee		
Investment held in the Fund: 986,784 units (June 30, 2018: 963,327 units)	93,467	103,136

	(Un-Audited)	
	Half year ended December 31,	
	2018	2017
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable including sales tax thereon	553	582
Sindh Sales Tax	72	76
Security deposit	100	100

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

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

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

		December 31, 2018 (Un-Audited)								
		Carrying amount				Fair Value				
	Note	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
- Listed equity securities										
		3,285,017	-	-	-	3,285,017	3,285,017	-	-	3,285,017
		3,285,017	-	-	-	3,285,017	3,285,017	-	-	3,285,017
Financial assets not measured at fair value										
	12.1									
Bank balances										
		-	-	-	560,846	560,846				
Dividend receivable and accrued mark-up										
		-	-	-	5,141	5,141				
Advances, deposits and other receivables										
		-	-	-	346,933	346,933				
					912,920	912,920				
Financial liabilities not measured at fair value										
	12.1									
Payable to the Management Company										
		-	-	-	14,034	14,034				
Payable to the Trustee										
		-	-	-	489	489				
Payable against redemption of units										
		-	-	-	748,864	748,864				
Payable to the Securities and Exchange Commission of Pakistan										
		-	-	-	2,745	2,745				
Accrued expenses and other liabilities										
		-	-	-	4,288	4,288				
					770,420	770,420				
		June 30, 2018 (Audited)								
		Carrying amount				Fair Value				
	Note	Available-for-sale	Held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments - Listed equity securities										
		887,003	4,555,728	-	-	5,442,731	5,442,731	-	-	5,442,731
		887,003	4,555,728	-	-	5,442,731	5,442,731	-	-	5,442,731
Financial assets not measured at fair value										
	12.1									
Bank balances										
		-	-	-	577,518	577,518				
Dividend receivable and accrued mark-up										
		-	-	-	15,470	15,470				
Advances, deposits and other receivables										
		-	-	-	45,663	45,663				
					638,651	638,651				
Financial liabilities not measured at fair value										
	12.1									
Payable to the Management Company										
		-	-	-	22,681	22,681				
Payable to Trustee										
		-	-	-	582	582				
Payable to the Securities and Exchange Commission of Pakistan										
		-	-	-	5,547	5,547				
Accrued expenses and other liabilities										
		-	-	-	3,176	3,176				
					31,986	31,986				

12.1 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.

13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2018 is 1.75%, which includes 0.18% representing government levy, Sindh Worker's Welfare Fund and SECP fee.

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 8, 2019.

15. GENERAL

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

15.2 This condensed interim financial information are unaudited and have been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2018 have not been reviewed.

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Equity Fund

FUND INFORMATION

Name of Fund	HBL Equity Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited Soneri Bank Limited HBL Bank Limited JS Bank Limited

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL EQUITY FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Equity Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 20, 2019



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



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Pakistan

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL EQUITY FUND ("the Fund") as at December 31, 2018 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as "condensed interim financial information"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed 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 condensed 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 condensed interim financial information as at and for the half year ended December 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended December 31, 2018 and December 31, 2017 in the condensed interim income statement and condensed interim 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



The financial statements of the Fund for the year ended June 30, 2018 and condensed interim financial information for the half year ended December 31, 2017 were audited and reviewed by another firm of chartered accountants who have expressed an unqualified opinion and conclusion thereon vide their reports dated September 19, 2018 and February 26, 2018 respectively.

KARACHI
DATED: 08 FEB 2019

BDO Ebrahim & Co.
bdo CHARTERED ACCOUNTANTS
Engagement Partner: Raheel Shahnawaz

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

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note -----	(Rupees in '000) -----	
ASSETS			
Bank balances	4	28,864	43,148
Investments	5	247,109	258,299
Dividend and profit receivable		2,377	674
Deposits and prepayments		2,804	2,805
TOTAL ASSETS		<u>281,154</u>	<u>304,926</u>
LIABILITIES			
Payable to the Management Company	6	874	1,244
Payable to the Trustee		82	69
Payable to Securities and Exchange Commission of Pakistan		145	314
Payable against redemption of units		11	-
Payable against purchase of investments		1,005	-
Accrued expenses and other liabilities	7	9,203	9,131
TOTAL LIABILITIES		<u>11,320</u>	<u>10,758</u>
NET ASSETS		<u>269,834</u>	<u>294,168</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>269,834</u>	<u>294,168</u>
CONTINGENCIES AND COMMITMENTS			
	8	----- (Number of Units) -----	
Number of units in issue		<u>2,732,653</u>	<u>2,663,116</u>
		----- (Rupees) -----	
Net assets value per unit		<u>98.7442</u>	<u>110.4602</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Equity Fund
Condensed Interim Income Statement (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Note	Half year ended December 31,		Quarter ended December 31,	
		2018	2017	2018	2017
(Rupees in '000)					
INCOME					
Capital loss on sale of investments - net		(5,036)	(37,230)	(5,923)	(20,888)
Dividend income		6,705	8,428	3,410	5,801
Profit on bank deposits		1,639	1,428	722	675
		3,308	(27,374)	(1,791)	(14,412)
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit and loss' - net		(30,930)	(31,435)	(24,305)	5,182
		(27,622)	(58,809)	(26,096)	(9,230)
EXPENSES					
Remuneration of the Management Company	6.1 & 6.2	3,449	3,850	1,711	1,700
Remuneration of the Trustee		399	419	200	199
Annual fee to Securities and Exchange Commission of Pakistan		145	162	72	72
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	153	170	76	75
Selling and marketing expenses	6.4	610	681	302	1,192
Securities transaction costs and bank charges		887	787	497	355
Auditors' remuneration		213	222	106	106
Printing and postage expenses		-	173	-	89
Fees and subscription		80	29	33	16
		5,936	6,493	2,997	3,804
Net loss for the period from operating activities		(33,558)	(65,302)	(29,093)	(13,034)
Provision for Sindh Workers' Welfare Fund	7.2	-	-	-	-
Net loss for the period before taxation		(33,558)	(65,302)	(29,093)	(13,034)
Taxation	9	-	-	-	-
Net loss for the period after taxation		(33,558)	(65,302)	(29,093)	(13,034)
Earnings per unit	10				

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Equity Fund

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Half Year & Quarter Ended December 31, 2018

	Half year ended December 31,		Quarter ended, December 31,	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
Net loss for the period after taxation	(33,558)	(65,302)	(29,093)	(13,034)
Other comprehensive income for the period				
Items that may be reclassified subsequently to income statement	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-
Total comprehensive loss for the period	<u>(33,558)</u>	<u>(65,302)</u>	<u>(29,093)</u>	<u>(13,034)</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Equity Fund
Condensed Interim Statement of Cash Flow (Un- Audited)
For the Half Year Ended December 31, 2018

	Half year ended December 31,	
	2018	2017
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period before taxation	(33,558)	(65,302)
Adjustments for:		
Dividend income	(6,705)	(8,428)
Profit on bank deposits	(1,639)	(1,428)
Capital loss on sale of investments - net	5,036	37,230
Unrealised diminution on re-measurement of investments at 'fair value through profit and loss' - net	30,930	31,435
	(5,936)	(6,493)
(Decrease) / increase in assets		
Investments - net	(23,771)	198,527
Deposits and prepayments	1	(80)
	(23,770)	198,447
(Decrease) / increase in liabilities		
Payable to the Management Company	(370)	(953)
Payable to the Trustee	13	(164)
Payable to Securities and Exchange Commission of Pakistan	(169)	(234)
Accrued expenses and other liabilities	72	(6,679)
	(454)	(8,030)
Cash (used in) / generated from operations	(30,160)	183,924
Dividend received	4,993	9,171
Profit received on bank deposits	1,648	1,339
	6,641	10,510
Net cash (used in) / generated from operating activities	(23,519)	194,434
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	73,952	68,565
Payment against redemption of units	(64,717)	(269,840)
Net cash generated from / (used in) financing activities	9,235	(201,275)
Net decrease in cash and cash equivalents during the period	(14,284)	(6,841)
Cash and cash equivalents at the beginning of the period	43,148	63,886
Cash and cash equivalents at the end of the period	4	57,045

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Equity Fund
Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)
For the Half Year Ended December 31, 2018

	Half year ended December 31,					
	2018			2017		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	249,396	44,772	294,168	376,127	92,698	468,825
Issuance of 664,150 units (2017: 596,784 units)						
Capital value (at net asset value per unit at the beginning of the period)	73,362	-	73,362	74,386	-	74,386
Element of income / (loss)	590	-	590	(5,821)	-	(5,821)
Total proceeds on issuance of units	73,952	-	73,952	68,565	-	68,565
Redemption of 594,613 units (2017: 1,450,413 units)						
Capital value (at net asset value per unit at the beginning of the period)	(65,681)	-	(65,681)	(180,786)	-	(180,786)
Element of loss	953	-	953	13,593	-	13,593
Total payments on redemption of units	(64,728)	-	(64,728)	(167,193)	-	(167,193)
Total comprehensive loss for the period	-	(33,558)	(33,558)	-	(65,302)	(65,302)
Net assets at end of the period	<u>258,620</u>	<u>11,214</u>	<u>269,834</u>	<u>277,499</u>	<u>27,396</u>	<u>304,895</u>
Undistributed income brought forward						
Realised		56,123			84,641	
Unrealised		(11,351)			8,057	
		44,772			92,698	
Net loss for the period		(33,558)			(65,302)	
Undistributed income carried forward		<u>11,214</u>			<u>27,396</u>	
Undistributed income carried forward						
Realised		42,144			58,831	
Unrealised		(30,930)			(31,435)	
		<u>11,214</u>			<u>27,396</u>	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the period			<u>110.4602</u>			<u>124.6444</u>
Net assets value per unit at end of the period			<u>98.7442</u>			<u>104.8584</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Equity Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the Half Year Ended December 31, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

HBL Equity Fund ("the Fund") was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/NBFC-II/PSF/249/2011 dated June 1, 2011 and the trust deed was executed on June 14, 2011.

Through an order dated August 31, 2016, SECP approved the merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on February 17, 2017. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund For Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered to the public for subscription at par value of Rs 100 per unit from September 24, 2011 to September 26, 2011. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferrable and redeemable by surrendering them to the Fund.

The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of the Collective Investment Schemes (CISs).

The investment objective of the Fund is to provide investors a diversified equity portfolio with a primary objective of maximizing risk-adjusted returns over longer investment horizon through a combination of capital gains and dividend income.

Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This 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, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

2.1.2 The disclosures made in this condensed interim financial information have; however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

2.1.3 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2017.

2.1.4 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 have not been reviewed.

2.1.5 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Basis of measurement

his condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

This condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees, except otherwise stated.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2018 except as explained in note 3.6.

3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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

3.4 "There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Fund for the year ended June 30, 2018.

3.6 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.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after 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 condensed interim 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 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 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had 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.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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 or dividend income, are recognised in profit or loss.

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 income, foreign exchange gains and losses and impairment are recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss 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 profit or loss.

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.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees in '000) -----					
Financial assets					
Listed equity securities	(a)	Held for trading	FVTPL	258,299	258,299
Bank balances	(b)	Loans and receivables	Amortised cost	43,148	43,148
Dividend and Profit Receivable	(b)	Loans and receivables	Amortised cost	674	674
Deposits, prepayments & other receivable	(b)	Loans and receivables	Amortised cost	2,805	2,805
				<u>304,926</u>	<u>304,926</u>

(a) Listed equity 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 recognised in income statement.

(b) These 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.

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 Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

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 the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

December 31, 2018
(Un-Audited)
Note ----- (Rupees in '000) -----

June 30, 2018
(Audited)

4 BANK BALANCES

In current account		1,150	24
In saving accounts	4.1	<u>27,714</u>	<u>43,124</u>
		<u>28,864</u>	<u>43,148</u>

- 4.1 The balances in saving accounts carry profit at rates ranging from 5.35% to 11% per annum (June 30, 2018: 5.35% to 7.5% per annum).

5 INVESTMENTS

Financial assets at 'fair value through profit or loss'

Listed equity securities	5.1	<u>247,109</u>	<u>258,299</u>
--------------------------	-----	----------------	----------------

Listed equity securities - At fair value through profit or loss

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

Name of the Investee Company	Notes	Number of Shares				As at December 31, 2018			Market value as percentage of		Par value as a percentage of issued capital of the investee company	
		As at July 1, 2018	Purchases during the period	Bonus / right issues	Sales during the period	As at December 31, 2018	Carrying Amount	Market Value	Unrealised appreciation/ (diminution) on re-measurement of investments	Total investments		Net assets
----- (Rupees in '000) -----												
AUTOMOBILE ASSEMBLER												
Indus Motor Company Limited		2,140	700	-	2,840	-	-	-	-	-	-	
Honda Atlas Cars (Pakistan) Limited		4,500	-	-	4,500	-	-	-	-	-	-	
Millat Tractors Limited		4,540	500	-	5,040	-	-	-	-	-	-	
Pak Suzuki Motor Company Limited		-	-	-	-	-	-	-	-	-	-	
		<u>11,180</u>	<u>1,200</u>	<u>-</u>	<u>12,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
AUTOMOBILE PARTS & ACCESSORIES												
Thal Limited (par value of Rs. 5 each)		12,900	7,650	-	3,450	17,100	7,760	7,313	(447)	2.96	2.71	0.02
CABLE & ELECTRICAL GOODS												
Pak Elektron Limited		85,000	62,000	-	147,000	-	-	-	-	-	-	
CEMENT												
Cherat Cement Company Limited		-	48,200	-	48,200	-	-	-	-	-	-	
Lucky Cement Limited		17,650	24,250	-	16,500	25,400	12,504	11,041	(1,463)	4.47	4.09	0.01
Kohat Cement Limited		11,900	5,800	-	17,700	-	-	-	-	-	-	
Maple Leaf Cement Factory Limited		-	199,500	-	199,500	-	-	-	-	-	-	
D. G. Khan Cement Company Limited		-	56,300	-	56,300	-	-	-	-	-	-	
Pioneer Cement Limited		23,000	10,000	-	33,000	-	-	-	-	-	-	
		<u>52,550</u>	<u>344,050</u>	<u>-</u>	<u>371,200</u>	<u>25,400</u>	<u>12,504</u>	<u>11,041</u>	<u>(1,463)</u>	<u>4.47</u>	<u>4.09</u>	
CHEMICAL												
Engro Polymer & Chemicals Limited		95,000	148,596	-	89,000	154,596	4,862	5,742	880	2.32	2.13	0.01
Engro Polymer & Chemicals Limited- LOR		29,596	-	-	29,596	-	-	-	-	-	-	
		<u>124,596</u>	<u>148,596</u>	<u>-</u>	<u>118,596</u>	<u>154,596</u>	<u>4,862</u>	<u>5,742</u>	<u>880</u>	<u>2.32</u>	<u>2.13</u>	

Name of the Investee Company	Notes	Number of Shares				As at December 31, 2018			Market value as percentage of		Par value as a percentage of issued capital of the investee company	
		As at July 1, 2018	Purchases during the period	Bonus / right issues	Sales during the period	As at December 31, 2018	Carrying Amount	Market Value	Unrealised appreciation/ (diminution) on re-measurement of investments	Total investments		Net assets
(Rupees in '000)												
COMMERCIAL BANKS												
Allied Bank Limited		-	31,000	-	5,500	25,500	2,483	2,740	257	1.11	1.02	0.00
Bank Al-Falah Limited	5.1.2	244,500	130,500	19,550	134,000	260,550	12,396	10,576	(1,820)	4.28	3.92	0.02
Bank Al-Habib Limited		87,500	177,500	-	28,000	237,000	18,513	16,303	(2,210)	6.60	6.04	0.02
Habib Bank Limited*	5.1.1	88,100	80,800	-	75,500	93,400	14,323	11,250	(3,073)	4.55	4.17	0.01
MCB Bank Limited**	5.1.1	74,800	32,000	-	49,000	57,800	11,570	11,188	(382)	4.53	4.15	0.01
United Bank Limited		85,300	84,900	-	14,500	155,700	24,300	19,095	(5,205)	7.73	7.08	0.01
The Bank of Punjab Limited		456,000	239,000	-	353,000	342,000	4,146	4,094	(52)	1.66	1.52	0.06
Faysal Bank Limited		110,800	20,500	-	21,000	110,300	2,846	2,655	(191)	1.07	0.98	0.01
Habib Metropolitan Bank Limited		-	35,000	-	35,000	-	-	-	-	-	-	-
Meezan Bank Limited	5.1.2	17,500	17,500	3,500	38,500	-	-	-	-	-	-	-
National Bank of Pakistan Limited		-	47,000	-	-	47,000	2,289	1,975	(314)	0.80	0.73	0.00
		<u>1,164,500</u>	<u>895,700</u>	<u>23,050</u>	<u>754,000</u>	<u>1,329,250</u>	<u>92,866</u>	<u>79,876</u>	<u>(12,990)</u>	<u>32.33</u>	<u>29.61</u>	
ENGINEERING												
Amreli Steels Limited		36,500	13,000	-	49,500	-	-	-	-	-	-	-
International Steels Limited		30,200	47,100	-	37,100	40,200	3,388	2,644	(744)	1.07	0.98	0.01
International Industries Limited		12,600	57,400	-	50,500	19,500	3,107	3,004	(103)	1.22	1.11	0.02
Mughal Iron & Steel Industries Limited		46,500	21,000	-	67,500	-	-	-	-	-	-	-
		<u>125,800</u>	<u>138,500</u>	<u>-</u>	<u>204,600</u>	<u>59,700</u>	<u>6,495</u>	<u>5,648</u>	<u>(847)</u>	<u>2.29</u>	<u>2.09</u>	
FERTILIZER												
Engro Corporation Limited	5.1.1	47,000	34,400	-	18,500	62,900	19,836	18,309	(1,527)	7.41	6.79	0.01
Engro Fertilizers Limited		153,500	55,000	-	129,500	79,000	5,940	5,455	(485)	2.21	2.02	0.01
Fauji Fertilizer Bin Qasim Limited		-	40,000	-	-	40,000	1,639	1,491	(148)	0.60	0.55	0.00
Fauji Fertilizer Company Limited		61,500	36,000	-	35,000	62,500	6,019	5,803	(216)	2.35	2.15	0.00
		<u>262,000</u>	<u>165,400</u>	<u>-</u>	<u>183,000</u>	<u>244,400</u>	<u>33,434</u>	<u>31,058</u>	<u>(2,376)</u>	<u>12.57</u>	<u>11.51</u>	
OIL & GAS EXPLORATION COMPANIES												
Mari Petroleum Company Limited	5.1.2	9,890	520	969	220	11,159	15,300	13,791	(1,509)	5.58	5.11	0.01
Oil & Gas Development Company Limited	5.1.2	93,400	67,000	-	40,700	119,700	18,318	15,322	(2,996)	6.20	5.68	0.00
Pakistan Oilfields Limited	5.1.2	22,200	9,500	3,940	17,000	18,640	10,267	7,919	(2,348)	3.20	2.93	0.01
Pakistan Petroleum Limited	5.1.2	81,450	114,500	12,592	101,400	107,142	19,050	16,035	(3,015)	6.49	5.94	0.01
		<u>206,940</u>	<u>191,520</u>	<u>17,501</u>	<u>159,320</u>	<u>256,641</u>	<u>62,935</u>	<u>53,067</u>	<u>(9,868)</u>	<u>21.47</u>	<u>19.66</u>	
OIL & GAS MARKETING COMPANIES												
Hascol Petroleum Limited	5.1.2	11,100	1,100	2,550	14,750	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	5.1.2	31,980	37,000	7,796	30,500	46,276	12,133	10,432	(1,701)	4.22	3.87	0.01
Sui Northern Gas Pipeline Limited		58,200	10,500	-	33,000	35,700	3,551	2,751	(800)	1.11	1.02	0.01
		<u>101,280</u>	<u>48,600</u>	<u>10,346</u>	<u>78,250</u>	<u>81,976</u>	<u>15,684</u>	<u>13,183</u>	<u>(2,501)</u>	<u>5.33</u>	<u>4.89</u>	
INSURANCE												
Adamjee Insurance Company Limited		-	70,000	-	-	70,000	3,031	2,941	(90.00)	1.19	1.09	0.02
GLASS & CERAMICS												
Shabbir Tiles & Ceramics Limited		-	35,000	-	35,000	-	-	-	-	-	-	-
PHARMACEUTICALS												
AGP Limited		-	38,000	-	3,000	35,000	2,937	3,060	123	1.24	1.13	0.00
The Searle Company Limited	5.1.2	7,664	10,000	35	17,425	274	67	67	-	0.03	0.02	0.00
		<u>7,664</u>	<u>48,000</u>	<u>35</u>	<u>20,425</u>	<u>35,274</u>	<u>3,004</u>	<u>3,127</u>	<u>123</u>	<u>1.27</u>	<u>1.15</u>	
POWER GENERATION & DISTRIBUTION												
The Hub Power Company Limited	5.1.2	114,500	104,000	-	27,500	191,000	17,369	16,386	(983)	6.63	6.07	0.02
K-Electric Limited (par value of Rs. 3.5 each)	5.1.2	550,000	300,000	-	350,000	500,000	2,777	2,970	193	1.20	1.10	0.00
Nishat Chunian Power Limited		-	62,000	-	-	62,000	1,545	1,457	(88)	0.59	0.54	0.02
Pakgen Power Limited		-	100,000	-	-	100,000	1,450	1,704	254	0.69	0.63	0.03
		<u>664,500</u>	<u>566,000</u>	<u>-</u>	<u>377,500</u>	<u>853,000</u>	<u>23,141</u>	<u>22,517</u>	<u>(624)</u>	<u>9.11</u>	<u>8.34</u>	
TECHNOLOGY & COMMUNICATION												
Pakistan Telecommunication Company Limited		-	150,000	-	-	150,000	1,437	1,442	5	0.58	0.53	0.00
Systems Limited		28,000	-	-	22,000	6,000	607	659	52	0.27	0.24	0.01
		<u>28,000</u>	<u>150,000</u>	<u>-</u>	<u>22,000</u>	<u>156,000</u>	<u>2,044</u>	<u>2,101</u>	<u>57</u>	<u>0.85</u>	<u>0.77</u>	
TEXTILE COMPOSITE												
Nishat (Chunian) Limited		-	53,500	-	53,500	-	-	-	-	-	-	-
Nishat Mills Limited		49,200	32,300	-	17,500	64,000	8,668	8,098	(570)	3.28	3.00	0.02
Kohinoor Textile Mills Limited		-	35,000	-	4,000	31,000	1,611	1,397	(214)	0.57	0.52	0.03
		<u>49,200</u>	<u>120,800</u>	<u>-</u>	<u>75,000</u>	<u>95,000</u>	<u>10,279</u>	<u>9,495</u>	<u>(784)</u>	<u>3.85</u>	<u>3.52</u>	
Total - As at December 31, 2018		<u>2,896,110</u>	<u>2,993,016</u>	<u>50,932</u>	<u>2,561,721</u>	<u>3,378,337</u>	<u>278,039</u>	<u>247,109</u>	<u>(30,930)</u>	<u>100</u>	<u>91.56</u>	
Total - As at June 30, 2018		<u>2,626,090</u>	<u>5,328,310</u>	<u>35,324.00</u>	<u>5,093,614</u>	<u>2,896,110</u>	<u>269,650</u>	<u>258,299</u>	<u>(11,351)</u>	<u>100</u>	<u>87.78</u>	

*Sponsor of the management company

**Related party due to holding more than 10% of units

5.1.1 The above investments include shares with market value aggregating to Rs. 19.426 million (June 30, 2018: Rs. 20.465 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP, which are as follows:

- Engro Corporation Limited (36,000 shares)
- Habib Bank Limited (10,000 shares)
- MCB Bank Limited (40,000 shares)

5.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable High Court of Sindh to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable High Court of Sindh has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.37 million at December 31, 2018 (June 30, 2018: Rs. 0.38 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor of the Fund and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	-----
6 PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration of the Management Company	6.1	484	489
Sindh Sales tax on remuneration of the Management Company	6.2	63	64
Sales load payable		-	27
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	24	24
Selling and marketing expenses	6.4	303	640
		<u>874</u>	<u>1,244</u>

6.1 Under the provision of offering document of the Fund, the Management Company is entitled to a remuneration at the rate of 2% of the average annual net assets on daily basis of the Fund. The remuneration is paid to Management Company monthly in arrears.

6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2018: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

6.3 As per Regulation 60(3)(s) of the NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

- 6.4 SECP vide its circular No. SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower. The Fund has started accruing expense on this account at 0.4% per annum of net assets of the Fund effective from March 21, 2017 being the lower.

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
Note -----	(Rupees in '000)	-----

7 ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Federal Excise Duty	7.1	5,685	5,685
Withholding tax payable		206	95
Provision for Sindh Workers' Welfare Fund	7.2	2,768	2,768
Brokerage payable		122	58
Auditors' remuneration		207	306
Printing and other related cost		175	187
Others		40	32
		9,203	9,131

- 7.1 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 5.685 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2018 would have been higher by Rs. 2.08 per unit (June 30, 2018: Rs. 2.14 per unit).

- 7.2 The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for the half year ended December 31, 2018, therefore, no provision for SWWF has been recognised in this condensed interim financial information. However the Management is carrying provision of SWWF amounting to Rs. 2.768 million. Had the provision not been made, net assets value per unit at December 31, 2018 would have been higher by Rs. 1.01 per unit (June 30, 2018: Rs. 1.04 per unit).

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2018 and June 30, 2018.

9 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2019 to its unit holders.

10 EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

11 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

Transactions and balances with parties who were connected persons due to holding 10% or more units in the comparative period and not in the current period are not disclosed in the comparative period.

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

	Half year ended December 31,	
	2018 (Un-Audited)	2017 (Un-Audited)
	----- (Rupees in '000) -----	

11.1 Transactions during the period**HBL Asset Management Limited - Management Company**

Remuneration of the Management Company	3,052	3,407
Sindh Sales Tax on remuneration of the Management Company	397	443
Allocation of expenses related to registrar services, accounting, operation and valuation services	153	170
Sales load paid	27	191
Issue of 177,048 (2017: Nil) units	20,000	-
Redemption of 180,942 (2017: Nil) units	20,000	-

MCB Bank Limited - connected person holding 10% or more units

Bank charges	1	11
Profit on bank deposits	70	1,428

Directors and Executives of the Management Company

Issue of 4,721 (2017: Nil) units	510	-
Redemption of 1,886 (2017: 25,378) units	209	2,741

Central Depository Company of Pakistan Limited - Trustee

Trustee remuneration	399	419
Central Depository Service charges	21	20

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

11.2 Balances outstanding as at period / year end

HBL Asset Management Limited - Management Company

Units held: 529,436 (June 30, 2018: 533,331) units	52,279	58,912
Remuneration payable to the Management Company	484	489
Sindh sales tax on remuneration of the Management Company	63	64
Sales load payable	-	27
Selling and marketing expenses	303	640
Allocation of expenses related to registrar services, accounting, operation and valuation services	24	24

MCB Bank Limited - connected person

holding 10% or more units

Bank balances	5,667	4,765
Units held: 1,022,050 (June 30, 2018: 1,022,050) units	100,921	112,896

Directors and Executives of the Management Company

Units held in the Fund: 2,835 (June 30, 2018: nil) units	280	-
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Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	59	58
Sindh Sales Tax on trustee remuneration	8	7
Central Depository Charges payable	15	4
Security deposit	100	100

Habib Bank Limited - Sponsor

Bank balance	-	33
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12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

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

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

		December 31, 2018 (Un-Audited)						
		Carrying amount			Fair Value			
On-balance sheet financial instruments		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
		Note ----- (Rupees in '000) -----						
Financial assets measured at fair value								
	Listed equity securities	247,109	-	247,109	247,109	-	-	247,109
		<u>247,109</u>	<u>-</u>	<u>247,109</u>	<u>247,109</u>	<u>-</u>	<u>-</u>	<u>247,109</u>
Financial assets not measured at fair value								
	12.1							
	Bank balances	-	28,864	28,864				
	Dividend and profit receivable		2,377	2,377				
		<u>-</u>	<u>31,241</u>	<u>31,241</u>				
Financial liabilities not measured at fair value								
	12.1							
	Payable to the Management Company	-	811	811				
	Payable to the Trustee	-	73	73				
	Payable against redemption of units	-	11	11				
	Payable against purchase of investments	-	1,005	1,005				
	Accrued expenses and other liabilities	-	544	544				
		<u>-</u>	<u>2,444</u>	<u>2,444</u>				
		June 30, 2018 (Audited)						
		Carrying amount			Fair Value			
On-balance sheet financial instruments		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
		Note ----- (Rupees in '000) -----						
Financial assets measured at fair value								
	Listed equity securities	258,299	-	258,299	258,299	-	-	258,299
		<u>258,299</u>	<u>-</u>	<u>258,299</u>	<u>258,299</u>	<u>-</u>	<u>-</u>	<u>258,299</u>
Financial assets not measured at fair value								
	12.1							
	Bank balances	-	43,148	43,148				
	Dividend and profit receivable	-	674	674				
		<u>-</u>	<u>43,822</u>	<u>43,822</u>				
Financial liabilities not measured at fair value								
	12.1							
	Payable to the Management Company	-	1,180	1,180				
	Payable to the Trustee	-	62	62				
	Accrued expenses and other liabilities	-	583	583				
		<u>-</u>	<u>1,825</u>	<u>1,825</u>				

12.1 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.

12.2 Transfers during the period

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

13 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended December 31, 2018 is 1.96% which includes 0.22% representing Government levy and SECP fee.

14 DATE OF AUTHORISATION FOR ISSUE

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

15 GENERAL

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

15.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, the effect of which is not material.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Energy Fund

FUND INFORMATION

Name of Fund	HBL Energy Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited Soneri Bank Limited Habib Bank Limited JS Bank Limited

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ENERGY FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Energy Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 20, 2019



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



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Pakistan

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL ENERGY FUND ("the Fund") as at December 31, 2018 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as "condensed interim financial information"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed 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 condensed 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 condensed interim financial information as at and for the half year ended December 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended December 31, 2018 and December 31, 2017 in the condensed interim income statement and condensed interim 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



The financial statements of the Fund for the year ended June 30, 2018 and condensed interim financial information for the half year ended December 31, 2017 were audited and reviewed by another firm of chartered accountants who have expressed an unqualified opinion and conclusion thereon vide their reports dated September 19, 2018 and February 26, 2018 respectively.

KARACHI

DATED: 08 FEB 2019

BDO Ebrahim & Co.
bdo CHARTERED ACCOUNTANTS
Engagement Partner: Raheel Shahnawaz

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BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
Note	----- (Rupees in '000) -----	
ASSETS		
Bank balances	4 136,589	100,388
Investments	5 733,506	985,558
Dividends and profit receivable	3,989	4,666
Deposits and prepayments	2,944	2,876
TOTAL ASSETS	877,028	1,093,488
LIABILITIES		
Payable to the Management Company	6 2,734	4,249
Payable to the Trustee	167	194
Payable to Securities and Exchange Commission of Pakistan	471	910
Payable against purchase of investments	12,068	-
Accrued expenses and other liabilities	7 21,943	21,712
Unclaimed dividend (including dividend payable)	5,389	5,394
TOTAL LIABILITIES	42,772	32,459
NET ASSETS	834,256	1,061,029
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	834,256	1,061,029
CONTINGENCIES AND COMMITMENTS		
	8 ----- (Number of units) -----	
Number of units in issue	67,178,224	72,249,386
	----- (Rupees) -----	
Net assets value per unit	12.4186	14.6857

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Energy Fund
Condensed Interim Income Statement (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Note	Half year ended December 31,		Quarter ended December 31,	
		2018	2017	2018	2017
(Rupees in '000)					
INCOME					
Capital loss on sale of investments - net		(26,218)	(48,832)	(24,771)	(46,465)
Dividend income		16,058	24,777	7,845	21,986
Profit on bank deposits		5,437	2,710	3,058	1,548
		(4,723)	(21,345)	(13,868)	(22,931)
Unrealised diminution on re-measurement of investments classified as financial asset at 'fair value through profit or loss'- net		(133,395)	(13,293)	(104,359)	(10,763)
		(138,118)	(34,638)	(118,227)	(33,694)
EXPENSES					
Remuneration of the Management Company	6.1 & 6.2	11,211	9,448	5,397	4,945
Remuneration of the Trustee		1,112	943	537	493
Annual fee to Securities and Exchange Commission of Pakistan		471	397	227	208
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	496	418	239	217
Selling and marketing expenses	6.4	1,984	1,672	955	2,544
Securities transaction costs		687	1,401	185	1,028
Auditors' remuneration		477	220	240	99
Settlement and bank charges		261	363	116	125
Fees and subscription		52	77	52	40
Printing charges		-	273	-	147
		16,751	15,212	7,948	9,846
Net loss for the period from operating activities		(154,869)	(49,850)	(126,175)	(43,540)
Provision for Sindh Workers' Welfare Fund	7.2	-	-	-	-
Net loss for the period before taxation		(154,869)	(49,850)	(126,175)	(43,540)
Taxation	9	-	-	-	-
Net loss for the period after taxation		(154,869)	(49,850)	(126,175)	(43,540)
Earnings per unit	11				

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Energy Fund

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Half Year & Quarter Ended December 31, 2018

	Half year ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
Net loss for the period after taxation	(154,869)	(49,850)	(126,175)	(43,540)
Other comprehensive loss for the period				
Items that may be reclassified subsequently to income statement	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-
Total comprehensive loss for the period	<u>(154,869)</u>	<u>(49,850)</u>	<u>(126,175)</u>	<u>(43,540)</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Energy Fund
Condensed Interim Statement of Cash Flow (Un- Audited)
For the Half Year Ended December 31, 2018

	Note	Half year ended December 31,	
		2018	2017
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period before taxation		(154,869)	(49,850)
Adjustments for:			
Capital loss on sale of investments - net		26,218	48,832
Dividend income		(16,058)	(24,777)
Profit on bank deposits		(5,437)	(2,710)
Unrealised diminution on re-measurement of investments classified at 'fair value through profit or loss' - net		133,395	13,293
		(16,751)	(15,212)
Decrease / (Increase) in assets			
Investments - net		104,507	(159,349)
Deposits and prepayments		(68)	(51)
		104,439	(159,400)
(Decrease) / Increase in liabilities			
Payable to the Management Company		(1,515)	(110)
Payable to the Trustee		(27)	(167)
Payable to Securities and Exchange Commission of Pakistan		(439)	(406)
Accrued expenses and other liabilities		231	(2,466)
Unclaimed dividend (including dividend payable)		(5)	(3,318)
		(1,755)	(6,467)
Cash generated from / (used in) operations			
		85,933	(181,079)
Dividend received		17,310	19,807
Profit received on bank deposits		4,862	2,374
		22,172	22,181
Net cash generated from / (used in) operating activities			
		108,105	(158,898)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received against issuance of units		58,431	486,556
Amount paid against redemption of units		(130,335)	(75,034)
Net cash (used in) / generated from financing activities		(71,904)	411,522
Net increase in cash and cash equivalents		36,201	252,624
Cash and cash equivalents at beginning of the period		100,388	46,292
Cash and cash equivalents at end of the period	4	136,589	298,916

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Energy Fund

Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)

For the Half Year Ended December 31, 2018

	Half year ended December 31,					
	2018			2017		
	Capital value	Undistribute	Total	Capital value	Undistribute	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period	803,982	257,047	1,061,029	528,598	266,196	794,794
Issuance of 4,124,160 (2017: 33,802,992 units)						
Capital value (at net asset value per unit at the beginning of the period)	60,566	-	60,566	508,257	-	508,257
Element of loss	(2,135)	-	(2,135)	(21,701)	-	(21,701)
Total proceeds on issuance of units	58,431	-	58,431	486,556	-	486,556
Redemption of 9,195,322 (2017: 4,953,861 units)						
Capital value (at net asset value per unit at the beginning of the period)	(135,040)	-	(135,040)	(74,486)	-	(74,486)
Element of income	4,705	-	4,705	398	-	398
Total payments on redemption of units	(130,335)	-	(130,335)	(74,088)	-	(74,088)
Total comprehensive loss for the period	-	(154,869)	(154,869)	-	(49,850)	(49,850)
Net assets at end of the period	732,078	102,178	834,256	941,066	216,346	1,157,412
Undistributed income brought forward						
Realised		240,997			175,879	
Unrealised		16,050			90,317	
		257,047			266,196	
Net loss for the period		(154,869)			(49,850)	
Undistributed income carried forward		102,178			216,346	
Undistributed income carried forward						
Realised		235,573			229,639	
Unrealised		(133,395)			(13,293)	
		102,178			216,346	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			14.6857			15.0359
Net assets value per unit at end of the period			12.4186			14.1651

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Energy Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the Half Year Ended December 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Energy Fund ("the Fund") was established in 2006 as a closed-end scheme under a Trust Deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

In accordance with clause 65(1) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a meeting of the certificate holders of the Fund was held on January 31, 2013 whereby the conversion of the Fund into an open-end scheme was duly approved through a resolution passed by the majority of the certificate holders present in the meeting who were entitled to vote. The Securities and Exchange Commission of Pakistan accorded its final approval for conversion of the Fund into an open-end scheme through its letter dated May 3, 2013. The second supplemental Trust Deed and replacement Offering Document were approved by SECP vide its letter no D/PRDD/AMCW/PEF/567/2013 dated May 31, 2013 and letter no SCD/PRDD/AMCW/PEF/606/2013 dated June 24, 2013 respectively. The conversion of the Fund from a closed end fund to an open-end fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/PRDD/AMCW/PEF/607/2013 dated June 24, 2013. The Fund converted into an open end scheme on the effective date i.e. June 25, 2013. The certificates of the closed-end fund were cancelled on the effective date and were exchanged with the units of the open-end scheme in the swap ratio of 1:1. Each certificate holder was allotted units according to their respective holdings as at that date on the basis of a ratio of 1 certificate to 1 unit. Accordingly 100,000,000 units were issued on the date of conversion.

Since the effective date of conversion, the certificates of the closed-end scheme were de-listed from Pakistan Stock Exchange. Units of the open-end scheme are listed on the Pakistan Stock Exchange Limited. The units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

Through an order dated August 31, 2016, SECP approved the merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on February 17, 2017. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund For Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).

The core objective of the Fund is to invest in securities of the energy sector in Pakistan so as to provide investors an access to high quality blue chip stocks in the energy sector. The eligible stocks comprise of investment in shares of companies engaged in the following activities:

- Oil and Gas Exploration
- Oil and Gas Marketing
- Oil Refining
- Power Generation and Distribution

JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2+ (Positive outlook)' to the Management Company.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the 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, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

2.1.3 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2017.

2.1.4 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2018 have not been reviewed.

2.1.5 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

This condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees, except otherwise stated.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018 except as explained in note 3.6.

3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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

3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

3.6 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 30 June 2018.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after 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 condensed interim 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 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 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had 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.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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 or dividend income, are recognised in profit or loss.
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 income, foreign exchange gains and losses and impairment are recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss 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 profit or loss.

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.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees in '000) -----					
Financial assets					
Listed equity	(a)	Held for trading	FVTPL	985,558	985,558
Bank balances	(b)	Loans and receivables	Amortised cost	100,388	100,388
Dividend and profit receivable	(b)	Loans and receivables	Amortised cost	4,666	4,666
Deposits and prepayments	(b)	Loans and receivables	Amortised cost	2,876	2,876
				1,093,488	1,093,488
				1,093,488	1,093,488

- (a) Listed equity 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 recognised in income statement.
- (b) These 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.

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 Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

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 the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	-----
4	BANK BALANCES		
	In saving accounts	4.1 136,589	100,388
		<u> </u>	<u> </u>
4.1	Mark-up rates on these accounts range between 5.35% to 11.00% per annum (June 30, 2018: 4.5% to 7.5% per annum).		
5	INVESTMENTS		
	Financial assets at 'fair value through profit or loss'		
	Listed equity securities	5.1 733,506	985,558
		<u> </u>	<u> </u>

5.1 Investment in listed equity securities - Financial Assets at 'fair value through profit or loss'

Shares of Listed Companies - Fully paid up ordinary shares of Rupees 10 each unless stated otherwise

Name of the Investee Company	Notes	Number of shares					As at December 31, 2018			Market value as percentage of		Par value as a percentage of issued capital of the Investee company
		As at July 1, 2018	Purchases during the period	Bonus Issue	Sales during the period	As at December 31, 2018	Carrying Amount	Market Value	Unrealised appreciation/ (diminution) on re-measurement of investments	Total investments	Net assets	
(Rupees in '000)												
OIL & GAS EXPLORATION COMPANIES												
Mari Petroleum Company Limited	5.3	85,040	1,800	7,758	9,460	85,138	116,314	105,219	(11,095)	14.34%	12.61%	0.08%
Oil and Gas Development Company Limited	5.2	755,000	255,500	-	80,000	930,500	143,259	119,104	(24,155)	16.24%	14.28%	0.02%
Pakistan Oilfields Limited	5.3	178,245	31,800	31,629	78,000	163,674	91,036	69,532	(21,504)	9.48%	8.33%	0.07%
Pakistan Petroleum Limited	5.2 & 5.3	603,300	69,100	94,110	48,100	718,410	132,435	107,517	(24,917)	14.66%	12.89%	0.04%
		1,621,585	358,200	133,497	215,560	1,897,722	483,044	401,372	(81,672)	54.72%	48.11%	
OIL & GAS MARKETING COMPANIES												
Attock Petroleum Limited	5.3	87,500	4,400	15,440	63,750	43,590	21,372	18,808	(2,564)	2.56%	2.25%	0.05%
Hascol Petroleum Limited	5.3	176,560	-	44,140	50,700	170,000	42,671	25,228	(17,443)	3.44%	3.02%	0.14%
Pakistan State Oil Company Limited	5.3	353,580	152,500	50,116	103,000	453,196	116,389	102,164	(14,225)	13.93%	12.25%	0.14%
Sui Northern Gas Pipeline Limited		1,004,900	305,000	-	657,500	652,400	63,814	50,280	(13,534)	6.85%	6.03%	0.10%
Sui Southern Gas Company Limited		1,065,000	-	-	1,065,000	-	-	-	-	0.00%	0.00%	0.00%
		2,687,540	461,900	109,696	1,939,950	1,319,186	244,247	196,481	(47,766)	26.79%	23.55%	
POWER GENERATION & DISTRIBUTION												
Hub Power Company Limited		689,700	327,000	-	145,000	871,700	80,045	74,783	(5,262)	10.20%	8.96%	0.08%
K-Electric Limited (Par value 3.5 per share)		7,460,000	-	-	309,000	7,151,000	40,618	42,477	1,859	5.79%	5.09%	0.03%
Nishat Chunian Power Limited		-	319,000	-	-	319,000	7,958	7,497	(462)	1.02%	0.90%	0.09%
Pakgen Power Limited		-	639,500	-	-	639,500	10,990	10,897	(93)	1.49%	1.31%	0.17%
		8,149,700	1,285,500	-	454,000	8,981,200	139,611	135,654	(3,957)	18.49%	16.26%	
REFINERY												
Attock Refinery Limited		60,500	77,700	-	138,200	-	-	-	-	-	-	-
National Refinery Limited		37,000	-	-	37,000	-	-	-	-	-	-	-
		97,500	77,700	-	175,200	-	-	-	-	-	-	-
Total - As at December 31, 2018		12,556,325	2,183,300	243,193	2,784,710	12,198,108	866,901	733,506	(133,395)	100.00%	87.92%	
Total - As at June 30, 2018		5,948,745	14,940,330	33,180	8,365,930	12,556,325	969,507	985,557	(16,050)	100.00%	92.00%	

5.2 These above investments include shares having market value of Rs. 68.33 million (June 30, 2018: Rs. 89.67 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

- Oil and Gas Development Company Limited (300,000 shares)
- Pakistan Petroleum Limited (200,000 shares)

5.3 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable High Court of Sindh to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable High Court of Sindh has granted stay order till the final outcome of the case. However, the investee companies has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.37 million at December 31, 2018 (June 30, 2018: Rs.0.528 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor of the Fund and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

6 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration to the Management Company	6.1	1,481	1,770
Sindh Sales Tax on Management Company's remuneration	6.2	193	230
Sales load payable		31	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	74	88
Selling and marketing expenses	6.4	955	2,161
		<u>2,734</u>	<u>4,249</u>

6.1 Under the provision of the offering document of the Fund, the Management Company is entitled to a remuneration at the rate of 2% of the average annual net assets on daily basis of the Fund. The remuneration is paid to management company monthly in arrears.

6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent (2017: 13 percent) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

6.3 As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost, whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

6.4 SECP vide its circular No. SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower. The Fund has started accruing expense on this account at 0.4% per annum of net assets of the Fund effective from March 21, 2017 being the lower.

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
Note	----- (Rupees in '000) -----	-----

7 ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Federal Excise Duty	7.1	13,920	13,920
Provision for Sindh Workers' Welfare Fund	7.2	4,985	4,985
Auditors' remuneration		477	313
Payable to brokers		182	124
Withholding tax payable		56	89
Printing charges payable		95	110
Zakat payable		205	199
Other payables		2,023	1,972
		<u>21,943</u>	<u>21,712</u>

7.1 The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 13.920 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2018 would have been higher by Rs. 0.21 per unit (June 30, 2018: Rs. 0.19 per unit).

7.2 The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is the same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for the half year ended December 31, 2017, therefore, no provision for SWWF has been recognised in this condensed interim financial information. However, the Management is carrying provision of SWWF amounting to Rs.4.9 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2018 would have been higher by Rs. 0.07 per unit (June 30, 2018: Rs. 0.07 per unit).

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2018 and June 30, 2018.

9 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2019 to its unit holders.

10 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

Transactions and balances with parties who were connected persons due to holding 10% or more units in the comparative period and not in the current period are not disclosed in the comparative period.

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

	Half year ended	
	December 31,	
	2018	2017
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	
10.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	9,921	8,361
Sindh Sales Tax on remuneration of the Management Company	1,290	1,087
Allocation of expenses related to registrar services, accounting, operation and valuation services	496	418
Selling and marketing expenses	1,984	1,672
Redemption of 895,280 (2017: nil) units	13,000	-

	Half year ended	
	December 31,	
	2018	2017
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	
Habib Bank Limited - Sponsor		
Bank charges	1	1
Issue of nil (2017: 21,162,742) units	-	300,000
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	1,112	943
CDS charges	28	26
Directors and Executives of the Management Company		
Issue of nil (2017: 163,538) units	-	2,400
HBL Multi Asset Fund		
Purchase of nil shares of Mari Gas Petroleum (2017: 5,108) shares	-	7,504
	December 31,	June 30,
	2018	2018
	(Un-Audited)	(Audited)
	----- (Rupees in '000) -----	

10.2 Balances outstanding as at period / year end

HBL Asset Management Limited - Management Company		
Management fee payable	1,481	1,770
Sindh Sales Tax on Management Company's remuneration	193	230
Sales load payable	31	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	74	88
Selling and marketing expenses	955	2,161
Units held: 2,924,388 (June 30, 2018: 3,819,668) units	36,317	53,446
MCB Bank Limited- Connected person due to holding more than 10% units		
Bank balances	-	14,792
Profit receivable on bank deposits	-	470
Units held: Nil (June 30, 2018: 6,468,401) units	-	94,993
Habib Bank Limited - Sponsor		
Bank balances	4,530	1,027
Units held: 21,162,742 (June 30, 2018: 21,162,742) units	262,812	310,790
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	167	193
Security deposit	300	300
CDS charges payable	3	1
Directors and Executives of the Management Company		
Units held: 320,261 (June 30, 2018: 320,261) units	3,977	4,703

11 EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

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

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

		December 31, 2018 (Un-Audited)						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Investments - Listed equity securities	733,506	-	733,506	733,506	-	-	733,506
		<u>733,506</u>	<u>-</u>	<u>733,506</u>	<u>733,506</u>	<u>-</u>	<u>-</u>	<u>733,506</u>
Financial assets not measured at fair value								
12.1				-				
	Bank balances	-	136,589	136,589				
	Deposits	-	2,800	2,800				
	Dividend and profit receivable	-	3,989	3,989				
		<u>-</u>	<u>143,378</u>	<u>143,378</u>				
Financial liabilities not measured at fair value								
12.1								
	Payable to the Management Company	-	2,510	2,510				
	Payable to the Trustee	-	148	148				
	Payable against purchase of investments	-	12,068	12,068				
	Accrued expenses and other liabilities	-	2,777	2,777				
	Unclaimed dividend	-	5,389	5,389				
		<u>-</u>	<u>22,892</u>	<u>22,892</u>				

		June 30, 2018 (Audited)						
		Carrying amount			Fair Value			
	Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Investments - Listed equity securities	985,558	-	985,558	985,558	-	-	985,558
		<u>985,558</u>	<u>-</u>	<u>985,558</u>	<u>985,558</u>	<u>-</u>	<u>-</u>	<u>985,558</u>
Financial assets not measured at fair value 12.1								
	Bank balances	-	100,388	100,388				
	Deposits	-	2,800	2,800				
	Dividend and other receivable	-	4,666	4,666				
		<u>-</u>	<u>107,854</u>	<u>107,854</u>				
Financial liabilities not measured at fair value 12.1								
	Payable to the Management Company	-	4,019	4,019				
	Payable to the Trustee	-	171	171				
	Accrued expenses and other liabilities	-	2,519	2,519				
	Unclaimed dividend	-	5,394	5,394				
		<u>-</u>	<u>12,103</u>	<u>12,103</u>				

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

12.2 Transfers during the period

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

13 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended December 31, 2018 is 1.70% (December 2017: 1.83%) which includes 0.20% (December 2017: 0.22%) representing government levy and SECP fee.

14 DATE OF AUTHORISATION FOR ISSUE

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

15 GENERAL

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

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Multi Asset Fund

FUND INFORMATION

Name of Fund	HBL Multi Asset Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited HBL Bank Limited JS Bank Limited Zarai Taraqati Bank Limited Allied Bank Limited Sindh Bank Limited

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL MULTI ASSET FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Multi Asset Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 20, 2019



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

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
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Auditors' report to the Unit Holders on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Multi Asset Fund** (the Fund) as at December 31, 2018, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2018 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

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 condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner
Hena Sadiq

Place: Karachi
Date: February 11, 2019

Member of
Deloitte Touche Tohmatsu Limited

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

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- Rupees in '000-----	
Assets			
Bank balances	4	95,861	118,090
Investments	5	182,018	211,150
Dividend receivable and accrued mark-up		1,041	1,216
Receivable against sale of investments		-	3,216
Advances, deposits and prepayments	6	3,495	3,480
Total assets		282,415	337,152
Liabilities			
Payable to the Management Company	7	721	703
Payable to the Trustee		67	65
Payable to the Securities and Exchange Commission of Pakistan		129	510
Payable against purchase of investments		3,895	-
Accrued expenses and other liabilities	8	11,683	11,751
Total liabilities		16,495	13,029
Net assets		265,920	324,123
Unit holders' fund (as per statement attached)		265,920	324,123
Contingencies and Commitments			
	9	-----Number of units-----	
Number of units in issue		2,705,727	3,085,357
		-----Rupees-----	
Net assets value per unit		98.2805	105.0519

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Multi Asset Fund
Condensed Interim Income Statement (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2018	2017	2018	2017
-----Rupees in '000-----					
Income					
Dividend income		4,374	16,289	2,485	11,521
Mark-up on deposits with banks		4,676	8,637	2,444	3,941
Mark-up / return on investments		1,340	2,436	692	1,163
Capital loss on sale of investments - net		(3,242)	(56,630)	(3,694)	(44,625)
Other income		3	15	1	15
		7,151	(29,253)	1,928	(27,985)
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net		(20,799)	(6,361)	(15,939)	(2,322)
Impairment loss on equity securities classified as available-for-sale		-	(7,815)	-	(7,815)
		(13,648)	(43,429)	(14,011)	(38,122)
Expenses					
Remuneration of the Management Company		3,423	9,835	1,677	4,455
Remuneration of the Trustee		399	987	200	449
Annual fee to Securities and Exchange Commission of Pakistan		129	370	63	168
Allocation of expenses related to registrar services, accounting, operation and valuation services		152	435	74	197
Auditors' remuneration		199	198	99	98
Securities transaction costs		214	439	105	326
Settlement and bank charges		232	228	113	120
Fee and subscription		45	55	18	18
Selling and marketing expense		248	-	149	-
Printing charges		-	88	-	60
		5,041	12,635	2,498	5,891
Net loss from operating activities		(18,689)	(56,064)	(16,509)	(44,013)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		-	-	-	-
Provision for Sindh Workers' Welfare Fund	8.2	-	-	-	-
Net loss for the period before taxation		(18,689)	(56,064)	(16,509)	(44,013)
Taxation	10	-	-	-	-
Net loss for the period after taxation		(18,689)	(56,064)	(16,509)	(44,013)
Allocation of income for the period					
Income already paid on redemption of units		-	-	-	-
Accounting income available for distribution:					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		-	-	-	-
		(18,689)	(56,064)	(16,509)	(44,013)

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Multi Asset Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	-----Rupees in '000-----			
Net loss for the period after taxation	(18,689)	(56,064)	(16,509)	(44,013)
Other comprehensive (loss) / income for the period	-	(66,566)	-	5,991
Total comprehensive loss for the period	(18,689)	(122,630)	(16,509)	(38,022)

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Multi Asset Fund
Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)
For the Half Year Ended December 31, 2018

	2018			Half year ended December 31,				2017				
	Capital Value	Undistributed Income / (Accumulated loss)	Unrealised income / (loss) on investment	Total	Capital Value	Undistributed Income / (Accumulated loss)	Unrealised income / (loss) on investment	Total	Capital Value	Undistributed Income / (Accumulated loss)	Unrealised income / (loss) on investment	Total
(Rupees in '000)												
Net assets at beginning of the period	350,396	(32,325)	6,052	324,123	944,122	9,332	13,330	966,784				
Adoption of IFRS 9	-	6,052	(6,052)	-	-	-	-	-				
Issue of 88,808 units (2017: 580,377 units)												
- Capital value (at net asset value per unit at the beginning of the period)	9,329	-	-	9,329	65,056	-	-	65,056				
- Element of loss	(53)	-	-	(53)	(3,433)	-	-	(3,433)				
Total proceeds on issuance of units	9,276	-	-	9,276	61,623	-	-	61,623				
Redemption of 468,438 units (2017: 5,968,410 units)												
- Capital value (at net asset value per unit at the beginning of the period)	(49,210)	-	-	(49,210)	(669,013)	-	-	(669,013)				
- Element of income	420	-	-	420	87,246	-	-	87,246				
Total payments on redemption of units	(48,790)	-	-	(48,790)	(581,767)	-	-	(581,767)				
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	-	-	-	-	-	-	-				
Net loss for the period after taxation	-	(18,689)	-	(18,689)	-	56,064	-	(56,064)				
Other comprehensive income for the period	-	-	-	-	-	-	(66,566)	(66,566)				
Total comprehensive income for the period	-	(18,689)	-	(18,689)	-	56,064	(66,566)	(122,630)				
Net assets at end of the period	310,882	(44,962)	-	265,920	423,978	(46,732)	(53,236)	324,010				
(Accumulated loss) / undistributed income brought forward												
- Realised		(30,133)				9,332						
- Unrealised		(2,192)				-						
		(32,325)				9,332						
Adoption of IFRS 9		6,052				-						
Net loss for the period		(18,689)				(56,064)						
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement		-				-						
Accumulated loss carried forward		(44,962)				(46,732)						
Accumulated loss carried forward												
- Realised		(24,163)				(40,371)						
- Unrealised		(20,799)				(6,361)						
		(44,962)				(46,732)						
					Rupees			Rupees				
Net assets value per unit at beginning of the period				105.0519				112.0924				
Net assets value per unit at end of the period				98.2805				100.1006				

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Multi Asset Fund
Condensed Interim Statement of Cash Flow (Un- Audited)
For the Half Year Ended December 31, 2018

	Half year ended	
	December 31,	
	2,018	2017
	-----Rupees in '000-----	
Cash flows from operating activities		
Net loss for the period before taxation	(18,689)	(56,064)
Adjustments for non-cash items:		
Capital loss on sale of investments - net	3,242	56,630
Profit from bank deposits	(4,676)	(8,637)
Return from investments	(1,340)	(2,436)
Dividend income	(4,374)	(16,289)
Impairment loss on investments	-	7,815
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net	20,799	6,361
	(5,038)	(12,620)
Decrease / (increase) in assets		
Investments	12,202	426,255
Advances, deposits and prepayments	(15)	(13)
	12,187	426,242
Increase / (decrease) in liabilities		
Payable to the Management Company	18	(777)
Payable to the Trustee	2	(71)
Payable to the Securities and Exchange Commission of Pakistan	(381)	(379)
Accrued expenses and other liabilities	(68)	(946)
	(429)	(2,173)
Net cash generated from operations	6,720	411,449
Profits received on bank deposits	4,556	9,463
Markup received on investments	1,295	3,236
Dividend income received	4,714	15,980
	10,565	28,679
Net cash generated from operating activities	17,285	440,128
Cash flows from financing activities		
Amount received on issue of units	9,276	62,110
Payment against redemption of units	(48,790)	(582,255)
Net cash used in financing activities	(39,514)	(520,145)
Net decrease in cash and cash equivalents	(22,229)	(80,017)
Cash and cash equivalents at beginning of the period	118,090	194,333
Cash and cash equivalents at end of the period	95,861	114,316

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Multi Asset Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the Half Year Ended December 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** HBL Multi Asset Fund (the Fund) was established under a Trust Deed, dated October 08, 2007, executed between HBL Asset Management Limited as the Management Company 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 unit trust scheme on September 28, 2007.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4** The fund has been categorised as a balanced fund as per the criteria laid down by SECP for categorization of open-end Collective Investment Scheme (CISs).
- 1.5** The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes, such as equity securities, government securities, fixed income securities, continuous funding system, derivatives, money market instruments and other asset classes / securities / instruments.
- 1.6** JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+' (Positive outlook) to the Management Company.
- 1.7** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of IAS-34. These condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Basis of measurement

These condensed interim financial information have been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

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

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

3.1 The accounting policies adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.2 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial information

3.5 On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the half year ended December 31, 2018.

"IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting."

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- the Fund's investment in debt instruments that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at FVTPL because they are held within a business model whose objective is primarily to sell the bonds. The change in the fair value on these redeemable notes will be recorded in the profit of loss account;

-
-
- there is no change in the measurement of the Fund's investments in debt instruments that are held for trading; those instruments were and continue to be measured at FVTPL;
 - the Fund's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been reclassified as at FVTPL. The change in fair value on these equity instruments will be recorded in the profit or loss account;
 - there is no change in the measurement of the Fund's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

Para (d) below tabulates the change in classification of the Fund's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

(b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Carrying amount as per IAS 39 on June 30, 2018	Reclassifications	Remeasurements	Carrying amount on initial adoption of IFRS 9 July 01, 2018	Effects on Retained Earnings on July 01, 2018
-----Rupees ('000')-----					
Financial assets					
Fair value through profit or loss					
Listed equity securities from available for sale (IAS 39)	28,198	28,198	-	28,198	-
Listed debt securities from available for sale (IAS 39)	17,980	17,980	-	17,980	-
Total	46,178	46,178	-	46,178	-

	Note	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
-----Rupees in '000-----			
4. BANK BALANCES			
Balances with banks in:			
Savings accounts	4.1	<u>95,861</u>	<u>118,090</u>
4.1	This represents bank accounts held with different banks. Mark-up rates on these accounts ranges between 3.75% - 11% per annum (June 30, 2018: 4.00% - 7.5% per annum).		
5. INVESTMENTS	Note	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
-----Rupees in '000-----			
Financial assets at fair value through profit or loss			
- Listed equity securities	5.1	<u>150,358</u>	<u>179,177</u>
- Term finance certificates	5.2	<u>31,660</u>	<u>31,973</u>
		<u>182,018</u>	<u>211,150</u>

5.1 Listed equity securities - At fair value through profit or loss

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

Name of Investee Company	Number of Shares					Market value as at December 31, 2018 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital 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		Total Investments	Net Assets	
Automobile Assembler									
Honda Atlas Cars (Pakistan) Limited	4,000	-	-	4,000	-	-	-	-	-
Indus Motor Company Limited	1,640	-	-	240	1,400	1,708	0.94	0.64	-
Millat Tractors Limited	3,630	-	-	3,630	-	-	-	-	-
	9,270	-	-	7,870	1,400	1,708	0.94	0.64	
Automobile Parts and Accessories									
Thal Limited (Par value Rs. 5 per share)	5,000	4,000	-	-	9,000	3,849	2.11	1.45	-
	5,000	4,000	-	-	9,000	3,849	2.11	1.45	
Cable & Electrical Goods									
Pak Elektron Limited	48,000	35,000	-	83,000	-	-	-	-	-
	48,000	35,000	-	83,000	-	-	-	-	
Cement									
Cherat Cement Company Limited.	-	32,600	-	32,600	-	-	-	-	-
D G Khan Cement Company Limited.	-	19,500	-	19,500	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	63,500	-	63,500	-	-	-	-	-
Lucky Cement Limited	13,150	7,800	-	4,050	16,900	7,346	4.04	2.76	0.01%
Pioneer Cement Limited	10,000	15,000	-	25,000	-	-	-	-	-
Kohat Cement Limited	5,000	4,000	2,700	11,700	-	-	-	-	-
	28,150	142,400	2,700	156,350	16,900	7,346	4.04	2.76	
Chemical									
Engro Polymer & Chemicals Limited	-	70,000	-	15,000	55,000	2,043	1.12	0.77	-
	-	70,000	-	15,000	55,000	2,043	1.12	0.77	
Commercial Banks									
Allied Bank Limited	-	10,500	-	10,500	-	-	-	-	-
Askari Bank Limited	-	50,000	-	5,000	45,000	1,076	0.59	0.40	-
Bank Alfalah Limited	169,000	-	11,100	74,000	106,100	4,307	2.37	1.62	0.01%
Bank Al-Habib Limited	67,000	35,000	-	-	102,000	7,017	3.86	2.64	0.01%
Bank of Punjab	167,000	-	-	-	167,000	1,999	1.10	0.75	0.03%
Faysal Bank Limited	87,000	-	-	12,000	75,000	1,805	0.99	0.68	0.01%
Habib Bank Limited *	65,471	22,400	-	13,900	73,971	8,910	4.90	3.35	0.01%
MCB Bank Limited	57,800	-	-	15,500	42,300	8,188	4.50	3.08	-
Meezan Bank Limited	-	27,500	2,250	29,750	-	-	-	-	-
National Bank of Pakistan Limited	-	20,000	-	5,000	15,000	630	0.35	0.24	-
United Bank Limited	57,800	22,000	-	8,000	71,800	8,806	4.84	3.31	0.01%
	671,071	187,400	13,350	173,650	698,171	42,738	23.48	16.07	
Engineering									
Amreli Steels Limited	19,700	-	-	19,500	200	10	0.01	0.00	-
International Industries Limited	8,500	8,500	-	11,000	6,000	924	0.51	0.35	0.01%
International Steels Limited	19,700	16,500	-	22,700	13,500	888	0.49	0.33	-
Mughal Iron & Steel Inds Limited	32,500	-	-	30,000	2,500	101	0.06	0.04	-
	80,400	25,000	-	83,200	22,200	1,923	1.06	0.72	
Fertilizers									
Dawood Hercules Corporation Limited**	-	16,500	-	-	16,500	1,834	1.01	0.69	-
Engro Corporation Limited	32,000	15,900	-	4,000	43,900	12,778	7.02	4.81	0.01%
Engro Fertilizers Limited	96,500	-	-	30,000	66,500	4,592	2.52	1.73	-
Fauji Fertilizer Bin Qasim Limited	-	30,000	-	5,000	25,000	932	0.51	0.35	-
Fauji Fertilizer Company Limited	57,000	11,500	-	17,500	51,000	4,735	2.60	1.78	-
	185,500	73,900	-	56,500	202,900	24,871	13.66	9.35	

Name of Investee Company	Number of Shares					Market value as at December 31, 2018 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital 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		Total Investments	Net Assets	
Oil & Gas Exploration									
Mari Petroleum Company Limited Oil & Gas Development Company Limited	7,280	-	678	500	7,458	9,217	5.06	3.47	-
Pakistan Oilfields Limited	16,350	4,500	2,270	9,500	13,620	5,786	3.18	2.18	0.01%
Pakistan Petroleum Limited	63,700	4,000	8,955	8,400	68,255	10,215	5.61	3.84	-
	146,930	35,000	11,903	26,200	167,633	35,240	19.36	13.25	
Oil & Gas Marketing Companies									
Hascol Petroleum Limited	7,500	-	1,375	8,875	-	-	-	-	-
Pakistan State Oil Company Limited	25,420	15,500	3,084	15,500	28,504	6,426	3.53	2.42	0.01%
Sui Northern Gas Pipeline Limited	44,000	-	-	14,500	29,500	2,274	1.25	0.86	-
	76,920	15,500	4,459	38,875	58,004	8,700	4.78	3.27	
Paper & Board									
Packages Limited	-	3,000	-	-	3,000	1,160	0.64	0.44	-
	-	3,000	-	-	3,000	1,160	0.64	0.44	
Pharmaceuticals									
The Searle Company Limited	6,314	-	947	5,500	1,761	432	0.24	0.16	-
	6,314	-	947	5,500	1,761	432	0.24	0.16	
Power Generation and Distribution									
K-Electric Limited (Par value Rs. 3.5 per share)	350,000	85,000	-	42,000	393,000	2,334	1.28	0.88	0.01%
Hub Power Company Limited	78,300	29,000	-	-	107,300	9,205	5.06	3.46	-
Nishat Chunian Power Limited	-	42,500	-	-	42,500	999	0.55	0.38	0.01%
Pakgen Power Limited	-	75,500	-	2,000	73,500	1,252	0.69	0.47	0.02%
	428,300	232,000	-	44,000	616,300	13,790	5.06	3.46	
Textile Composite									
Kohinoor Textile Mills Limited	-	20,000	-	-	20,000	902	0.50	0.34	0.02%
Nishat (Chunian) Limited	-	25,000	-	25,000	-	-	-	-	-
Nishat Mills Limited	37,300	19,000	-	27,000	29,300	3,707	2.04	1.39	0.01%
	37,300	64,000	-	52,000	49,300	4,609	2.04	1.39	
Technology & Communication									
Pakistan Telecommunication Company Limited	-	100,000	-	-	100,000	961	0.53	0.36	-
System Limited	22,500	-	-	13,500	9,000	989	0.54	0.37	0.01%
	22,500	100,000	-	13,500	109,000	1,950	1.07	0.73	
	1,745,655	987,200	33,359	755,645	2,010,569	150,358	80	54	

Cost of investments at December 31, 2018

171,552

* Sponsor of the Management Company

** Related party due to common directorship

5.1.1 Investments include shares having market value aggregating to Rs.37.521 million (June 30, 2018 : 46.031 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined

on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has with held the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs.406,500 at December 31, 2018 (June 30, 2018: Rs 514,988) and not yet deposited in CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

5.2 Term Finance Certificates - Fair value through profit and loss

		(Un-Audited)	(Audited)
		December 31,	June 30,
		2018	2018
	Note	-----Rupees in '000-----	
Term finance certificates - Listed	5.2.1	-	-
Term finance certificates - Unlisted	5.2.2	31,660	31,973
		31,660	31,973

5.2.1 Term Finance Certificates - Listed

All Term Finance Certificates have a face value of Rs. 5,000 each unless stated otherwise.

Name of the Investee Company	Number of certificates				Market value / Carrying value* as at December 31, 2018 (Rupees in '000)	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	Net Assets
Financial Services							
Saudi Pak Leasing Company Limited - (Note 5.2.1.1 & 13)	6,000	-	-	6,000	-	-	-

Cost of investment as at December 31, 2018

15,197

* In case of debt securities against which a provision has been made, these are carried at amortized cost less provision. For non-performing securities, market value / valuation by MUFAP is not available.

5.2.1.1 Saudi Pak Leasing Company Limited defaulted towards payment falling due in September 2010. Accordingly, the exposure was classified as non-performing and provision was recognised in accordance with the SECP's provisioning guidelines.

Subsequently, on the request of the Issuer, TFC holders approved the restructuring of the facility by extending repayment period from 5 years to 9 years and by reducing mark-up rate to 6% for 24 months from restructuring date and 8% for next 24 months and thereafter fixing the mark-up rate at 1 month KIBOR. Further, half of the accrued mark-up is to be paid in cash and the balance is being deferred.

The Issuer defaulted again in the payment of principal and mark-up due on September 13, 2011. In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by the Securities Exchange Commission of Pakistan (SECP), the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non-performing exposure. Accordingly, the exposure has been fully provided.

5.2.2 Term Finance Certificates - Fair value through profit and loss

5.2.2.1 Term Finance Certificates - Unlisted

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 100,000 each unless stated otherwise.

Investee Company	Number of certificates			As at December 31, 2018	Market value as at December 31, 2018 (Rupees in '000)	Market value as a	
	As at July 01, 2018	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
Commercial Banks							
The Bank of Punjab	270	-	-	270	26,660	14.6%	10.0%
Dawood Hercules Corporation limited**	50	-	-	50	5,000	2.7%	1.9%
	320	-	-	320	31,660	17%	12%
Cost of investments at December 31, 2018					31,978		

**Accrued mark up includes Rs 45,013 receivable from Dawood Hercules Chemical Limited (Related party due to common directorship).

5.2.2.2 Significant terms and conditions of Term Finance Certificates outstanding at December 31, 2018 are:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
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Term Finance Certificates - Listed

Saudi Pak Leasing Company Limited	2,533	6% Fixed rate	March 13, 2008	March 13, 2017
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Term Finance Certificates - Unlisted

Bank of Punjab	99,920	6 Month KIBOR + 0.5%	February 19, 2016	February 19, 2026
Dawood Hercules Corporation limited**	100,000	3 month KIBOR + 1.0%	March 01, 2018	March 01, 2023

** Related party due to common directorship

	Note	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
-----Rupees in '000-----			
6. ADVANCES, DEPOSITS AND PREPAYMENTS			
Security deposit with National Clearing Company of Pakistan Limited		3,016	3,016
Security deposit with Central Depository Company of Pakistan Limited		100	100
Advance against subscription of Term Finance Certificates (TFC)	6.1	25,000	25,000
Prepaid annual rating and listing fee		14	-
Advance tax		364	364
		28,495	28,480
Provision in respect of advance against subscription of term finance certificates	6.1 & 13	(25,000)	(25,000)
		3,495	3,480

6.1 The Fund had subscribed towards the term finance certificates of an issuer as Pre-IPO investor on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering has been carried out by the issuer as at December 31, 2018. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at December 31, 2018, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management Company.

	Note	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
-----Rupees in '000-----			
7. PAYABLE TO THE MANAGEMENT COMPANY			
Management fee		484	528
Sindh Sales Tax		63	79
Sales load payable		-	69
Allocation of expenses related to registrar services, accounting, operation and valuation services		24	27
Selling and marketing payable		150	-
		721	703
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		200	330
Federal Excise Duty	8.1	6,610	6,610
Payable to brokers		87	68
Provision for Sindh Workers' Welfare Fund	8.2	4,597	4,597
Other payables		189	146
		11,683	11,751

8.1 The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal which was filed by tax authorities against the order by the Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 6.610 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2018 would have been higher by Rs. 2.44 per unit (June 30, 2018: 2.1424 per unit).

8.2 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is the same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for the half year ended December 31, 2018, no provision for SWWF has been recognised in these condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2018 would have been higher by Rs. 1.70 per unit (June 30, 2018: 1.49 per unit).

9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2018 and June 30, 2018.

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ended June 30, 2019 to its unit holders.

11. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

Details of the transactions with connected persons during the period and balances with them at period end are as follows:

11.1 Transactions during the period

	Half year ended	
	December 31,	
	2018	2017
	-----Rupees in '000-----	
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	3,423	9,835
Allocation of expenses related to registrar services, accounting, operation and valuation services	152	435
Selling and marketing cost payable	248	
Habib Bank Limited - Sponsor		
Redemption of Nil units (2017: 5,638,231 units)	-	550,000
Bank charges paid during the period	4	4
Mark-up earned during the period	148	231
Mark-up received during the period	130	217
Dividend income earned during the period	135	276
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	399	987
Central Depository service charges	8	27

	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	-----Rupees in '000-----	
11.2 Amounts outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Management fee payable	484	528
Sales tax payable	63	79
Sales load payable	-	69
Allocation of expenses related to registrar services, accounting, operation and valuation services	24	27
Selling and Marketing Cost	150	
Habib Bank Limited - Sponsor		
Investment held in the Fund: 1,358,343 units (June 2018: 1,358,343 units)	133,499	142,696
Bank balances	3,931	4,555
Mark-up receivable on deposits with bank	18	25
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	59	57
Sindh Sales Tax	8	8
Rafiuddin Zakir Mahmood Connected Persons Due to 10% and more		
Investment held in the Fund: 298,482 units (June 2018: 298,482 units)	29,335	31,356

Units outstanding as at December 31, 2018 are calculated on the basis of latest announced NAV i.e December 31, 2018.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

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

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

		December 31, 2018								
		Carrying amount				Fair Value				
		Fair value through profit or loss	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Note		----- (Rupees in '000) -----								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
		150,358	-	-	150,358	150,358	-	-	150,358	
	Term Finance Certificates	31,660	-	-	31,660	-	31,660	-	31,660	
		<u>182,018</u>	<u>-</u>	<u>-</u>	<u>182,018</u>	<u>150,358</u>	<u>31,660</u>	<u>-</u>	<u>182,018</u>	
Financial assets not measured at fair value										
	12.1									
	Bank balances	-	95,861	-	95,861					
	Dividend receivable and accrued mark-up	-	1,041	-	1,041					
	Advances, deposits and other receivables	-	3,116	-	3,116					
		<u>-</u>	<u>100,018</u>	<u>-</u>	<u>100,018</u>					
Financial liabilities not measured at fair value										
	12.2									
	Payable to the Management Company	-	-	658	658					
	Payable to the SECP	-	-	129	129					
	Payable to the Trustee	-	-	59	59					
	Payable against purchase of investments	-	-	3,895	3,895					
	Accrued expenses and other liabilities	-	-	476	476					
		<u>-</u>	<u>-</u>	<u>5,217</u>	<u>5,217</u>					
		----- (Rupees in '000) -----								
		June 30, 2018								
		Carrying amount				Fair Value				
		Held-for-trading	Available for sale	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
	- Listed equity securities	150,979	28,198	-	-	179,177	179,177	-	-	179,177
	- Term finance certificates	13,993	17,980	-	-	31,973	-	31,973	-	31,973
		<u>164,972</u>	<u>46,178</u>	<u>-</u>	<u>-</u>	<u>211,150</u>	<u>179,177</u>	<u>31,973</u>	<u>-</u>	<u>211,150</u>
Financial assets not measured at fair value										
	Bank balances	-	-	118,090	-	118,090				
	Dividend receivable and accrued mark-up	-	-	1,216	-	1,216				
	Receivable against sale of investments	-	-	3,216	-	3,216				
	Advances, deposits and other receivables	-	-	3,116	-	3,116				
		<u>-</u>	<u>-</u>	<u>125,638</u>	<u>-</u>	<u>125,638</u>				
Financial liabilities not measured at fair value										
	Payable to the Management Company	-	-	-	624	624				
	Payable to the SECP	-	-	-	510	510				
	Payable to the Trustee	-	-	-	57	57				
	Accrued expenses and other liabilities	-	-	-	544	544				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,735</u>	<u>1,735</u>				

12.1 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.

12.2 Transfers during the period

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

13. DISCLOSURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECP

- CATEGORISATION OF OPEN END SCHEME

The SECP vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The Management Company classified the Fund as 'Balanced Scheme' in accordance with the said circular. As at December 31, 2018, the Fund is compliant with all the requirements of the said circular except for clause 2 (iv) which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

The following securities are included in the portfolio of the Fund which have rating lower than A- (A minus).

Name of Non-Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	% of Net Assets	% of Gross Assets
(Rupees in '000)						
Saudi Pak Leasing Company Limited	TFC	15,197	15,197	-	-	-
Dewan Cement Limited	Advance	25,000	25,000	-	-	-

14. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the SECP, the total expense ratio of the Fund for the half year ended December 31, 2018 is 1.68% (December 31, 2017: 1.46%) which includes 0.19% (December 31, 2017: 0.18%) representing government levy, Worker's Welfare Fund and SECP fee.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 08, 2019.

16. GENERAL

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

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

16.3 These condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2018 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Financial Planning Fund

FUND INFORMATION

Name of Fund	HBL Financial Planning Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	MCB Financial Services Limited (MCBFSL)
Bankers	Habib Bank Limited JS Bank Limited

TRUSTEE REPORT TO THE UNIT HOLDERS



MCB FINANCIAL SERVICES LIMITED

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

HBL FINANCIAL PLANNING FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

HBL Financial Planning Fund, an open-end Scheme established under a Trust Deed dated March 22, 2017 executed between HBL Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Fund commenced its operations from October 11, 2017.

1. HBL Asset Management Company Limited, the Management Company of HBL Financial Planning Fund has, in all material respects, managed HBL Financial Planning Fund during the period ended 31st December, 2018 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: February 7, 2019

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



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL FINANCIAL PLANNING FUND ("the Fund") as at December 31, 2018 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as "condensed interim financial information"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed 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 condensed 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 condensed interim financial information as at and for the half year ended December 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended December 31, 2018 and December 31, 2017 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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



The financial statements of the Fund for the year ended June 30, 2018 and condensed interim financial information for the half year ended December 31, 2017 were audited and reviewed by another firm of chartered accountants who have expressed an unqualified opinion and conclusion thereon vide their reports dated September 19, 2018 and February 26, 2018 respectively.

KARACHI

DATED: 08 FEB 2019

BDO Ebrahim & Co.
bdo CHARTERED ACCOUNTANTS
Engagement Partner: Raheel Shahnawaz

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BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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

	December 31, 2018 (Un-Audited)				June 30, 2018 (Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
Note ----- (Rupees in '000) -----									
ASSETS									
Bank balances	4	1,672	831	32	2,535	1,278	443	149	1,870
Investments	5	169,880	65,997	191,265	427,142	328,586	132,536	207,827	668,949
Accrued mark-up		-	-	-	-	4	1	-	5
Preliminary expenses and flotation costs		1,009	873	521	2,403	1,144	989	860	2,993
Advances and prepayments		129	85	75	289	133	93	99	325
TOTAL ASSETS		172,690	67,786	191,893	432,369	331,145	134,062	208,935	674,142
LIABILITIES									
Payable to the Management Company	6	19	10	17	46	41	12	18	71
Payable to the Trustee		15	7	17	39	58	24	36	118
Payable to Securities and Exchange Commission of Pakistan		98	58	98	254	206	109	143	458
Accrued expenses and other liabilities	7	361	469	186	1,016	383	222	216	821
Payable against redemption of units		289	-	-	289	-	-	-	-
TOTAL LIABILITIES		782	544	318	1,644	688	367	413	1,468
NET ASSETS		171,908	67,242	191,575	430,725	330,457	133,695	208,522	672,674
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		171,908	67,242	191,575	430,725	330,457	133,695	208,522	672,674
CONTINGENCIES AND COMMITMENTS									
8 ----- (Number of Units) -----									
Number of units in issue		1,793,086	645,571	1,969,782	4,408,439	3,219,253	1,288,493	2,033,911	6,541,657
----- (Rupees) -----									
Net assets value per unit		95.8727	104.1590	97.2577		102.6500	103.7607	102.5230	

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund
Condensed Interim Income Statement (Un-Audited)
For the Half Year Ended December 31, 2018

	Half year ended December 31, 2018				For the period from October 11, 2017 to December 31, 2017				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
Note ----- (Rupees in '000) -----									
INCOME									
Mark-up on deposits with banks	48	13	4	65	254	57	36	347	
Capital (loss) / gain on sale of investments - net	(4,382)	989	(1,089)	(4,482)	193	29	161	383	
Dividend income	1,943	1,842	554	4,339	-	-	-	-	
Back end load	-	-	24	24	-	-	-	-	
	(2,391)	2,844	(507)	(54)	447	86	197	730	
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'fair value through profit or loss' - net	(12,444)	(1,394)	(9,317)	(23,155)	1,920	1,673	2,262	5,855	
	(14,835)	1,450	(9,824)	(23,209)	2,367	1,759	2,459	6,585	
EXPENSES									
Remuneration of the Management Company	6.1	14	8	3	25	8	7	22	
Sindh Sales Tax on remuneration of the Management Company	6.2	2	1	-	3	1	1	3	
Remuneration of the Trustee		105	63	105	273	56	40	143	
Annual fee to the Securities and Exchange Commission of Pakistan		98	58	98	254	52	38	134	
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	103	62	103	268	55	40	141	
Amortisation of preliminary expenses and flotation costs		135	116	339	590	60	52	263	
Auditors' remuneration		52	45	52	149	52	45	149	
Printing charges		-	-	-	-	12	10	34	
Bank charges		8	3	5	16	8	5	18	
Fees and subscription		21	15	35	71	11	10	40	
		538	371	740	1,649	315	248	947	
Net (loss) / income from operating activities		(15,373)	1,079	(10,564)	(24,858)	2,052	1,511	2,075	5,638
Provision for Sindh Workers' Welfare Fund	7.1	-	(22)	-	(22)	(41)	(30)	(42)	(113)
Net (loss) / income for the period before taxation		(15,373)	1,057	(10,564)	(24,880)	2,011	1,481	2,033	5,525
Taxation	9	-	-	-	-	-	-	-	-
Net (loss) / income for the period after taxation		(15,373)	1,057	(10,564)	(24,880)	2,011	1,481	2,033	5,525
Allocation of net income for the period									
Income already paid on redemption of units			806		105	17	-	122	
Accounting income available for distribution									
Relating to capital gains			-		2,003	1,682	2,423	6,108	
Excluding capital gains			251		(97)	(218)	(390)	(705)	
			251		1,906	1,464	2,033	5,403	
			1,057		2,011	1,481	2,033	5,525	

Earnings per unit

10

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund
Condensed Interim Income Statement (Un-Audited)
For the Quarter Ended December 31, 2018 (Continued)

	Quarter ended December 31, 2018				For the period from October 11, 2017 to December 31, 2017				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
Note----- (Rupees in '000) -----									
Income									
Mark-up on deposits with banks	24	8	3	35	254	57	36	347	
Capital (loss) / gain on sale of investments - net	(1,682)	909	(1,413)	(2,186)	193	29	161	383	
Dividend income	1,898	1,805	540	4,243	-	-	-	-	
Back end load	-	-	24	24	-	-	-	-	
	240	2,722	(846)	2,116	447	86	197	730	
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'fair value through profit or loss' - net	(11,970)	(2,749)	(9,403)	(24,122)	1,920	1,673	2,262	5,855	
	(11,730)	(27)	(10,249)	(22,006)	2,367	1,759	2,459	6,585	
Expenses									
Remuneration of the Management Company	6.1	6	5	1	12	8	7	7	22
Sindh Sales Tax on remuneration of the Management Company	6.2	1	1	-	2	1	1	1	3
Remuneration of the Trustee		48	29	52	129	56	40	47	143
Annual fee to the Securities and Exchange Commission of Pakistan		45	27	48	120	52	38	44	134
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	47	29	50	126	55	40	46	141
Amortisation of preliminary expenses and flotation costs		68	58	170	296	60	52	151	263
Auditors' remuneration		24	21	23	68	52	45	52	149
Printing charges		-	-	-	-	12	10	12	34
Bank charges		2	-	2	4	8	5	5	18
Fees and subscription		12	9	19	40	11	10	19	40
		253	179	365	797	315	248	384	947
Net (loss) / income from operating activities		(11,983)	(206)	(10,614)	(22,803)	2,052	1,511	2,075	5,638
Provision for Sindh Workers' Welfare Fund	7.1	-	4	1	5	(41)	(30)	(42)	(113)
Net (loss) / income for the period before taxation		(11,983)	(202)	(10,613)	(22,798)	2,011	1,481	2,033	5,525
Taxation	9	-	-	-	-	-	-	-	-
Net (loss) / income for the period after taxation		(11,983)	(202)	(10,613)	(22,798)	2,011	1,481	2,033	5,525
Allocation of net income for the period									
Income already paid on redemption of units					105	17	-	122	
Accounting income available for distribution									
Relating to capital gains					2,003	1,682	2,423	6,108	
Excluding capital gains					(97)	(218)	(390)	(705)	
					1,906	1,464	2,033	5,403	
					2,011	1,481	2,033	5,525	
Earnings per unit				10					

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Half Year Ended December 31, 2018

	Half year ended December 31, 2018				For the period from October 11, 2017 to December 31, 2017			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	----- (Rupees in '000) -----							
Net (loss) / income for the period after taxation	(15,373)	1,057	(10,564)	(24,880)	2,011	1,481	2,033	5,525
Other comprehensive income								
Items that may be reclassified subsequently to income statement	-	-	-	-	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(15,373)	1,057	(10,564)	(24,880)	2,011	1,481	2,033	5,525

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Quarter Ended December 31, 2018 (Continued)

	Quarter ended December 31, 2018				For the period from October 11, 2017 to December 31, 2017			
	Active Allocation Plan	Conservative	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative	Strategic Allocation Plan	Total
	----- (Rupees in '000) -----							
Net (loss) / income for the period after taxation	(11,983)	(202)	(10,613)	(22,798)	2,011	1,481	2,033	5,525
Other comprehensive income								
Items that may be reclassified subsequently to income statement	-	-	-	-	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(11,983)</u>	<u>(202)</u>	<u>(10,613)</u>	<u>(22,798)</u>	<u>2,011</u>	<u>1,481</u>	<u>2,033</u>	<u>5,525</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund
Condensed Interim Statement of Cash Flow (Un-Audited)
For the Half Year Ended December 31, 2018

Note	Half year ended December 31, 2018				For the period from October 11, 2017 to December 31, 2017			
	Active Allocation	Conservative Allocation	Strategic Allocation	Total	Active Allocation	Conservative Allocation	Strategic Allocation	Total
	Plan	Plan	Plan		Plan	Plan	Plan	
(Rupees in '000)								
CASH FLOWS FROM OPERATING ACTIVITIES								
Net (loss) / income for the period before taxation	(15,373)	1,057	(10,564)	(24,880)	2,011	1,481	2,033	5,525
Adjustments for:								
Mark-up on deposits with banks	(48)	(13)	(4)	(65)	(254)	(57)	(36)	(347)
Capital loss / (gain) on sale of investment - net	4,382	(989)	1,089	4,482	(193)	(29)	(161)	(383)
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'fair value through profit or loss' - net	12,444	1,394	9,317	23,155	(1,920)	(1,673)	(2,262)	(5,855)
Amortisation of preliminary expenses and flotation costs	135	116	339	590	60	52	151	263
Provision of Sindh Workers' Welfare fund	-	22	-	22	41	30	42	113
	1,540	1,587	177	3,304	(255)	(196)	(233)	(684)
Decrease / (increase) in assets								
Investments	141,880	66,134	6,156	214,170	(288,800)	(173,750)	(201,805)	(664,355)
Preliminary expenses and flotation costs	-	-	-	-	(1,336)	(1,156)	(1,345)	(3,837)
Advances and prepayments	4	8	24	36	(151)	(115)	(143)	(409)
	141,884	66,142	6,180	214,206	(290,287)	(175,021)	(203,293)	(668,601)
(Decrease) / increase in liabilities								
Payable to the Management Company	(22)	(2)	(1)	(25)	1,611	1,202	1,393	4,206
Payable to the Trustee	(43)	(17)	(19)	(79)	25	15	18	58
Payable to Securities and Exchange Commission of Pakistan	(108)	(51)	(45)	(204)	52	38	44	134
Accrued expenses and other liabilities	(22)	225	(30)	173	65	55	65	185
Payable against redemption of units	289	-	-	289	-	-	-	-
	94	155	(95)	154	1,753	1,310	1,520	4,583
	143,518	67,884	6,262	217,664	(288,789)	(173,907)	(202,006)	(664,702)
Profit received on bank deposits	52	14	4	70	252	57	36	345
Net cash generated from / (used in) operating activities	143,570	67,898	6,266	217,734	(288,537)	(173,850)	(201,970)	(664,357)
CASH FLOWS FROM FINANCING ACTIVITIES								
Amount received on issue of units	727	100	-	827	362,192	180,532	203,463	746,187
Amount paid on redemption of units	(143,903)	(67,610)	(6,383)	(217,896)	(65,115)	(5,014)	-	(70,129)
Net cash (used in) / generated from financing activities	(143,176)	(67,510)	(6,383)	(217,069)	297,077	175,518	203,463	676,058
Net increase / (decrease) in cash and cash equivalents during the period	394	388	(117)	665	8,540	1,668	1,493	11,701
Cash and cash equivalents at the beginning of the period	1,278	443	149	1,870	-	-	-	-
Cash and cash equivalents at the end of the period	4 1,672	831	32	2,535	8,540	1,668	1,493	11,701

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the Half Year Ended December 31, 2018

	Half year ended December 31, 2018			For the period from October 11, 2017 to December 31, 2017		
	Active Allocation Plan					
	Capital value	Undistribut ed income / (accumulated loss)	Total	Capital value	Undistribut ed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period	325,538	4,919	330,457	-	-	-
Issuance of 7,216 units (2017: 3,605,180 units)						
Capital value (at net asset value per unit at the beginning of the period)	741	-	741	360,519	-	360,519
Element of (loss) / income	(14)	-	(14)	1,673	-	1,673
Total proceeds on issuance of units	727	-	727	362,192	-	362,192
Redemption of 1,433,383 units (2017: 649,978 units)						
Capital value (at net asset value per unit at the beginning of the period)	(147,137)	-	(147,137)	(64,998)	-	(64,998)
Income already paid on redemption of units	-	-	-	-	(105)	(105)
Element of income / (loss)	3,234	-	3,234	(12)	-	(12)
Total payments on redemption of units	(143,903)	-	(143,903)	(65,010)	(105)	(65,115)
Total comprehensive (loss) / income for the period	-	(15,373)	(15,373)	-	2,011	2,011
Net assets at end of the period	182,362	(10,454)	171,908	297,182	1,906	299,088
Undistributed income brought forward						
Realised		6,342			-	
Unrealised		(1,423)			-	
		4,919			-	
Accounting income available for distribution						
Relating to capital gains		-			2,003	
Excluding capital gains		-			(97)	
		-			1,906	
Accounting loss for the period		(15,373)			-	
Accumulated (loss) / undistributed income carried forward		(10,454)			1,906	
Accumulated (loss) / undistributed income carried forward						
Realised		1,990			(14)	
Unrealised		(12,444)			1,920	
		(10,454)			1,906	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			102.6500			-
Net assets value per unit at end of the period			95.8727			101.2075

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the Half Year Ended December 31, 2018 (Continued)

	Half year ended December 31, 2018			For the period from October 11, 2017 to December 31, 2017		
	Strategic Allocation Plan					
	Capital value	Undistribut ed income / (accumulate d loss)	Total	Capital value	Undistribut ed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	203,390	5,132	208,522	-	-	-
Issuance of Nil units (2017: 2,034,612 units)						
Capital value (at net asset value per unit at the beginning of the period)	-	-	-	203,462	-	203,462
Element of income	-	-	-	1	-	1
Total proceeds on issuance of units	-	-	-	203,463	-	203,463
Redemption of 64,129 units (2017: Nil units)						
Capital value (at net asset value per unit at the beginning of the period)	(6,575)	-	(6,575)	-	-	-
Element of income	192	-	192	-	-	-
Total payments on redemption of units	(6,383)	-	(6,383)	-	-	-
Total comprehensive income for the period	-	(10,564)	(10,564)	-	2,033	2,033
Net assets at end of the period	197,007	(5,432)	191,575	203,463	2,033	205,496

Undistributed income brought forward

Realised	4,617	-
Unrealised	515	-
	5,132	-
Accounting income available for distribution		
Relating to capital gains	-	2,423
Excluding capital gains	-	(390)
	-	2,033
Accounting loss for the period	(10,564)	-
Accumulated (loss) / undistributed income carried forward	(5,432)	2,033
Accumulated (loss) / undistributed income carried forward		
Realised	3,885	(229)
Unrealised	(9,317)	2,262
	(5,432)	2,033

(Rupees)

(Rupees)

Net assets value per unit at beginning of the period

102.5230

-

Net assets value per unit at end of the period

97.2577

101.0003

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Financial Planning Fund

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

For the Half Year Ended December 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Financial Planning Fund (the Fund), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was executed on March 22, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 14, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton. The Fund commenced its operations from October 11, 2017.

The Fund is an open ended fund of fund scheme and the Fund is listed on Pakistan Stock Exchange Limited. The Fund has three different plans namely Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan (collectively referred as 'Plans'). The units of Conservative Allocation Plan and Active Allocation Plan were initially offered to public (IPO) on September 11, 2017 to October 10, 2017 whereas units of Strategic Allocation Plan were offered from August 07, 2017 to October 10, 2017. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The Fund is perpetual however, the allocation plans may have a set time frame. Each Allocation Plan will announce separate NAVs which will rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

The Fund aims to generate returns on investment as per the respective Allocation Plan by investing in Mutual Funds in line with the risk tolerance of the Investor. Following is the description of three plans currently in operation:-

- The "Active Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" with an objective to earn a potentially high return through active asset allocation between Equity scheme(s), Income scheme(s) and Money Market Schemes based on the Fund Manager's outlook on the asset classes.
- The "Conservative Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of investments in equity, income and money market funds. This Allocation Plan is suitable for Investors who have moderate risk tolerance and have a short to medium term investment horizon.
- The "Strategic Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" with an objective to earn a potentially high return through active allocation of funds between Equity scheme(s), Income scheme(s) and Money Market Schemes based on fundamental analysis of economic indicators, underlying asset values and a strategy of risk aversion to market volatility. The duration of this plan is 24 months (Two Years). However, SECP or the Management Company may wind it up or revoke, on the occurrence of certain events as specified in the Regulations or clause no.10.4 of the offering document of the Fund. HBL Financial Planning Fund - Strategic Allocation Plan is due to mature on October 11, 2019, unless the Management Company decides otherwise.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+ (AM two plus)' to the Management Company while the Fund is currently not rated.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** This condensed interim financial information has been prepared in accordance with the 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, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, provisions of and directives issued under the Companies Act, 2017 and the directives issued by the SECP have been followed.

- 2.1.2** The disclosures made in this condensed interim financial information have; however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.1.3** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2017.
- 2.1.4** This condensed interim financial information is unaudited, but has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2018 have not been reviewed.
- 2.1.5** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

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 AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

- 3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the period ended June 30, 2018 except as explained in note 3.6.
- 3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the period from October 11, 2017 to June 30, 2018.
- 3.4** There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 3.6.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Fund for the period ended June 30, 2018.

3.6 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.

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after 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 condensed interim 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 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 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had 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.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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 or dividend income, are recognised in profit or loss.
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 income, foreign exchange gains and losses and impairment are recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss 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 profit or loss.

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.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees in '000) -----					
Financial assets					
Bank balances	(b)	Loans and receivables	Amortised cost	1,278	1,278
Investment in units of Mutual Funds	(a)	Held for trading	FVTPL	328,586	328,586
Accrued markup	(b)	Loans and receivables	Amortised cost	4	4
Advances and prepayments	(b)	Loans and receivables	Amortised cost	133	133
				330,001	330,001
				330,001	330,001
Held by Conservative Allocation Plan					
	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees in '000) -----					
Financial assets					
Bank balances	(b)	Loans and receivables	Amortised cost	443	443
Investment in units of Mutual Funds	(a)	Held for trading	FVTPL	132,536	132,536
Accrued markup	(b)	Loans and receivables	Amortised cost	1	1
Advances and prepayments	(b)	Loans and receivables	Amortised cost	93	93
				133,073	133,073
				133,073	133,073
Held by Strategic Allocation Plan					
	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees in '000) -----					
Financial assets					
Bank balances	(b)	Loans and receivables	Amortised cost	149	149
Investment in units of Mutual Funds	(a)	Held for trading	FVTPL	207,827	207,827
Accrued markup	(b)	Loans and receivables	Amortised cost	-	-
Advances and prepayments	(b)	Loans and receivables	Amortised cost	99	99
				208,075	208,075
				208,075	208,075

(a) Listed equity 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 recognised in income statement.

(b) These 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.

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 Fund has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

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 the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

		December 31, 2018 (Un-Audited)				June 30, 2018 (Audited)			
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
4. BANK BALANCES									
Savings accounts	4.1	1,672	831	32	2,535	1,278	443	149	1,870

4.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 5.0% to 8.04% per annum (June 30, 2018: 4.0% to 8.25% per annum)

		December 31, 2018 (Un-Audited)				June 30, 2018 (Audited)			
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note		----- (Rupees in '000) -----				----- (Rupees in '000) -----			

5. INVESTMENTS

At 'fair value through profit or loss'

Units of mutual funds	5.1	169,880	65,997	191,265	427,142	328,586	132,536	207,827	668,949
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5.1 Units of Mutual Funds

Name of Investee Funds	Number of units				As at December 31, 2018			Market value as a	
	As at July 1, 2018	Purchases during the period	Redemptions during the	As at December 31,	Carrying Amount	Market Value	Appreciation / (diminution)	Net assets of the plan	Total investments of the plan
----- (Rupees in '000) -----									
Active Allocation Plan									
HBL Cash Fund	1,230,903	261,275	783,792	708,386	71,400	71,525	126	41.61	42.10
HBL Stock Fund	1,850,743	161,838	974,195	1,038,386	110,925	98,355	(12,570)	57.21	57.90
As at December 31, 2018 (Un-Audited)	3,081,646	423,113	1,757,987	1,746,772	182,325	169,880	(12,444)	98.82	100
As at June 30, 2018 (Audited)	-	7,312,976	4,231,330	3,081,646	330,009	328,586	(1,423)	99.43	100
Conservative Allocation Plan									
HBL Cash Fund	999,990	69,986	536,334	533,642	53,769	53,881	113	80.13	81.64
HBL Stock Fund	248,195	27,480	147,764	127,911	13,622	12,116	(1,507)	18.02	18.36
As at December 31, 2018 (Un-Audited)	1,248,185	97,466	684,098	661,553	67,391	65,997	(1,394)	98.15	100
As at June 30, 2018 (Audited)	-	2,798,743	1,550,558	1,248,185	131,261	132,536	1,275	99.14	100
Strategic Allocation Plan									
HBL Cash Fund	380,044	203,494	276,450	307,088	30,956	31,006	50	16.19	16.21
HBL Stock Fund	963,327	228,499	205,042	986,785	105,211	93,467	(11,744)	48.79	48.87
HBL Income Fund	578,925	30,098	-	609,023	64,415	66,792	2,377	34.86	34.92
As at December 31, 2018 (Un-Audited)	1,922,296	462,091	481,492	1,902,896	200,582	191,265	(9,317)	100	100
As at June 30, 2018 (Audited)	-	4,497,939	2,575,643	1,922,296	207,312	207,827	515	99.66	100
Total as at December 31, 2018	6,252,127	982,670	2,923,577	4,311,221	450,298	427,142	(23,155)		
Total - As at June 30, 2018	-	14,609,658	8,357,531	6,252,127	668,582	668,949	367		

6. PAYABLE TO THE MANAGEMENT COMPANY

		December 31, 2018 (Un-Audited)				June 30, 2018 (Audited)			
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note ----- (Rupees in '000) -----									
Remuneration of the Management Company	6.1	2	3	-	5	2	1	1	4
Sindh Sales Tax on the Management Company	6.2	-	-	-	-	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	15	7	17	39	28	11	17	56
Sales load payable		2	-	-	2	11	-	-	11
		19	10	17	46	41	12	18	71

- 6.1** As per the offering document of the Fund, the Management Company shall charge a fee at the rate of 1% of the average annual net assets on daily basis of the plans. However, no management fee is charged on that part of the net assets which have been invested in mutual funds managed by the Management Company. The fee is payable monthly in arrears
- 6.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on the services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011.
- 6.3** As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost, whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.

7. ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31, 2018 (Un-Audited)				June 30, 2018 (Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
Note	----- (Rupees in '000) -----								
Withholding tax	1	1	1	3	126	-	-	126	
Provision for Sindh Workers' Welfare Fund	7.1	111	147	105	363	111	126	105	342
Printing charges payable	20	25	26	71	25	26	29	80	
Auditors' remuneration	52	45	52	149	71	70	82	223	
Other payables	177	251	2	430	50	-	-	50	
	<u>361</u>	<u>469</u>	<u>186</u>	<u>1,016</u>	<u>383</u>	<u>222</u>	<u>216</u>	<u>821</u>	

7.1 The legal status of applicability of Sindh Workers' Welfare Fund is same as that disclosed in note 11.1 to the audited financial statements of the Fund for the period from October 11, 2017 to June 30, 2018.

Based on above, provision against SWWF amounting to Rs. 0.111 million, Rs. 0.147 million and Rs. 0.105 million has been made during the period in Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively. Had the provision not been made, the net asset value per unit would have been higher by Rs. 0.0619 million per unit, Rs. 0.2277 per unit and Rs. 0.0533 per unit of the Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively (June 30, 2018: Rs. 0.034, Rs. 0.098 and Rs. 0.051 per unit).

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2018 and at June 30, 2018.

9. TAXATION

As the Fund has incurred a net loss and as the Fund is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Fund is also exempt from provision of Section 113 (minimum tax) under clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. Hence no provision with respect to tax has been recognized in this condensed interim financial information.

10. EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

11. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

	Half year ended December 31, 2018				For the period from October 11, 2017 to December 31, 2017			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
------(Rupees in '000)-----								
11.1 Transactions during the period								
HBL Asset Management Limited - Management Company								
Issuance of nil (2017: 999,902) units	-	-	-	-	-	-	99,920	99,920
Remuneration of the Management Company	14	8	3	25	8	7	7	22
Sindh Sales Tax on remuneration of the Management Company	2	1	-	3	1	1	1	3
Allocation of expenses related to registrar services, accounting, operation and valuation services	103	62	103	268	55	40	46	141
Habib Bank Limited - Sponsor								
Bank charges	8	3	5	16	8	5	5	18
Mark-up on deposits with banks	48	12	3	63	254	57	36	347
MCB Financial Services Limited - Trustee								
Remuneration of the Trustee	105	63	105	273	56	40	47	143
Patient Welfare Association - Connected Person due to 10% holding								
Issue of nil (2017: 400,000) units	-	-	-	-	-	40,000	-	40,000
Sapphire Finishing Mills Limited Employees Provident Fund Connected person due to 10% holding								
Issue of nil (2017: 254,254) units	-	-	-	-	-	-	25,426	25,426
Ferozsons Laboratories Limited Employees Provident Fund Connected Person due to 10% holding								
Issue of nil (2017: 500,000) units	-	-	-	-	50,000	-	-	50,000
Executives of the HBL Asset Management Limited - Management Company								
Issue of nil (2017: 1,006,108) units	-	-	-	-	102,000	-	-	102,000
Issue of nil (2017: 750,000) units	-	-	-	-	-	75,000	-	75,000
Issue of nil (2017: 250,500) units	-	-	-	-	-	-	25,050	25,050
HBL Income Fund								
CIS managed by the Management Company								
Bonus / Purchase of 30,098 (2017: 1,734,331) units	-	-	-	-	-	-	186,000	186,000
Redemption of nil (2017: 404,113) units	-	-	-	-	-	-	43,513	43,513
HBL Stock Fund								
CIS managed by the Management Company								
Purchase of 161,838 (2017: 723,889) units	17,000	-	-	17,000	73,900	-	-	73,900
Purchase of 27,480 (2017: 357,628) units	-	2,803	-	2,803	-	36,350	-	36,350
Purchase of 228,499 (2017: 491,579) units	-	-	23,946	23,946	-	-	49,400	49,400
Redemption of 974,195 (2017: nil) units	99,377	-	-	99,377	-	-	-	-
Redemption of 147,765 (2017: nil) units	-	15,213	-	15,213	-	-	-	-
Redemption of 205,041 (2017:nil) units	-	-	20,400	20,400	-	-	-	-
HBL Cash Fund - CIS managed by the Management Company								
Purchase of 261,275 (2017: 2,710,970) units	19,943	-	-	19,943	277,000	-	-	277,000
Purchase of 69,986 (2017: 1,387,105) units	-	1,842	-	1,842	-	141,500	-	141,500
Purchase of 203,494 (2017: 97,963) units	-	-	18,554	18,554	-	-	10,000	10,000
Redemption of 783,792 (2017: 606,664) units	79,446	-	-	79,446	62,088	-	-	62,088
Redemption of 536,334 (2017: 39,905) units	-	55,567	-	55,567	-	4,100	-	4,100
Redemption of 276,450 (2017: 927) units	-	-	28,256	28,256	-	-	95	95
Dividend income	1,943	1,842	554	4,339	-	-	-	-

	December 31, 2018 (Un-Audited)				June 30, 2018 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
11.2 Balances Outstanding As At Period / Year End	----- (Rupees in '000) -----							
HBL Asset Management Limited - Management Company								
Remuneration payable to the Management Company	2	3	-	5	2	1	1	4
Units held: 999,202 (June 30, 2018: 999,202)	-	-	97,180	97,180	-	-	102,513	102,513
Allocation of expenses related to registrar services, accounting, operation and valuation services	15	7	17	39	28	11	17	56
Sales load payable	2	-	-	2	11	-	-	11
Habib Bank Limited - Sponsor								
Mark-up accrued on deposits with bank	-	-	-	-	4	1	-	5
Bank balances	1,662	810	21	2,493	1,268	387	149	1,804
MCB Financial Services Limited - Trustee								
Remuneration payable to the Trustee	13	6	15	34	58	24	36	118
Executives of the Management Company								
Units held: 38,992 (June 30, 2018: 38,992)	3,738	-	-	3,738	4,003	-	-	4,003
Mr. Mir Ghulam Ali Talpur - Connected Person due to 10% holding								
Units held: 250,500 (June 30, 2018: 250,500)	-	-	24,363	24,363	-	-	25,682	25,682
Sapphire Finishing Mills Limited Employees Provident Fund Connected person due to 10% holding								
Units held: 254,254 (June 30, 2018: 254,254)	-	-	24,728	24,728	-	-	26,067	26,067
Ferozsons Laboratories Limited Employees Provident Fund Connected Person due to 10% holding								
Units held: 500,000 (June 30, 2018: 500,000)	47,936	-	-	47,936	51,325	-	-	51,325
Mr. Mudassar Iqbal - Connected Person due to 10% holding								
Units held: 150,000 (June 30, 2018: 150,000)	-	15,624	-	15,624	-	15,564	-	15,564
Patient Welfare Association - Connected Person due to 10% holding								
Units held: 400,000 (June 30, 2018: nil)	-	41,664	-	41,664	-	-	-	-
Mr. Aamer Raza Ataullah Khan - Connected Person due to 10% holding								
Units held nil (June 30, 2018: 196,811)	-	-	-	-	-	-	20,178	20,178
Mr. Farid Khan - Connected Person due to 10% holding								
Units held: nil (June 30, 2018: 500,000)	-	-	-	-	-	51,880	-	51,880
Mr. Toufiq H. Chinoy - Connected Person due to 10% holding								
Units held: nil (June 30, 2018: 986,321)	-	-	-	-	101,246	-	-	101,246
HBL Income Fund - CIS managed by the Management Company								
Units held: 609,023 (June 30, 2018: 578,925)	-	-	66,792	66,792	-	-	64,415	64,415
HBL Stock Fund - CIS managed by the Management Company								
Units held: 1,038,386 (June 30, 2018: 1,850,743)	98,355	-	-	98,355	198,155	-	-	198,155
Units held: 127,911 (June 30, 2018: 248,195)	-	12,116	-	12,116	-	26,574	-	26,574
Units held: 986,784 (June 30, 2018: 963,327)	-	-	93,467	93,467	-	-	103,141	103,141
HBL Cash Fund - CIS managed by the Management Company								
Units held: 708,386 (June 30, 2018: 1,230,903)	71,525	-	-	71,525	130,431	-	-	130,431
Units held: 533,642 (June 30, 2018: 999,990)	-	53,881	-	53,881	-	105,962	-	105,962
Units held: 307,088 (June 30, 2018: 380,044)	-	-	30,956	30,956	-	-	40,271	40,271

12. FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

The fair value of financial assets and liabilities traded in active markets i.e. units of mutual funds are based on the quoted NAVs at the close of the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

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

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

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

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

		December 31, 2018 (Un-Audited)						
		Active Allocation Plan						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Note ----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Investments	169,880	-	169,880	169,880	-	-	169,880
		<u>169,880</u>	<u>-</u>	<u>169,880</u>	<u>169,880</u>	<u>-</u>	<u>-</u>	<u>169,880</u>
Financial assets not measured at fair value								
	Bank balances	-	1,672	1,672				
		<u>-</u>	<u>1,672</u>	<u>1,672</u>				
Financial liabilities not measured at fair value								
	Payable to the Management Company	-	19	19				
	Payable to the Trustee	-	15	15				
	Accrued expenses and other liabilities	-	71	71				
	Payable against redemption of units	-	289	289				
		<u>-</u>	<u>394</u>	<u>394</u>				

		June 30, 2018 (Audited)							
		Active Allocation Plan							
		Carrying amount			Fair Value				
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
Note		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
		Investments	328,586	-	328,586	328,586	-	-	328,586
			328,586	-	328,586	328,586	-	-	328,586
Financial assets not measured at fair value									
	12.1	Bank balances	-	1,278	1,278				
		Accrued mark-up	-	4	4				
			-	1,282	1,282				
Financial liabilities not measured at fair value									
	12.1	Payable to the Management Company	-	41	41				
		Payable to the Trustee	-	58	58				
		Accrued expenses and other liabilities	-	96	96				
			-	195	195				

		December 31, 2018 (Un-Audited)							
		Conservative Allocation Plan							
		Carrying amount			Fair Value				
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
Note		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
		Investments	65,997	-	65,997	65,997	-	-	65,997
			65,997	-	65,997	65,997	-	-	65,997
Financial assets not measured at fair value									
	12.1	Bank balances	-	831	831				
			-	831	831				
Financial liabilities not measured at fair value									
	12.1	Payable to the Management Company	-	10	10				
		Payable to the Trustee	-	7	7				
		Accrued expenses and other liabilities	-	71	71				
			-	88	88				

June 30, 2018 (Audited)							
Conservative Allocation Plan							
Carrying amount			Fair Value				
Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
Note ----- (Rupees in '000) -----							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments	132,536	-	132,536	132,536	-	-	132,536
	<u>132,536</u>	<u>-</u>	<u>132,536</u>	<u>132,536</u>	<u>-</u>	<u>-</u>	<u>132,536</u>
Financial assets not measured at fair value							
Bank balances	-	443	443				
Accrued mark-up	-	1	1				
	<u>-</u>	<u>444</u>	<u>444</u>				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	12	12				
Payable to the Trustee	-	24	24				
Accrued expenses and other liabilities	-	96	96				
	<u>-</u>	<u>132</u>	<u>132</u>				

December 31, 2018 (Un-Audited)							
Strategic Allocation Plan							
Carrying amount			Fair Value				
Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
Note ----- (Rupees in '000) -----							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments	191,265	-	191,265	191,265	-	-	191,265
	<u>191,265</u>	<u>-</u>	<u>191,265</u>	<u>191,265</u>	<u>-</u>	<u>-</u>	<u>191,265</u>
Financial assets not measured at fair value							
Bank balances	-	32	32				
	<u>-</u>	<u>32</u>	<u>32</u>				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	17	17				
Payable to the Trustee	-	17	17				
Accrued expenses and other liabilities	-	80	80				
	<u>-</u>	<u>114</u>	<u>114</u>				

		June 30, 2018 (Audited) Strategic Allocation Plan						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----						
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Investments	207,827	-	207,827	207,827	-	-	207,827
		207,827	-	207,827	207,827	-	-	207,827
Financial assets not measured at fair value								
	Bank balances	-	149	149				
		-	149	149				
Financial liabilities not measured at fair value								
	Payable to the Management Company	-	18	18				
	Payable to the Trustee	-	36	36				
	Accrued expenses and other liabilities	-	111	111				
		-	165	165				

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

12.2 Transfers during the period

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

13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio for the half year ended December 31, 2018 is 0.26%, 0.32% and 0.36% (December 2017: 0.15%, 0.16% and 0.21%) which includes 0.05%, 0.07% and 0.05% (December 2017: 0.05%, 0.04% and 0.05%) representing government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively.

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 08, 2019 by the Board of Directors of the Management Company.

15. GENERAL

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

15.2 Corresponding figures have been arranged and reclassified, wherever necessary, for the purpose of comparison and more appropriate presentation, the effect of which is not material.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Growth Fund

FUND INFORMATION

Name of Fund	HBL Growth Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited JS Bank Limited Habib Bank Limited Soneri Bank Limited

TRUSTEE REPORT TO THE UNIT HOLDERS

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL GROWTH FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Growth Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 21, 2019



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

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
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**Auditors' report to the Unit Holders on Review of
Interim Financial Information**

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Growth Fund** (the Fund) as at December 31, 2018, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2018 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

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 condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Chartered Accountants

Engagement Partner
Hena Sadiq

Place: Karachi
Date: February 11, 2019

Member of
Deloitte Touche Tohmatsu Limited

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

	Note	December 31, 2018 2018 (Un-Audited)			June 30, 2018 2018 (Audited)
		Class A	Class B	Total	Total
		----- (Rupees in '000) -----			
Assets					
Bank balances	4	204,004	797,369	1,001,373	729,178
Investments	5	5,904,585	4,410,303	10,314,888	12,112,200
Dividend receivable and accrued mark-up		4,227	15,177	19,404	205,437
Advances, deposits and prepayments		1,687	3,591	5,278	3,176
Total assets		6,114,503	5,226,440	11,340,943	13,049,991
Liabilities					
Payable to Management Company	6	19,617	15,283	34,900	24,928
Payable to the Trustee		708	640	1,348	786
Payable to the Securities and Exchange Commission of Pakistan		3,349	2,521	5,870	12,397
Payable against purchase of investment		-	121,178	121,178	28,631
Accrued expenses and other liabilities	7	229	168,741	168,970	170,516
Unclaimed dividend		-	135,983	135,983	136,773
Total liabilities		23,903	444,346	468,249	374,031
Net assets		6,090,600	4,782,094	10,872,694	12,675,960
Unit holders' fund (as per statement attached)		6,090,600	4,782,094	10,872,694	12,675,960
Contingencies and commitments					
	8	-----Number of units-----			
Number of units in issue		283,500,000	281,195,714		283,500,000
		----- (Rupees) -----			
Net assets value per unit		21.4836	17.0063		44.71

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Growth Fund
Condensed Interim Income Statement (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

Note	Half Year Ended December 31,			Quarter Ended December 31,				
	2018		2017	2018		2017		
	Class A	Class B	Total	Class A	Class B	Total	Total	
------(Rupees in '000)-----								
Income								
Capital loss on sale of investments - net	-	(74,856)	(74,856)	(365,186)	-	(76,042)	(76,042)	(202,332)
Dividend income	95,017	116,346	211,363	450,465	95,017	58,479	153,496	399,233
Mark-up on deposits with banks	6,078	34,861	40,939	36,464	4,046	19,283	23,329	18,228
Back end load	-	4,571	4,571	-	-	1,783	1,783	-
	101,095	80,922	182,017	121,743	99,063	3,503	102,566	215,129
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net	-	(611,234)	(611,234)	(780,549)	-	(518,433)	(518,433)	(71,091)
	101,095	(530,312)	(429,217)	(658,806)	99,063	(514,930)	(415,867)	144,038
Expenses								
Remuneration of Management Company	79,658	60,735	140,393	148,981	38,577	29,493	68,070	69,588
Remuneration of Trustee	4,348	3,338	7,686	4,501	2,079	1,543	3,622	2,128
Annual fee to the Securities and Exchange Commission of Pakistan	3,349	2,521	5,870	6,293	1,622	1,208	2,830	2,926
Allocation of expenses related to registrar services, accounting, operation and valuation services	3,525	2,687	6,212	6,592	1,707	1,305	3,012	3,079
Selling and marketing expense	13,943	10,495	24,438	-	6,672	5,102	11,773	-
Settlement and bank charges	5	711	716	1,921	4	369	373	1,488
Auditors' remuneration	176	172	348	342	89	66	155	169
Fees and subscription	211	304	515	762	89	152	241	153
Conversion expense from closed end to open end fund	-	396,000	396,000	-	-	-	-	-
Securities transaction charges	-	5,389	5,389	3,849	-	3,591	3,591	1,686
	105,215	86,748	191,963	173,241	50,838	42,828	93,665	81,217
Net loss operating activities	(4,120)	(617,060)	(621,180)	(832,047)	48,225	(557,758)	(509,532)	62,821
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	-	-	-	-
Provision for Sindh Workers' Welfare fund	7.1	-	-	-	-	-	-	-
Net loss for the period before taxation	(4,120)	(617,060)	(621,180)	(832,047)	48,225	(557,758)	(509,532)	62,821
Taxation	9	-	-	-	-	-	-	-
Net loss for the period after taxation	(4,120)	(617,060)	(621,180)	(832,047)	48,225	(557,758)	(509,532)	62,821
Allocation of net (loss) / income for the period:								
Income already paid on redemption of units	-	-	-	-	-	-	-	-
Accounting income available for distribution:								
- Relating to capital gains	-	-	-	-	-	-	-	-
- Excluding capital gains	-	-	-	-	-	-	-	-
	(4,120)	(617,060)	(621,180)	(832,047)	48,225	(557,758)	(509,532)	62,821

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Growth Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Half Year Ended			Quarter Ended				
	December 31,			December 31,				
	2018		2017	2018		2017		
Class A	Class B	Total	Total	Class A	Class B	Total	Total	
(Rupees in '000)								
Net (loss) / income for the period after taxation	(4,120)	(617,060)	(621,180)	(832,047)	48,225	(557,758)	(509,532)	62,821
Item that may be reclassified subsequently to Income Statement								
Unrealised diminution re-measurement of investments classified as available-for-sale	-	-	-	(1,102,333)	-	-	-	(1,814,716)
Items that will not be reclassified to income statement								
Unrealized diminution on re-measurement of investments classified as fair value through other comprehensive income	(1,137,694)	-	(1,137,694)	-	(1,037,751)	-	(1,037,751)	-
Total comprehensive loss for the period	(1,141,814)	(617,060)	(1,758,874)	(1,934,380)	(989,526)	(557,758)	(1,547,283)	(1,751,895)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Growth Fund

Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)

For the Half Year Ended December 31, 2018

	2018					2017			2017				
	Class A					Class B			Total				
	Capital value	Undistributed Income	Unrealized Income/(loss) on Investment	Premium on issue of certificates	Total	Capital value	Undistributed Income	Total	Capital Value	Undistributed Income	Unrealized Income/(loss) on Investment	Premium on issue of certificates	Total
	----- (Rupees) -----												
Net assets at beginning of the period	2,835,000	1,226,556	5,621,904	2,992,500	12,675,960	-	-	-	2,835,000	2,565,464	6,189,749	2,992,500	14,582,713
Transfer from premium on issue of certificates	-	984,688	-	(984,688)	-	-	-	-	-	-	-	-	-
Issue of 283,500,000 Class B units at the time of conversion	-	(5,443,546)	-	-	(5,443,546)	2,835,000	2,608,546	5,443,546	-	-	-	-	-
Issue of 1,189,511 units	-	-	-	-	-	22,601	-	22,601	-	-	-	-	-
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	-	-	(43)	-	(43)	-	-	-	-	-
- Element of loss	-	-	-	-	-	-	-	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	22,558	-	22,558	-	-	-	-	-
Redemption of 3,493,796 units	-	-	-	-	-	66,382	-	66,382	-	-	-	-	-
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	-	-	(133,332)	-	(133,332)	-	-	-	-	-
- Element of loss	-	-	-	-	-	-	-	-	-	-	-	-	-
Total payment on redemption of units	-	-	-	-	-	(66,950)	-	(66,950)	-	-	-	-	-
Total comprehensive loss for the period	-	(4,120)	(1,137,694)	-	(1,141,814)	-	(617,060)	(617,060)	-	(832,047)	(1,102,333)	-	(1,934,381)
Distribution during the year period	-	-	-	-	-	-	-	-	-	(779,625)	-	-	(779,625)
Net loss for the period less distribution	-	(4,120)	(1,137,694)	-	(1,141,814)	-	(617,060)	(617,060)	-	(1,611,672)	(1,102,333)	-	(2,714,006)
Net assets at end of the period	2,835,000	(3,236,422)	4,484,210	2,007,812	6,090,600	(44,392)	1,991,486	4,782,094	2,835,000	953,792	5,087,416	-	11,868,708
Undistributed income brought forward	-	1,518,756	-	-	-	-	-	-	-	1,748,697	-	-	-
- Realised	-	(292,200)	-	-	-	-	-	-	-	816,767	-	-	-
- Unrealised	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	1,226,556	-	-	-	-	-	-	-	2,565,464	-	-	-
Transfer from premium on issue of certificates	-	984,688	-	-	-	-	-	-	-	-	-	-	-
Transferred to Class B - Segment on conversion of Fund	-	(5,443,546)	-	-	-	2,608,546	-	2,608,546	-	-	-	-	-
Net loss for the period	-	(4,120)	-	-	-	(617,060)	-	(617,060)	-	-	-	-	-
Distribution during the period	-	-	-	-	-	-	-	-	-	(779,625)	-	-	-
(Accumulated loss) / Undistributed income carried forward	-	(3,236,422)	-	-	-	1,991,486	-	1,991,486	-	953,792	-	-	-
(Accumulated loss) / Undistributed income carried forward	-	(3,236,422)	-	-	-	2,602,720	-	2,602,720	-	1,734,341	-	-	-
- Realised	-	-	-	-	-	(611,234)	-	(611,234)	-	(780,549)	-	-	-
- Unrealised	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	(3,236,422)	-	-	-	1,991,486	-	1,991,486	-	953,792	-	-	-
Net assets value per unit at beginning of the period	25.5112	-	-	-	-	19.2012	-	19.2012	51.44	-	-	-	-
Net assets value per unit at end of the period	21.4836	-	-	-	-	17.0063	-	17.0063	48.04	-	-	-	-

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

NOTE: Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Growth Fund
Condensed Interim Statement of Cash Flow (Un- Audited)
For the Half Year Ended December 31, 2018

	2018			2017
	Class A	Class B	Total	Total
Note	------(Rupees in '000)-----			
Cash flow from operating activities				
Net loss for the period before taxation	(4,120)	(617,060)	(621,180)	(832,047)
Adjustments of non-cash items				
Capital loss on sale of investments - net	-	74,856		365,186
Unrealised diminution on remeasurement of investments classified as financial asset at fair value through profit or loss - net	-	611,234	611,234	780,549
Dividend income	(95,017)	(116,346)	(211,363)	(450,465)
Mark-up on deposits with banks	(6,078)	(34,861)	(40,939)	(36,464)
	(105,215)	(82,177)	(262,248)	(173,241)
(Increase) / Decrease in assets				
Investments	-	(26,472)	(26,472)	850,904
Security deposits	(1,687)	(415)	(2,102)	-
	(1,687)	(26,887)	(28,574)	850,904
Increase / (decrease) in liabilities				
Payable to Management Company	19,617	(9,645)	9,972	(5,332)
Payable to Central Depository Company of Pakistan Limited - Trustee	708	(146)	562	(1,159)
Payable to the Securities and Exchange Commission of Pakistan	3,349	(9,876)	(6,527)	(7,215)
Payable against purchase of investment	-	92,547	92,547	-
Accrued expenses and other liabilities	229	(1,775)	(1,546)	863
Unclaimed dividend (including dividend payable)	-	(790)	(790)	92,054
	23,903	70,315	94,218	79,211
Cash (used in) / generated from operations	(82,999)	(38,749)	(196,604)	756,874
Dividend received	282,776	118,676	401,452	540,489
Mark-up received on bank deposit	4,227	32,656	36,883	33,815
	287,003	151,332	438,335	574,304
Net cash generated from operating activities	204,004	112,583	241,731	1,331,178
Cash flow from financing activities				
Amount received on issue of units	-	22,558	22,558	-
Amount paid on redemption of units	-	(66,950)	(66,950)	-
Dividend paid	-	-	-	(779,626)
Net cash used in financing activities	-	(44,392)	(44,392)	(779,626)
Net increase in cash and cash equivalents	204,004	68,191	197,339	551,552
Cash and cash equivalents at beginning of the period	-	729,178	729,178	649,726
Cash and cash equivalents at end of the period	4	797,369	1,001,373	1,201,278

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

HBL Growth Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the Half Year Ended December 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** HBL Growth Fund was established under a Trust Deed, HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The objective of the Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.
- 1.4** As per Regulation 65 of the NBFC Regulations, all closed end funds were required to be converted into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. However Closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has Frozen Portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, its conversion into an open end scheme was deferred.

The Board of the Management Company (HBL Asset Management Limited) of the Fund in its meeting held on November 23, 2017 approved the Conversion Plan (the Plan) of the fund for the conversion of the Fund into an Open End Scheme, with the approval of the Certificate Holders of the Fund to fulfill the requirements of the merger order dated August 31, 2016. For this purpose, the Plan was presented to and approved by the Certificate Holders of the Fund in its General Meeting dated January 10, 2018. The Plan was also approved by Securities and Exchange Commission of Pakistan (the Commission) on February 16, 2018.

The Replacement Trust Deed and Replacement Offering Document were approved by SECP vide its letter no. SCD/AMCW/HIF/339/2018 dated April 18, 2018 and letter no. SCD/AMCW/HIF/398/2018 dated June 7, 2018 respectively. As per the approved Plan, the conversion took place on July 2, 2018 and every Certificate Holder of the closed end fund was entitled to following for each certificate held:

- One Class-A Unit of the Fund was issued to every Certificate Holders of Fund for each certificate held representing Frozen Portfolio and related assets and liabilities.
- One Class-B Unit of the Fund was issued to the every Certificate Holder of Fund for each certificate held representing Unfrozen Portfolio and related assets and liabilities.

The Plan also envisages that Class-A Units would not be redeemable and would be traded on the Pakistan Stock Exchange. Whereas Class-B Units can be redeemed at the redemption price.

- 1.5** JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2+' (Positive outlook) to the Management Company.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

-
-
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
 - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that the condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

3.1 The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in the condensed interim financial information.

3.5 On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the half year ended December 31, 2018.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Class A's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Class A's financial assets as regards their classification and measurement

Class A's investment in equity instruments (neither held-for-trading nor contingent consideration arising from business combination) that were previously classified as available-for-sale financial asset and were measured at fair value at each reporting date under IAS 39, have been classified as at FVTOCI. These assets represent the 'frozen portfolio' resulting from the consent agreement with the Government of Pakistan and hence cannot be traded. However, the change in the fair value of these equity instruments will continue to accumulate in the investment revaluation reserve until they are derecognised. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income will be subsequently transferred to retained earnings / undistributed income.

The Management has reviewed and assessed the Class B's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that on initial application of IFRS 9, there is no change in the measurement of the Fund's investments in Class B's equity instruments that are held-for-trading; those instruments were and continue to be measured at FVTPL.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

(b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Carrying amount as per IAS 39 as on June 30, 2018	Reclassif- ications	Remeasu- rements	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
----- (Rupees in '000) -----					
Financial assets					
Fair Value through Other Comprehensive Income					
From available for sale (IAS 39)	1,420,375	1,420,375	-	1,420,375	-
Total	1,420,375	1,420,375	-	1,420,375	-

	(Unaudited) December 31, 2018			(Audited) June 30, 2018
	Class A	Class B	Total	Total
----- (Rupees in '000) -----				

4. BANK BALANCES

Balances with banks in:
Savings account

	204,004	797,369	1,001,373	729,178
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4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 5.35% to 11.0% p.a (June 30, 2018: 4.50% - 7.50% p.a).

	(Unaudited) December 31, 2018			(Audited) June 30, 2018
	Class A	Class B	Total	Total
----- (Rupees in '000) -----				

5. INVESTMENTS

At fair value through profit or loss

- Listed equity securities

	-	4,410,303	4,410,303	5,069,921
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At fair value through other comprehensive income

- Listed equity securities

	5,904,585	-	5,904,585	7,042,279
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	5,904,585	4,410,303	10,314,888	12,112,200
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5.1 Listed equity securities - At fair value through profit and loss

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

Name of the Investee Company	Number of shares				As at December 31, 2018	Balance as at December 31, 2018 Market value (Rupees in '000)	Percentage in Relation to		
	As at July 1, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period			Net Assets of the fund	Total Investments	Investee Paidup Capital
CLASS B									
INSURANCE									
TPL Insurance Limited	1,500	-	195	-	1,695	37	0.00%	0.00%	-
Adamjee Insurance Limited	-	1,198,000	-	-	1,198,000	50,340	1.05%	1.14%	0.34%
	1,500	1,198,000	195	-	1,199,695	50,377	1.05%	1.14%	
TEXTILE COMPOSITE									
Kohinoor Textile Mills Limited	-	649,500	-	-	649,500	29,279	0.61%	0.66%	0.61%
Nishat (Chunian) Limited	-	425,000	-	425,000	-	-	0.00%	0.00%	-
Nishat Mills Limited	1,067,600	320,500	-	257,500	1,130,600	143,055	2.99%	3.24%	0.32%
	1,067,600	1,395,000	-	682,500	1,780,100	172,334	3.60%	3.91%	
CEMENT									
Cherat Cement Company Limited	-	578,000	-	578,000	-	-	0.00%	0.00%	-
D G Khan Cement Company Limited	-	450,000	-	450,000	-	-	0.00%	0.00%	-
Kohat Cement Limited	-	205,500	52,590	257,500	590	50	0.00%	0.00%	0.00%
Lucky Cement Limited	321,450	148,000	-	29,550	439,900	191,211	4.00%	4.34%	0.14%
Maple Leaf Cement Factory Limited	-	1,831,000	-	1,316,000	515,000	20,935	0.44%	0.47%	0.10%
Pioneer Cement Limited	500,000	-	-	500,000	-	-	-	-	-
	821,450	3,212,500	52,590	3,131,050	955,490	212,196	4.44%	4.81%	
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	3,074,100	596,500	-	461,000	3,209,600	275,352	5.76%	6.24%	0.28%
K-Electric Limited	8,642,000	700,000	-	1,000,000	8,342,000	49,551	1.04%	1.12%	0.03%
Pakgen Power Limited	-	1,300,000	-	-	1,300,000	22,152	0.46%	0.50%	0.35%
	11,716,100	2,596,500	-	1,461,000	12,851,600	347,055	7.26%	7.87%	
ENGINEERING									
Aisha Steel Mills Limited	1,470,997	-	-	1,470,997	-	-	0.00%	0.00%	-
Aisha Steel Mills Limited - Pref. Shares	257,327	-	-	-	257,327	3,006	0.06%	0.07%	0.58%
Aisha Steel Mills Limited. - Conv. Cum. Pref. Shares	1,628,663	-	-	-	1,628,663	70,033	1.46%	1.59%	55.94%
Amreli Steels Limited	734,000	-	-	734,000	-	-	0.00%	0.00%	-
International Industries Limited	235,400	251,000	-	323,800	162,600	25,049	0.52%	0.57%	0.14%
International Steels Limited	681,300	135,100	-	400,900	415,500	27,327	0.57%	0.62%	0.10%
Mughal Iron & Steel Industries Limited	571,500	360,000	-	931,500	-	-	0.00%	0.00%	-
	5,579,187	746,100	-	3,861,197	2,464,090	125,414	2.62%	2.84%	
AUTOMOBILE ASSEMBLER									
Honda Atlas Cars (Pakistan) Limited	114,450	-	-	114,450	-	-	0.00%	0.00%	-
Indus Motor Company Limited	47,120	-	-	47,120	-	-	0.00%	0.00%	-
Millat Tractors Limited	87,000	-	-	87,000	-	-	0.00%	0.00%	-
	248,570	-	-	248,570	-	-	0.00%	0.00%	
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	1,047,000	90,500	-	1,137,500	-	-	0.00%	0.00%	-
	1,047,000	90,500	-	1,137,500	-	-	0.00%	0.00%	
PHARMACEUTICALS									
AGP Limited	-	642,500	-	-	642,500	56,174	1.17%	1.27%	0.02%
The Searle Company Limited	171,220	-	633	167,000	4,853	1,192	0.02%	0.03%	-
	171,220	642,500	633	167,000	647,353	57,366	1.20%	1.30%	

Name of the Investee Company	Number of shares				Balance as at December 31, 2018	Percentage in Relation to			
	As at July 1, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2018	Market value (Rupees in '000)	Net Assets of the fund	Total Investments	Investee Paidup Capital
GLASS & CERAMICS									
Shabbir Tiles & Ceramics Limited	125,000	230,000	-	355,000	-	-	0.00%	0.00%	-
	125,000	230,000	-	355,000	-	-	0.00%	0.00%	
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	182,440	16,000	17,394	18,500	197,334	243,877	5.10%	5.53%	0.18%
Oil & Gas Development Company Limited	1,709,200	490,700	-	220,000	1,979,900	253,427	5.30%	5.75%	0.05%
Pakistan Oilfields Limited	409,050	35,000	69,810	183,000	330,860	140,556	2.94%	3.19%	0.14%
Pakistan Petroleum Limited	1,544,200	226,900	231,630	63,000	1,939,730	290,300	6.07%	6.58%	0.10%
	3,844,890	768,600	318,834	484,500	4,447,824	928,160	19.41%	21.05%	
OIL & GAS MARKETING COMPANIES									
Hascol Petroleum Limited	140,000	-	35,000	57,800	117,200	17,392	0.36%	0.39%	0.10%
Pakistan State Oil Company Limited	605,700	264,800	126,780	135,000	862,280	194,384	4.06%	4.41%	0.26%
Sui Northern Gas Pipeline Limited	1,080,200	-	-	434,500	645,700	49,764	1.04%	1.13%	0.10%
	1,825,900	264,800	161,780	627,300	1,625,180	261,540	5.47%	5.93%	
COMMERCIAL BANKS									
Allied Bank Limited	-	440,000	-	200,000	240,000	25,793	0.54%	0.58%	0.02%
Bank Alfalah Limited	5,001,000	1,516,000	410,550	1,118,000	5,809,550	235,810	4.93%	5.35%	0.36%
Bank Al-Habib Limited	1,748,000	2,572,000	-	-	4,320,000	297,173	6.21%	6.74%	0.39%
Bank of Punjab Limited	8,192,500	2,750,000	-	3,010,000	7,932,500	94,952	1.99%	2.15%	1.50%
Faysal Bank Limited	2,237,000	75,000	-	300,000	2,012,000	48,429	1.01%	1.10%	0.22%
Habib Bank Limited*	1,596,300	263,000	-	47,000	1,812,300	218,292	4.56%	4.95%	0.12%
MCB Bank Limited**	1,411,200	-	-	504,800	906,400	175,452	3.67%	3.98%	0.08%
Meezan Bank Limited	476,000	125,000	60,100	661,100	-	-	0.00%	0.00%	-
National Bank of Pakistan Limited	-	766,500	-	-	766,500	32,216	0.67%	0.73%	0.04%
United Bank Limited	1,597,100	987,000	-	35,800	2,548,300	312,524	6.54%	7.09%	0.21%
	22,259,100	9,494,500	470,650	5,876,700	26,347,550	1,440,639	30.13%	32.67%	
FERTILIZER									
Engro Corporation Limited	952,100	475,600	-	231,400	1,196,300	348,219	7.28%	7.90%	0.23%
Engro Fertilizers Limited	3,049,000	500	-	1,405,500	1,644,000	113,518	2.37%	2.57%	0.12%
Fauji Fertilizer Bin Qasim Limited	-	450,000	-	-	450,000	16,772	0.35%	0.38%	0.05%
Fauji Fertilizer Company Limited	1,175,500	532,500	-	639,000	1,069,000	99,257	2.08%	2.25%	0.08%
	5,176,600	1,458,600	-	2,275,900	4,359,300	577,765	12.08%	13.10%	
CHEMICAL									
Engro Polymer & Chemicals Limited	1,671,000	1,452,699	-	497,000	2,626,699	97,556	2.04%	2.21%	0.21%
Engro Polymer & Chemicals Limited - LOR	599,699	-	-	599,699	-	-	0.00%	0.00%	-
	2,270,699	1,452,699	-	1,096,699	2,626,699	97,556	2.04%	2.21%	
AUTOMOBILE PARTS & ACCESSORIES									
Thal Limited	258,750	68,250	-	-	327,000	139,845	2.92%	3.17%	0.40%
	258,750	68,250	-	-	327,000	139,845	2.92%	3.17%	
TECHNOLOGY & COMMUNICATION									
Systems Limited	590,000	-	-	589,500	500	55	0.00%	0.00%	-
	590,000	-	-	589,500	500	55	0.00%	0.00%	
Total as at December 31, 2018 (Unaudited)	57,003,566	23,618,549	1,004,682	21,994,416	59,632,381	4,410,303	92.23%	100%	
Total as at June 30, 2018 (Audited)	49,947,765	45,704,930	1,018,657	39,667,786	57,003,566	5,069,921			
Cost at 31 December 2018						5,021,537			

*Sponsor of the Management Company

**Connected person due to holding more than 10% certificates

5.1.1 4 million shares of Bank Al-Falah Limited and 0.8 million shares of United Bank Limited having market value amounting to Rs. 162.360 million and Rs. 98.112 million, respectively, (2018: 4 million shares of Bank Al-Falah Limited and 0.8 million shares of United Bank Limited having market value amounting to Rs. 209.16 million and Rs. 135.18 million, respectively) have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the Pakistan Stock Exchange.

5.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 1.183 million at December 31, 2018 (June 30, 2018: Rs. 1.363) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

5.2 Listed equity securities - At fair value through other comprehensive income

Name of the Investee Company	Number of shares					Balance as at 31 december 2018	Percentage in Relation to		
	As at July 1, 2018	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2018	Market Value (Rupees in '000)	Net Assets of the fund	Total Investments	Investee Paid up Capital
CLASS A									
Oil and Gas Marketing Companies									
Pakistan State Oil Company Limited	19,003,406	-	3,800,681	-	22,804,087	5,140,725	84.40%	87.06%	6.99%
Sui Northern Gas Pipeline Limited	9,911,246	-	-	-	9,911,246	763,860	12.54%	12.94%	1.56%
	28,914,652	-	3,800,681	-	32,715,333	5,904,585	96.95%	100%	
Total December 31, 2018 (Unaudited)	28,914,652	-	3,800,681	-	32,715,333	5,904,585	96.95%	100%	
Total June 30, 2018 (Audited)	25,747,418	-	3,167,234	-	28,914,652	7,042,279			
Cost at 31 December 2018						1,420,375			

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

5.2.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 42.839 million at June 30, 2018 (June 30, 2018: Rs. 50.408) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end

	(Unaudited)			(Audited)
	December 31,			June 30,
	2018			2018
	Class A	Class B	Total	Total
	----- (Rupees in '000) -----			

6. PAYABLE TO MANAGEMENT COMPANY

Management fee	10,838	8,528	19,366	21,126
Sindh sales tax	1,409	1,109	2,518	2,746
Sale load payable		-		
Allocation of expenses relating to registrar services, accounting, operation and valuation services	542	426	968	1,056
Selling and marketing expenses	6,828	5,220	12,048	-
	19,617	15,283	34,900	24,928

	(Unaudited)			(Audited)
	December 31,			June 30,
	2018			2018
	Class A	Class B	Total	Total
	----- (Rupees in '000) -----			

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Sindh Workers' Welfare Fund	-	40,775	40,775	40,775
Provision for Federal Excise Duty and additional Sales tax on Management Fee	-	125,303	125,303	125,303
Brokerage	-	1,336	1,336	517
Auditors' remuneration	176	353	529	783
National Clearing Company Pakistan Limited Charges		47	47	60
Withholding tax	17	69	86	530
Others	36	859	895	2,548
	229	168,741	168,971	170,516

7.1 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

In the wake of the aforesaid developments, being prudent, the Fund has recognised provision for SWWF amounting to Rs. 40.775 million (June 30, 2018 Rs. 40.775 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at December 31, 2018 would have been higher by Re. 0.1450 (June 30, 2018 Re. 0.1438) per unit.

7.2 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

The Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company, aggregating to Rs. 125.303 million (June 30, 2018: Rs. 125.303 million). Had the provision not been made, the Net Asset Value per unit of Class-B as at December 31, 2018 would have been higher by Re. 0.44 (June 30, 2018: Re. 0.442) per unit.

8. Contingencies And Commitments

There were no contingencies or commitments outstanding as at December 31, 2018 and as at June 30, 2018.

9. Taxation

The Fund's income is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The fund is also exempt from the provision of Section 113 (minimum tax) under the Clause 11A of part IV of the second schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

10. TOTAL EXPENSES RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the SECP, the total expense ratio for the half year Ended December 31, 2018 is 1.50% and 1.63% which includes 0.18% and 0.20% representing government levy, and SECP fee of the Class A and Class B respectively.

11. TRANSACTION AND BALANCES WITH CONNECTED PERSONS

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

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

Details of the transactions with connected persons and balances with them are as follows:

	Half Year Ended December 31,			2017 Total
	Class A	Class B	Total	
	----- (Rupees in '000) -----			
11.1 Transactions during the period				
HBL Asset Management Limited - Management Company				
Remuneration of the Management Company	70,494	53,748	124,242	131,842
Sales tax on remuneration of the management company	9,164	6,987	16,151	17,139
Allocation of expenses related to registrar services, accounting, operation and valuation services	3,525	2,687	6,212	6,592
Selling and marketing expense	13,943	10,495	24,438	-
Habib Bank Limited - Sponsor				
Dividend income	-	1,646	1,646	3,125
Mark-up on deposits with banks	-	29	29	870
Bank charges	-	-	-	1

	Half Year Ended			
	December 31,			2017 Total
	2018			
Class A	Class B	Total	Total	
----- (Rupees in '000) -----				
MCB Bank Limited- Connected person				
- due to holding more than 10% Units				
Mark-up on deposits with banks	2,438	6,142	8,580	7,396
Bank charges	5	10	15	14
Dividend income	-	5,645	5,645	10,338
Central Depository Company of Pakistan Limited-Trustee				
Trustee Fee	4,348	3,338	7,686	4,501
Annual Listing Fee	174	304	477	
CDS Charges	-	335	335	482
	December 31,			June 30,
	2018			2018
	(Un-Audited)			(Audited)
	Class A	Class B	Total	Total
----- (Rupees in '000) -----				
11.2 Balances at period end				
HBL Asset Management Company Limited - Management Company				
Payable to Management Company	10,838	8,528	19,366	21,126
Sindh sales tax on remuneration of Management Company	1,409	1,109	2,518	2,746
Allocation of expenses relating to registrar services, accounting, operation and valuation services	542	426	968	1,056
Selling and marketing expense payable	6,828	5,220	12,048	-
Habib Bank Limited - Sponsor				
Banks Balances- savings accounts	-	1,327	1,327	1,281
MCB Bank Limited- Connected person				
- due to holding more than 10% certificate				
Banks Balance - savings account	7,482	201,655	209,136	167,595
Mark-up Receivable	23	708	731	859
Units held: 43,482,858 Units (June 2018: 43,482,858 Units)	434,829	-	434,829	434,829
Units held: 43,482,858 Units (June 2018: Nil Units)	-	739,483	739,483	-
Pakistan Reinsurance Company Limited - Connected person				
- due to holding more than 10% certificate				
Units held: 30,406,721 Units (June 2018: 30,406,721 Units)	304,067		304,067	304,067
Units held: 30,406,721 Units (June 2018: Nil Units)	-	517,106	517,106	-
Pension Reserves Investment Trust Fund - Connected person				
- due to holding more than 10% certificate				
Units held: 36,096,714 Units (June 2018: 36,096,714 Units)	36,097		36,097	360,967
Units held: 36,096,714 Units (June 2018: Nil Units)	-	613,872	613,872	-

	December 31, 2018			June 30, 2018
	(Un-Audited)			(Audited)
	Class A	Class B	Total	Total
----- (Rupees in '000) -----				
Central Depository Company of Pakistan Limited - Trustee				
Trustee remuneration payable	708	640	1,348	726
Security deposit with trustee	100	175	275	275
CDS charges payable	-	62	62	60
Jubilee General Insurance Company Limited - associate				
Units held: 142,500 Units (June 2018: 200,000 Units)	1,425		1,425	1,425
Units held: 142,500 Units (June 2018: Nil Units)	-	2,423	2,423	-
Directors and Executives of the Management Company				
Units held: 18,000 Units (June 2017: 18,000 Units)	180		180	180
Units held: 18,000 Units (June 2017: Nil Units)	-	306	306	-

12. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

- Fair value measurements using quoted price (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

12.1

	Class A								
	December 31, 2018 (Un-audited)								
	Carrying amount				Fair Value				
	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investment in listed equity securities	-	5,904,585	-	-	5,904,585	5,904,585	-	-	5,904,585
	-	5,904,585	-	-	5,904,585	5,904,585	-	-	5,904,585
Financial assets not measured at fair value									
Bank balances	-	-	-	204,004	204,004				
Dividend and profit receivable	-	-	-	4,227	4,227				
Security Deposit	-	-	-	100	100				
	-	-	-	208,331	208,331				
Financial liabilities not measured at fair value									
Payable to Management Company	-	-	-	18,208	18,208				
Payable to trustee	-	-	-	627	627				
Payable to Securities and Exchange Commission of Pakistan	-	-	-	3,349	3,349				
Accrued expenses and other liabilities	-	-	-	212	212				
Payable against purchase of investment	-	-	-	-	-				
Unclaimed dividend	-	-	-	-	-				
	-	-	-	22,396	22,396				

12.2

	Class B								
	December 31, 2018 (Unaudited)								
	Carrying amount				Fair Value				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investment in listed equity securities	4,410,303	-	-	-	4,410,303	4,410,303	-	-	4,410,303
	-	-	-	-	4,410,303	4,410,303	-	-	4,410,303
Financial assets not measured at fair value									
Bank balances	-	-	-	797,369	797,369				
Dividend and profit receivable	-	-	-	15,177	15,177				
Security Deposit	-	-	-	2,675	2,675				
	-	-	-	815,221	815,221				
Financial liabilities not measured at fair value									
Payable to Management Company	-	-	-	14,174	14,174				
Payable to trustee	-	-	-	566	566				
Payable to Securities and Exchange Commission Of Pakistan	-	-	-	2,521	2,521				
Accrued expenses and other liabilities	-	-	-	2,594	2,594				
Payable against purchase of investment	-	-	-	121,178	121,178				
Unclaimed dividend	-	-	-	135,983	135,983				
	-	-	-	277,016	277,016				
Financial assets measured at fair value									
Investment in listed equity securities	7,042,279	5,069,921	-	-	12,112,200	12,112,200	-	-	12,112,200
	7,042,279	5,069,921	-	-	12,112,200	12,112,200	-	-	12,112,200
Financial assets not measured at fair value									
Bank balances	-	-	-	729,178	729,178				
Dividend and profit receivable	-	-	-	205,437	205,437				
Security Deposit	-	-	-	2,775	2,775				
	-	-	-	937,390	937,390				
Financial liabilities not measured at fair value									
Payable to Management Company	-	-	-	22,182	22,182				
Payable to trustee	-	-	-	696	696				
Payable to Securities and Exchange Commission Of Pakistan	-	-	-	12,397	12,397				
Accrued expenses and other liabilities	-	-	-	3,908	3,908				
Payable against purchase of investment	-	-	-	28,631	28,631				
Unclaimed dividend	-	-	-	136,773	136,773				
	-	-	-	204,587	204,587				

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.

13. Date Of Authorisation For Issue

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 8, 2019.

14. General

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

14.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.No significant rearrangement or reclassification was made in these financial statements during the current year.

14.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of this condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Investment Fund

FUND INFORMATION

Name of Fund	HBL Investment Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited JS Bank Limited Habib Bank Limited

TRUSTEE REPORT TO THE UNIT HOLDERS

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL INVESTMENT FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Investment Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 21, 2019



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

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

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Auditors' report to the Unit Holders on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Investment Fund** (the Fund) as at December 31, 2018, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2018 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

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 condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Chartered Accountants

Engagement Partner

Hena Sadiq

Place: Karachi

Date: February 11, 2019

Member of
Deloitte Touche Tohmatsu Limited

HBL Investment 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)
		Class A	Class B	Total	Total
Assets					
Bank balances	4	77,099	425,067	502,166	371,142
Investments	5	2,114,195	2,314,881	4,429,076	5,179,170
Dividend receivable and accrued mark-up		1,564	3,565	5,129	79,037
Advances, deposits and prepayments		430	3,516	3,946	3,317
Total assets		2,193,288	2,747,029	4,940,317	5,632,666
Liabilities					
Payable to the Management Company	6	7,054	7,983	15,037	10,689
Payable to the Trustee		316	348	664	421
Payable to the Securities and Exchange Commission of Pakistan		1,201	1,331	2,532	5,304
Payable against purchase of investment		-	74,560	74,560	13,183
Accrued expenses and other liabilities	7	593	79,377	79,970	81,509
Unclaimed dividend		-	86,122	86,122	86,271
Total liabilities		9,164	249,721	258,885	197,377
Net assets		2,184,124	2,497,308	4,681,432	5,435,289
Unit holders' fund (as per statement attached)		2,184,124	2,497,308	4,681,432	5,435,289
Contingencies and commitments	8	----- Number of units -----			
Number of units in issue		284,125,000	280,888,865		284,125,000
		----- (Rupees) -----			
Net assets value per unit		7.6872	8.8907		19.13

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Investment Fund
Condensed Interim Income Statement (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

Note	Half year ended December 31,			2017 Total	Quarter ended December, 31			2017 Total
	2018				2018			
	Class A	Class B	Total		Class A	Class B	Total	
------(Rupees in '000)-----								
Income								
Capital loss on sale of investments - net	-	(41,935)	(41,935)	(193,225)	-	(42,638)	(42,638)	(108,598)
Dividend income	35,533	60,815	96,348	181,830	35,533	30,516	66,049	154,486
Mark-up on deposits with banks	2,172	17,632	19,804	18,568	1,376	9,779	11,155	9,136
Back end load income	-	3,344	3,344	-	-	1,109	1,109	-
	37,705	39,856	77,561	7,173	36,909	(1,234)	35,675	55,024
Unrealised diminution on re-measurement of investments classified as financial asset at fair value through profit or loss - net	-	(316,730)	(316,730)	(406,086)	-	(268,438)	(268,438)	(33,366)
	37,705	(276,874)	(239,169)	(398,913)	36,909	(269,672)	(232,763)	21,658
Expenses								
Remuneration of Management Company	28,577	31,673	60,250	63,743	13,862	15,407	29,269	29826
Remuneration of Trustee	1,750	1,928	3,678	2,370	793	874	1,667	1134
Annual fee to the Securities and Exchange Commission of Pakistan	1,201	1,331	2,532	2,679	583	647	1,230	1254
Selling & marketing expense	5,002	5,486	10,488	-	2,398	2,665	5,063	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,264	1,401	2,665	2,820	613	681	1,294	1319
Securities transaction costs	-	2,820	2,820	2,234	-	1,639	1,639	828
Auditors' remuneration	146	159	305	310	73	80	153	138
Printing charges	28	30	58	-	-	-	-	-
Fee and subscription charges	336	304	640	1,169	174	152	326	814
Settlement & bank charges	638	476	1,114	316	636	471	1,107	108
Conversion expense from closed end to open end fund	-	283	283	-	-	-	-	-
	38,942	45,891	84,833	75,641	19,132	22,616	41,748	35,421
Net loss from operating activities	(1,237)	(322,765)	(324,002)	(474,554)	17,777	(292,288)	(274,511)	(13,763)
Provision for Sindh Workers' Welfare Fund	7.1	-	-	-	-	-	-	-
Net loss for the period before taxation	(1,237)	(322,765)	(324,002)	(474,554)	17,777	(292,288)	(274,511)	(13,763)
Taxation	9	-	-	-	-	-	-	-
Net loss for the period after taxation	(1,237)	(322,765)	(324,002)	(474,554)	17,777	(292,288)	(274,511)	(13,763)
Allocation of net (loss) / income for the period:								
Income already paid on redemption of units	-	-	-	-	-	-	-	-
Accounting income available for distribution:								
- Relating to capital gains	-	-	-	-	-	-	-	-
- Excluding capital gains	-	-	-	-	-	-	-	-
	(1,237)	(322,765)	(324,002)	(474,554)	17,777	(292,288)	(274,511)	(13,763)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Investment Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Half Year & Quarter Ended December 31, 2018

	Half year ended			Quarter ended				
	December 31,			December 31,				
	2018		2017	2018		2017		
Class A	Class B	Total	Total	Class A	Class B	Total	Total	
------(Rupees in '000)-----								
Net loss for the period after taxation	(1,237)	(322,765)	(324,002)	(474,554)	17,777	(292,288)	(274,511)	(13,763)
Item that may be reclassified subsequently to Income Statement								
Unrealised diminution re-measurement of investments classified as available-for-sale	-	-	-	(346,060)	-	-	-	(630,814)
Items that will not be reclassified to income statement								
Unrealized diminution on re-measurement of investments classified as fair value through other comprehensive income	(397,250)	-	(397,250)	-	(373,398)	-	(373,398)	-
Total comprehensive loss for the period	(398,487)	(322,765)	(721,252)	(820,614)	(355,621)	(292,288)	(647,909)	(644,577)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Investment Fund
Condensed Interim Statement of Cash Flow (Un- Audited)
For the Half Year Ended December 31, 2018

	Half Year ended December 31			2017
	2018			Total
	Class A	Class B	Total	Total
Note	------(Rupees in '000)-----			
Cash flow from operating activities				
Net loss for the period before taxation	(1,237)	(322,765)	(324,002)	(474,554)
Adjustments of non-cash items				
Capital loss on sale of investment	-	41,935		193,225
Unrealised diminution on remeasurement of investments classified as financial asset at fair value through profit or loss - net	-	316,730	316,730	406,086
Dividend income	(35,533)	(60,815)	(96,348)	(181,830)
Mark-up on deposits with banks	(2,172)	(17,632)	(19,804)	(18,568)
	(38,942)	(42,547)	(123,424)	(75,641)
(Increase) / Decrease in assets				
Investments	-	(5,821)	(5,821)	466,792
Receivable against sale of investments	-	-	-	-
Advances, deposits and prepayments	(330)	(299)	(629)	649
	(330)	(6,120)	(6,450)	467,441
Increase / (decrease) in liabilities				
Payable to Management Company	7,054	(2,706)	4,348	(2,365)
Payable to Central Depository Company of Pakistan Limited - Trustee	316	(73)	243	(551)
Payable to the Securities and Exchange Commission of Pakistan	1,201	(3,973)	(2,772)	(3,218)
Payable against purchase of investment	-	61,377	61,377	-
Unclaimed dividend	-	(149)	(149)	65,559
Accrued expenses and other liabilities	593	(2,132)	(1,539)	(2,140)
	9,164	52,344	61,508	57,285
Cash (used in) / generated from operations	(30,108)	3,677	(68,366)	449,085
Dividend received	105,711	66,436	172,147	215,714
Mark-up received on bank deposit	1,496	16,417	17,913	16,995
	107,207	82,853	190,060	232,709
Net cash generated from operating activities	77,099	86,530	121,694	681,794
Cash flow from financing activities				
Amount received on issue of units	-	52,510	52,510	-
Amount paid on redemption of units	-	(85,115)	(85,115)	-
Dividend paid	-	-	-	(383,568)
Net cash used in financing activities	-	(32,605)	(32,605)	(383,568)
Net increase in cash and cash equivalents	77,099	371,742	371,742	298,226
Cash and cash equivalents at beginning of the period	-	-	-	350,631
Cash and cash equivalents at end of the period	77,099	425,067	502,166	648,857

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Investment Fund

Condensed Interim Statement of Movement in Unitholders' Fund (Un-Audited)

For the Half Year Ended December 31, 2018

	Half year ended														
	2018						December 31,			2017					
	Class A						Class B			Total					
Capital value	Accumulated loss	Unrealised income / (loss) on investment	Premium on issue of certificates	General reserve	Total	Capital value	Accumulated loss	Total	Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Premium on issue of certificates	General reserve	Total	
----- (Rupees in '000) -----															
Net assets at beginning of the period	2,841,250	(384,828)	1,993,954	984,688	225	5,435,289	-	-	-	2,841,250	357,436	2,146,970	984,688	225	6,330,569
Transfer from premium on issue of certificates	-	984,688	-	(984,688)	-	-	-	-	-	-	-	-	-	-	-
Transfer from general reserve	-	225	-	-	(225)	-	-	-	-	-	-	-	-	-	-
	-	984,913	-	(984,688)	(225)	-	-	-	-	-	-	-	-	-	-
Issue of 284,125,000 Class B units at the time of conversion	-	(2,852,678)	-	-	-	(2,852,678)	2,841,250	11,428	2,852,678	-	-	-	-	-	-
Issue of 2,585,247 units	-	-	-	-	-	-	53,367	-	53,367	-	-	-	-	-	-
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	-	-	-	(857)	-	(857)	-	-	-	-	-	-
- Element of loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	-	52,510	-	52,510	-	-	-	-	-	-
Redemption of 4,651,082 units	-	-	-	-	-	-	(85,858)	-	(85,858)	-	-	-	-	-	-
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	-	-	-	743	-	743	-	-	-	-	-	-
- Element of (loss) / income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total payment on redemption of units	-	-	-	-	-	-	(85,115)	-	(85,115)	-	-	-	-	-	-
Total comprehensive loss for the period	-	(1,237)	(397,250)	-	-	(398,487)	-	(322,765)	(322,765)	-	(474,554)	(346,060)	-	-	(820,614)
Distribution during the period	-	-	-	-	-	-	-	-	-	-	(383,568)	-	-	-	(383,568)
Net income for the period less distribution	-	(1,237)	(397,250)	-	-	(398,487)	-	(322,765)	(322,765)	-	(858,122)	(346,060)	-	-	(1,204,182)
Net assets at end of the period	2,841,250	(2,253,830)	1,596,704	-	-	2,184,124	2,808,645	(311,337)	2,497,308	2,841,250	(500,686)	1,800,910	984,688	225	5,126,387
Undistributed income / (loss) brought forward															
- Realised		(229,448)									(80,439)				
- Unrealised		(155,380)									437,875				
		(384,828)									357,436				
Transfer from premium on issue of certificates		984,688													
Transfer from general reserve		225													
Transferred to Class B - Segment on conversion of Fund		(2,852,678)						11,428							
Net loss for the period		(1,237)						(322,765)			(474,554)				
Distribution during the period		-						-			(383,568)				
Accumulated loss carried forward		(2,253,830)						(311,337)			(500,686)				
Accumulated loss carried forward															
- Realised		(2,253,830)						5,393			(94,600)				
- Unrealised		-						(316,730)			(406,086)				
		(2,253,830)						(311,337)			(500,686)				
----- (Rupees) -----															
Net assets value per unit at beginning of the period	9.0897						10.0402			22.28					
Net assets value per unit at end of the period	7.6872						8.8907			18.04					

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

NOTE: Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Investment Fund

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

For the Half Year Ended December 31, 2018

1. STATUS AND NATURE OF BUSINESS

- 1.1** HBL Investment Fund was established under a Trust Deed, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The objective of the Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.
- 1.4** As per Regulation 65 of the NBFC Regulations, all closed end funds were required to be converted into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. However Closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has Frozen Portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, its conversion into an open end scheme was deferred.

The Board of the Management Company (HBL Asset Management Limited) of the Fund in its meeting held on November 23, 2017 approved the Conversion Plan (the Plan) of the fund for the conversion of the Fund into an Open End Scheme, with the approval of the Certificate Holders of the Fund to fulfill the requirements of the merger order dated August 31, 2016. For this purpose, the Plan was presented to and approved by the Certificate Holders of the Fund in its General Meeting dated January 10, 2018. The Plan was also approved by Securities and Exchange Commission of Pakistan (the Commission) on February 16, 2018.

The Replacement Trust Deed and Replacement Offering Document were approved by SECP vide its letter no. SCD/AMCW/HIF/339/2018 dated April 18, 2018 and letter no. SCD/AMCW/HIF/398/2018 dated June 7, 2018 respectively. As per the approved Plan, the conversion took place on July 2, 2018 and every Certificate Holder of the closed end fund was entitled to following for each certificate held:

- One Class-A Unit of the Fund was issued to every Certificate Holders of Fund for each certificate held representing Frozen Portfolio and related assets and liabilities.
- One Class-B Unit of the Fund was issued to the every Certificate Holder of Fund for each certificate held representing Unfrozen Portfolio and related assets and liabilities.

The Plan also envisages that Class-A Units would not be redeemable and would be traded on the Pakistan Stock Exchange Limited. Whereas Class-B Units can be redeemed at the redemption price.

- 1.5** JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2+' (Positive outlook) to the Management Company.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

2. BASIS OF PREPERATION

2.1 Statement of compliance

- 2.1.1** This condensed interim financial information has been prepared in accordance with the accounting and reporting standards applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

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- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
 - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirement of the Trust Deed.

Wherever provisions of and directive issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules , the NBFC Regulations and requirement of the Trust Deed have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

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

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

3.1 The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in this condensed interim financial information.

3.5 On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the half year ended December 31, 2018.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Class A's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Class A's financial assets as regards their classification and measurement

Class A's investment in equity instruments (neither held-for-trading nor contingent consideration arising from business combination) that were previously classified as available-for-sale financial asset and were measured at fair value at each reporting date under IAS 39, have been classified as at FVTOCI. These assets represent the 'frozen portfolio' resulting from the consent agreement with the Government of Pakistan and hence cannot be traded. However, the change in the fair value of these equity instruments will continue to accumulate in the investment revaluation reserve until they are derecognised. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income will be subsequently transferred to retained earnings / undistributed income.

The Management has reviewed and assessed the Class B's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that on initial application of IFRS 9, there is no change in the measurement of the Fund's investments in Class B's equity instruments that are held-for-trading; those instruments were and continue to be measured at FVTPL.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

(b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

Carrying amount as per IAS 39 as on June 30, 2018	Reclassifications	Remeasurements	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
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----- (Rupees in '000) -----

Financial assets

Fair Value through Other Comprehensive Income

From available for sale (IAS 39)	2,511,445	2,511,445	-	2,511,445	-
Total	2,511,445	2,511,445	-	2,511,445	-

December 31, 2018
(Un-Audited)

June 30, 2018
(Audited)

Note	Class A	Class B	Total	Total
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(Rupees in '000)

4. BANK BALANCES

Balances with banks in:

Savings accounts

4.1	77,099	425,067	502,166	371,142
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4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 5.35% to 11.0% p.a (June 30, 2018: 5.35% - 6.70% p.a).

December 31, 2018
(Un-Audited)

June 30, 2018
(Audited)

Note	Class A	Class B	Total	Total
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----- (Rupees in '000) -----

5. INVESTMENTS

At fair value through profit or loss

- Listed equity securities	5.1	-	2,314,881	2,314,881	2,667,725
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At fair value through other comprehensive income

- Listed equity securities	5.2	2,114,195	-	2,114,195	2,511,445
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	2,114,195	2,314,881	4,429,076	5,179,170
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5.1 Listed equity securities - At fair value through profit or loss

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

Name of investee company	Number of Shares					Market value as at December 31, 2018 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2018	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2018		Total Investments	Net Assets	
CLASS B									
Automobile Assembler									
Honda Atlas Cars (Pakistan) Limited	58,750	-	-	58,750	-	-	-	-	-
Indus Motor Company Limited	26,680	-	-	26,680	-	-	-	-	-
Millat Tractors Limited	45,000	-	-	45,000	-	-	-	-	-
	130,430	-	-	130,430	-	-			
Automobile Parts and Accessories									
Thal Limited (Par value Rs. 5 per share)	136,100	50,200	-	7,500	178,800	76,466	3.3%	3.06%	0.22%
	136,100	50,200	-	7,500	178,800	76,466			
Cable and Electrical Goods									
Pak Elektron Limited	561,500	38,500	-	600,000	-	-	-	-	-
	561,500	38,500	-	600,000	-	-			
Chemicals									
Engro Polymer & Chemicals Limited	875,000	737,462	-	241,000	1,371,462	50,936	2.20%	2.04%	0.11%
Engro Polymer & Chemicals Limited-LOR	314,462	-	-	314,462	-	-	-	-	-
	1,189,462	737,462	-	555,462	1,371,462	50,936			
Cement									
Cherat Cement Company Limited	-	303,100	-	303,000	100	7	-	-	-
D.G Khan Cement Company Limited	-	240,000	-	240,000	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	941,000	-	665,500	275,500	11,199	0.48%	0.45%	0.05%
Lucky Cement Limited	166,000	70,500	-	7,000	229,500	99,757	4.31%	3.99%	0.07%
Pioneer Cement Limited	250,000	-	-	250,000	-	-	-	-	-
Kohat Cement Limited	-	100,200	25,560	125,300	460	39	-	-	-
	416,000	1,654,800	25,560	1,590,800	505,560	111,002			
Commercial Banks									
Bank Of Punjab	4,338,500	1,375,000	-	1,571,000	4,142,500	49,586	2.14%	1.99%	0.78%
National Bank Of Pakistan	-	418,500	-	-	418,500	17,590	0.76%	0.70%	0.02%
Bank Al-Falah Limited	2,620,500	796,000	212,650	594,000	3,035,150	123,197	5.32%	4.93%	0.19%
Faysal Bank Limited	1,219,275	17,500	-	175,000	1,061,775	25,557	1.10%	1.02%	0.11%
MCB Bank Limited	732,000	-	-	266,000	466,000	90,204	3.90%	3.61%	0.04%
United Bank Limited	826,200	503,000	-	15,000	1,314,200	161,173	6.96%	6.45%	0.11%
Allied Bank Limited	-	229,500	-	82,000	147,500	15,852	0.68%	0.63%	0.01%
Bank-Al Habib Limited	900,500	1,355,500	-	-	2,256,000	155,190	6.70%	6.21%	0.20%
Meezan Bank Limited	200,000	125,000	32,500	357,500	-	-	-	-	-
Habib Bank Limited**	828,000	139,100	-	59,000	908,100	109,381	4.73%	4.38%	0.06%
	11,664,975	4,959,100	245,150	3,119,500	13,749,725	747,730			
Engineering									
Aisha Steel Mills Limited	1,103,600	-	-	1,103,600	-	-	-	-	-
Aisha Steel Mills Limited - Preference Shares	130,000	-	-	-	130,000	1,518	0.07%	0.06%	0.29%
Aisha Steel Mills Limited - Conv Cum Pref Shares	1,065,000	-	-	-	1,065,000	45,795	1.98%	1.83%	36.58%
Amreli Steel Limited	388,000	-	-	388,000	-	-	-	-	-
International Steels Limited	357,600	87,000	-	228,100	216,500	14,239	0.62%	0.57%	0.05%
International Industries Limited	129,100	120,000	-	168,900	80,200	12,355	0.53%	0.49%	0.07%
Mughal Iron & Steel Industries Limited	310,500	175,000	-	485,500	-	-	-	-	-
	3,483,800	382,000	-	2,374,100	1,491,700	73,907			
Fertilizer									
Engro Corporation Limited	494,100	235,500	-	100,500	629,100	183,118	7.91%	7.33%	0.12%
Engro Fertilizers Limited	1,590,500	-	-	728,000	862,500	59,556	2.57%	2.38%	0.06%
Fauji Fertilizers Bin Qasim Limited	-	225,000	-	-	225,000	8,386	0.36%	0.34%	0.02%
Fauji Fertilizers Company Limited	636,000	274,000	-	352,000	558,000	51,810	2.24%	2.07%	0.04%
	2,720,600	734,500	-	1,180,500	2,274,600	302,870			

Name of investee company	Number of Shares					Market value as at December 31, 2018 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2018	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2018		Total Investments	Net Assets	
Insurance									
TPL Direct Insurance Limited	610	-	79	-	689	15	-	-	-
Adamjee Insurance Company Limited	-	625,500	-	-	625,500	26,284	1.14%	1.05%	0.18%
	610	625,500	79	-	626,189	26,299			
Oil and Gas Exploration Companies									
Oil and Gas Development Company	892,400	251,000	-	110,000	1,033,400	132,275	5.71%	5.30%	0.02%
Pakistan Oilfields Limited	214,300	15,000	36,860	93,100	173,060	73,519	3.18%	2.94%	0.07%
Pakistan Petroleum Limited	808,700	143,500	121,305	30,900	1,042,605	156,036	6.74%	6.25%	0.05%
Mari Petroleum Company Limited	94,880	8,800	9,088	9,780	102,988	127,279	5.50%	5.10%	0.09%
	2,010,280	418,300	167,253	243,780	2,352,053	489,109			
Oil & Gas Marketing Companies									
Sui Northern Gas Pipeline Limited	572,500	-	-	227,500	345,000	26,589	1.15%	1.06%	0.05%
Pakistan State Oil Company Limited	317,800	127,000	64,560	59,000	450,360	101,525	4.39%	4.07%	0.14%
Hascol Petroleum Limited	71,500	-	17,875	25,100	64,275	9,538	0.41%	0.38%	0.05%
	961,800	127,000	82,435	311,600	859,635	137,652			
Pharmaceuticals									
AGP Limited	-	328,500	-	-	328,500	28,721	1.24%	1.15%	0.01%
The Searle Company Limited	85,140	-	456	82,100	3,496	859	0.04%	0.03%	-
	85,140	328,500	456	82,100	331,996	29,580			
Power Generation and Distribution									
The Hub Power Company Limited	1,654,200	298,500	-	289,000	1,663,700	142,729	6.17%	5.72%	0.14%
K-Electric Limited (Par value Rs. 3.50 per share)	4,527,000	350,000	-	500,000	4,377,000	25,999	1.12%	1.04%	0.02%
Pakgen Power Limited	-	622,000	-	-	622,000	10,599	0.46%	0.42%	0.17%
	6,181,200	1,270,500	-	789,000	6,662,700	179,327			
Textile									
Nishat (Chunian) Limited	-	220,500	-	220,500	-	-	-	-	-
Nishat Mills Limited	567,100	164,700	-	140,800	591,000	74,779	3.23%	2.99%	0.17%
Mohib Textile Mills Limited*	40,820	-	-	-	40,820	-	-	-	-
Sunshine Cloth Limited*	50,000	-	-	-	50,000	-	-	-	-
Kohinoor Textile Mills Limited	-	336,500	-	-	336,500	15,169	0.66%	0.61%	0.32%
	657,920	721,700	-	361,300	1,018,320	89,948			
Glass & Ceramics									
Shabbir Textile & Ceramics Limited	75,000	107,500	-	182,500	-	-	-	-	-
	75,000	107,500	-	182,500	-	-			
Technology & Communication									
Systems Limited	308,500	-	-	308,000	500	55	-	-	-
	308,500	-	-	308,000	500	55			
Total - As at December 31, 2018 (Un-audited)	30,583,317	12,155,562	520,933	11,836,572	31,423,240	2,314,881			
Total - As at June 30, 2018 (Audited)	26,773,108	23,511,920	525,247	20,226,958	30,583,317	2,667,725			
Cost at 31 December 2018						2,631,610			

*Suspended/Delisted Companies

**Sponsors of Management Company

5.1.1 Investments include shares having market value aggregating to Rs: 142.50m (June 30, 2018 : Rs189.070m) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Funds's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP.

5.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 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 Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.583 million at December 31, 2018 (June 30, 2018: Rs.0.670m) and not yet deposited in CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

5.2 Financial Assets 'at fair value through other comprehensive Income (FVTOCI)

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

Name of investee company	Number of Shares					Market value as at Dec 31, 2018 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2018	Purchases during the period	Bonus issue	Sales during the period	As at Dec 31, 2018		Total Investments	Net Assets	
Class A									
Oil and Gas Marketing Companies									
Sui Northern Gas Pipeline Limited	2,488,024	-	-	-	2,488,024	191,752	9.07%	8.78%	0.39%
Pakistan State Oil Company Limited	7,106,578	-	1,421,315	-	8,527,893	1,922,443	90.93%	88.02%	2.62%
Total - As at December 31, 2018 (Unaudited)	9,594,602	-	1,421,315	-	11,015,917	2,114,195			
Total - As at June 30, 2018 (Audited)	8,410,173	-	1,184,429	-	9,594,602	2,511,445			
Cost at 31 December 2018						517,492			

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

5.2.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 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 Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 16 million at December 31, 2018 (June 30, 2018: Rs. 18.851m) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

	December 31, 2018			June 30, 2018
	(Un-Audited)			(Audited)
	Class A	Class B	Total	Total
(Rupees in '000)				
6. PAYABLE TO MANAGEMENT COMPANY				
Management fee	3,898	4,454	8,352	9,058
Sindh Sales Tax	507	579	1,086	1,178
Allocation of expenses relating to registrar services, accounting, operation and valuation services	195	223	418	453
Selling & marketing payable	2,454	2,727	5,181	-
	7,054	7,983	15,037	10,689

	Note	December 31, 2018			June 30, 2018
		(Un-Audited)			(Audited)
		Class A	Class B	Total	Total
(Rupees in '000)					
7. ACCRUED EXPENSES AND OTHER LIABILITIES					
Provision for Sindh Workers' Welfare Fund	7.1	-	21,075	21,075	21,075
Provision for Federal Excise Duty	7.2	-	55,961	55,961	55,961
Printing charges		24	-	24	2,810
Auditors remuneration		146	340	486	783
Security transaction charges		-	775	775	273
Withholding tax payable		423	76	499	607
Other payable		-	1,150	1,150	-
		593	79,377	79,970	81,509

7.1 PROVISION FOR SINDH WORKERS' WELFARE FUND

"The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is the same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for half year ended December 31, 2018, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per certificate of the Fund as at December 31, 2018 would have been higher by Rs. 0.07 per unit (June 30, 2018: 0.07 per unit) of class B.

7.2 The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal which was filed by tax authorities against the order by the Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of the above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 55.961 million. Had the provision not been retained, NAV per certificate of the Fund as at December 31, 2018 would have been higher by Rs. 0.20 per certificate (June 30, 2018: 0.20 per certificate) of class B.

8. Contingencies & Commitments

There were no contingencies and commitment as at December 31, 2018.

9. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

10. TOTAL EXPENSES RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the period ended December 31, 2018 is 1.55% and 1.65% which includes 0.18% and 0.20% representing government levy and SECP fee of the Class A and Class B respectively.

11. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

Details of the transactions with connected persons and balances with them are as follows:

	Half Year Ended December 31,			2017 Total
	2018 Class A	2018 Class B	2018 Total	
----- Rupees in '000 -----				
Transactions during the period				
HBL Asset Management Limited				
Remuneration of Management Company	25,289	28,030	53,319	56,410
Sindh Sales Tax on remuneration of Management Company	3,288	3,644	6,932	7,333
Reimbursement of fund Operations, accounting and Related costs	1,264	1,401	2,665	2,820
Selling and marketing	5,002	5,486	10,488	-
Habib Bank Limited - Sponsor				
Dividend income	-	1,809	1,809	1,790
Mark-up on deposits with banks	-	15	15	270
MCB Bank Limited				
Connected Person Due to Holding more than 10% Certificate)				
Dividend Income	-	5,856	5,856	5,412
Mark-up on deposits with banks	39	3,751	3,791	4,243
Bank charges	-	-	-	6
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee	1,750	1,928	3,678	2,370
CDC connection charges	-	195	195	245

	December 31, 2018 (Un-Audited)			June 30, 2018 (Audited)
	Class A	Class B	Total	Total
	----- Rupees in '000 -----			
Balances outstanding at the year end				
HBL Asset Management Limited				
Payable to the Management Company	3,897	4,453	8,350	9,058
Sindh Sales tax payable on remuneration to management company	507	579	1,086	1,178
Finance and operational cost	195	223	418	453
Selling and marketing expense	2,454	2,727	5,181	-
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee payable	316	348	664	385
Security deposit held	100	200	300	300
CDC Charges Payable	-	37	37	36
MCB Bank Limited				
Connected Person Due to Holding more than 10% units)				
Bank balance	8,734	127,419	136,152	106,436
Mark-up on bank deposit receivable	39	539	579	490
Related to units of the Fund				
Habib Bank Limited				
Outstanding units :48,662,161 (2018: 48,662,161) units	486,621	-	486,621	486,622
Outstanding units :48,662,161	-	432,641	432,641	-
Jubilee General Insurance Company Limited				
Outstanding units:107,379 (2018: 100,379)units	1,004	-	1,004	1,004
Outstanding units:100,379	-	892	892	-
Jubilee General Insurance Company Limited				
Staff Provident Fund Trust				
Outstanding units:118,454 (2018: 118,454) units	1,184	-	1,184	1,184
Outstanding units:118,454	-	1,053	1,053	-
Jubilee General Insurance Company Limited				
Gratuity Fund Trust				
Outstanding units:224,000 (2018: 224,000) units	2,240	-	2,240	2,240
Outstanding units:224,000	-	1,992	1,992	-

	December 31, 2018 (Un-Audited)			June 30, 2018 (Audited)
	Class A	Class B	Total	Total
	----- Rupees in '000 -----			
Aga Khan University Employees Provident Fund Trust				
Outstanding units:588,000 (2018: 588,000) units	5,880	-	5,880	5,880
Outstanding units:588,000	-	5,228	5,228	-
Aga Khan University Employees Gratuity Fund Trust				
Outstanding units:138,000 (2018: 138,000) units	1,380	-	1,380	1,380
Outstanding units:138,000	-	1,227	1,227	-
MCB Bank Limited				
Connected Person Due to Holding more than 10% units)				
Outstanding units:66,090,021 (2018: 66,090,021) units	660,900	-	660,900	660,900
Outstanding units:66,090,021	-	587,587	587,587	-
Directors and Executives of the Management Company				
Outstanding units:26,195 (2018: 26,195) units	262	-	262	262
Outstanding units:26,195	-	233	233	-

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

The Fund classifies 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:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

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

						Class A December 31, 2018 (Un-audited)			
						Carrying amount			
	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Other financial assets / liabilities	Total	Fair Value			
						Level 1	Level 2	Level 3	Total
						(Rupees in '000)			
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments - Listed equity securities	-	2,114,195	-	-	2,114,195	2,114,195	-	-	2,114,195
	-	2,114,195	-	-	2,114,195	2,114,195	-	-	2,114,195
Financial assets not measured at fair value									
Bank balances	-	-	-	77,099	77,099				
Dividend and Profit receivable	-	-	-	1,564	1,564				
Security Deposit				100	100				
	-	-	-	78,763	78,763				
Financial liabilities not measured at fair value									
Payable to Management Company				6,547	6,547				
Payable to Trustee				280	280				
Payable to Securities and Exchange Commission Of Pakistan				1,201	1,201				
Payable against purchase of investment				-	-				
Accrued expenses and other liabilities				170	170				
Unclaimed Dividend				-	-				
				8,198	8,198				
						Class B December 31, 2018 (Un-audited)			
						Carrying amount			
	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Other financial assets / liabilities	Total	Fair Value			
						Level 1	Level 2	Level 3	Total
						(Rupees in '000)			
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments - Listed equity securities	2,314,881	-	-	-	2,314,881	2,314,881	-	-	2,314,881
	2,314,881	-	-	-	2,314,881	2,314,881	-	-	2,314,881
Financial assets not measured at fair value									
Bank balances	-	-	-	425,067	425,067				
Dividend and Profit receivable	-	-	-	3,565	3,565				
Security Deposit	-	-	-	2,700	2,700				
	-	-	-	431,332	431,332				
Financial liabilities not measured at fair value									
Payable to Management Company				7,404	7,404				
Payable to Trustee				308	308				
Payable to Securities and Exchange Commission of Pakistan				1,331	1,331				
Payable against purchase of investment				74,560	74,560				
Accrued expenses and other liabilities				2,265	2,265				
Unclaimed Dividend				86,122	86,122				
				171,990	171,990				
						June 30, 2018(Audited)			
						Carrying amount			
	Held for trading	Available for sale	Loans and receivables	Other financial assets / liabilities	Total	Fair Value			
						Level 1	Level 2	Level 3	Total
						(Rupees in '000)			
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments - Listed equity securities	2,667,725	2,511,445	-	-	5,179,170	5,179,170	-	-	5,179,170
	2,667,725	2,511,445	-	-	5,179,170	5,179,170	-	-	5,179,170
Financial assets not measured at fair value									
Bank balances	-	-	-	371,142	371,142				
Dividend and Profit receivable	-	-	-	79,037	79,037				
Security Deposit				2,800	2,800				
	-	-	-	450,179	450,179				
Financial liabilities not measured at fair value									
Payable to Management Company				9,511	9,511				
Payable to Trustee				373	373				
Payable to Securities and Exchange Commission Of Pakistan				5,304	5,304				
Payable against purchase of investment				13,183	13,183				
Accrued expenses and other liabilities				3,866	3,866				
Unclaimed Dividend				86,271	86,271				
				118,508	118,508				

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.

13. DATE OF AUTHORISATION FOR ISSUE

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

14. GENERAL

14.1 Figures have been rounded off to the nearest thousand Rupees.

14.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure. No significant rearrangement or reclassification was made in these financial statements during the current year.

14.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of these condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2018 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer








Director



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HBL

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