

**HBL**

**ASSET MANAGEMENT LTD.**  
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AMC Rating : AM2+ by JCR-VIS

# QUARTERLY REPORT 2018

For the period ended September 30, 2018

MOVING TOWARDS  
**EXCELLENCE**

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## CORPORATE INFORMATION

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### 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. Rizwan Haider	(Non-Executive Director)
Members	Mr. Farid Ahmed Khan	(Executive Director / CEO)
	Mr. Shahid Ghaffar	(Independent Director)

### Company Secretary &

#### Chief Financial Officer

Mr. Noman Qurban

### AMC Rating

AM2+ (Stable Outlook)

### Legal Advisors

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

### Website

[www.hblasset.com](http://www.hblasset.com)

### Head Office & 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 THREE MONTH ENDED SEPTEMBER 30, 2018

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The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of for the three months ended September 30, 2018 of the following funds.

01. HBL Islamic Money Market Fund
02. HBL Islamic Income Fund
03. HBL Islamic Stock Fund
04. HBL Islamic Equity Fund
05. HBL Islamic Asset Allocation Fund
06. HBL Islamic Financial Planning Fund

## **Economic Review**

Pakistan's economic landscape has deteriorated considerably with twin deficits, increasing inflationary pressures, rising international commodity prices and depleting FX reserves. These dwindling factors led to monetary tightening and PKR depreciation during the quarter while fiscal issues enforced new government to pursue fiscal tightening (through lower public spending) to achieve its fiscal deficit target of 5.1% for FY19.

Reversal in macroeconomic indicators' trend would likely affect economic growth trajectory which is also reflected in 1.2% decline in LSM during 2MFY19 compared to 12.1% YoY during same period last year. PKR remained volatile during the quarter with 6% depreciation up to Jul-18 which was reversed after PTI won elections, limiting overall PKR depreciation for the quarter to 0.7%. Trade data released by PBS reflected some respite as export growth outpaced import growth during 1QFY19 dragging trade deficit by 1.6% to USD 8.9bn. Current account deficit (CAD) for 2MFY19 clocked in at USD 2.7bn (5.3% of GDP) compared to USD 2.5bn (4.6% of GDP) during same period last year. These changes in trade balance and CAD trend reflected lag impact on aggregate demand due to 16% PKR depreciation during FY18 and imposition of duties (regulatory, customs and antidumping). Due to sustained CAD, foreign exchange reserves dropped to USD 14.9bn while SBP reserves depleted to USD 8.4bn (less than 2 months of import cover).

Rising international oil prices and PKR depreciation has also contributed to overall inflationary pressures. CPI increased by 5.6% YoY during 1QFY19 compared to 3.4% YoY during same period last year. Higher CPI was mainly due to transport prices (+17%YoY) and housing segment (+6% YoY) during 1QFY19. Core inflation (non-food & non-energy) also depicted underlying inflationary pressure reaching 8% during Sep-18, taking 1QFY19 average to 7.8% compared to 5.5% during 1QFY18. In view of these factors and higher international oil prices (+1.3% QoQ and +46% YoY), central bank increased policy rate by 200bps in last two monetary policy announcements (July and Sep). During the quarter, newly elected Government also presented "mini-budget" and revised fiscal deficit target to 5.1% of GDP.

Going forward, we expect macroeconomic challenges would persist (particularly twin deficits and high inflation) while policy makers would pursue austerity measures for sustainable growth.

## **Stock Market Review**

Pakistan Equity Markets witnessed a decline in the outgoing quarter as increased macroeconomic risks dent overall investor sentiment. Political uncertainty reduced during the quarter after successful political transition post General Elections 2018. However, lack of policy direction from new government coupled with dwindling macros (mainly depleting FX reserves) aggravated concerns dragging market performance.

The benchmark KMI-30 Index fell 1,830 points to closer at 69,231 points (↓2.6%). The performance was driven by consumer discretionary sectors as market anticipated weakness in demand following monetary tightening by the SBP and fiscal consolidation by the new Government via the mini-budget. Consequently, Food and Personal Care and Automobile sector caused a combined attrition of 439 points. The Auto sector demand concerns also increased after continuation of ban on non-filers from purchasing cars and news flow of allowance of import of used tractors. Oil & Gas Marketing Companies were also laggards with uncertainty around gas pricing decision, with 15.6% and 11.1% decline in SSGC and SNGP respectively. Despite PKR depreciation and higher oil prices, performance of Oil & Gas Exploration sectors remained muted which was driven by 1.7% decline in OGDC's stock price mainly due to continued foreign selling.



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Foreigners continued to remain net sellers in the market, divesting equities worth USD189mn during the quarter ended Sep-18. These flows were absorbed by Insurance companies and Individuals with investment of USD102mn and USD97mn respectively.

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

### **Money Market Review**

SBP continued its policy of monetary tightening in 1QFY19 to control the rising current account deficit and in anticipation of increasing inflationary pressures.

As per latest data available, Islamic Banking industry assets posted 21.9% growth and stood at PKR 2,482 billion by Jun-18. Similarly, deposit of Islamic banks also witnessed a sharp growth of 18.2% YoY and reached PKR 2,033 billion by Jun-18. Despite the massive growth in assets and deposits, SBP did not issue any fixed or floating rate GOP Ijarah Sukuk in FY18 and in 1QFY19. During the quarter, prices of fixed rated Ijarah Sukuk witnessed decline due to lack of demand due to rising interest rate scenario. Three GoP Ijarah Sukuk instruments are fixed rated which cumulatively contribute PKR 268 billion (~70%) out of the total outstanding issue of PKR 384 billion. Corporate debt raising activity was enhanced during the period in order to benefit from surplus liquidity in the system which was well received by Islamic financial institutions due to attractive pricing compared to GoP Ijarah Sukuk. During the upcoming quarter (2QFY19), first issue of GOP Ijara of PKR117.7 billion is scheduled to mature which would be a concern for SLR requirement of Islamic Banks. However, market participants believe that government or SBP will execute "Bai-Muajjal" transaction with banks, effectively roll over maturity of the existing issue.

Going forward, we foresee another interest rate hike of 50-100bps in the calendar year on the back of increasing inflation expectation and expected entry into the IMF program.

### **FUND'S PERFORMANCE**

#### **HBL Islamic Money Market Fund**

The total income and net income of the Fund was Rs. 17.52 million and Rs. 14.05 million respectively during the period ended September 30, 2018. The Net Asset Value (NAV) of the Fund decreased from Rs. 104.9735 per unit as on June 30, 2018 to Rs. 102.2917 per unit as on September 30, 2018 (after incorporating dividend of Rs. 4.15 per unit); thereby giving an annualized return of 5.78%. During the year the benchmark return (3 Month bank deposit rates) was 2.61%. The size of Fund was Rs. 0.84 billion as on September 30, 2018 as compared to Rs. 0.96 billion at the start of the year.

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

#### **HBL Islamic Income Fund**

The total income and net income of the Fund was Rs. 83.32 million and Rs. 66.83 million respectively during the period ended September 30, 2018. The Net Asset Value (NAV) of the Fund decreased from Rs. 106.3013 per unit as on June 30, 2018 to Rs. 102.9238 per unit as on September 30, 2018 (after incorporating dividend of Rs. 5.00 per unit); thereby giving an annualized return of 6.33%. During the same year the benchmark return (6 Month bank deposit rates) was 2.68%. The size of Fund was Rs. 3.79 billion as on September 30, 2018 as compared to Rs. 4.04 billion at the start of the year.

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

#### **HBL Islamic Stock Fund**

The total and net loss of the Fund was Rs. 1.12 million and Rs. 23.58 million respectively during the period ended September 30, 2018.

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The Net Asset Value (NAV) of the Fund decreased from Rs. 111.8276 per unit as on June 30, 2018 to Rs. 110.9379 per unit as on September 30, 2018 giving a negative return of 0.78% during the period against the benchmark return (KMI 30 Index) of negative 2.57%. The size of Fund was Rs. 2.63 billion as on September 30, 2018 as compared to Rs. 2.54 billion at the start of the year.

#### **HBL Islamic Equity Fund**

The total income and net loss of the Fund was Rs. 1.58 million and Rs. 9.01 million respectively during the period ended September 30, 2018. The Net Asset Value (NAV) of the Fund decreased from Rs. 92.4834 per unit as on June 30, 2018 to Rs. 91.6596 per unit as on September 30, 2018 giving a negative return of 0.85% during the period against the benchmark return (KMI 30 Index) of negative 2.57%. The size of Fund was Rs. 0.94 billion as on September 30, 2018 as compared to Rs. 1.32 billion at the start of the year.

#### **HBL Islamic Asset Allocation Fund**

The total income and net income of the Fund was Rs. 28.88 million and Rs. 12.77 million respectively during the period ended September 30, 2018. The Net Asset Value (NAV) of the Fund increased from Rs. 104.7748 per unit as on June 30, 2018 to Rs. 105.0269 per unit as on September 30, 2018 (after incorporating dividend of Rs. 0.30 per unit); thereby giving a return of 0.51% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) of negative 0.25%. The size of Fund was Rs. 2.36 billion as on September 30, 2018 as compared to Rs. 2.47 billion at the start of the year.

#### **HBL Islamic Financial Planning Fund**

HBL Islamic Financial Planning Fund comprises of three sub funds (plans) namely Active allocation plan, Conservative allocation plan and Strategic allocation plan.

The Fund as a whole earned total and net income of Rs. 21.36 million and Rs. 17.17 million respectively during the period under review. The fund size of the fund stood at Rs. 4.56 billion. Performance review for plan is given below:

##### **Active Allocation Plan**

During the period under review, the Active allocation plan earned total and net income of Rs. 0.43 million and Rs. 0.23 million respectively. The net assets of the Active allocation plan stood at Rs. 239 million representing Net Asset Value (NAV) of Rs. 100.4532 per unit as at September 30, 2018. The plan earned a return of 0.04% for the period under review. The plan is invested to the extent of 60% in equity funds & 40% in fixed income funds.

##### **Conservative Allocation Plan**

During the period under review, the Conservative allocation plan earned total and net income of Rs. 0.37 million and Rs. 0.33 million respectively. The net assets of the Conservative allocation plan stood at Rs. 25 million representing Net Asset Value (NAV) of Rs. 102.3932 per unit as at September 30, 2018. The plan earned a return of 0.97% for the period under review. The plan is invested to the extent of 20% in equity funds & 79% in fixed income funds.

##### **Strategic Allocation Plan**

During the period under review, the Strategic allocation plan earned total and net income of Rs. 20.56 million and Rs. 16.55 million respectively. The net assets of the Strategic allocation plan stood at Rs. 4.30 billion representing Net Asset Value (NAV) of Rs. 101.8861 per unit as at September 30, 2018. The plan earned a return of 0.39% for the period under review. The plan is invested to the extent of 41% in equity funds & 59% in fixed income funds.

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**MANAGEMENT COMPANY RATING**

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has maintained management quality rating of 'AM2+ (stable outlook)' to the Management Company.

**AUDITORS**

On the recommendation of Board Audit Committee, the Board has appointed M/s Deloitte Yousuf Adil, Chartered Accountants as external auditor for the year ending June 30, 2019 of HBL Islamic Money Market Fund, HBL Islamic Stock Fund and HBL Islamic Asset Allocation Fund.

The Board has also appointed M/s BDO Ebrahim & Co., Chartered Accountants as external auditor for the year ending June 30, 2019 of HBL Islamic Income Fund, HBL Islamic Equity Fund and HBL Islamic Financial Planning Fund.

**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**

## انتظامی کمپنی کے ڈائریکٹرز کی رپورٹ

ایچ بی ایل ایسیٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بمسرت اپنی رپورٹ مع 30 ستمبر 2018 کو ختم ہونے والی سہ ماہی کے لئے ایچ بی ایل اسلامک منی مارکیٹ فنڈ، ایچ بی ایل اسلامک انکم فنڈ، ایچ بی ایل اسلامک اسٹاک فنڈ، ایچ بی ایل اسلامک ایکویٹی فنڈ، ایچ بی ایل اسلامک ایسیٹ ایکویٹیشن فنڈ اور ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ (دی فنڈز) کے مالیاتی حسابات پیش کر رہے ہیں۔

### معیشت کا جائزہ

پاکستان کا اقتصادی منظر نامہ دہرے خسارے، افراط زر کے بڑھتے ہوئے دباؤ، اشیائے صرف کے بڑھتے ہوئے عالمی نرخوں اور غیر ملکی ذخائر میں کمی کے ساتھ خاصا تشویشناک ہو چکا ہے۔ ان قابل غور عناصر کے نتیجے میں سہ ماہی کے دوران کڑی مانیٹری پالیسی اور پاک روپے کی قدر میں کمی آئی جبکہ مالیاتی معاملات نے نئی حکومت کو سخت مالیاتی نظم و ضبط (عوام الناس کے اخراجات میں کمی کے ذریعے) پر راغب کیا تاکہ مالیاتی سال 2019 کے لئے 5.1 فیصد کے مالیاتی خسارے کا ہدف حاصل کیا جاسکے۔

میکرو اکنامک اشاریے کے رجحانات میں بدلاؤ ممکنہ طور پر معاشی ترقی کی تیز رفتاری کو متاثر کرے گا جس میں مالیاتی سال 19 کے 2 ماہ کے دوران ایل ایس ایم میں 1.2 فیصد کمی بھی آچکی ہے جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران YoY % 12.1 تھی۔ سہ ماہی کے دوران پاک روپے کی قدر میں اتار چڑھاؤ رہا اور جولائی 18 تک 6 فیصد تک کمی آئی جس میں پی ٹی آئی کے عام انتخابات میں کامیابی کے بعد تبدیلی آئی اور سہ ماہی کے لئے پاک روپے کی قدر میں کمی 0.7 فیصد تک محدود رہی۔ پی بی ایس کی جانب سے جاری کردہ تجارتی ڈیٹا کچھ مہلت کا عکاس ہے کیونکہ مالیاتی سال 19 کی پہلی سہ ماہی کے دوران برآمدی ترقی نے درآمدات کی گروتھ کو کم کیا اور تجارتی خسارے کو 1.6 فیصد تک گھسیٹ کر 18.9 ارب امریکی ڈالر تک کر دیا۔ مالیاتی سال 19 کے 2 ماہ کے لئے کرنٹ اکاؤنٹ خسارہ (CAD) 2.7 ارب امریکی ڈالر (جی ڈی پی کا 5.36 فیصد) تک پہنچ چکا ہے جو گزشتہ سال کی اسی مدت کے دوران 2.5 ارب امریکی ڈالر (جی ڈی پی کا 4.66 فیصد) تھا۔ تجارتی توازن میں یہ تبدیلیاں اور سی اے ڈی کے رجحانات نے مالیاتی سال 18 کے دوران پاک روپے کی قدر میں کمی اور ڈیوٹیز (ریگولیشنز، کسٹمز اور اینٹی ڈمپنگ) کے نفاذ کے باعث مجموعی طلب پر طویل اثرات مرتب کئے۔ سی اے ڈی برقرار رہنے کے باعث غیر ملکی زرمبادلہ کے ذخائر کم ہو کر 14.9 ارب ڈالر رہ گئے جبکہ ایس بی پی کے ذخائر 8.4 ارب امریکی ڈالر (2 ماہ سے بھی کم درآمدی ادائیگی) تک محدود ہو گئے۔

تیل کے عالمی نرخوں میں اضافے اور پاک روپے کی قدر میں کمی نے بھی مجموعی طور پر افراط زر کا دباؤ بڑھایا۔ سی پی آئی مالی سال 19 کی پہلی سہ ماہی کے دوران YoY % 5.6 تک بڑھ گیا جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران YoY % 3.4 تھا۔ بلند ترسی پی آئی کی بنیادی وجہ مالی سال 19 کی پہلی سہ ماہی کے دوران ٹرانسپورٹ کے نرخوں (YoY % +17) اور ہاؤسنگ کے شعبے میں (YoY % +6) تھا۔ بنیادی افراط زر (نان-فوڈ اور نان-انرجی) نے بھی افراط زر کے دباؤ کو بڑھایا اور ستمبر 2018 کے دوران 8% تک پہنچ گیا جو مالی سال 19 کی پہلی سہ ماہی میں 7.8% کی اوسط پر چلا گیا جبکہ یہ مالی سال 18 کی سہ ماہی میں اس کے مقابلے میں 5.5% پر تھا۔ ان عناصر کو مد نظر رکھتے ہوئے اور بلند ترین الاقوامی تیل کے نرخوں کے پیش نظر (QoQ % +1.3 اور % +46 YoY) مرکزی بینک نے گزشتہ دو مانیٹری پالیسی کے اعلانات (جولائی اور ستمبر) میں پالیسی ریٹ کو 200 bps تک بڑھا دیا۔ سہ ماہی کے دوران نئی منتخب کردہ حکومت نے ”مٹی بجٹ“ بھی پیش کیا اور مالیاتی خسارے کے ہدف پر نظر ثانی کرتے ہوئے اسے جی ڈی پی کا 5.1% کر دیا۔

آگے بڑھتے ہوئے ہم توقع کرتے ہیں کہ میکرو اکنامک چیلنجز موجود رہیں گے (بالخصوص دہرا خسارہ اور بلند تر افراط زر) جبکہ پالیسی ساز پائیدار ترقی کے لئے مستحکم اقدامات کی جانب توجہ مرکوز رکھیں گے۔

### بازار حصص کا جائزہ

پاکستان کی ایکویٹی مارکیٹس نے جاری سہ ماہی میں کمی کا سامنا کیا جیسا کہ بڑھتے ہوئے میکرو اکنامک خطرات نے سرمایہ کاری کے مجموعی رجحانات کو متاثر کیا۔ سیاسی



بے یقینی میں عام انتخابات 2018 کے بعد نئی سیاسی جماعت کو اقتدار منتقل کرنے کے بعد سہ ماہی کے دوران قدرے کمی آئی تاہم نئی حکومت کی جانب پالیسی کی سمتیں وضع کرنے میں تاخیر کے ساتھ میکروز میں ہوتی کمی (بالخصوص زرمبادلہ کے ذخائر میں کمی) نے مجموعی طور پر مارکیٹ کی صورت حال میں بے چینی اور تشویش کو برقرار رکھا۔

بیٹج مارک KMI-30 انڈیکس 1,830 پوائنٹس تک گر کر 69,231 پوائنٹس (%2.6 ↓) پر بند ہوا۔ کارکردگی کا انحصار صارف کے صوابدیدی شعبوں پر منحصر رہا کیونکہ ایس بی پی کی جانب سے کڑی مالیاتی پالیسی نئی حکومت کی جانب سے منی بجٹ کے ذریعے مالیاتی کنسالیڈیشن کے بعد مارکیٹ کے اندر طلب میں کمزوری آئی۔ اس کے نتیجے میں فوڈ و پوسٹل کیسٹرو اور آٹوموبائل سیکٹرز نے مشترکہ طور پر 439 پوائنٹس کی فرسودگی ظاہر کی۔ آٹو سیکٹرز کی طلب میں کاروں کی خریداری اور استعمال شدہ ٹریڈیٹرز کی درآمد کے الاؤنس کے نئے بہاؤ کے ضمن میں نان فائلرز پر پابندی کے تسلسل کے بعد صورت حال مزید سنگین ہو گئی۔ آئل اور گیس مارکیٹنگ کمپنیاں بھی ایس ایس جی سی اور ایس این جی پی میں بالترتیب %15.6 اور %11.1 کمی کے ساتھ گیس کے نرخوں پر فیصلے سے بے یقینی کے خطرات میں مبتلا ہو گئیں۔ پاک روپے کی قدر میں کمی اور تیل کے بلند نرخوں کے باوجود آئل اور گیس ایکسپلوریشن سیکٹرز کی کارکردگی خاموش سطح پر رہی جو اوجی ڈی سی کے اسٹاک پرائس میں مستقل طور پر غیر ملکی فروخت کے باعث %1.7 کمی کے ذریعے جاری تھی۔

غیر ملکی اس دوران مستقل طور پر مارکیٹ میں خالص فروخت کنندگان رہے اور انہوں نے ستمبر 2018 کو ختم ہونے والی سہ ماہی کے دوران 189 ملین ڈالر مالیت کی ایکویٹیز کی سرمایہ کاری واپس لی۔ ان بہاؤ کو بیمہ کمپنیوں اور افراد کے ذریعے بالترتیب 102 ملین ڈالر اور 97 ملین امریکی ڈالر کی سرمایہ کاری کے ساتھ جذب کیا گیا۔ آگے بڑھتے ہوئے پاکستان ایکویٹیز کے ضمن میں توقع ہے کہ ریٹ محدود رہے گی کیونکہ مارکیٹ ابھی حکومت کی پالیسی کے واضح ہونے کا انتظار کر رہی ہے لیکن ہم واضح کرتے ہیں کہ موجودہ میکرو اکنامک صورت حال کے اثرات انڈیکس ہیوی ویٹ ای اینڈ پیڑ پیز پر زیادہ مرتب ہوں گے جبکہ حالیہ نچلی کارکردگی نے زیر گردش اسٹاکس کی قدر و قیمت کو متاثر کیا ہے۔ ہمیں یقین ہے کہ پاکستان ایکویٹیز طویل مدتی سرمایہ کاروں کے لئے بہتر مواقع فراہم کریں گے۔

## بازار زر کا جائزہ

ایس بی پی نے مالی سال 2019 کی پہلی سہ ماہی میں بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے کو کنٹرول کرنے کے لئے کڑی مالیاتی پالیسی کا تسلسل جاری رکھا اور بڑھتے ہوئے افراط زر کے دباؤ کو روکنے کی کوشش کی۔

تازہ ترین دستیاب ڈیٹا کے مطابق اسلامی بینکنگ کی صنعت کے اثاثہ جات نے جون 18 تک 21.9 فیصد کی شرح نمو ظاہر کی اور اثاثہ جات 2,482 ارب روپے پر موجود تھے۔ اسی طرح اسلامی بینکوں کے ڈپازٹ نے بھی %18.2 YoY کی ایک واضح شرح نمو ظاہر کی اور جون 18 تک 2,033 ارب روپے پر پہنچ گئے۔ اثاثہ جات اور ڈپازٹس میں بڑے پیمانے پر شرح نمو حاصل ہونے کے باوجود ایس بی پی نے مالی سال 18 اور مالی سال 19 کی پہلی سہ ماہی میں کوئی بھی فیکسڈ یا فلوٹنگ ریٹ کے سرکاری اجارہ سکوک جاری نہیں کئے۔ سہ ماہی کے دوران فیکسڈ ریٹ کے حامل اجارہ سکوک کے نرخوں میں کمی دیکھی گئی جس کی وجہ بڑھتی ہوئی شرح سود کے تناظر میں طلب کا کم ہو جانا تھا۔ حکومت پاکستان کے تین اجارہ سکوک انسٹرومنٹس فیکسڈ ریٹ کے حامل ہیں جنہوں نے مجموعی طور پر 384 ارب پاک کے مجموعی واجب الادا اجرام میں سے 268 ارب پاک روپے (%70 ~) کی شراکت کی۔ کارپوریٹ ڈیٹ میں اضافے کی سرگرمی سٹیم میں اضافی لیکویڈیٹی سے فوائد حاصل کرنے کے ضمن میں اس مدت کے دوران بڑھائی گئی جسے حکومت پاکستان کے اجارہ سکوک کے مقابلے میں پرکشش نرخوں کے باعث اسلامی مالیاتی اداروں کی جانب سے خوب پذیرائی حاصل ہوئی۔ آنے والی سہ ماہی (مالی سال 19 کی دوسری سہ ماہی) کے دوران 117.7 ارب پاک روپے کے حکومت پاکستان کے اجارہ کا پہلا ایٹو اپنی مدت کو مکمل کرے گا جو اسلامی بینکوں کی ایس ایل آر شرائط کے لئے باعث تشویش ہوگا۔ تاہم مارکیٹ میں موجود شراکت کو یقین ہے کہ حکومت یا ایس بی پی بینکوں کے ساتھ ”بہ-معتدل“ ٹرانزیکشن کر لے گا جو موثر طور پر موجودہ ایٹو کی مچھورٹی سے نمٹ لے گا۔

آگے بڑھتے ہوئے ہم بڑھتی ہوئی افراط زر کی توقعات اور متوقع آئی ایم ایف پروگرام کے تناظر میں تقویمی سال کے دوران شرح سود میں مزید 50-100 bps کا اضافہ دیکھ رہے ہیں۔

## فنڈ کی کارکردگی اور ادائیگیاں:

### ایچ بی ایل اسلامک منی مارکیٹ فنڈ:

فنڈ کی کل آمدن اور خالص آمدن 30 ستمبر 2018 کو ختم ہونے والی مدت کے دوران اعلیٰ الترتیب 17.52 ملین روپے اور 14.05 روپے رہیں۔ فنڈ کی خالص مالیت اثاثہ بمطابق 30 جون 2018، 104.9735 روپے فی یونٹ سے کم ہو کر 30 ستمبر 2018 کے مطابق 102.2917 روپے فی یونٹ (4.15 روپے فی یونٹ کے منافع منقسمہ کی تقسیم کے بعد) ہو گئی جس کے ذریعے 5.78% کا سالانہ منافع دیا گیا۔ سال کے دوران بیچ مارک منافع (3 ماہ کی بینک ڈپازٹ شرحیں) 2.61% تھا۔ فنڈ کی جسامت 30 ستمبر 2018 کے مطابق 0.84 ارب روپے تھی جو سال کے آغاز پر 0.96 ارب روپے پر تھی۔

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

### ایچ بی ایل اسلامک انکم فنڈ

30 ستمبر 2018 کو ختم ہونے والی مدت کے دوران فنڈ کی کل آمدن اور خالص آمدن 83.32 ملین روپے اور 66.83 ملین روپے اعلیٰ الترتیب رہیں۔ فنڈ کے خالص مالیت اثاثہ بمطابق 30 جون 2018، 106.3013 روپے فی یونٹ سے کم ہو کر بمطابق 30 ستمبر 2018، 102.9238 روپے فی یونٹ (5.00 روپے فی یونٹ کے منافع منقسمہ کی تقسیم کے بعد) ہو گئی جس کے ذریعے 6.33% کا سالانہ منافع دیا گیا۔ اسی سال کے دوران بیچ مارک منافع (6 ماہ کی بینک ڈپازٹ شرحیں) 2.68% تھا۔ فنڈ کی جسامت 30 ستمبر 2018 کے مطابق 3.79 ارب روپے پر تھی جو سال کے آغاز پر 4.04 ارب روپے رہی تھی۔

جے سی آر- وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کی فنڈ اسٹیبلٹی ریٹنگ بڑھاتے ہوئے اے پلس (ایف) A+(F) کر دی۔

### ایچ بی ایل اسلامک اسٹاک فنڈ:

30 ستمبر 2018 کو ختم ہونے والی مدت کے دوران فنڈ کا کل اور خالص خسارہ 1.12 ملین روپے اور 23.58 ملین روپے اعلیٰ الترتیب رہا۔ فنڈ کی خالص مالیت اثاثہ بمطابق 30 جون 2018، 111.8276 روپے فی یونٹ سے کم ہو کر بمطابق 30 ستمبر 2018، 110.9379 روپے فی یونٹ ہو گئی۔ مدت کے دوران 2.75% منفی کے بیچ مارک منافع (کے ایم آئی 30 انڈیکس) کے مقابلے میں 0.78% کا منفی منافع دیا گیا۔ فنڈ کی جسامت 30 ستمبر 2018 کے مطابق 2.63 ارب روپے پر تھی جو سال کے آغاز پر 2.54 ارب روپے تھی۔

### ایچ بی ایل اسلامک ایکویٹی فنڈ

30 ستمبر 2018 کو ختم ہونے والی مدت کے دوران فنڈ کی کل آمدنی اور خالص خسارہ 1.58 ملین روپے اور 9.01 ملین روپے اعلیٰ الترتیب رہا۔ فنڈ کی خالص مالیت اثاثہ بمطابق 30 جون 2018، 92.4834 روپے فی یونٹ سے کم ہو کر بمطابق 30 ستمبر 2018، 91.6596 روپے فی یونٹ ہو گئی۔ مدت کے دوران 2.57% منفی کے بیچ مارک منافع (کے ایم آئی 30 انڈیکس) کے مقابلے میں 0.85% کا منفی منافع دیا گیا۔ فنڈ کی جسامت 30 ستمبر 2018 کے مطابق 0.94 ارب روپے پر آگئی جو سال کے آغاز پر 1.32 ارب روپے تھی۔

### ایچ بی ایل اسلامک ایسیڈٹ ایلوکیشن فنڈ:

30 ستمبر 2018 کو ختم ہونے والی مدت کے دوران فنڈ کی کل آمدن اور خالص آمدن 28.88 ملین روپے اور 12.77 ملین روپے اعلیٰ الترتیب رہیں۔ فنڈ کی خالص مالیت اثاثہ (NAV) بمطابق 30 جون 2018، 104.7748 روپے فی یونٹ سے بڑھ کر 30 ستمبر 2018 کے مطابق 105.0269 روپے فی یونٹ (0.30 روپے فی یونٹ کا منافع منقسمہ تقسیم کرنے کے بعد) ہو گئی۔ جس کے ذریعے 0.25% منفی کے بیچ مارک منافع (کے ایم آئی 30 انڈیکس کے اوسطاً روزانہ منافع اور 6 ماہ اے درجہ یا اس سے اوپر بینکس کی ڈپازٹ شرح کی اوسط) کے مقابلے میں سال کے دوران 0.51% کا منافع دیا گیا۔ فنڈ کی جسامت 30 ستمبر



2018 کے مطابق 2.36 ارب روپے تھی جو سال کے آغاز پر 2.47 ارب روپے تھی۔

### ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ:

ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ تین ذیلی فنڈز (پلانز) پر مشتمل ہے جس کے نام ایکٹیو ایلوکیشن پلان، کنزرویٹو ایلوکیشن پلان اور اسٹریٹجک ایلوکیشن پلان ہیں۔ فنڈ نے مجموعی طور پر زیر جائزہ عرصے کے دوران گُل اور خالص آمدن علی الترتیب 21.36 ملین روپے اور 17.17 ملین روپے حاصل کی۔ فنڈ کا گُل حجم 4.56 ارب روپے رہا۔ پلان کے لئے کارکردگی کا جائزہ درج ذیل ہے:

### ایکٹیو ایلوکیشن پلان:

زیر جائزہ عرصے کے دوران ایکٹیو ایلوکیشن پلان نے علی الترتیب 0.43 ملین روپے اور 0.23 ملین روپے کی گُل اور خالص آمدن حاصل کی۔ ایکٹیو ایلوکیشن پلان کے خالص اثاثہ جات 239 ملین روپے پر رہے جو بمطابق 30 ستمبر 2018، 100.4532 روپے فی یونٹ خالص مالیت اثاثہ کو ظاہر کرتا ہے۔ زیر جائزہ عرصے کے لئے پلان نے 0.04% کا منافع حاصل کیا۔ پلان نے 60% کی حد تک ایکویٹی فنڈز اور 39% کی حد تک فیکسڈ انکم فنڈز میں سرمایہ کاری کی۔

### کنزرویٹو ایلوکیشن پلان:

زیر جائزہ مدت کے دوران کنزرویٹو ایلوکیشن پلان نے علی الترتیب 0.37 ملین روپے اور 0.33 ملین روپے کی گُل اور خالص آمدن حاصل کی۔ کنزرویٹو ایلوکیشن پلان کے خالص اثاثہ جات 25 ملین روپے پر قائم رہے جو بمطابق 30 ستمبر 2018، 102.3932 روپے فی یونٹ کی خالص مالیت اثاثہ جات (NAV) کو ظاہر کرتا ہے۔ زیر جائزہ عرصے کے لئے پلان نے 0.97% کا منافع کمایا۔ پلان نے 20% کی حد تک ایکویٹی فنڈز اور 79% کی حد تک فیکسڈ انکم فنڈز میں سرمایہ کاری کی۔

### اسٹریٹجک ایلوکیشن پلان:

زیر جائزہ عرصے کے دوران اسٹریٹجک ایلوکیشن پلان نے علی الترتیب 20.56 ملین روپے اور 16.55 ملین روپے کی گُل اور خالص آمدن حاصل کی۔ اسٹریٹجک ایلوکیشن پلان کے خالص اثاثہ جات 4.30 ارب روپے پر قائم رہے جو بمطابق 30 ستمبر 2018، 101.8861 روپے فی یونٹ کی خالص مالیت اثاثہ جات کو ظاہر کرتا ہے۔ زیر جائزہ عرصے کے لئے پلان نے 0.39% کا منافع حاصل کیا۔ پلان نے 41% کی حد تک ایکویٹی فنڈز اور 59% کی حد تک فیکسڈ انکم فنڈز میں سرمایہ کاری کی۔

### میجمنٹ کمپنی ریٹنگ (درجہ بندی):

جے سی آر-وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے میجمنٹ کمپنی کے لئے اے ایم 2 پوزیٹو آؤٹ لک یعنی (مثبت توقع) کی میجمنٹ کوالٹی ریٹنگ (درجہ بندی) برقرار رکھی۔

### آڈیٹرز:

بورڈ کی آڈٹ کمیٹی کی سفارشات پر بورڈ نے میسرز ڈیلا میٹ یوسف عادل، چارٹرڈ اکاؤنٹینٹس کا سال مختتمہ 30 جون 2019 کے لیے ایچ بی ایل اسلامک منی مارکیٹ فنڈ، ایچ بی ایل اسلامک اسٹاک فنڈ اور ایچ بی ایل اسلامک ایسیٹ ایلوکیشن فنڈ کے ایکسٹرنل آڈیٹرز کی حیثیت سے تقرر کیا ہے۔

بورڈ نے میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کا بھی سال مختتمہ 30 جون 2019 کے لیے ایچ بی ایل اسلامک انکم فنڈ، ایچ بی ایل اسلامک ایکویٹی فنڈ اور ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ کے ایکسٹرنل آڈیٹرز کی حیثیت سے تقرر 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 انتھک محنت اور لگن کو بھی سراہتا ہے۔

منجانب بورڈ

ایچ بی ایل ایس ایٹ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر



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# **HBL**

## **Islamic Money Market Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Money Market Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Bank Al-Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited Askari Bank Limited Allied Bank Limited Faysal Bank Limited
Fund Rating	'AA(f)' (JCR-VIS)

**HBL Islamic Money Market Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2018*

	Note	September 30, 2018 (Un-Audited) (Rupees in '000)	June 30, 2018 (Audited)
<b>Assets</b>			
Bank balances	4	721,951	958,590
Investments	5	115,749	-
Accrued mark-up on banks		4,983	4,863
Prepayment and Other receivables		62	60
<b>Total assets</b>		<b>842,745</b>	963,513
<b>Liabilities</b>			
Payable to Management Company	6	751	678
Payable to Trustee		132	120
Payable to Securities and Exchange Commission of Pakistan		182	609
Accrued expenses and other liabilities	7	5,492	4,997
<b>Total liabilities</b>		<b>6,557</b>	6,404
<b>Net assets</b>		<b>836,188</b>	957,109
<b>Unit holders' fund (as per statement attached)</b>		<b>836,188</b>	957,109
<b>Contingencies and commitments</b>	8		
		(Number of units)	
<b>Number of units in issue</b>		<b>8,174,545</b>	9,117,621
		(Rupees)	
<b>Net assets value per unit</b>		<b>102.2917</b>	104.9735

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 Islamic Money Market Fund**  
**Condensed Interim Income Statement And Comprehensive Income (Un-Audited)**  
*For the three months ended September 30, 2018*

	Note	Three months ended	
		September 30,	
		2018	2017
----- (Rupees in '000) -----			
<b>Income</b>			
Mark-up on deposits with banks		16,587	10,424
Mark-up on investments		929	359
		<u>17,516</u>	<u>10,783</u>
<b>Expenses</b>			
Remuneration of Management Company		2,072	2,176
Remuneration of Trustee		410	315
Annual fee to the Securities and Exchange Commission of Pakistan		182	144
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	243	193
Auditors' remuneration		93	95
Fee and Subscription		183	82
Printing and stationary		-	29
		<u>3,183</u>	<u>3,034</u>
<b>Net income from operating activities</b>		<u>14,334</u>	<u>7,749</u>
Provision for Workers' Welfare Fund	8.2	(287)	(155)
<b>Net income for the period before taxation</b>		<u>14,047</u>	<u>7,594</u>
<b>Taxation</b>	10.	-	-
<b>Net income for the period after taxation</b>		<u>14,047</u>	<u>7,594</u>
<b>Allocation of net income for the period:</b>	13.		
Income already paid on redemption of units		3,148	547
Accounting income available for distribution:			
-Relating to capital gains		-	-
-Excluding capital gains		10,899	7,047
		<u>10,899</u>	<u>7,047</u>
<b>Net income / (loss) for the period after taxation</b>		<u>14,047</u>	<u>7,594</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<u>14,047</u>	<u>7,594</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 Islamic Money Market Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For the three months ended September 30, 2018*

	2018			2017		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Note-----Rupees in '000'-----						
<b>Net assets at beginning of the Period</b>	926,993	30,116	957,109	-	-	835,282
Issuance of 39,757,698 units (2017: 1,048,533 units)						
- Capital value (at net asset value per unit at the beginning of the Period)	400,977	-	400,977	-	-	108,364
- Element of income	1,984	-	1,984	-	-	-
Total proceeds on issuance of units	402,961	-	402,961	-	-	108,364
Redemption of 4,920,054 units (2017: 1,709,358 units)						
- Capital value (at net asset value per unit at the beginning of the Period)	(496,057)	-	(496,057)	-	-	(174,775)
- Amount paid out of element of income Relating to net income for the Period after taxation	(886)	(3,148)	(4,034)	-	-	-
Total payments on redemption of units	(496,943)	(3,148)	(500,091)	-	-	(174,775)
Total comprehensive income for the Period	-	14,047	14,047	-	-	7,594
Refund of Capital	(14,140)	-	(14,140)	-	-	-
Distribution during the Period	-	(23,697)	(23,697)	-	-	-
Net income for the Period less distribution	-	(9,650)	(23,790)	-	-	7,594
<b>Net assets at end of the Period</b>	<b>833,011</b>	<b>17,318</b>	<b>836,189</b>	<b>-</b>	<b>-</b>	<b>776,465</b>
<b>Undistributed income brought forward</b>						
- Realised		30,116			5,099	
- Unrealised		-			-	
		30,116			5,099	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		10,899			7,048	
		10,899			7,048	
Distribution during the Period		(23,697)			-	
Undistributed income carried forward		17,318			12,147	
<b>Undistributed income carried forward</b>						
- Realised		17,318			12,147	
- Unrealised		-			-	
		17,318			12,147	
						(Rupees)
<b>Net assets value per unit at beginning of the Period</b>			<b>104.9735</b>			<b>100.6277</b>
<b>Net assets value per unit at end of the Period</b>			<b>102.2917</b>			<b>101.6330</b>

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 Islamic Money Market Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the three months ended September 30, 2018*

	Three months ended	
	September 30,	
	2018	2017
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	14,047	7,594
<b>(Increase) / decrease in assets</b>		
Accrued profit	(120)	(598)
Prepaid expenses	(2)	59
	(122)	(539)
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	73	(83)
Investments	(115,749)	(58,000)
Payable to Trustee	12	(16)
Payable to Securities and Exchange Commission of Pakistan	(427)	(327)
Accrued expenses and other liabilities	495	(1,588)
	(115,596)	(60,014)
<b>Net cash (used in) from operating activities</b>	(101,672)	(52,959)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	402,961	108,364
Payment against redemption of units	(500,091)	(174,775)
Cash dividend paid	(37,837)	-
<b>Net cash (used in) from financing activities</b>	(134,967)	(66,411)
<b>Net increase in cash and cash equivalents</b>	(236,639)	(119,370)
Cash and cash equivalents at beginning of the period	958,590	839,601
<b>Cash and cash equivalents at end of the period</b>	721,951	720,231

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 Islamic Money Market Fund**

## **Notes to the Condensed Interim Financial Information (Unaudited)**

*For the three months ended September 30, 2018*

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

HBL Islamic Money Market Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, 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 (the SECP) as a unit trust scheme on December 10, 2010.

HBL Asset Management Limited is the 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 licensed to act as an Asset Management Company under the NBFC Rules 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 Pakistan.

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. The units of the Fund were initially offered for public subscription at par from May 9, 2011 to May 10, 2011.

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

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+' to the Management Company.

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. STATEMENT OF COMPLIANCE**

**2.1.1** This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non- Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

**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 September 30, 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."

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**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.

**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** Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2019. None of these amendments are expected to have a significant effect on this condensed interim financial information.

**3.5** The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2018.

<b>4. BANK BALANCES</b>	Note	<b>(Un-Audited) September 30, 2018</b>	(Audited) June 30, 2018
		<b>(Rupees in '000)</b>	
Savings accounts	5.1	<u><b>721,951</b></u>	<u>958,590</u>

**4.1** This represents bank accounts held with defferent banks. Mark up rates on these accounts range between 4% - 7.40% p.a ( June 30, 2017 : 4.2% - 6.5% p.a ).

<b>5 INVESTMENTS</b>	Note	<b>(Un-Audited) September 30, 2018</b>	(Audited) June 30, 2018
		<b>(Rupees in '000)</b>	
<b>Investment</b>			
-Commercial Paper	6.1	<u><b>115,749</b></u>	<u>-</u>
		<u><b>115,749</b></u>	<u>-</u>

**5.1** This represents Commercia Paper placed with K-Electric limited carrying mark-up at the rate of 8.95% (June 30, 2018: Nil) per annum.



		(Un-Audited) September 30, 2018	(Audited) June 30, 2018
(Rupees in '000)			
<b>6. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
	<i>Note</i>		
Management fee	7.1	595	537
Sindh Sales Tax	7.2	77	70
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	79	71
		<u>751</u>	<u>678</u>

**6.1** Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of 10% of gross earning with floor of 0.75% and cap of 1% of the average daily net asset of the scheme as per supplement to the offering document dated January 15, 2018.

**6.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax 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 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.

## **7. ACCRUED EXPENSES AND OTHER LIABILITES**

Auditors' remuneration		93	304
Federal Excise Duty	8.1	2,185	2,185
Provision for Sindh Workers' Welfare Fund	8.2	2,490	2,203
Other payable		724	305
		<u>5,492</u>	<u>4,997</u>

### **7.1 PROVISION FOR FEDERAL EXCISE DUTY**

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 11.1 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.

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. 2.18 million (June 30, 2018 : 2.18 million). Had the provision not been made, the Net Asset Value per unit as at September 30, 2018 would have been higher by Rs. 0.27 (June 30, 2018: Re. 0.24) per unit.

### **7.2 PROVISION WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND**

The legal status of applicability of Woekers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 11.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is a loss for the three months ended September 30, 2018, therefore, no provision for SWWF has been made recognised in this condensed interim financial information. Had the provision not been retained, net asset value per unit at September 30, 2018 would have been higher by Re. 0.31 (June 30, 2018 Re. 0.24) per unit.

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**8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments outstanding as at September 30, 2018.

**9. TOTAL EXPENSE RATIO**

The Scheme has maintained Total Expense Ratio (TER) 0.36% (0.08% representing Government Levies, and SECP Fee).

**10. 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. 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.

**11. EARNINGS PER UNIT (EPU)**

Earnings per unit (EPU) has not been disclosed as, in the opinion of the management, determination of weighted average units for calculating earnings per unit is not practicable.

**12. 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.

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

<b>12.1 Transactions during the period</b>	<b>( Un - Audited )</b>	
	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Rupees in '000)</b>	
<b>HBL Asset Management Limited - Management Company</b>		
Management Fee	<b>2,072</b>	2,176
Allocation of expenses related to registrar services, accounting, operation and valuation services	<b>243</b>	193
Investment of 1,010 units (2017: Nil units)	<b>103</b>	-
Redemption of 28,597 units (2017: Nil units)	<b>2,911</b>	-
Dividend	<b>114</b>	-
Refund of capital	<b>37</b>	-

		( Un - Audited )	
		Three months ended	
		September 30,	
		2018	2017
		(Rupees in '000)	
<b>Habib Bank Limited - Sponsor</b>			
	Investment of 118,710 units (2017: Nil units)	11,969	-
	Dividend	11,969	-
	Mark-up earned during the period	47	138
	Mark-up received during the period	117	119
	Bank charges paid	30	6
<b>Directors, Executives and Key management personnel</b>			
	Investment of 309 units (2017: 17,152 units)	31	1,728
	Redemption of Nil units (2017: 17,152 units)	-	1,729
	Dividend	34	-
	Refund of capital	9	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
	Remuneration	410	315
<b>Al Mizan Foundation - Connected person due to holding 10% or more</b>			
	Investment of 78,209 units (2017: Nil units)	7,894	-
	Dividend	7,912	-
	Refund of capital	7,790	-
<b>12.2</b>	<b>Amounts outstanding as at period end</b>	<b>(Un-Audited)</b> <b>September 30,</b> <b>2018</b>	<b>(Audited)</b> <b>June 30,</b> <b>2018</b>
		<b>(Rupees in '000)</b>	
<b>HBL Asset Management Limited - Management Company</b>			
	Management fee	595	537
	Sindh Sales Tax	77	70
	Allocation of expenses related to registrar services, accounting, operation and valuation services	79	71
	Investment held in the Fund: Nil units (June 30, 2017: 27,577 units)	-	2,895
<b>Habib Bank Limited - Sponsor</b>			
	Investment held in the Fund: 3,002,764 units (June 30, 2017: 2,884,054 units)	307,158	302,749
	Bank Balances	2,961	1,496
<b>Directors, Executives and Key management personnel</b>			
	Units held in the Fund: 8,410 units (June 30, 2018: 8,091 units)	860	850
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
	Remuneration payable	132	120
<b>Al Mizan Foundation - Connected person due to holding 10% or more</b>			
	Investment held in the Fund: 1,984,745 units (June 30, 2017: 1,906,454 units)	203,023	200,000

### 13. 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.

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

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

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

	September 30, 2018						
	Carrying amount			Fair Value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>							
<b>Financial assets not measured at fair value</b>							
Bank balances	721,951	-	721,951	-	-	-	-
Accrued mark-up	4,983	-	4,983	-	-	-	-
Prepayment and Other receivables	62	-	62	-	-	-	-
	<b>726,996</b>	<b>-</b>	<b>726,996</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>							
Payable to Management Company	-	751	751	-	-	-	-
Payable to Trustee	-	132	132	-	-	-	-
Accrued expenses and other liabilities	-	817	817	-	-	-	-
	<b>-</b>	<b>1,699</b>	<b>1,699</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	June 30, 2018						
	Carrying amount			Fair Value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	----- (Rupees in '000) -----						
<b>Financial assets not measured at fair value</b>							
Bank balances	958,590	-	958,590	-	-	-	-
Accrued mark-up	4,863	-	4,863	-	-	-	-
Advance . Prepayment and other receivable	60	-	60	-	-	-	-
	<u>963,513</u>	<u>-</u>	<u>963,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>							
Payable to HBL Asset Management Limited - Management Company	-	678	678	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	120	120	-	-	-	-
Accrued expenses and other liabilities	-	608	608	-	-	-	-
Unit Holders' Fund	-	-	-	-	-	-	-
	<u>-</u>	<u>1,406</u>	<u>1,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**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 periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**14. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 17, 2018 .

**15. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

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

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

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



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# **HBL**

## **Islamic Asset Allocation Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Asset Allocation Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Bank Al-Habib Limited Habib Bank Limited Askari Bank Limited Allied Bank Limited Dubai Islamic Bank Limited Soneri Bank Limited Bank Islamic Pakistan Limited Summit Bank Limited Al Baraka Bank Pakistan Limited MCB Islamic Bank Limited

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2018*

	Note	September 30, 2018 (Un-Audited) (Rupees in '000)	June 30, 2018 (Audited)
<b>Assets</b>			
Bank balances	4	846,958	1,072,554
Investments	5	1,507,192	1,395,267
Dividend receivable and accrued mark-up		19,426	16,784
Preliminary expenses and flotation cost		472	525
Advances , deposits and other receivables		5,294	6,543
<b>Total assets</b>		<b>2,379,342</b>	<b>2,491,673</b>
<b>Liabilities</b>			
Payable to Management Company	6	5,968	9,665
Payable to Trustee		314	344
Payable to Securities and Exchange Commission of Pakistan		579	2,568
Accrued expenses and other liabilities	7	9,372	9,537
<b>Total liabilities</b>		<b>16,233</b>	<b>22,114</b>
<b>Net assets</b>		<b>2,363,109</b>	<b>2,469,559</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>2,363,109</b>	<b>2,469,559</b>
<b>Contingencies and commitments</b>	8		
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>22,500,037</b>	<b>23,570,147</b>
		<b>(Rupees)</b>	
<b>Net assets value per unit</b>		<b>105.0269</b>	<b>104.7748</b>

The annexed notes 1 to 16 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 Islamic Asset Allocation Fund**  
**Condensed Interim Income Statement And Comprehensive Income (Un-Audited)**  
*For the three months ended September 30, 2018*

	Note	Three months ended September 30,	
		2018	2017
		(Rupees in '000)	
<b>Income</b>			
Dividend Income		7,810	5,553
Return on Investment		15,707	4,842
Mark-up on deposits with banks		17,506	23,397
Capital gain on sale of investments - net		1,230	(49)
		<b>42,253</b>	<b>33,743</b>
Unrealised appreciation /(diminution) on re-measurement of investments at "fair value through profit or loss - held-for-trading" - net		<b>(13,369)</b>	<b>(93,785)</b>
		<b>28,884</b>	<b>(60,042)</b>
<b>Expenses</b>			
Remuneration of Management Company		10,316	11,162
Remuneration of Trustee		973	1,029
Annual fee of Securities and Exchange Commission of Pakistan		579	626
Allocation of expenses related to registrar services, accounting, operation and valuation services		609	659
Selling and Marketing Expense		2,435	(1,821)
Settlement and Bank Charges		149	129
Auditors' remuneration		93	95
Fee and Subscriptions		80	64
Printing Charges		-	30
Amortisation of preliminary expenses and floatation costs		53	48
Securities Transaction Costs		317	102
Charity Expense		302	19
		<b>15,906</b>	<b>12,142</b>
		<b>12,978</b>	<b>(72,184)</b>
Provision for Workers' Welfare Fund	7.2	<b>(205)</b>	<b>(415)</b>
<b>Net income / (Loss) for the period before taxation</b>		<b>12,773</b>	<b>(72,599)</b>
<b>Taxation</b>	9.	-	-
<b>Net income / (Loss) for the period after taxation</b>		<b>12,773</b>	<b>(72,599)</b>
<b>Allocation of net income for the period:</b>			
Income already paid on redemption of units		781	-
Accounting income available for distribution:			
-Relating to capital gains		-	-
-Excluding capital gains		11,992	-
		<b>11,992</b>	<b>-</b>
<b>Net income / (loss) for the period after taxation</b>		<b>12,773</b>	<b>(72,599)</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>12,773</b>	<b>(72,599)</b>
<b>Earning Per Unit</b>	10		

The annexed notes 1 to 16 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 Islamic Asset Allocation Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For the three months ended September 30, 2018*

	Three months ended						
	2018			2017			
	(Rupees in '000)						
Capital value	Undistributed income	Unrealized (losses)/income on investment	Total	Capital value	Undistributed income	Total	
<b>Net assets at the beginning of the period</b>	2,347,630	113,632	8,297	2,469,559	-	-	2,623,318
Issuance of units 179,177 (2017: 1,486,108 units)							
- Capital value (at net asset value per unit at the beginning of the period)	18,654	-	-	18,654			156,211
- Element of loss	(7,040)	-	-	(7,040)			-
	11,614			11,614			156,211
Redemption of 1,249,287 units (2017: 1,630,283 units)							
- Capital value (at net asset value per unit at the beginning of the period)	(130,063)	-	-	(130,063)			(169,204)
- Income already paid on redemption of units	-	(781)	-	(781)			-
- Amount paid out of element of income Relating to net income for the period after taxation	7,075	-	-	7,075			-
	(122,988)	(781)	-	(123,769)			(169,204)
<b>Total comprehensive income for the year</b>							
Net profit / (Loss) for the period after tax	-	12,773		12,773			(72,599)
Distribution during the period	-	(7,068)	-	(7,068)			-
Total comprehensive/ income for the period	-	5,705	-	5,705			(72,599)
<b>Net assets at the end of the period</b>	2,236,256	118,556	8,297	2,363,109	-	-	2,537,726
Undistributed income brought forward							
- Realised		113,632				105,876	
- Unrealised		-				-	
		113,632				105,876	
Accounting (loss) / income available for distribution							
-Relating to capital gains		-				-	
-Excluding capital gains		11,992				(72,599)	
		11,992				(72,599)	
Distribution during the period		(7,068)				-	
<b>Undistributed income carried forward</b>		118,556				33,277	
Undistributed income carried forward							
- Realised		131,925				127,062	
- Unrealised		(13,369)				(93,785)	
		118,556				33,277	
					(Rupees)		
<b>Net assets value per unit at beginning of the period</b>				104.7748			105.5962
<b>Net assets value per unit at end of the period</b>				105.0269			102.7472

The annexed notes 1 to 16 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 Islamic Asset Allocation Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the three months ended September 30, 2018*

	Three months ended	
	2018	2017
	September 30,	
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income / (Loss) for the period	12,773	(72,599)
<b>Adjustments</b>		
Amortisation of preliminary expenses and floatation costs	53	48
	<u>12,826</u>	<u>(72,551)</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	(111,925)	(199,437)
Accrued mark-up	(2,642)	(6,786)
Advances, deposits and other receivables	1,249	-
	<u>(113,318)</u>	<u>(206,223)</u>
<b>Increase / (decrease) in assets</b>		
Payable to HBL Asset Management Limited - Management Company	(3,697)	(1,495)
Payable to Central Depository Company of Pakistan Limited - Trustee	(30)	21
Payable to Securities and Exchange Commission of Pakistan	(1,989)	(718)
Accrued expenses and other liabilities	(165)	(61,380)
	<u>(5,881)</u>	<u>(63,572)</u>
<b>Net cash used in operating activities</b>	<u>(106,373)</u>	<u>(342,346)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	11,614	156,211
Payment against redemption of units	(123,769)	(169,204)
Cash dividend paid	(7,068)	-
<b>Net cash used in financing activities</b>	<u>(119,223)</u>	<u>(12,993)</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(225,596)</u>	<u>(355,339)</u>
Cash and cash equivalents at beginning of the period	1,072,554	1,962,227
<b>Cash and cash equivalents at end of the period</b>	<u><u>846,958</u></u>	<u><u>1,606,888</u></u>

The annexed notes 1 to 16 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 Islamic Asset Allocation Fund

## Notes to the Condensed Interim Financial Information (Unaudited)

*For the three months ended September 30, 2018*

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### 1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed, dated September 07, 2015, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on October 28, 2015.

HBL Asset Management Limited is the 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 licensed to act as an Asset Management Company under the NBFC Rules 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 Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The initial public offer period was from January 07, 2016 to January 08, 2016 (both days inclusive). The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange.

The primary objective of the Fund is to provide superior returns through investments in Shari'ah Compliant Equity Securities and Shari'ah Compliant Income/ Money Market Instruments.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+' to the Management Company.

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

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

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of 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 September 30, 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.

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### 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 year, ended June 30, 2018.

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 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2019. None of these amendments are expected to have a significant effect on this condensed interim financial information.

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

4. Bank Balances	Note	September 30, 2018	June 30, 2018
		(Rupees in '000)	
Savings accounts	4.1	846,958	1,072,554
		<b>846,958</b>	<b>1,072,554</b>

4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 3.75%-7.5% per annum (2017:3.75% - 6.4%) p.a).

5 INVESTMENTS	Note	September 30, 2018	June 30, 2018
Fair Value Through Profit or Loss - Held For Trading			
- Listed equity Securities	5.1	622,257	519,265
- Term Finance Certificate	5.2	678,517	590,537
At Amortized Cost			
- Commercial Paper	5.3	206,418	-
		<b>1,507,192</b>	<b>1,109,802</b>

## 5.1 Listed equity securities - At fair value through profit or loss - Held for trading

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 September 30, 2018	Market value as at September 30, 2018	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			Total Investments	Net Assets	
(Rupees in '000)									
<b>Textile composite</b>									
Koninoor Textile Mills Ltd	-	150,000	-	-	150,000	8,136	0.54%	0.34%	0.04%
Nishat Mills Limited	184,500	14,000	-	75,000	123,500	17,363	1.15%	0.73%	0.04%
	184,500	164,000	-	75,000	273,500	25,499	1.15%	0.73%	
<b>Cement</b>									
D.G. Khan Cement Company Limited	72,100	35,000	-	11,000	96,100	9,842	0.65%	0.42%	0.02%
Kohat Cement Ltd	123,000	100	-	38,700	84,400	10,562	0.70%	0.45%	#DIV/0!
Lucky Cement Limited	63,750	5,000	-	12,500	56,250	28,853	1.91%	1.22%	0.02%
Meple Leaf Cement Factory Ltd	-	213,000	-	-	213,000	10,032	0.67%	0.42%	0.09%
Pioneer Cement Limited	95,000	-	-	12,500	82,500	3,585	0.24%	0.15%	0.07%
	353,850	253,100	-	74,700	532,250	62,874	4.17%	2.66%	
<b>Power generation &amp; distribution</b>									
The Hub Power Company Limited	496,500	70,000	-	50,000	516,500	45,178	3.00%	1.91%	0.04%
K-Electric Ltd	2,621,000	350,000	-	200,000	2,771,000	14,825	0.98%	0.63%	0.24%
	3,117,500	420,000	-	250,000	3,287,500	60,003	3.00%	1.91%	
<b>Oil and gas exploration companies</b>									
Mari Petroleum Company Limited	25,240	-	-	1,500	23,740	36,994	2.45%	1.57%	0.02%
Oil & Gas Development Co. Ltd	310,500	112,200	-	-	422,700	64,669	4.29%	2.74%	0.01%
Pakistan Oilfields Limited	79,200	-	15,840	-	95,040	52,194	3.46%	2.21%	0.04%
Pakistan Petroleum Limited	268,800	13,600	-	-	282,400	60,264	4.00%	2.55%	0.01%
	683,740	125,800	15,840	1,500	823,880	214,121	14.20%	9.07%	
<b>Oil and gas Marketing companies</b>									
Hascol Petroleum Ltd	32,800	-	-	-	32,800	8,934	0.59%	0.38%	0.05%
Pakistan State Oil Company Ltd	94,180	6,000	-	15,000	85,180	27,159	1.80%	1.15%	0.01%
Sui Northern Gas Pipeline Ltd	189,800	-	-	-	189,800	16,915	1.12%	0.72%	0.03%
	316,780	6,000	-	15,000	307,780	53,008	3.51%	2.25%	
<b>Fertilizers</b>									
Engro Corporation Limited	163,000	-	-	22,000	141,000	43,942	2.92%	1.86%	0.03%
Engro Fertilizer Limited	601,500	65,000	-	194,000	472,500	35,669	2.37%	1.51%	0.09%
	764,500	65,000	-	216,000	613,500	79,611	5.29%	3.37%	
<b>Commercial Banks</b>									
Meezan Bank Limited	287,000	-	23,700	50,000	260,700	23,249	1.54%	0.98%	0.05%
	287,000	-	23,700	50,000	260,700	23,249	1.54%	0.98%	
<b>Chemicals</b>									
Engro Polymer & Chemicals Ltd	545,000	240,931	-	200,000	585,931	17,015	1.13%	0.72%	0.05%
Engro Polymer & Chemicals Ltd - LOR	160,931	-	-	160,931	-	0	0.00%	0.00%	0.00%
	705,931	240,931	-	360,931	585,931	17,015	0.00%	0.00%	
<b>Paper &amp; board</b>									
Packages Limited	15,000	-	-	-	15,000	6,708	0.45%	0.28%	0.02%
	15,000	-	-	-	15,000	6,708	0.45%	0.28%	
<b>Cable and electrical goods</b>									
Pak Elektron Limited	223,000	45,000	-	40,000	228,000	7,009	0.47%	0.30%	0.06%
	223,000	45,000	-	40,000	228,000	7,009	0.47%	0.30%	
<b>Pharmaceuticals</b>									
AGP Limited	126,500	6,000	-	25,000	107,500	9,275	0.62%	0.39%	0.04%
The Searle Company Limited	37,972	-	-	15,000	22,972	7,257	0.48%	0.31%	0.04%
	164,472	6,000	-	40,000	130,472	16,532	0.48%	0.31%	
<b>Automobile Assembler</b>									
Millat Tractors Ltd	20,600	-	-	13,600	7,000	7,099	0.47%	0.30%	0.03%
	20,600	-	-	13,600	7,000	7,099	0.47%	0.30%	

Name of the Investee Company	Number of shares				As at September 30, 2018	Market value as at September 30, 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			Total Investments	Net Assets	
<b>Automobile Parts &amp; Accessories</b>									
Thal Limited	50,200	-	-	7,000	43,200	18,879	1.25%	0.80%	-
	50,200	-	-	7,000	43,200	18,879	0.01	0.80%	
<b>Glass &amp; Ceramics</b>									
Shabbir Tiles & Cement Ltd	262,000	-	-	262,000	-	-	0.00%	0.00%	-
	262,000	-	-	262,000	-	-	-	0.00%	
<b>Technology and Communication</b>									
Systems Limited	74,500	-	-	43,500	31,000	3,732	0.25%	0.16%	0.05%
	74,500	-	-	43,500	31,000	3,732	-	0.16%	
<b>Engineering</b>									
Aisha Steel Mills Ltd	236,000	-	-	236,000	-	-	0.00%	0.00%	0.00%
Amreli Steels Limited	111,300	-	-	65,000	46,300	3,007	0.20%	0.13%	0.00%
International Industries Ltd	32,800	25,000	-	10,700	47,100	11,864	0.79%	0.50%	0.06%
International Steels Limited	111,500	52,000	-	50,000	113,500	8,597	0.57%	0.36%	0.02%
Mughal Iron & Steel Ind Ltd	120,500	45,000	-	95,000	70,500	3,450	0.23%	0.15%	0.03%
	612,100	122,000	-	456,700	277,400	26,918	1.79%	1.14%	
	<b>7,835,673</b>	<b>1,447,831</b>	<b>39,540</b>	<b>1,905,931</b>	<b>7,417,113</b>	<b>622,257</b>	<b>37.52%</b>	<b>24.26%</b>	

Cost of investments at September 30, 2018

634,635

**5.1.1** 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, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee companies have withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.3368 million at June 30, 2018 (June 30, 2018: Rs. 0.3436 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 and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

**5.1.2** Investments include shares having market value aggregating to Rs. 60.2132 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.

**5.2 Term Finance Certificates - Held for trading**

Name of the Investee Company	Number of certificates				Market value as at June 30, 2018	Carrying value as a percentage of Net Asset
	As at July 1, 2018	Purchases during the year	Sale during the year	As at June 30, 2018		
----- (Rupees in '000) -----						
Fatima Fertilizer Company Limited	2,000	-	1,400	600	2,115	0.03%
Dubai Islamic Bank Limited	124	-	-	124	126,319	0.01%
Dawood Hercules Corporation Limited*	4,020	-	-	4,020	402,312	0.17%
AGP Limited	370	-	125	245	18,513	0.01%
K-Electric Ltd	28,000	10,000	3,750	34,250	129,258	1.45%
Engro Fertilizer Limited	13,350	-	13,350	-	-	-
	<b>47,864</b>	<b>10,000</b>	<b>18,625</b>	<b>39,239</b>	<b>678,517</b>	<b>1.67%</b>

Cost of investments at June 30, 2018

679,508

\* Related party due to common directorship

5.2.1 Significant Terms And Conditions of Term Finance Certificate and Sukuk bonds outstanding as at June 30, 2018 are as follow:

Name Of Security	Remaining Principles (Per TFC)	Markup Rate (Per Annum)	Issue Date	Maturity Date
<b>Term Finance Certificate - Listed</b>				
Fatima Fertilizer Company Limited	3,500	6 month KIBOR + 1.10 %	28-Nov-16	28-Nov-21
Dubai Islamic Bank Limited	1,000,000	6 month KIBOR + 0.50 %	14-Jul-17	14-Jul-27
Dawood Hercules Corporation	100,000	3 month KIBOR + 1.00 %	16-Nov-17	16-Nov-22
Dawood Hercules Corporation	100,000	3 month KIBOR + 1.00 %	1-Mar-18	1-Mar-23
AGP Limited	80,000	3 month KIBOR + 1.30 %	9-Jun-17	9-Jun-22
K-Electric Limited	4,000	3 month KIBOR + 1.00 %	17-Jun-15	17-Jun-22
Engro Fertilizer Limited	2,625	6 month KIBOR + 1.75 %	9-Jul-14	9-Jul-19

5.3 This represents commercial paper which will mature on March 01, 2019 and carries profit rate of 8.95% (June 30, 2018: Nil) per annum.

6. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		September 30,	June 30,
		2018	2018
		(Rupees in '000)	
Management fee	6.1	2,934	3,329
Sindh Sales Tax	6.2	381	433
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	196	222
Selling and Marketing Expense	6.4	2,435	5,632
Sales load payable		22	49
		<u>5,968</u>	<u>3,984</u>

6.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of one percent per annum for the current year (2015: one percent per annum).

6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax 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 percent of the average annual net assets or the actual cost whichever is lower. Further, the shariah advisory fee can also be charged to the Fund. 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 year.

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.



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**7. ACCRUED EXPENSES AND OTHER LIABILITIES**

Auditors' remuneration		<b>93</b>	395
Charity payable		<b>2,752</b>	121
Withholding tax payable		-	4,706
Sales Load Payable		-	1,732
Payable against redemption of units		-	1,178
Provision for Sindh Workers Welfare Fund	7.2	<b>4,871</b>	4,923
Federal Excise Duty	7.1	<b>1,063</b>	1,063
Printing Payable		<b>110</b>	110
Payable against purchase of investments		-	9,635
Payable to Broker		<b>124</b>	79
Dividend Payable		<b>25</b>	189
Other payable		<b>334</b>	331
		<b>9,372</b>	<b>24,462</b>

**7.1 PROVISION FOR FEDERAL EXCISE DUTY**

The legal status of applicability of Federal Excise Duty on the 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, 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.

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. 1.06 million. Had the provision not been made, the Net Asset Value per unit as at September 30, 2018 would have been higher by Re. 0.0472 (June 30, 2018: Re. 0.0451) per unit.

**7.2 WORKERS' WELFARE FUND AND 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 13.3 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is a loss for the three months ended September 30, 2018, therefore, no provision for SWWF has been maderecognised in this condensed interim financial information. Had the provision not been retained, net asset value per unit at September 30, 2018 would have been higher by Re. 0.22 (June 30, 2018 Re. 0.2) per unit.

**8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments outstanding as at September 30, 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. 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. EARNINGS PER UNIT (EPU)**

Earnings per unit (EPU) has not been disclosed as, in the opinion of the management, determination of weighted average units for calculating earnings per unit is not practicable.

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**11. TOTAL EXPENSE RATIO**

The Scheme has maintained Total Expense Ratio (TER) 0.67% (0.09% representing Government Levies, and SECP Fee).

**12. 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 and directors of 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 and balances with them, if not disclosed elsewhere in these financial statements are as follows:

	<b>Three months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Rupees in '000)</b>	
<b>12.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	<b>10,316</b>	11,162
Allocation of expenses related to registrar services, accounting, operation and valuation services	<b>609</b>	659
Charging of Selling and marketing expenses	<b>2,435</b>	(1,821)
<b>Habib Bank Limited - Sponsor</b>		
Issue of 17,354 Units	<b>1,807</b>	-
Bank charges paid	<b>8</b>	13
Mark-up earned during the period	<b>72</b>	795
Mark-up received during the period	<b>89</b>	983
<b>HBL Asset Management Limited Employees Gratuity Fund</b>		
Issue of 13 Units	<b>1</b>	-
<b>HBL Asset Management Limited Employees Provident Fund</b>		
Issue of 38 Units	<b>4</b>	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	<b>973</b>	1,029
<b>Al-Mizan Foundation - Connected person due to holding more than 10% units</b>		
Issue of 5,585 Units	<b>582</b>	-
<b>Sheikh Khalid Zaheer Siddiqui - Connected person due to holding more than 10% units</b>		
Issue of 7,576 Units	<b>789</b>	-
<b>SIUT Trust - Connected person due to holding more than 10% units</b>		
Issue of 8,064 Units	<b>840</b>	-
<b>Executives of the Management Company and their relatives</b>		
Issue of 951 Units	<b>100</b>	-

12.2	Amounts outstanding as at period end	September 30, 2017	June 30, 2018
		(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>			
	Management Fee	2,934	3,329
	Sindh Sales Tax	381	433
	Allocation of expenses related to registrar services, accounting, operation and valuation services	196	222
	Charging of Selling and marketing expenses	2,435	5,632
	Sales load payable	22	49
<b>Habib Bank Limited - Sponsor</b>			
	Investment held in the Fund : 6,039,990 units (June 30, 2017: 6,022,636 units)	634,246	631,020
	Bank balances	13,696	9,819
	Mark-up receivable on deposits with bank	14	24
	Sales load payable	-	635
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
	Remuneration payable	278	304
	Sindh Sales Tax	36	40
	Security Deposit	100	100
<b>HBL Asset Management Limited Employees Gratuity Fund</b>			
	Investment held in the Fund 4,521 units (2018: 4,508 units)	475	473
<b>HBL Asset Management Limited Employees Provident Fund</b>			
	Investment held in the Fund 13,051 units (2018: 13,014 units)	1,370	1,364
<b>Al-Mizan Foundation - Connected person due to holding more than 10% units</b>			
	Investment held in the Fund 2,285,987 units (2018: 2,280,401 units)	240,046	238,929
<b>Sheikh Khalid Zaheer Siddiqui - Connected person due to holding more than 10% units</b>			
	Investment held in the Fund 3,012,341 units (2018: 3,004,765 units)	316,319	314,824
<b>SIUT Trust - Connected person due to holding more than 10% units</b>			
	Investment held in the Fund 2,806,411 units (2018: 2,798,347 units)	294,695	293,196
<b>Executives of the Management Company and their relatives</b>			
	Investment held in the fund 951 units ( 2018: Nil units )	100	-

### 13. 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.

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

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

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

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

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

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

	September 30, 2018							
	Carrying amount				Fair Value			
	Fair value through profit or loss	At amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>								
Investments								
- Listed Equities Securities	622,257	-	-	622,257	622,257	-	-	622,257
- Term finance certificate - unlisted	39,239	-	-	39,239	-	39,239	-	39,239
- Commercial Paper	-	206,418	-	206,418	-	206,418	-	206,418
	<b>661,496</b>	<b>206,418</b>	<b>-</b>	<b>867,914</b>	<b>622,257</b>	<b>39,239</b>	<b>-</b>	<b>661,496</b>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	846,958	-	846,958				
Accrued mark-up	-	19,426	-	19,426				
Advances, deposits and other receivables	-	2,674	-	2,674				
	<b>-</b>	<b>869,058</b>	<b>-</b>	<b>869,058</b>				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	5,587	5,587				
Payable to Trustee	-	-	278	278				
Accrued expenses and other liabilities	-	-	3,419	3,419				
Unit holders' fund	-	-	22,500,037	22,500,037				
	<b>-</b>	<b>-</b>	<b>9,284</b>	<b>9,284</b>				

	June 30, 2018							
	Carrying amount				Fair Value			
	Fair value through profit or loss	At amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>								
Investments								
- Listed Equities Securities	680,467	-	-	680,467	680,467	-	-	680,467
- Term finance certificate - unlisted	714,800	-	-	714,800	-	714,800	-	714,800
	<b>1,395,267</b>	<b>-</b>	<b>-</b>	<b>1,395,267</b>	<b>680,467</b>	<b>714,800</b>	<b>-</b>	<b>1,395,267</b>

	June 30, 2018							
	Carrying amount				Fair Value			
	Fair value through profit or loss	At amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----							
<b>Financial assets not measured at fair value</b>								
Bank balances	-	1,072,554	-	1,072,554				
Accrued mark-up	-	16,784	-	16,784				
Advances, deposits and other receivables	-	3,943	-	3,943				
	-	1,093,281	-	1,093,281				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	9,665	9,665				
Payable to Trustee	-	-	344	344				
Accrued expenses and other liabilities	-	-	3,794	3,794				
Unit holders' fund	-	-	23,570,147	23,570,147				
	-	-	23,583,950	13,803				

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. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 17, 2018 .

#### 15. CORRESPONDING FIGURES

The corresponding figures has been adjusted as detailed below due to initial application of IFRS - 9.

	<b>June 30, 2018</b> (Rupees in '000)
<b><u>Statement of Assets and liabilities:</u></b>	
Investment classified as available for sale now classified as Financials Assets at fair value through profit in loss	285,465

#### **Condensed Interim Income Statement and Statement of Other Comprehensive Income**

	<b>September 30, 2017</b> (Rupees in '000)
"Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale" in the Condensed Interim Statement of Other Comprehensive Income is now classified as "Net unrealized / (dumination) on re-measurements of investments at fair value through profit" in the Condensed Interim Income Statement	(93,131)

#### 16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

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

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

\_\_\_\_\_  
Director

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# **HBL**

## **Islamic Stock Fund**



## FUND INFORMATION

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Name of Fund	HBL Islamic Stock Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Bank Al-Habib Limited

**HBL Islamic Stock Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*As at September 30, 2018*

	Note	September 30, 2018 (Un-Audited) (Rupees in '000)	June 30, 2018 (Audited)
<b>Assets</b>			
Bank balances	4	352,958	618,133
Investments	5	2,275,867	2,222,627
Dividend receivable and accrued mark-up		28,884	5,771
Advance, deposits and other receivables		8,924	3,482
<b>Total assets</b>		<b>2,666,634</b>	<b>2,850,013</b>
<b>Liabilities</b>			
Payable to Management Company	6	7,731	9,226
Payable to Trustee		336	322
Payable to Securities and Exchange Commission of Pakistan		620	1,616
Payable against purchase of equity		9,052	276,163
Accrued expenses and other liabilities	7	20,163	20,744
<b>Total liabilities</b>		<b>37,902</b>	<b>308,071</b>
<b>Net assets</b>		<b>2,628,731</b>	<b>2,541,942</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>2,628,731</b>	<b>2,541,942</b>
<b>Contingencies and Commitments</b>	8		
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>23,695,521</b>	<b>22,730,895</b>
		<b>(Rupees)</b>	
<b>Net assets value per unit</b>		<b>110.9379</b>	<b>111.8276</b>

The annexed notes 1 to 16 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 Islamic Stock Fund**  
**Condensed Interim Income Statement And Comprehensive Income (Un-Audited)**  
*For the three months ended September 30, 2018*

		Three Months ended September 30,	
		2018	2017
		------(Rupees in '000)-----	
<b>Income</b>			
Dividend income		26,725	6,443
Mark-up on deposits with banks		7,492	1,901
Unrealized diminution on re-measurements of investments - HFT		(36,316)	(130,999)
Capital gain / (loss) on sale of investments - net		978	(18,461)
		<b>(1,121)</b>	<b>(141,116)</b>
<b>Expenses</b>			
Remuneration of Management Company		14,745	5,891
Remuneration of Trustee		1,103	619
Annual fee to Securities and Exchange Commission of Pakistan		620	248
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	652	261
Selling & Marketing Expense	6.4	2,610	(1,021)
Settlement & Bank Charges		170	112
Auditors' remuneration		89	94
Fees & Subscription		8	1
Printing Charges		-	48
Securities Transaction Cost		1,446	407
Legal Fee		53	36
Charity Expense		961	40
		<b>22,457</b>	<b>6,735</b>
<b>Net loss from operating activities</b>		<b>(23,578)</b>	<b>(147,852)</b>
Provision for Workers' Welfare Fund	7.2	-	-
<b>Net loss for the period before taxation</b>		<b>(23,578)</b>	<b>(147,852)</b>
<b>Taxation</b>	10	-	-
<b>Net loss for the period after taxation</b>		<b>(23,578)</b>	<b>(147,852)</b>
<b>Earning per unit</b>	11		
<b>Allocation of net income for the period:</b>			
Income already paid on redemption of units		-	-
Accounting (loss) / income available for distribution:			
-Relating to capital gains		-	-
-Excluding capital gains		-	-
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<b>(23,578)</b>	<b>(147,852)</b>

The annexed notes 1 to 16 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 Islamic Stock Fund

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

For the three months ended September 30, 2018

	Three months ended						
	2018			2017			
	(Rupees in '000)						
Capital value	Undistributed (loss) / income	Unrealized income / (loss)	Total	Capital value	Undistributed income	Total	
<b>Net assets at the beginning of the period</b>	2,580,862	(40,603)	1,683	2,541,942	-	-	1,043,544
Issue of 1,462,649 units (2017: 2,563,589 units)							
- Capital value (at net asset value per unit at the beginning of the period)	163,565	-	-	163,565	-	-	-
- Element of loss	1,800	-	-	1,800	-	-	-
Total proceeds on issuance of units	165,364	-	-	165,364	-	-	319,956
Redemption of 498,023 units (2017: 818,383 units)							
- Capital value (at net asset value per unit at the beginning of the period)	(55,693)	-	-	(55,693)	-	-	-
- Amount paid out of element of income relating to net income for the year after taxation	695	-	-	695	-	-	-
Total payment on redemption of units	(54,997)	-	-	(54,997)	-	-	(110,495)
Total comprehensive income for the period less distribution	-	(23,578)	-	(23,578)	-	(147,852)	(147,852)
<b>Net assets at the end of the period</b>	<b>2,691,229</b>	<b>(64,181)</b>	<b>1,683</b>	<b>2,628,731</b>	<b>-</b>	<b>(147,852)</b>	<b>1,105,153</b>
Undistributed income brought forward							
- Realised	6,041				78,478		
- Unrealised	(46,644)				-		
	(40,603)				78,478		
Accounting loss available for distribution	(23,578)				(147,852)		
Distribution during the period	-				-		
<b>Undistributed income carried forward</b>	<b>(64,181)</b>				<b>(69,374)</b>		
Undistributed income carried forward							
- Realised	(27,865)				61,625		
- Unrealised	(36,316)				(130,999)		
	(64,181)				(69,374)		
				(Rupees)			
Net assets value per unit at beginning of the period				<u>111.8276</u>			<u>130.0225</u>
Net assets value per unit at end of the period				<u>110.9379</u>			<u>113.1046</u>

The annexed notes 1 to 16 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 Islamic Stock Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
*For the three months ended September 30, 2018*

	Three Months ended September 30,	
	2018	2017
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss for the period	(23,578)	(147,852)
<b>Adjustments</b>		
Unrealized diminution on re-measurements of investments	36,316	130,999
	<b>12,738</b>	(16,853)
<b>(Increase) / decrease in assets</b>		
Investments - net	(89,556)	7,182
Dividend receivable and accrued mark-up	(23,113)	(3,343)
Advances, deposits, prepayments and other receivables	(5,442)	18,442
	<b>(118,112)</b>	22,281
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	(1,495)	(1,164)
Payable to Trustee	14	(8)
Payable against redemption of units	(996)	(634)
Dividend payable	-	(64,460)
Payable to Securities and Exchange Commission of Pakistan	(267,111)	-
Accrued expenses and other liabilities	(581)	(2,647)
	<b>(270,169)</b>	(68,913)
<b>Net cash generated from operating activities</b>	<b>(375,542)</b>	(63,485)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	165,364	319,956
Payment against redemption of units	(54,997)	(110,495)
<b>Net cash generated from financing activities</b>	<b>110,367</b>	209,461
<b>Net increase in cash and cash equivalents</b>	<b>(265,175)</b>	145,976
Cash and cash equivalents at beginning of the period	618,133	67,149
<b>Cash and cash equivalents at end of the period</b>	<b>352,958</b>	213,125

The annexed notes 1 to 16 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 Islamic Stock Fund**

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

*For the three months ended September 30, 2018*

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

HBL Islamic Stock Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, 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 as a unit trust scheme on December 10, 2010.

HBL Asset Management Limited is the 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 licensed to act as an Asset Management Company under the NBFC Rules 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 Pakistan.

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. The units of the Fund were initially offered for public subscription at par from May 09, 2011 to May 10, 2011.

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.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+' (Stable) to the Management Company and.

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 approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP).

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

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

**2.1.3** In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, 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 September 30, 2018.



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## 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 for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2017.

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

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

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2019. None of these amendments are expected to have a significant effect on this condensed interim financial information.

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

4	<b>BANK BALANCES</b>	<i>Note</i>	<b>September 30, 2018</b>	June 30, 2018
	Savings accounts		<b>352,958</b>	<b>618,133</b>
			<b>352,958</b>	<b>618,133</b>

5	<b>INVESTMENTS</b>	<i>Note</i>	<b>September 30, 2018 (Un-Audited)</b>	June 30, 2018 (Audited)
			<b>(Rupees in '000)</b>	
	Listed equity securities	5.1	<b>2,275,867</b>	2,222,627
			<b>2,275,867</b>	2,222,627

## 5.1 Listed equity securities at fair Value through Profit or Loss - Held for trading

### 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 September 30, 2018	Market value as at September 30, 2018	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			Total Investments	Net Assets	
(Rupees in '000)									
<b>Cement</b>									
D. G. Khan Cement Limited	230,000	180,000	-	25,000	385,000	39,428	1.73%	1.50%	0.09%
Kohat Cement Limited	332,000	87,000	-	113,000	306,000	38,293	1.68%	1.46%	0.07%
Lucky Cement Limited	207,750	4,000	-	7,500	204,250	104,768	4.60%	3.99%	0.13%
Maple Leaf Cement Factory Limited	-	826,000	-	-	826,000	38,905	1.71%	1.48%	0.53%
Pioneer Cement Limited	324,500	-	-	25,000	299,500	13,016	0.57%	0.50%	0.19%
	<b>1,094,250</b>	<b>1,097,000</b>	<b>-</b>	<b>170,500</b>	<b>2,020,750</b>	<b>234,410</b>	<b>10.30%</b>	<b>8.92%</b>	
<b>Engineering</b>									
Amreli Steels Limited	793,500	-	-	793,500	-	-	-	-	-
Crescent Steel and Allied Products Limited	357,200	65,000	-	224,500	197,700	12,841	0.56%	0.49%	0.07%
International Industries Limited	117,200	84,300	-	14,000	187,500	40,350	1.77%	1.53%	0.06%
International Steels Limited	388,500	205,000	-	175,000	418,500	38,071	1.67%	1.45%	0.10%
Mughal Iron & Steel Inds Limited	535,500	133,000	-	388,000	280,500	13,725	0.60%	0.52%	0.06%
	<b>2,191,900</b>	<b>487,300</b>	<b>-</b>	<b>1,595,000</b>	<b>1,084,200</b>	<b>104,986</b>	<b>4.61%</b>	<b>3.99%</b>	
<b>General Industrials</b>									
Packages Limited	52,000	-	-	-	52,000	23,255	1.02%	0.88%	0.01%
	<b>52,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,000</b>	<b>23,255</b>	<b>1.02%</b>	<b>0.88%</b>	
<b>Glass &amp; Ceramics</b>									
Shabbir Tiles & Ceramics Limited	801,500	-	-	801,500	-	-	-	-	-
	<b>801,500</b>	<b>-</b>	<b>-</b>	<b>801,500</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>	
<b>Automobile Parts &amp; Accessories</b>									
Thall Limited	143,350	20,150	-	10,100	153,400	67,037	2.95%	2.55%	0.04%
	<b>143,350</b>	<b>20,150</b>	<b>-</b>	<b>10,100</b>	<b>153,400</b>	<b>67,037</b>	<b>2.95%</b>	<b>2.55%</b>	
<b>Technology &amp; Communication</b>									
Systems Limited	242,500	-	-	139,500	103,000	12,400	0.54%	0.47%	0.03%
	<b>242,500</b>	<b>-</b>	<b>-</b>	<b>139,500</b>	<b>103,000</b>	<b>12,400</b>	<b>0.54%</b>	<b>0.47%</b>	
<b>Oil and Gas Exploration Companies</b>									
Mari Petroleum Compny Limited	92,720	5,000	-	12,000	85,720	133,580	5.87%	5.08%	0.02%
Oil & Gas Development Ltd	1,048,900	590,000	-	68,000	1,570,900	240,332	10.56%	9.14%	0.53%
Pakistan Oilfields Limited	213,100	38,000	37,220	40,000	248,320	136,372	5.99%	5.19%	0.08%
Pakistan Petroleum Limited	829,700	73,500	-	24,500	878,700	187,515	8.24%	7.13%	0.30%
	<b>2,184,420</b>	<b>706,500</b>	<b>37,220</b>	<b>144,500</b>	<b>2,783,640</b>	<b>697,799</b>	<b>30.66%</b>	<b>26.55%</b>	
<b>Oil and Gas Marketing Companies</b>									
Hascol Petroleum Limited	91,300	50,000	-	-	141,300	38,489	1.69%	1.46%	0.03%
Pakistan State Oil Company Limited	320,400	93,000	-	85,000	328,400	104,707	4.60%	3.98%	0.11%
Sui Northern Gas Pipeline Limited	612,300	85,000	-	-	697,300	62,143	2.73%	2.36%	0.23%
	<b>1,024,000</b>	<b>228,000</b>	<b>-</b>	<b>85,000</b>	<b>1,167,000</b>	<b>205,339</b>	<b>9.02%</b>	<b>7.81%</b>	
<b>Fertilizers</b>									
Engro Corporation Limited	517,600	62,300	-	74,000	505,900	157,654	6.93%	6.00%	0.12%
Engro Fertilizers Limited	1,887,500	269,500	-	407,000	1,750,000	132,108	5.80%	5.03%	0.59%
Fauji Fertilizer Company Limited	509,500	35,000	-	12,000	532,500	51,993	2.28%	1.98%	0.18%
	<b>2,914,600</b>	<b>366,800</b>	<b>-</b>	<b>493,000</b>	<b>2,788,400</b>	<b>341,754</b>	<b>15.02%</b>	<b>13.00%</b>	
<b>Commercial Banks</b>									
Meezan Bank Limited	1,264,500	58,000	114,400	165,500	1,271,400	113,383	4.98%	4.31%	0.11%
	<b>1,264,500</b>	<b>58,000</b>	<b>114,400</b>	<b>165,500</b>	<b>1,271,400</b>	<b>113,383</b>	<b>4.98%</b>	<b>4.31%</b>	
<b>Automobile Assembler</b>									
Millat Tractors Limited	58,190	1,500	-	53,780	5,910	6,097	0.27%	0.23%	0.01%
	<b>58,190</b>	<b>1,500</b>	<b>-</b>	<b>53,780</b>	<b>5,910</b>	<b>6,097</b>	<b>0.27%</b>	<b>0.23%</b>	
<b>Chemicals</b>									
Engro Polymer & Chemicals Limited	2,182,066	801,066	-	811,066	2,172,066	63,077	2.77%	2.40%	0.41%
	<b>2,182,066</b>	<b>801,066</b>	<b>-</b>	<b>811,066</b>	<b>2,172,066</b>	<b>63,077</b>	<b>2.77%</b>	<b>2.40%</b>	

Name of the Investee Company	Number of shares				Market value as at September 30, 2018	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		Total Investments	Net Assets		
<b>Cable &amp; Electrical Goods</b>									
Pak Elektron Limited	898,500	223,000	-	260,000	861,500	26,483	1.16%	1.01%	0.16%
	898,500	223,000	-	260,000	861,500	26,483	<b>1.16%</b>	<b>1.01%</b>	
<b>Power Generation &amp; Distribution</b>									
Hub Power Company Ltd	1,379,000	546,500	-	130,000	1,795,500	157,052	6.90%	5.97%	0.41%
K-Electric Limited	9,442,000	1,950,000	-	1,401,000	9,991,000	53,452	2.35%	2.03%	2.30%
	10,821,000	2,496,500	-	1,531,000	11,786,500	210,504	<b>9.25%</b>	<b>8.00%</b>	
<b>Textile Composite</b>									
Kohinoor Textile Mills Ltd	-	511,500	-	-	511,500	27,744	1.22%	1.06%	0.10%
Nishat Mills Ltd	629,100	32,200	-	112,000	549,300	77,226	3.39%	2.94%	0.10%
	629,100	543,700	-	112,000	1,060,800	104,970	<b>4.61%</b>	<b>4.00%</b>	
<b>PHARMACEUTICALS</b>									
AGP Limited	427,750	82,000	-	65,000	444,750	38,373	1.69%	1.46%	0.08%
The Searle Company Limited	76,291	6,000	-	-	82,291	25,998	1.14%	0.99%	0.02%
	504,041	88,000	-	65,000	527,041	64,371	<b>2.83%</b>	<b>2.45%</b>	
	<b>26,204,417</b>	<b>7,117,516</b>	<b>151,620</b>	<b>5,635,946</b>	<b>27,837,607</b>	<b>2,275,867</b>	<b>100.00%</b>	<b>73.35%</b>	

Cost of investments at September 30, 2018

**2,312,183**

**5.1.1** "These includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 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, 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. 0.690 million at September 30, 2018 (June 2018: Rs. 0.727 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 and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end."

**5.1.2** Investments include shares having market value aggregating to Rs. 66.74 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.

6	PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	September 30,	June 30,
			2018	2018
			(Rupees in '000)	
	Management fee	6.1	4,311	4,048
	Sindh Sales Tax	6.2	560	526
	Sales load payable		34	1
	Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	216	202
	Selling & Marketing payable	6.4	2,610	4,449
			<b>7,731</b>	<b>9,226</b>

**6.1** Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2016: two percent per annum) of the average net assets of the Fund for the current period.

**6.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

**6.3 ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING,**

**OPERATION AND VALUATION SERVICES**

During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard, the Management Company has started charging these expenses effective from November 25, 2015.

**6.4 ALLOCATION OF EXPENSES RELATED TO SELLING AND MARKETING**

The Securities and Exchange Commission of Pakistan (SECP) vide its circular No. SCD/PRDD/Circular/361/2016 dated December 30, 2016 has allowed Asset Management Companies (AMCs) to charge selling and marketing expenses to open end equity, asset allocation and index funds subject to a maximum cap of 0.4% per annum of net assets of fund or actual expenses whichever is lower. Management Company of the Fund started accruing these charges effective from March 1, 2017.

**7 ACCRUED EXPENSES AND OTHER LIABILITIES**

	<i>Note</i>	<b>September 30, 2018</b>	June 30, 2018
		<b>(Rupees in '000)</b>	
Auditors' remuneration		<b>89</b>	304
Federal Excise Duty	7.1	<b>6,793</b>	6,793
Provision for Sindh Workers' Welfare Fund	7.2	<b>6,312</b>	6,312
Payable to brokers		<b>470</b>	1,812
Charity Payable		<b>6,252</b>	5,290
Withholding tax payable		<b>18</b>	21
Other payables		<b>230</b>	212
		<b>20,163</b>	20,744

**7.1 PROVISION FOR FEDERAL EXCISE DUTY**

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 against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 6.793 million. Had the provision not been made, the Net Asset Value per unit as at September 30, 2018 would have been higher by Re. 0.2867 (June 30, 2018: Re. 0.2988) per unit.

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**7.2 PROVISION WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND**

The legal status of applicability of Woekers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 12.3 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is a loss for the three months ended September 30, 2018, therefore, no provision for SWWF has been maderecognised in this condensed interim financial information. Had the provision not been retained, net asset value per unit at September 30, 2018 would have been higher by Re. 0.2664 (June 30, 2018 Re. 0.2777) per unit.

**8 CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments outstanding as at September 30, 2018.

**9 TOTAL EXPENSE RATIO**

The Scheme has maintained Total Expense Ratio (TER) 0.87% (0.10% representing Government Levies, and SECP Fee).

**10 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. 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.

**11 EARNINGS PER UNIT (EPU)**

Earnings per unit (EPU) has not been disclosed as, in the opinion of the management, determination of weighted average units for calculating earnings per unit is not practicable.

**12 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.

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

12.1	Transactions during the period	Three Months ended September 30,	
		2018	2017
		(Rupees in '000)	
	<b>HBL Asset Management Limited - Management Company</b>		
	Management Fee	14,745	5,891
	Allocation of expenses related to registrar services, accounting, operation and valuation services	652	261
	Selling & Marketing Expense	2,610	(1,021)
	<b>Habib Bank Limited - Sponsor</b>		
	Bank charges paid	16,380	8
	Profit on bank deposits earned	181	871
	Profit on bank deposits received	144	922
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Trustee remuneration	1,103	1,103
	<b>Directors, Executives and their relatives</b>		
	Issuance of 47 units (2017: 18,763 Units)	5	2,250
	Redemption of 906 units (2017: 8,272 Units)	100	1,050
	<b>HBL IFPF Strategic Allocation Plan</b>		
	Issuance of Nil Units units (2017: 1,179,911 Units)	-	135,000
	Redemption of 3,491 units (2017: Nil Units)	(375)	-
	<b>HBL IFPF Active Allocation Plan</b>		
	Issuance of 3,600 units (2017: 132,034 Units)	400	15,000
	Redemption of 37,397 units (2017: Nil Units)	(4,246)	-
	<b>HBL IFPF Conservative Allocation Plan</b>		
	Redemption of 3,358 units (2017: Nil Units)	(370)	-
12.2	Balances outstanding as at period end	September 30, 2018	June 30, 2018
		(Un-Audited)	(Audited)
		(Rupees in '000)	
	<b>HBL Asset Management Limited - Management Company</b>		
	Investment held in fund of 215,061 units (June 30, 2018: 215,061 units)	23,825	24,050
	Management fee	4,311	4,048
	Sindh Sales Tax	560	526
	Sales load payable	34	1
	Selling & Marketing Expense	2,610	4,449
	Allocation of expenses related to registrar services, accounting, operation and valuation services	216	202
	<b>Habib Bank Limited - Sponsor</b>		
	Investment held in the Fund: 6,198,853 units (June 30, 2018: 6,198,853 units)	686,732	693,203
	Bank balances	6,138	10,596
	Mark-up accrued on deposits with bank	85	48



	<b>September 30, 2018</b>	June 30, 2018
	<b>(Un-Audited)</b>	<b>(Audited)</b>
	<b>(Rupees in '000)</b>	
<b>HBL IFPF Strategic Allocation Plan</b>		
Investment held in the Fund: 10,311,507 units (June 30, 2018: 10,314,998 units)	<b>1,142,347</b>	1,153,502
<b>HBL IFPF Active Allocation Plan</b>		
Investment held in the Fund: 929,216 units (June 30, 2018: 963,012 units)	<b>102,942</b>	107,691
<b>HBL IFPF Conservative Allocation Plan</b>		
Investment held in the Fund: 2,555 units (June 30, 2018: 5,913 units)	<b>283</b>	661
<b>Directors, Executives and their relatives</b>		
Investment held in the Fund: 13,713 units (June 30, 2018: 14,572 units)	<b>1,519</b>	1,630
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	<b>298</b>	285
Sindh Sales Tax	<b>39</b>	37
Security deposit	<b>100</b>	100

### 13 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.

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

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

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

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

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

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

September 30, 2018								
Carrying amount				Fair Value				
Available- for-sale	Held for Trading	Loans and receivables / Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
<b>On-balance sheet financial instruments</b> ----- (Rupees in '000) -----								
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	2,275,867	-	-	2,275,867	2,275,867	-	-	2,275,867
	<u>2,275,867</u>	<u>-</u>	<u>-</u>	<u>2,275,867</u>	<u>2,275,867</u>	<u>-</u>	<u>-</u>	<u>2,275,867</u>
<b>Financial assets not measured at fair value</b>								
Bank balances								
	-	352,958	-	352,958				
Investments								
- Un-Listed equity securities	-	-	-	-				
Dividend receivable and accrued mark-up	-	28,884	-	28,884				
Advances, deposits and other receivables	-	8,924	-	8,924				
	<u>-</u>	<u>390,767</u>	<u>-</u>	<u>390,767</u>				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	7,731	7,731				
Payable to Trustee	-	-	336	336				
Accrued expenses and other liabilities	-	-	7,040	7,040				
Unit Holder's Fund	-	-	2,628,731	2,628,731				
	<u>-</u>	<u>-</u>	<u>15,107</u>	<u>15,107</u>				
June 30, 2018								
Carrying amount				Fair Value				
Available- for-sale	Held for Trading	Loans and receivables / Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
<b>On-balance sheet financial instruments</b> ----- (Rupees in '000) -----								
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	20,598	2,222,627	-	2,243,225	2,243,225	-	-	2,243,225
	<u>20,598</u>	<u>2,222,627</u>	<u>-</u>	<u>2,243,225</u>	<u>2,243,225</u>	<u>-</u>	<u>-</u>	<u>2,243,225</u>
<b>Financial assets not measured at fair value</b>								
Bank balances								
	-	618,133	-	618,133				
Dividend receivable and accrued mark-up	-	5,771	-	5,771				
Advances, deposits, prepayments and other receivables	-	2,600	-	2,600				
	<u>-</u>	<u>626,504</u>	<u>-</u>	<u>626,504</u>				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	8,700	8,700				
Payable to Trustee	-	-	285	285				
Payable against purchase of equity	-	-	276,163	276,163				
Accrued expenses and other liabilities	-	-	7,618	7,618				
	<u>-</u>	<u>-</u>	<u>292,766</u>	<u>292,766</u>				

**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 repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

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**14 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on October 17, 2018 by the Board of Directors of the Management Company.

**15 CORRESPONDING FIGURES**

The corresponding figures has been adjusted as detailed below due to initial application of IFRS - 9.

**Statement of Assets and liabilities:**

**June 30, 2018**  
**(Rupees in '000)**

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Investment classified as available for sale is now classified as Financials Assets at fair value through profit in loss.

20,598

**Condensed Interim Income Statement and Other Comprehensive Income**

**September 30, 2017**  
**(Rupees in '000)**

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"Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale" in the Condensed Interim Statement of Other Comprehensive Income is now classified as "Net unrealized / (dumination) on re-measurements of investments at fair value through profit" in the Condensed Interim Income Statement

116,497

**16 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Islamic Income Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Income Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Dubai Islamic Bank Limited Bank Islami Pakistan Limited Al Baraka Bank Pakistan Limited United Bank Limited Burj Bank Limited Faysal Bank Limited Allied Bank Limited Askari Bank Limited Soneri Bank Limited Summit Bank Limited Bank Al-Habib Limited
Rating	'A+(f)'

**HBL Islamic Income Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2018*

	Note	(Unaudited) September 30, 2018 (Rupees in 000's)	(Audited) June 30, 2018
<b>ASSETS</b>			
Bank balances	4	1,303,370	2,716,661
Investments	5	2,469,031	1,389,253
Profit receivable		38,113	38,957
Receivable against sale of investment		-	10,156
Deposits and prepayments and Others		4,411	4,450
Deferred formation cost		535	740
<b>Total assets</b>		<b>3,815,461</b>	<b>4,160,217</b>
<b>LIABILITIES</b>			
Payable to the Management Company	6	5,764	3,308
Payable to the Trustee		423	421
Annual fee payable to Securities and Exchange Commission of Pakistan		791	3,331
Redemption Payable		2,418	101,997
Accrued expenses and other liabilities	7	11,157	9,634
<b>Total liabilities</b>		<b>20,554</b>	<b>118,691</b>
<b>NET ASSETS</b>		<b>3,794,907</b>	<b>4,041,526</b>
<b>UNIT HOLDERS' FUND</b>		<b>3,794,906</b>	<b>4,041,526</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	<b>(Number of units)</b>	
Number of units in issue		36,871,034	38,019,523
		<b>(Rupees)</b>	
Net assets value per unit		102.9238	106.3013

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 Islamic Income Fund**  
**Condensed Interim Income Statement And Comprehensive Income (Un-Audited)**  
*For the three months ended September 30, 2018*

	Note	Quarter ended September 30,	
		2018	2017
		(Rupees in '000')	
<b>INCOME</b>			
Capital gain on sale of investments - net		(188)	4,700
Profit from bank deposits		35,691	33,003
Profit from Sukuks		30,567	15,527
Profit from TDRs		14,124	13,382
Advance against IPO		-	530
Net unrealised appreciation / (diminution) on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		3,126	(11,773)
		<u>83,320</u>	<u>55,369</u>
<b>EXPENSES</b>			
Remuneration to the Management Company		8,676	6,470
Sindh Sales Tax on remuneration of management company on management fee		1,128	841
Remuneration to the Trustee		1,255	1,302
Annual fee to Securities and Exchange Commission of Pakistan		791	828
Fund operations, accounting and related costs	6.2	1,055	1,104
Shahriah Advisory Charges		33	34
Amortisation of preliminary expenses and floatation costs		206	206
Auditors' remuneration		59	48
Fees and subscription		104	61
Securities transactionm, settlement and bank charges		391	187
Printing charges		-	76
Selling and Marketing expenses	6.3	1,433	-
		<u>15,130</u>	<u>11,157</u>
Net income from operating activities		68,189	44,212
Provision for Sindh Workers' Welfare Fund	7.1	(1,364)	(884)
Net income for the period before taxation		<u>66,826</u>	<u>43,328</u>
Taxation	9	-	-
Net income for the period after taxation		<u>66,826</u>	<u>43,328</u>
<b>Allocation of net income for the period:</b>			
Income already paid on redemption of units		<b>11,428</b>	<b>4,523</b>
Accounting income available for distribution:			
-Relating to capital gains		<b>2,495</b>	(6,335)
-Excluding capital gains		<b>52,902</b>	45,140
		<b>55,398</b>	<b>38,805</b>
<b>Net income / (loss) for the period after taxation</b>		<b><u>66,826</u></b>	<b><u>43,328</u></b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b><u>66,826</u></b>	<b><u>43,328</u></b>
<b>Earnings per unit</b>	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 Islamic Income Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For the three months ended September 30, 2018*

	2018			2017		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
-----Rupees in '000'-----						
<b>Net assets at beginning of the period</b>	<b>3,947,620</b>	<b>93,906</b>	<b>4,041,526</b>	-	-	<b>4,461,245</b>
Issuance of 12,921 units (2017: 8,849,950 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,440,817	-	1,440,817	-	-	-
- Element of loss	7,774	-	7,774	-	-	-
Total proceeds on issuance of units	1,448,591	-	1,448,591	-	-	365,503
Redemption of 3,989,754 units (2017: 5,060,194 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,557,160	-	1,557,160	-	-	-
- Amount relating to element of loss	-	(11,428)	(11,428)	-	-	-
Relating to net loss for the period after taxation	(3,117,670)	-	(3,117,670)	-	-	-
Total payments on redemption of units	(1,571,938)	-	(1,571,938)	-	-	(813,437)
Total comprehensive income for the period	-	66,826	66,826	-	-	-
Refund of Capital	(145,445)	-	(145,445)	-	-	-
Distribution for the period	-	(44,653)	(44,653)	-	-	-
Total comprehensive income for the period less distribution	(145,445)	22,173	(123,272)	-	-	-
<b>Net assets at end of the period</b>	<b>3,678,828</b>	<b>116,079</b>	<b>3,794,906</b>	-	-	<b>4,056,640</b>
<b>Undistributed income brought forward</b>						
- Realised		106,089			5,848	
- Unrealised		(12,183)			48	
		93,906			5,896	
Accounting income / (loss) for the period		22,173			38,805	
Distribution during the period		(44,653)			(86,984)	
<b>Undistributed income carried forward</b>		<b>71,426</b>			<b>(42,283)</b>	
<b>Undistributed income carried forward</b>						
- Realised		68,300			(30,510)	
- Unrealised		3,126			(11,773)	
		71,426			(42,283)	
<b>Net assets value per unit at beginning of the period</b>			<b>106.3013</b>			<b>101.0691</b>
<b>Net assets value per unit at end of the period</b>			<b>102.9238</b>			<b>102.0787</b>

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 Islamic Income Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the three months ended September 30, 2018*

	<b>Quarter ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Rupees in '000')</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	66,826	43,328
<b>Adjustments for non cash charges and other items:</b>		
Amortisation of deferred formation cost	206	206
Capital loss on sale of investments - net	188	(4,700)
Unrealize appreciation on re-measurement of investments as 'financial assets at fair value through profit of loss' - net	(3,126)	11,773
	(2,732)	7,279
<b>(Increase) / decrease in assets</b>		
Investments - net	(1,076,840)	435,837
Receivable against sale of investment	10,156	-
Profit receivable	844	(15,513)
Deposits and prepayments	39	(190)
	(1,065,802)	420,134
<b>Increase / (Decrease) in liabilities</b>		
Payable to the Management Company	2,456	1,459
Payable to the Trustee	2	144
Annual fee payable to Securities and Exchange Commission of Pakistan	(2,540)	475
Accrued expenses and other liabilities	1,497	35,533
	1,415	37,611
Net cash (used in ) / generated from operating activities	(1,000,293)	508,352
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issuance of units	1,448,591	365,503
Cash paid on redemption of units	(1,671,517)	(1,346,869)
Dividend paid	(190,072)	(1,797)
Net cash used in financing activities	(412,998)	(983,163)
Net decrease in cash and cash equivalents	(1,413,291)	(474,810)
Cash and cash equivalents at the beginning of the period	2,716,661	3,192,747
Cash and cash equivalents at the end of the period	1,303,370	2,717,937

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 Islamic Income Fund

## Notes to the Condensed Interim Financial Information (Unaudited)

*For the three months ended September 30, 2018*

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### 1 LEGAL STATUS AND NATURE OF BUSINESS

The HBL Islamic Income Fund (the Fund) was established 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. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PIIF/949/2014 dated April 4, 2014 and the trust deed was executed on February 20, 2014.

SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. 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. After the merger, trust deed was revised on February 17, 2017.

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 office of the Management Company located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund has been categorised as a Shariah Compliant Income Scheme as per the criteria laid down by the SECP for categorization of open-end Collective Investment Schemes (CISs) and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking into account liquidity considerations.

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

JCR-VIS Credit Rating Company has assigned an asset management rating of 'AM2+ (AM2 Plus)' to the Management Company and a stability rating 'A+(f)' to the Fund..

### 2 BASIS OF PREPARATION

#### 2.1 STATEMENT OF COMPLIANCE

**2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

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

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## 2.20 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."

## 2.30 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 year, ended June 30, 2018.

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 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2019. None of these amendments are expected to have a significant effect on this condensed interim financial information.

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

	Note	(Unaudited) September 30, 2018 (Rupees in 000')	(Audited) June 30, 2018
<b>4 BANK BALANCES</b>			
In savings accounts	4.1	<u>1,303,370</u>	<u>2,716,661</u>

4.1 Mark-up rates on these accounts range between 6.50% to 7.45% per annum (June 30, 2018: 5.45% to 6.50% per annum).

## 5 INVESTMENTS

### Financial Assets at fair value through profit & loss:

Corporate Sukuk	5.1	1,595,643	1,389,253
<b>At amortized cost</b>			
Term deposit certificates	5.2	<u>873,388</u>	<u>-</u>
		<u><b>2,469,031</b></u>	<u><b>1,389,253</b></u>

## 5.1 Corporate Sukuks:

Entity	Long Term Rating	Number of Units				Market value	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 year	As at September 30, 2018			
		-----No. of Certificates-----				-----Rupees in '000'-----		-----%
<b>Corporate Sukuks</b>								
Ghani Gases Sukuk		1,530	-	-	1,530	116,742	3.08%	4.73%
AGP Limited Sukuk (6.1.2)		2,660	1,015	850	2,825	213,464	5.63%	8.65%
Dubai Islamic Bank (Sukuk) (6.1.2)		190	-	-	190	193,554	5.10%	7.84%
International Brand Ltd		1,040	-	-	1,040	105,196	2.77%	4.26%
DAWOOD HERCULES CORP. LTD. (16-11-2017)		5,220	-	-	5,220	523,136	13.79%	21.19%
DAWOOD HERCULES CORP. LTD. (01-03-2018)		1,000	-	-	1,000	99,936	2.63%	4.05%
Meezan Bank Ltd (22-09-16)		50	-	32	18	18,171	0.48%	0.74%
K-Electric Ltd Sukuk (17-6-2015)		-	76,000	16,250	59,750	225,494	5.94%	9.13%
Engro Corporate		30,350	-	30,350	-	-	-	-
Fauji Fertilizer Company Limited		-	20,000	20,000	-	-	-	-
Byco petroleum Pakistan Ltd		-	1,000	-	1,000	99,950	2.63%	4.05%
<b>Total - September 30, 2018</b>		<b>42,040</b>	<b>98,015</b>	<b>67,482</b>	<b>72,573</b>	<b>1,595,643</b>	<b>42.05%</b>	<b>64.63%</b>

Cost of investment - September 30, 2018

1,592,517

5.1.1 These Sukuk carry semi annual mark-up at the rate of 6.97% to 9.03% per annum. (June 30, 2018: semi annual mark-up at the rate of 6.95% to 8.15% per annum) respectively.

5.1.2 This include Rs. 5,875 million (2018: 5,516) receivable from Dawood Hercules Coporate Limited which is a related party due to common directorship.

6	PAYABLE TO MANAGEMENT COMPANY	Note	September 30,	June 30,
			2018 (Un-Audited)	2018 (Audited)
	Management fee		3,379	2,475
	Sindh Sales Tax	6.1	439	322
	Sales load payable		155	154
	Allocation of expenses related to registrar services, accounting, operation and valuation services	6.2	358	357
	Selling and Marketing expenses	6.3	1,433	-
			<u>5,764</u>	<u>3,308</u>

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

6.2 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operation charges amounting to Rs 1.055 million (2018: Rs 4.444 million) to the Fund during the year.

6.3 "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 0.2% per annum of net assets of the Fund effective from August 01, 2018."

	Note	(Unaudited) September 30, 2018	(Audited) June 30, 2018
<b>(Rupees in 000's)</b>			
<b>7 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	7.1	7,105	5,741
Provision for Federal Excise Duty	7.2	1,344	1,344
Payable to brokers		132	43
Withholding tax payable		2,138	2,045
Auditors' remuneration		63	169
Printing Charges		254	254
Dividend payable		46	20
Others		76	18
		<b>11,157</b>	<b>9,634</b>

#### 7.1 PROVISION FOR SINDH WORKERS' WELFARE FUND

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 September 30, 2018, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2018 would be higher by Re. 0.1927 (June 30, 2018 Re. 0.1510) per unit.

#### 7.2 PROVISION FOR FEDERAL EXCISE DUTY

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 against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.344 million. Had the provision not been retained, NAV per unit of the Fund as at September 30, 2018 would have been higher by Re. 0.0364 (June 30, 2018: Re. 0.0354) per unit.

#### 8 CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2018 and June 30, 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. 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 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 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 three months ended September 30, 2018 is 0.39% which includes 0.08% representing government levy and SECP fee.

## 12 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

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

The transactions with connected persons are in the normal course of business, at contracted rates and term determined in accordance with the market rates.

Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

Details of transactions carried out by the Fund with connected persons and balances with them other than those disclosed elsewhere in these financial statements, as at year end, are as follows:

	(Unaudited) September 30, 2018	(Audited) June 30, 2018
	(Rupees in '000)	
<b>12.1 Balance as at September 30, 2018</b>		
<b>HBL Asset Management Company Limited</b>		
Management fee payable	2,038	2,475
Sindh Sales Tax	265	322
Sales load payable	155	154
Allocation of expenses related to registrar services, accounting operation and valuation services	342	357
Selling & Marketing Expense	1,433	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee Fee payable	423	421



	(Unaudited) September 30, 2018 (Rupees in '000)	(Audited) June 30, 2018
<b>Habib Bank Limited-Sponsor</b>		
Investment held in the fund 2,541,753 units (2018: 2,422,199 units)	<u>261,666</u>	<u>257,483</u>
Bank balances	<u>6,707</u>	<u>8,636</u>
<b>HBL Asset Management Limited Employees Gratuity Fund</b>		
Investment held in the fund 4,327 units (2018: 4,124 units)	<u>445</u>	<u>438</u>
<b>HBL Asset Management Limited Employees Provident Fund</b>		
Investment held in the fund 23,263 units (2018: 22,169 units)	<u>2,395</u>	<u>2,357</u>
<b>Directors and executives of the Management Company</b>		
Investment held in the fund 284,529 units (June 30, 2018: 260,862 units)	<u>29,291</u>	<u>27,730</u>
<b>HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management</b>		
Investment held in the Fund : 24,515,103 (2018: 20,391,293) units	<u>2,523,756</u>	<u>2,167,622</u>
<b>HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management</b>		
Issue of 920,782 (June 30 2018: 917,910) units	<u>94,792</u>	<u>97,575</u>
<b>HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management</b>		
Issue of 194,392 (June 30, 2018: 273,740) units	<u>20,012</u>	<u>29,099</u>
	(Unaudited)	(Unaudited)
	Quarter ended	Quarter ended
	September 30,	September 30,
	2018	2017
	(Rupees in '000)	
<b>Transactions during the year</b>		
<b>HBL Asset Management Company Limited</b>		
Remuneration of the Management Company for the period	<u>8,676</u>	<u>6,470</u>
Sindh Sales tax on remuneration of the Management Company	<u>1,128</u>	<u>841</u>
Issuance of 245,246 units (2017: Nil) units	<u>25,000</u>	<u>-</u>
Redemption of 245,246 units (2017: Nil) units	<u>25,096</u>	<u>-</u>
<b>Habib Bank Limited - Sponsors</b>		
Profit on bank deposits	<u>186</u>	<u>556</u>
Bank charges paid	<u>22</u>	<u>8</u>
Refund of capital	<u>4,960</u>	<u>-</u>
Dividend paid	<u>12,111</u>	<u>-</u>
Issuance of 119,554 units (2017: Nil units)	<u>12,111</u>	<u>-</u>

	(Unaudited) Quarter ended September 30, 2018	(Unaudited) Quarter ended September 30, 2017
	(Rupees in '000)	
<b>HBL Asset Management Limited Employees Gratuity Fund</b>		
Refund of capital	11	-
Dividend paid	21	-
Issuance of 204 units (2017: Nil units)	21	-
<b>HBL Asset Management Limited Employees Provident Fund</b>		
Refund of capital	69	-
Dividend paid	111	-
Issuance of 1,094 units (2017: Nil units)	111	-
<b>Central Depository Company of Pakistan Limited-Trustee</b>		
Trustee fee	1,255	1,302
CDS charges	55	8
<b>Directors and executives of the Management Company</b>		
Issue of 49,462 units (2017: 100,293 units)	2,661	10,196
Redemption of 25,793 units (2017: 54,971 units)	2,637	5,595
Dividend paid	1,304	-
Refund of capital	400	-
<b>HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management</b>		
Issue of 4,181,010 units (2017: Nil units)	325,347	-
Redemption of 57,200 (2017: 6,581,778) units	5,857	668,800
Refund of capital	101,610	-
Dividend paid	101,956	-
<b>HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management</b>		
Investment of 74,185 (2017: 1,143,122) units	2,966	116,100
Redemption of 71,313 (2017: 542,144) units	7,290	54,900
Refund of capital	4,574	-
Dividend paid	4,590	-
<b>HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management</b>		
Investment of 13,511 (2017: 202,776) units	5	20,500
Redemption of 92,860 (2017: 278,465) units	9,468	28,170
Refund of capital	1,364	-
Dividend paid	1,369	-

## 13 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

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 prices used for financial assets held by the company 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.

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.

	Note	September 30, 2018							
		Carrying amount			Fair Value				
		Fair value through profit and loss	At amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments									
- Corporate Sukuk	6	1,595,643	-	-	1,595,643	-	1,595,643	-	1,595,643
		<u>1,595,643</u>	<u>-</u>	<u>-</u>	<u>1,595,643</u>	<u>-</u>	<u>1,595,643</u>	<u>-</u>	<u>1,595,643</u>
<b>Financial assets not measured at fair value</b>									
Bank balances		-	1,303,370	-	1,303,370	-	-	-	-
Profit receivable		-	38,113	-	38,113	-	-	-	-
Deposits		-	4,411	-	4,411	-	-	-	-
		<u>-</u>	<u>1,341,484</u>	<u>-</u>	<u>1,341,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Payable to the Management Company		-	-	5,764	5,764	-	-	-	-
Payable to the Trustee		-	-	423	423	-	-	-	-
Accrued expenses and other liabilities		-	-	571	571	-	-	-	-
		<u>-</u>	<u>-</u>	<u>6,758</u>	<u>6,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Note	June 30, 2018							
		Carrying amount			Fair Value				
		Fair value through profit and loss	At amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>		----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>									
Investments									
- Corporate Sukuk	6	1,389,253	-	-	1,389,253	-	1,389,253	-	1,389,253
		<u>1,389,253</u>	<u>-</u>	<u>-</u>	<u>1,389,253</u>	<u>-</u>	<u>1,389,253</u>	<u>-</u>	<u>1,389,253</u>
<b>Financial assets not measured at fair value</b>									
Bank balances		-	2,716,661	-	2,716,661	-	-	-	-
Profit receivable		-	38,957	-	38,957	-	-	-	-
		<u>-</u>	<u>2,755,618</u>	<u>-</u>	<u>2,755,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Payable to the Management Company		-	-	3,308	3,308	-	-	-	-
Payable to the Trustee		-	-	421	421	-	-	-	-
Accrued expenses and other liabilities		-	-	9,634	9,634	-	-	-	-
		<u>-</u>	<u>-</u>	<u>13,363</u>	<u>13,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The company 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.

#### 14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 17, 2018 by the Board of Directors of the Management Company.

#### 15 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

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

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

\_\_\_\_\_  
Director

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# **HBL**

## **Islamic Equity Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Equity Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Bank Islami Pakistan Limited Al Baraka Bank Pakistan Limited United Bank Limited Burj Bank Limited MCB Bank Limited Faysal Bank Limited

**HBL Islamic Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2018*

		September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	Note	(Rupees in '000)	
<b>Assets</b>			
Bank balances	4	126,286	159,107
Investments	5	816,473	1,168,226
Dividend and profit receivable		12,794	3,035
Receivable against sale of investments		-	2,152
Deposits and prepayments		3,021	3,001
Preliminary and floatation costs		133	183
<b>Total assets</b>		<b>958,708</b>	<b>1,335,704</b>
<b>Liabilities</b>			
Payable to Management Company	6	3,163	5,309
Payable to the Trustee		182	442
Payable to the Securities and Exchange Commission of Pakistan		289	1,194
Payable against purchase of investments		832	-
Payable against redemption of units		1,232	5
Accrued expenses and other liabilities	7	11,365	10,855
<b>Total liabilities</b>		<b>17,063</b>	<b>17,805</b>
<b>Net assets</b>		<b>941,645</b>	<b>1,317,899</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>941,645</b>	<b>1,317,899</b>
<b>Contingencies and commitments</b>			
	8	(Number of units)	
<b>Number of units in issue</b>		<b>10,273,290</b>	<b>14,250,123</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>91.6596</b>	<b>92.4834</b>

The annexed notes 1 to 16 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 Islamic Equity Fund**  
**Condensed Interim Income Statement And Comprehensive Income (Un-Audited)**  
*For the three months ended September 30, 2018*

		Quarter ended September 30,	
		2018	2017
	Note	(Rupees in '000')	
<b>INCOME</b>			
Capital gain/ (loss) on sale of investments - net		2,826	(7,326)
Dividend income		9,613	8,240
Profit from bank deposits		3,086	2,546
Unrealize (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(13,954)	(117,844)
		<u>1,571</u>	<u>(114,384)</u>
<b>EXPENSES</b>			
Remuneration to the Management Company		6,086	5,037
Sindh Sales Tax on remuneration of management company		791	655
Remuneration to the Trustee		625	545
Annual fee to Securities and Exchange Commission of Pakistan		289	239
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.1	304	252
Amortisation of preliminary expenses and floatation costs		51	51
Auditors' remuneration		59	48
Fees and subscription		7	71
Securities transaction and bank charges		1,120	1,030
Printing charges		-	76
Expense to Shariah Advisory Services		36	
Selling and marketing expense	6.2	1,217	(336)
		<u>10,585</u>	<u>7,668</u>
<b>Net loss from operating activities</b>		<u>(9,014)</u>	<u>(122,052)</u>
Element of income and capital gains included in prices of units issued less those in units redeemed	4	-	-
Provision for Workers' Welfare Fund	8.1	-	-
<b>Net loss for the period before taxation</b>		<u>(9,014)</u>	<u>(122,052)</u>
Taxation	9	-	-
<b>Net loss for the period after taxation</b>		<u>(9,014)</u>	<u>(122,052)</u>
<b>Allocation of net loss for the period:</b>			
Income already paid on redemption of units		-	-
Accounting income available for distribution:			
-Relating to capital gains		-	-
-Excluding capital gains		-	-
<b>Net loss for the period after taxation</b>		<u>(9,014)</u>	<u>(122,052)</u>
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<u>(9,014)</u>	<u>(122,052)</u>

The annexed notes 1 to 16 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 Islamic Equity Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For the three months ended September 30, 2018*

	2018			2017		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
-----Rupees in '000'-----						
<b>Net assets at beginning of the period</b>	<b>1,402,368</b>	<b>(84,469)</b>	<b>1,317,899</b>	-	-	<b>789,907</b>
Issuance of 12,921 units (2017: 6,082,086 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,195	-	1,195	-	-	-
- Element of loss	6	-	6	-	-	-
Total proceeds on issuance of units	1,201	-	1,201	-	-	614,314
Redemption of 3,989,754 units (2017: 384,773 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(368,986)	-	(368,986)	-	-	-
- Amount relating to element of loss Relating to net loss for the year after taxation	545	-	545	-	-	-
Total payments on redemption of units	(368,441)	-	(368,441)	-	-	(53,692)
Total comprehensive income for the year	-	(9,014)	(9,014)	-	-	(122,052)
Distribution for the year	-	-	-	-	-	-
Total comprehensive income for the year less distribution	-	(9,014)	(9,014)	-	-	(122,052)
<b>Net assets at end of the year</b>	<b>1,035,128</b>	<b>(93,483)</b>	<b>941,645</b>	-	-	<b>1,228,478</b>
<b>Undistributed income brought forward</b>						
- Realised		(40,048)			47,909	
- Unrealised		(44,421)			10,997	
		(84,469)			58,906	
Element of income and capital gains included in prices of units issued less those in units redeemed		-			-	
Accounting (loss) / income for the year		(9,014)			(122,072)	
Distribution during the year		-			-	
<b>Undistributed income carried forward</b>		<b>(93,483)</b>			<b>(63,166)</b>	
<b>Undistributed income carried forward</b>						
- Realised		(79,529)			54,678	
- Unrealised		(13,954)			(117,844)	
		(93,483)			(63,166)	
<b>Net assets value per unit at beginning of the year</b>			<b>92.4834</b>			<b>105.4755</b>
<b>Net assets value per unit at end of the year</b>			<b>91.6596</b>			<b>93.1630</b>

The annexed notes 1 to 16 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 Islamic Equity Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the three months ended September 30, 2018*

	<b>Quarter ended September 30, 2018                  2017 (Rupees in 000's)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	(9,014)	(122,052)
<b>Adjustments for non cash charges and other items:</b>		
Amortisation of deferred formation cost	51	51
Capital gain on sale of investments - net	(2,826)	7,326
Unrealize diminution/ (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	13,954	(117,844)
	11,179	(110,467)
<b>Decrease / (increase) in assets</b>		
Investments - net	340,625	(195,845)
Dividend and profit receivable	(9,759)	(6,531)
Receivable from equity market settlement	2,152	-
Deposits and prepayments	(20)	(12)
Preliminary and floatation costs	(1)	-
	332,997	(202,388)
<b>(decrease) / Increase in liabilities</b>		
Payable to the Management Company	(2,146)	857
Payable to the Trustee	(260)	(10)
Annual fee payable to Securities and Exchange Commission of Pakistan	(905)	(212)
Payable against equity market settlement	832	(116,993)
Accrued expenses and other liabilities	510	(6,064)
	(1,969)	(122,422)
Net cash generated from / (used in) operating activities	333,193	(557,329)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issuance of units	1,201	614,314
Cash paid on redemption of units	(367,215)	(53,692)
Net cash used in / generated from financing activities	(366,014)	560,623
Net (decrease)/ increase in cash and cash equivalents	(32,821)	3,294
Cash and cash equivalents at the beginning of the period	159,107	209,464
Cash and cash equivalents at the end of the period	4	126,286
		212,758

The annexed notes 1 to 16 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 Islamic Equity Fund

## Notes to the Condensed Interim Financial Information (Unaudited)

*For the three months ended September 30, 2018*

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### 1 LEGAL STATUS AND NATURE OF BUSINESS

The HBL Islamic Equity Fund ("the Fund") was established 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. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PISF/965/2014 dated April 23, 2014 and the Trust Deed was executed on February 20, 2014.

SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. 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. After the merger, trust deed was revised on February 17, 2017.

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 a Shariah Compliant equity scheme as per the criteria laid down by the SECP for categorisation of Open-End Collective Investment Schemes (CISs) is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. "

The objective of HBL Islamic Equity Fund is to provide the maximum total return to the unit holders from investment in "Shariah Compliant" equity investments for the given level of risk. Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

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

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

**2.1.1** This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non- Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

**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 September 30, 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.

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### 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 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.

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 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2019. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended September 30, 2018.

		<b>September 30, 2018 (Un-Audited)</b>	<b>June 30, 2018 Audited</b>
	<b>Note</b>	<b>(Rupees in '000)</b>	
<b>4 BANK BALANCES</b>			
Current accounts		1,435	1,435
PLS deposit accounts under mark-up arrangements	4.1	124,851	157,672
		<u>126,286</u>	<u>159,107</u>

4.1 Mark-up rates on these accounts range between 6.50% to 7.45% p.a (June 30, 2017: 5.45% - 6.50% p.a).

		<b>September 30, 2018 (Un-Audited)</b>	<b>June 30, 2018 Audited</b>
	<b>Note</b>	<b>(Rupees in '000)</b>	
<b>5 INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss' held for trading</b>			
- Listed equity securities	5.1	816,473	1,168,226
		<u>816,473</u>	<u>1,168,226</u>

## 5.1 Financial assets 'at fair value through profit or loss' - held for trading - listed equity securities

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 September 30, 2018	Market value			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 September 30, 2018 (Rupees in	As a percentage of total Investments	As a percentage of net Assets	
<b>TEXTILE COMPOSITE</b>									
Kohinoor Textile Mills Ltd	-	245,000	-	53,500	191,500	10,387	1.27%	1.10%	0.18%
Nishat Mills Limited	345,500	5,000	-	149,600	200,900	28,245	3.46%	3.00%	0.06%
						38,632	3.46%	4.09%	
<b>CEMENT</b>									
D.G Khan Cement Company Limited	115,200	73,500	-	49,600	139,100	14,245	1.74%	1.51%	0.03%
Kohat Cement Ltd	177,200	30,500	-	98,500	109,200	13,665	1.67%	1.45%	0.08%
Lucky Cement Limited	106,150	-	-	31,500	74,650	38,291	4.69%	4.07%	0.02%
Maple Leaf Cement Factory Ltd	-	364,500	-	75,000	289,500	13,635	1.67%	1.45%	0.05%
Pioneer Cement Limited	149,500	-	-	49,500	100,000	4,346	0.53%	0.45%	0.04%
						84,182	10.31%	8.92%	
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
The Hub Power Company Limited	954,300	55,000	-	367,000	642,300	56,182	6.88%	5.97%	0.06%
K-Electric Limited (par value is 3.5)	4,867,000	500,000	-	1,577,500	3,789,500	20,274	2.48%	2.15%	0.01%
						76,456	9.36%	8.12%	
<b>ENGINEERING</b>									
Aisha Steel Mills Ltd	440,000	-	-	440,000	-	-	-	-	-
Amreli Steels Limited	184,100	25,000	-	146,500	62,600	4,066	0.50%	0.43%	0.02%
International Industries Limited	55,800	35,000	-	23,000	67,800	14,591	1.79%	1.55%	0.06%
International Steel Limited	194,000	50,000	-	98,500	145,500	13,236	1.62%	1.41%	0.03%
Mughal Iron & Steel Inds Ltd	288,500	5,000	-	212,500	81,000	3,963	0.49%	0.42%	0.03%
						35,856	4.39%	3.81%	
<b>AUTOMOBILE ASSEMBLER</b>									
Millat Tractors Limited	32,400	2,500	-	32,980	1,920	2,008	0.25%	0.21%	-
						2,008	0.25%	0.21%	
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Elektron Limited	409,500	21,000	-	134,000	296,500	9,114	1.12%	0.97%	0.06%
						9,114	1.12%	0.97%	
<b>PHARMACEUTICALS</b>									
AGP Limited	223,500	5,000	-	71,000	157,500	13,589	1.66%	1.44%	0.01%
The Searle Company Limited	39,820	3,000	-	14,500	28,320	8,947	1.10%	0.95%	0.02%
						22,536	2.76%	2.39%	
<b>PAPER &amp; BOARD</b>									
Packages Limited	27,000	-	-	6,000	21,000	9,392	1.15%	1.00%	0.02%
						9,392	1.15%	1.00%	
<b>GLASS &amp; CERAMICS</b>									
Shabbir Tiles & Ceramics Ltd	408,500	-	-	408,500	-	-	-	-	-
						-	0.00%	0.00%	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	43,230	2,000	-	15,100	30,130	46,828	5.74%	4.97%	0.03%
Oil and Gas Development Company Limited	499,400	273,000	-	212,000	560,400	85,736	10.50%	9.10%	0.01%
Pakistan Oilfields Limited	109,300	7,650	14,120	41,350	89,720	49,272	6.03%	5.23%	0.04%
Pakistan Petroleum Limited	429,700	14,400	-	135,800	308,300	65,791	8.07%	6.99%	0.02%
						247,627	30.34%	26.29%	
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Hascol Petroleum Limited	50,900	-	-	-	50,900	13,865	1.70%	1.47%	0.04%
Pakistan State Oil Company Limited	167,200	48,000	-	96,500	118,700	37,846	4.64%	4.02%	0.04%
Sui Northern Gas Pipeline Limited	327,300	25,000	-	97,000	255,300	22,752	2.79%	2.42%	0.04%
						74,463	9.12%	7.91%	

Name of the Investee Company	Number of shares					Market value			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 September 30, 2018	As at September 30, 2018 (Rupees in	As a percentage of total Investments	As a percentage of net Assets	
<b>COMMERCIAL BANKS</b>									
Meezan Bank Limited	642,500	40,000	43,250	250,000	475,750	42,427	5.20%	4.51%	0.04%
						42,427	5.20%	4.51%	
<b>FERTILIZER</b>									
Engro Corporation Limited	275,800	18,000	-	115,000	178,800	55,719	6.82%	5.92%	0.03%
Engro Fertilizers Limited	987,000	91,000	-	450,500	627,500	47,370	5.80%	5.03%	0.05%
Fauji Fertilizer Co Ltd	267,000	11,000	-	87,500	190,500	18,600	2.28%	1.98%	0.01%
						121,689	14.90%	12.92%	
<b>CHEMICAL</b>									
Engro Polymer & Chemicals Limited	854,500	343,952	-	419,500	778,952	22,621	2.77%	2.40%	0.06%
Engro Polymer & Chemicals Ltd - LOR	273,952	-	-	273,952	-	-	-	-	-
						22,621	2.77%	2.40%	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Thal Limited (Par value Rs. 5)	75,450	8,000	-	28,000	55,450	24,232	2.97%	2.57%	0.07%
						24,232	2.97%	2.57%	
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Systems Limited	140,000	-	-	96,500	43,500	5,237	0.64%	0.56%	0.04%
						5,237	0.64%	0.56%	
<b>Total September 30, 2018</b>						<b>816,473</b>	<b>98.73%</b>	<b>86.67%</b>	
Carrying value as at September 30, 2018						<b>830,428</b>			

5.2 The above investments include shares with market value aggregating to Rs 89.63 million (2018: Rs 27.724 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:

The Hub Power Company Limited (500,000 shares)

Oil & Gas Development Company Limited (300,000 shares)

6	PAYABLE TO MANAGEMENT COMPANY	Note	September 30,	June 30,
			2018 (Un-Audited)	2018 (Audited)
	Management fee		1,648	2,206
	Sindh Sales Tax	6.3	214	287
	Sales load payable		2	-
	Allocation of expenses related to registrar services, accounting, operation and valuation services	6.1	82	110
	Allocation of expenses related to Selling and Marketing,	6.2	1,217	2,706
			<b>3,163</b>	<b>5,309</b>

6.1 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operation charges amounting to Rs 0.095 million (2016: Rs 0.080 million) to the Fund during the year.



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

	Note	2018 (Un-Audited) (Rupees in '000)	2018 (Audited)	
<b>7</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
	Provision for Sindh Workers' Welfare Fund	7.1	3,194	3,194
	Provision for Federal Excise Duty	7.2	3,268	3,268
	Donation payable		3,980	3,704
	Payable to brokers		580	269
	Withholding tax payable		20	8
	Auditors' remuneration		63	169
	Printing Charges		228	228
	Payable to Shariah Advisor		2	3
	Others		30	15
			<b>11,365</b>	10,858

#### **7.1 PROVISION FOR SINDH WORKERS' WELFARE FUND**

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 September 30, 2018, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2018 would be higher by Re. 0.3109 (June 30, 2018 Re. 0.2241) per unit.

#### **7.2 PROVISION FOR FEDERAL EXCISE DUTY**

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 against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating aggregating to Rs. 3.268 million (June 30, 2018: Rs. 3.268 million ). Had the provision not been made, the Net Asset Value per unit as at september 30, 2018 would have been higher by Re. 0.3181 (June 30, 2018: Re. 0.2293 ) per unit.

#### **8 CONTINGENCIES AND COMMITMENTS**

There were no contingencies outstanding as at September 30, 2018 and June 30, 2018.

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**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 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. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of net accounting income other than capital gains/loss to unit holders. 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.

**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 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 three months ended September 30, 2018 is 0.88% which includes 0.11% representing government levy and SECP fee.

**12 TRANSACTIONS 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, if not disclosed elsewhere in the condensed interim financial information are as follows:

<b>12.1 Balance as at September 30, 2018</b>	<b>(Unaudited) September 30, 2018</b>	<b>(Audited) June 30, 2018</b>
	<b>(Rupees in '000)</b>	
<b>HBL Asset Management Company Limited</b>		
646,100 (2018: Nil) units	<b>59,139</b>	84,619
Management fee payable	<b>1,648</b>	2,206
Sindh Sales tax on remuneration of the Management Company	<b>214</b>	287
Sales load payable	<b>2</b>	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	<b>82</b>	110
Allocation of expenses related to Selling and Marketing,	<b>1,217</b>	2,706

	(Unaudited) September 30, 2018 (Rupees in '000)	(Audited) June 30, 2018
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee Fee payable	<u>182</u>	<u>442</u>
<b>Directors and executives of the Management Company</b>		
Issue of 24,877 (2018: 25,777) units	<u>2,277</u>	<u>2,384</u>
<b>HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management</b>		
Issue of 6,904,070 (2018: 10,424,976) units	<u>631,941</u>	<u>964,137</u>
<b>HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management</b>		
Issue of 437,975 (2018: 437,975) units	<u>40,089</u>	<u>40,505</u>
<b>HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management</b>		
Issue of 52,439 (2018: 71,676) units	<u>4,800</u>	<u>6,625</u>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>Quarter ended</b>	<b>Quarter ended</b>
	<b>September 30,</b>	<b>September 30,</b>
	<b>2018</b>	<b>2017</b>
	<b>(Rupees in '000)</b>	
<b>Transactions during the year</b>		
<b>HBL Asset Management Company Limited</b>		
Remuneration of the Management Company for the period	<u>6,086</u>	<u>5,037</u>
Sindh Sales tax on remuneration of the Management Company	<u>791</u>	<u>655</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>304</u>	<u>-</u>
Allocation of expenses related to Selling and Marketing,	<u>1,217</u>	<u>-</u>
Sale load	<u>-</u>	<u>-</u>
Issue of NIL (2017: 11,366) units	<u>-</u>	<u>1,199</u>
Bonus of NIL units (2017: 337,744 units)	<u>-</u>	<u>35,618</u>
Cash dividend	<u>-</u>	<u>1,370</u>
Redemption of 268,861 units (2017: 738,542 units)	<u>2,500</u>	<u>100,000</u>

**(Unaudited) (Unaudited)**  
**Quarter ended**  
**September 30,**  
**2018                      2017**  
**(Rupees in '000)**

**Directors and executives of the Management Company**

Issue of Nil (2017: 11,109) units	-	<u>1,426</u>
Bonus of 5,109 (2017: 5,109) units	-	<u>539</u>
Cash dividend	-	<u>21</u>
Redemption of 2,914 (2017: 2,914) units	-	<u>397</u>

**HBL Islamic Financial Planning Fund - Strategic Allocation Plan  
CIS under common management**

Investment of Nil (2017: 5,441,708) units	-	<u>531,800</u>
Redemption of 3,520,906 (2017: Nil) units	<u>325,000</u>	<u></u>

**HBL Islamic Financial Planning Fund - Active Allocation Plan  
CIS under common management**

Investment of Nil (2017: 274,216) units	-	<u>28,000</u>
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**HBL Islamic Financial Planning Fund - Conservative Allocation Plan  
CIS under common management**

Investment of 2,118 (2017: 20,231) units	<u>193</u>	<u>2,025</u>
Redemption of 21,316 (2017: 35,499) units	<u>2,010</u>	<u>3,613</u>

**Central Depository Company of Pakistan Limited**

Trustee fee	<u>625</u>	<u>625</u>
CDS charges	<u>32</u>	<u>29</u>

**13 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.

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

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

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

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

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

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

		September 30, 2018							
		Carrying amount			Fair Value				
Note	Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b> 13.1									
	Investments								
	- Listed equity securities	816,473	-	-	816,473	816,473	-	-	816,473
		816,473	-	-	816,473	816,473	-	-	816,473
<b>Financial assets not measured at fair value</b> 13.1									
	Bank balances	-	126,286	-	126,286	-	-	-	-
	Investments								
	Dividend and profit receivable	-	12,794	-	12,794	-	-	-	-
	Deposits and prepayments	-	3,021	-	3,021	-	-	-	-
		-	142,101	-	142,101	-	-	-	-
<b>Financial liabilities not measured at fair value</b> 13.1									
	Payable to Management Company	-	-	3,163	3,163	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	182	182	-	-	-	-
	Payable against purchase of investments	-	-	832	832	-	-	-	-
	Accrued expenses and other liabilities	-	-	4,883	4,883	-	-	-	-
		-	-	9,060	9,060	-	-	-	-

		June 30, 2018							
		Carrying amount			Fair Value				
		Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value 13.1</b>									
Investments									
- Listed equity securities									
		1,168,226	-	-	1,168,226	1,168,226	-	-	1,168,226
		1,168,226	-	-	1,168,226	1,168,226	-	-	1,168,226
<b>Financial assets not measured at fair value 13.1</b>									
Bank balances									
		-	159,107	-	159,107	-	-	-	-
Investments									
-Unlisted Equity Securities									
		-	-	-	-	-	-	-	-
Dividend and profit receivable									
		-	3,035	-	3,035	-	-	-	-
		-	162,142	-	162,142	-	-	-	-
<b>Financial liabilities not measured at fair value 13.1</b>									
Payable to Management Company									
		-	-	5,309	5,309	-	-	-	-
Payable to Trustee									
		-	-	442	442	-	-	-	-
Accrued expenses and other liabilities									
		-	-	-	-	-	-	-	-
		-	-	5,751	5,751	-	-	-	-

**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 repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

#### **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 October 17, 2018 .

#### **15 CORRESPONDING FIGURES**

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

#### **16 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

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

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

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



**HBL**

**Islamic Financial Planning Fund**



## FUND INFORMATION

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Name of Fund	HBL Islamic Financial Planning Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	MCB Financial Services Limited (MCBFSL)
Bankers	Bank Islami Pakistan Limited Habib Bank Limited Dubai Islamic Bank Limited



**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*As at September 30, 2018*

		----- September 30, 2018 ----- (Un-Audited)				----- June 30, 2018 ----- (Audited)			
Note	Active	Conservative	Strategic	Total	Active	Conservative	Strategic	Total	
	Allocation	Allocation	Allocation		Allocation	Allocation	Allocation		
		Plan	Plan	Plan	Plan	Plan	Plan		
		----- (Unaudited) -----				----- (Audited) -----			
----- (Rupees in '000) -----									
<b>Assets</b>									
	4	734	295	768	1,796	1,721	199	1,046	2,966
Bank balances									
Investments	5	237,990	25,091	4,299,328	4,562,409	245,764	36,381	4,285,015	4,567,160
Accrued mark-up		4	5	5	15	12	11	10	33
Advance, deposits and other receivables		65	18	1,698	1,780	22	12	660	694
Preliminary expenses and flotation costs		23	17	844	884	68	18	2,248	2,334
<b>Total assets</b>		<b>238,816</b>	<b>25,426</b>	<b>4,302,642</b>	<b>4,566,883</b>	<b>247,587</b>	<b>36,621</b>	<b>4,288,979</b>	<b>4,573,187</b>
<b>Liabilities</b>									
Payable to the Management Company	6	51	3	353	408	311	4	356	671
Payable to the Trustee		20	2	277	299	21	3	278	302
Payable to Securities and Exchange Commission of Pakistan		58	7	1,027	1,093	242	45	4,055	4,342
Accrued expenses and other liabilities	7	97	30	2,125	2,252	102	23	1,932	2,057
<b>Total liabilities</b>		<b>227</b>	<b>43</b>	<b>3,782</b>	<b>4,052</b>	<b>676</b>	<b>75</b>	<b>6,621</b>	<b>7,372</b>
<b>Net assets</b>		<b>238,589</b>	<b>25,384</b>	<b>4,298,859</b>	<b>4,562,832</b>	<b>246,911</b>	<b>36,546</b>	<b>4,282,358</b>	<b>4,565,815</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>238,589</b>	<b>25,384</b>	<b>4,298,859</b>	<b>4,562,832</b>	<b>246,911</b>	<b>36,546</b>	<b>4,282,358</b>	<b>4,565,815</b>
<b>Number of units in issue</b>	9	<b>2,375,121</b>	<b>247,904</b>	<b>42,192,811</b>		<b>2,458,924</b>	<b>360,360</b>	<b>42,193,314</b>	
		----- (Rupees) -----				----- (Rupees) -----			
<b>Net asset value per unit</b>		<b>100.4532</b>	<b>102.3932</b>	<b>101.8861</b>		<b>100.4143</b>	<b>101.4151</b>	<b>101.4938</b>	

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 Islamic Financial Planning Fund**  
**Condensed Interim Income Statement And Comprehensive Income (Un-Audited)**  
*For the three months ended September 30, 2018*

Note	Three months ended								
	2018				September				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
(Rupees in '000)				(Rupees in '000)					
<b>Income</b>									
Mark-up on deposits with bank	20	0	16	36	224	82	2,441	2,747	
Capital gain / (loss) on sale of investment - net	129	94	(603)	(381)	101	(101)	3,861	3,861	
Dividend Income	16	5	347	367	-	-	-	-	
Unrealised gain / (loss) on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	269	267	20,802	21,337	(3,146)	(708)	(20,509)	(24,364)	
Bank End Load Income	-	-	0	-	-	-	-	-	
<b>Total income</b>	<b>433</b>	<b>366</b>	<b>20,561</b>	<b>21,359</b>	<b>(2,821)</b>	<b>(727)</b>	<b>(14,207)</b>	<b>(17,756)</b>	
<b>Expenses</b>									
Remuneration of the Management Company	6.1	3	1	0	3	51	9	522	582
Sindh Sales Tax on remuneration of the Management Company	6.2	0	0	0	-	7	1	68	76
Remuneration of the Trustee	7.1	63	8	866	936	57	12	857	926
Annual fee to Securities and Exchange Commission of Pakistan	8	58	7	1,027	1,093	53	11	1,009	1,073
Selling and marketing expense	6.4	-	-	-	-	(24)	(7)	(555)	(586)
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	61	8	1,082	1,151	56	12	1,062	1,129
Amortisation of preliminary expenses and flotation costs		4	1	573	579	4	1	596	602
Auditors' remuneration	10	4	1	68	73	4	1	92	98
Printing charges		-	-	-	-	2	1	35	37
Securities and transaction cost		4	5	3	-	-	-	-	-
Shariah advisory fee		3	0	49	-	2	1	36	10
Listing Fee		0	0	3	3	2	1	35	37
<b>Total expenses</b>		<b>201</b>	<b>30</b>	<b>3,671</b>	<b>3,838</b>	<b>212</b>	<b>43</b>	<b>3,758</b>	<b>3,984</b>
<b>Net income / (loss) from operating activities</b>		<b>231</b>	<b>335</b>	<b>16,890</b>	<b>17,521</b>	<b>(3,033)</b>	<b>(769)</b>	<b>(17,965)</b>	<b>(21,740)</b>
Provision for Sindh Workers' Welfare Fund	7.1	(5)	(7)	(338)	(349)	-	-	-	-
<b>Net income / (loss) for the period before taxation</b>		<b>227</b>	<b>328</b>	<b>16,552</b>	<b>17,172</b>	<b>(3,033)</b>	<b>(769)</b>	<b>(17,965)</b>	<b>(21,740)</b>
Taxation	9	-	-	-	-	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<b>227</b>	<b>328</b>	<b>16,552</b>	<b>17,172</b>	<b>(3,033)</b>	<b>(769)</b>	<b>(17,965)</b>	<b>(21,740)</b>
<b>Earning per unit</b>	10								
Income already paid on redemption of units		-	89	-	89	-	-	-	-
Accounting income / (loss) available for distribution:									
-Relating to capital gains		227	239	16,552	17,018	-	-	-	-
-Excluding capital gains		-	-	-	-	-	-	-	-
		227	239	16,552	17,018	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<b>227</b>	<b>328</b>	<b>16,552</b>	<b>16,994</b>	<b>(3,033)</b>	<b>(769)</b>	<b>-</b>	<b>(21,740)</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>227</b>	<b>328</b>	<b>16,552</b>	<b>17,172</b>	<b>(3,033)</b>	<b>(769)</b>	<b>(17,965)</b>	<b>(21,740)</b>

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 Islamic Financial Planning Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the three months ended September 30, 2018*

Note	Three months ended							
	2018				2017			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
-----September-----								
-----Rupees in '000-----								
<b>Cash flows from operating activities</b>								
Net income for the period before taxation	227	328	16,552	17,107	(3,033)	(769)	(17,965)	(21,768)
<b>Adjustments for non-cash items</b>								
Unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	(269)	(267)	(20,802)	(21,337)	3,146	708	20,509	24,364
	(42)	61	(4,250)	(4,230)	113	(61)	2,544	2,596
<b>Increase in assets</b>								
Investments	8,043	11,557	6,489	26,088	(104,301)	9,358	77,415	(17,528)
Accrued mark-up	8	6	5	18	(223)	(82)	1,188	883
Advance, deposits and other receivables	(43)	(6)	(1,038)	(1,086)	28,545	8,507	147,693	184,745
Preliminary expenses and flotation costs	45	1	1,404	1,450	4	1	596	601
	8,053	11,558	6,861	26,470	(75,975)	17,784	226,893	168,701
<b>Decrease in liabilities</b>								
Payable to the Management Company	(260)	(1)	(3)	(263)	1,735	124	(7,794)	(5,935)
Payable to the Trustee	(1)	(1)	(1)	(3)	51	10	757	818
Payable to Securities and Exchange Commission of Pakistan	(184)	(38)	(3,028)	(3,249)	52	11	1,009	1,072
Accrued expenses and other liabilities	(5)	7	193	195	13	4	(1,368)	(1,351)
Dividend payable	-	-	-	-	-	-	-	-
Payable against redemption of units	-	-	-	-	(25,430)	(3,486)	-	(28,916)
	(449)	(32)	(2,839)	(3,320)	(23,579)	(3,337)	(7,396)	(34,312)
<b>Net cash used in operating activities</b>	<b>7,562</b>	<b>11,586</b>	<b>(228)</b>	<b>18,920</b>	<b>(99,441)</b>	<b>14,386</b>	<b>222,041</b>	<b>136,986</b>
<b>Cash flows from financing activities</b>								
Amount received / receivable on issue of units	2,150	100	-	2,250	96,977	-	-	96,977
Amount paid / payable on redemption of units	(10,698)	(11,591)	(51)	(22,340)	-	(15,707)	(76)	(15,783)
<b>Net cash generated from financing activities</b>	<b>(8,549)</b>	<b>(11,491)</b>	<b>(52)</b>	<b>(20,090)</b>	<b>96,977</b>	<b>(15,707)</b>	<b>(76)</b>	<b>81,194</b>
<b>Net increase in cash and cash equivalents</b>	<b>(987)</b>	<b>95</b>	<b>(280)</b>	<b>(1,170)</b>	<b>(2,464)</b>	<b>(1,321)</b>	<b>221,965</b>	<b>218,180</b>
Cash and cash equivalents at the beginning of the period	1,721	199	1,046	2,966	25,286	5,166	2,018	32,470
<b>Cash and cash equivalents at the end of the period</b>	<b>734</b>	<b>295</b>	<b>767</b>	<b>1,796</b>	<b>22,822</b>	<b>3,845</b>	<b>223,983</b>	<b>250,650</b>

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 Islamic Financial Planning Fund**  
**Notes to the Condensed Interim Financial Information (Unaudited)**  
*For the three months ended September 30, 2018*

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

HBL Islamic 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 May 4, 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 24C, Khyaban-e-Hafiz, Phase VI, DHA, Karachi. Subsequent to the year end, the registered office of the Management Company has been changed to 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton. The Fund commenced its operations from June 17, 2017.

The Fund is an open ended shariah compliant fund of fund scheme and the Fund is listed on Pakistan Stock Exchange. The Fund has three different plans namely Conservative Allocation Plan, Active Allocation Plan and Strategic Allocation Plan (collectively referred as 'Plans'). The units of Conservative Allocation and Active Allocation Plan were initially offered to public (IPO) on June 16, 2016 whereas units of Strategic Allocation Plan were offered from June 15, 2016 to June 16, 2016. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of 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 objective of the Fund is to generate returns on Investment as per the respective Allocation Plan by investing in Shariah Compliant Mutual Funds in line with the risk tolerance of the Investor. The investment policy for each of the Plan are as follows;

- The "Conservative Allocation Plan" is an Allocation Plan under the Fund and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of shariah compliant 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 "Active Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active asset allocation between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market Scheme(s) based on the Fund Manager's outlook on the asset classes.
- The "Strategic Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active allocation of funds between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market Scheme(s) based on fundamental analysis of economic indicators, underlying asset values and a strategy of risk aversion to market volatility. Fund Manager will take a medium term strategic view of the portfolio assets to deliver competitive returns to investors. The duration of this plan is 24 months (Two Years).

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+' (Stable) 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.

No comparative figures / information have been disclosed in these financial statements as the fund commenced its operations on June 17, 2017.

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## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP).

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

**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 September 30, 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 for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2017.

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

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

**3.4** Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2019. None of these amendments are expected to have a significant effect on this condensed interim financial information.



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

4. **BANK BALANCES**

		<b>September 30, 2018</b>			
		<b>Active Allocation Plan</b>	<b>Conservative Allocation Plan</b>	<b>Strategic Allocation Plan</b>	<b>Total</b>
	<b>Note</b>	----- (Rupees in '000) -----			
Savings accounts	4.1	<b>734</b>	<b>295</b>	<b>768</b>	<b>1,796</b>
		<b>June 30, 2018</b>			
		<b>Active Allocation Plan</b>	<b>Conservative Allocation Plan</b>	<b>Strategic Allocation Plan</b>	<b>Total</b>
	<b>Note</b>	----- (Rupees in '000) -----			
Savings accounts	4.1	<b>1,721</b>	<b>199</b>	<b>1,046</b>	<b>2,966</b>

4.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 3.5% to 5.5% per annum.

5. **INVESTMENTS**

		<b>September 30, 2018</b>			
		<b>Active Allocation Plan</b>	<b>Conservative Allocation Plan</b>	<b>Strategic Allocation Plan</b>	<b>Total</b>
	<b>Note</b>	----- (Rupees in '000) -----			
<b>Investments by category</b>					
<b>At fair value through profit or loss - held-for-trading</b>					
Units of mutual funds	5.1	<b>237,990</b>	<b>25,091</b>	<b>4,299,328</b>	<b>4,562,409</b>
		<b>June 30, 2018</b>			
		<b>Active Allocation Plan</b>	<b>Conservative Allocation Plan</b>	<b>Strategic Allocation Plan</b>	<b>Total</b>
		----- (Rupees in '000) -----			
<b>Investments by category</b>					
<b>At fair value through profit or loss - held-for-trading</b>					
Units of mutual funds		<b>245,764</b>	<b>36,381</b>	<b>4,285,015</b>	<b>4,567,160</b>

## 5.1 Units of mutual funds

Name of Investee Funds	As at July 01, 2018	Purchases during the period	Redemptions during the period	As at September 30, 2018	Total carrying value as at September 30, 2018	Total market value as at September 30, 2018	Appreciation/ (diminution) as at September 30, 2018	Market value as a percentage of net assets	Market value as a percentage of total value of Investment
	----- Number of units -----				----- (Rupees in '000) -----			----- % -----	
<b>Active Allocation Plan</b>									
HBL Islamic Income Fund (Formerly PICIC)									
Islamic Income Fund	917,910	74,885	71,313	920,782	214,166	94,730	(19,436)	39.70	39.80
HBL Islamic Equity Fund (Formerly PICIC)									
Islamic Stock Fund	437,975	-	-	437,975	46,628	40,160	(6,468)	16.83	16.87
HBL Islamic Stock Fund	963,012	3,600	37,397	929,215	15,000	103,100	88,100	43.21	43.32
	<b>2,318,897</b>	<b>77,785</b>	<b>108,710</b>	<b>2,287,972</b>	<b>275,794</b>	<b>237,990</b>	<b>(37,804)</b>	<b>99.75</b>	<b>100.00</b>
<b>Conservative Allocation Plan</b>									
HBL Islamic Income Fund (Formerly PICIC)									
Islamic Income Fund	273,740	13,511	92,860	194,391	31,257	20,001	(11,256)	78.79	79.71
HBL Islamic Equity Fund (Formerly PICIC)									
Islamic Stock Fund	71,636	2,118	2,136	52,438	9,452	4,810	(4,642)	18.95	19.17
HBL Islamic Stock Fund	5,913	-	3,358	2,555	15,000	280	(14,720)	0.12	0.12
	<b>351,289</b>	<b>15,629</b>	<b>117,534</b>	<b>249,384</b>	<b>55,709</b>	<b>25,091</b>	<b>(30,618)</b>	<b>98</b>	<b>100.00</b>
<b>Strategic Allocation Plan</b>									
HBL Islamic Income Fund (Formerly PICIC)									
Islamic Income Fund	20,391,293	4,181,010	57,200	24,515,103	3,115,441	2,522,178	(593,263)	58.67	58.66
HBL Islamic Equity Fund (Formerly PICIC)									
Islamic Stock Fund	10,424,976	-	3,520,906	6,904,070	744,945	633,080	(111,865)	14.73	14.73
HBL Islamic Stock Fund	10,314,998	-	3,491	10,311,507	135,000	1,144,070	1,009,070	26.61	26.61
	<b>41,131,267</b>	<b>4,181,010</b>	<b>3,581,597</b>	<b>41,730,680</b>	<b>3,995,386</b>	<b>4,299,328</b>	<b>303,942</b>	<b>100.01</b>	<b>100.00</b>
<b>Total as at September 30, 2018</b>	<b>43,801,453</b>	<b>4,274,424</b>	<b>3,807,841</b>	<b>44,268,036</b>	<b>4,326,888</b>	<b>4,562,409</b>	<b>235,521</b>		

## 6. PAYABLE TO THE MANAGEMENT COMPANY

	September 30, 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
<b>Note</b>	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Formation Cost	0	-	-	0	-	-	-	-
Management fee	6.1	1	0	1	-	-	-	-
Sindh Sales Tax on Management Company's remuneration	6.2	0	0	0	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	20	3	353	21	4	356	381
Selling and marketing	6.4	-	-	-	-	-	-	-
Sales load payable		30	-	31	290	-	-	290
	<b>51</b>	<b>3</b>	<b>353</b>	<b>408</b>	<b>311</b>	<b>4</b>	<b>356</b>	<b>671</b>

- 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 Scheme. 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. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.
- 6.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) 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 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 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 During the year Management Company has stopped charging these expenses to the Fund and reversed the entire provision till June 30, 2017, as these expenses are not applicable to the Fund of Funds category.

## 7. ACCRUED EXPENSES AND OTHER LIABILITIES

	September 30, 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)			
Withholding tax	2	0	-	2	2	2	3	7
Provision for Sindh Workers' Welfare Fund 7.1	86	25	1,945	2,055	81	18	1,609	1,708
Shariah advisory fee	1	0	16	17	1	-	17	18
Printing	6	1	95	102	6	1	93	100
Listing Fee	-	-	-	-	-	-	-	-
Auditors' remuneration	4	0	68	72	12	2	210	224
Other Payables	0	3	0	4	-	-	-	-
	<b>97</b>	<b>30</b>	<b>2,125</b>	<b>2,252</b>	<b>102</b>	<b>23</b>	<b>1,932</b>	<b>2,057</b>

### 7.1 SINDH WORKER'S WELFARE FUND

The legal status of applicability of Woekers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 12.3 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 0.005 million, Rs. 0.007 million and Rs. 0.338 million (June 30, 2018 Rs. 0.081 million, Rs. 0.018 million and Rs. 1.609 million) for Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2018 would have been higher by Re. 0.036, Re. 0.101 and Re. 0.046 (June 30, 2018 Re. 0.033, Re. 0.050 and Re. 0.038) per unit for Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 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% 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. During the period, management has distributed cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

## 10 EARNINGS PER UNIT (EPU)

Earnings per unit (EPU) has not been disclosed as, in the opinion of the management, determination of weighted average units for calculating 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, MCB Financial Services Limited being the Trustee of the Fund, collective investment schemes managed by the Management Company, directors and officers of the Management Company and 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 the Management Company and Trustee is determined in accordance with the provisions of the offering document.

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

#### 11.1 Transactions during the period

	2018				2017			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	(Rupees in '000)				(Rupees in '000)			
<b>HBL Asset Management Limited - Management Company</b>								
Remuneration of the Management Company	3	1	0	3	51	9	522	582
Sindh Sales Tax on remuneration of the Management Company	0	0	0	0	7	1	68	76
Selling and marketing expense	-	-	-	-	(24)	(7)	(555)	(586)
Allocation of expenses related to registrar services, accounting, operation and valuation services	61	8	1,082	1,151	56	12	1,062	1,129
<b>Habib Bank Limited - Sponsor</b>								
Mark-up earned	15	2	6	23	73	37	24	134
Mark-up received	21	2	8	31	-	-	668	668
<b>MCB Financial Services Limited - Trustee</b>								
Remuneration of the Trustee	63	8	866	936	57	12	857	926
<b>Darayus Happy Minwalla - Connected person due to 10% holding</b>								
Issue of Nil units (2017: 15,190,277 units)	-	-	-	-	-	-	237	237
<b>Imperial Developers &amp; Builders (Pvt) Ltd - Connected person due to 10% holding</b>								
Issue of Nil units (2018: 1,574 units)	-	-	-	-	-	-	157	157
<b>HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund - CIS managed by Management Company)</b>								
Purchase of 74,185 units (2017: 1,143,123 units)	7,419	-	-	7,419	116,100	-	-	116,100
Purchase of 13,511 units (2017: 202,776 units)	-	1,351	-	1,351	-	20,500	-	20,500
Purchase of 418,010 units (2017: Nil units)	-	-	418,010	418,010	-	-	-	-
Redemption of 71,313 units (2017: 542,144 units)	7,131	-	-	7,131	54,900	-	-	54,900
Redemption of 92,860 units (2017: 278,465 units)	-	9,286	-	9,286	-	28,170	-	28,170
Redemption of 57,200 units (2017: 6,581,779 units)	-	-	5,720	5,720	-	-	668,800	668,800
<b>HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund - CIS managed by Management Company)</b>								
Purchase of Nil units (2017: 274,216 units)	-	-	-	-	28,000	-	-	28,000
Purchase of 2,118 units (2017: 20,231 units)	-	212	-	212	-	2,025	-	2,025
Purchase of Nil units (2017: 5,441,707 units)	-	-	-	-	-	-	531,800	531,800
Redemption of Nil units (2017: 35,498 units)	-	-	-	-	-	3,613	-	3,613
Redemption of 21,316 units (2017: Nil units)	-	2,132	-	2,132	-	8,937	-	8,937
Redemption of 3,520,906 units (2017: Nil units)	-	-	352,091	352,091	-	-	-	-
<b>HBL Islamic Stock Fund - CIS managed by Management Company</b>								
Purchase of Nil units (2017: 132,033 units)	360	-	-	360	15,000	-	-	15,000
Purchase of Nil units (2017: 1,179,911 units)	-	-	-	-	-	-	135,000	135,000
Redemption of 37,391 units (2017: Nil units)	3,740	-	-	3,740	-	-	-	-
Redemption of 3,358 units (2017: Nil units)	-	336	-	336	-	-	-	-
Redemption of 3,491 units (2017: Nil units)	-	-	349	349	-	-	-	-

	Three months ended							
	2018				2017			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	-----September-----							
	(Rupees in '000)				(Rupees in '000)			
<b>HBL Islamic Money Market Fund - CIS managed by Management Company</b>								
Redemption of Nil units (2017: 785,072 units)	-	-	-	-	-	-	79,275	79,275
<b>Mrs Nashid Anam Shahid - Connected Person due to 10% holding</b>								
Redemption of 2,683 units (2017: 7,555 units)	-	275		275	-	750	-	750

## 11.2 Balances outstanding as at period end

	30-Sep-2018				30-Jun-2018			
	(Un-Audited)				(Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	(Rupees in '000)				(Rupees in '000)			
<b>HBL Asset Management Limited - Management Company</b>								
Management fee	1	0	0	1	-	-	-	-
Sindh Sales Tax on Management Company's remuneration	0	0	0	0	-	-	-	-
Selling and marketing	-	-	-	-	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	20	3	353	376	21	4	356	381
Sales load payable	30	-	0	31	290	-	0	290
Formation Cost	0	-	-	0	-	-	-	-
<b>Habib Bank Limited - Sponsor</b>								
Mark-up accrued on deposits with bank	3	1	2	5	11	15	2	28
Balance in savings account	518	138	130	786	1,517	29	339	1,885
<b>MCB Financial Services Limited - Trustee</b>								
Remuneration payable to the Trustee	20	2	277	299	21	3	278	302
<b>Darayus Happy Minwalla - Connected Person due to 10% holding</b>								
Units held 15,190,277 units (June 2018: 15,190,277 units)	-	-	1,525,942	1,525,942	-	-	1,541,719	1,541,719
<b>Imperial Developers &amp; Builders (Pvt) Ltd - Connected Person due to 10% holding</b>								
Units held 20,057,175 units (June 2018: 20,057,175 units)	-	-	2,014,847	2,014,847	-	-	2,035,679	2,035,679
<b>Mohsin Safdar - Connected Person due to 10% holding</b>								
Units held 59,748 units (June 2018: 59,748 units)	-	6,002	-	6,002	-	6,059	-	6,059
<b>Mrs Nashid Anam Shahid - Connected Person due to 10% holding</b>								
Units held 31,772 units (June 2018: 34,455 units)	-	3,192	-	3,192	-	3,494	-	3,494
<b>Mr Syed Tanveer Ahmad - Connected Person due to 10% holding</b>								
Units held 24,943 units (June 2018: 24,943 units)	-	-	2,506	2,506	-	-	2,530	2,530

	30-Sep-2018 (Un-Audited)				30-Jun-2018 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	(Rupees in '000)				(Rupees in '000)			
<b>HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund - CIS managed by Management Company)</b>								
Units held 920,782 units (June 2018: 917,910 units)	92,497	-	-	92,497	97,559	-	-	97,559
Units held 194,391 units (June 2018: 273,740 units)	-	19,905	-	19,905	-	29,094	-	29,094
Units held 24,515,103 units (June 2018: 20,391,293 units)	-	-	2,497,792	2,497,792	-	-	2,167,258	2,167,258
<b>HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund - CIS managed by Management Company)</b>								
Units held 437,975 units (June 2018: 437,975 units)	43,997	-	-	43,997	40,508	-	-	40,508
Units held 21,316 units (June 2018: 71,636 units)	-	2,183	-	2,183	-	6,626	-	6,626
Units held 6,904,070 units (June 2018: 10,424,976 units)	-	-	703,441	703,441	-	-	964,196	964,196
<b>HBL Islamic Stock Fund - CIS managed by Management Company</b>								
Units held 929,215 units (June 2018: 963,012 units)	93,344	-	-	93,344	107,697	-	-	107,697
Units held 2,555 units (June 2018: 5,913 units)	-	262	-	262	-	661	117,507	118,168
Units held 10,311,507 units (June 2018: 10,314,998 units)	-	-	1,050,618	1,050,618	-	-	1,153,561	1,153,561

## 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.

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.

		Active Allocation Plan September 30, 2018 (Un-Audited)							
		Carrying amount			Fair Value				
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	<b>Note</b>	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Units of mutual funds	5	238	-	-	238	238	-	-	238
		<b>238</b>	<b>-</b>	<b>-</b>	<b>238</b>	<b>238</b>	<b>-</b>	<b>-</b>	<b>238</b>
<b>Financial assets not measured at fair value</b> 12.1									
Bank balances		-	734	-	734				
Accrued mark-up		-	4	-	4				
Advance, deposits and other receivables		-	65	-	65				
		<b>-</b>	<b>803</b>	<b>-</b>	<b>803</b>				
<b>Financial liabilities not measured at fair value</b> 12.1									
Payable to the Management Company		-	51	-	-				
Payable to the Trustee		-	20	-	-				
Accrued expenses and other liabilities		-	10	-	-				
Dividend payable		-	-	-	-				
Payable against redemption of units		-	-	-	-				
		<b>-</b>	<b>81</b>	<b>-</b>	<b>-</b>				

		Active Allocation Plan June 30, 2018 (Audited)							
		Carrying amount			Fair Value				
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	<b>Note</b>	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Units of mutual funds		245,764	-	-	245,764	245,764	-	-	245,764
		<b>245,764</b>	<b>-</b>	<b>-</b>	<b>245,764</b>	<b>245,764</b>	<b>-</b>	<b>-</b>	<b>245,764</b>
<b>Financial assets not measured at fair value</b> 12.1									
Bank balances		-	1,721	-	1,721				
Accrued mark-up		-	12	-	12				
Advance, deposits and other receivables		-	22	-	22				
		<b>-</b>	<b>1,755</b>	<b>-</b>	<b>1,755</b>				
<b>Financial liabilities not measured at fair value</b> 12.1									
Payable to the Management Company		-	19	-	19				
Payable to the Trustee		-	21	-	21				
Accrued expenses and other liabilities		-	19	-	19				
Dividend Payable		-	-	-	-				
Payable against redemption of units		-	-	-	-				
Unit Holders' Fund		-	246,911	-	246,911				
		<b>-</b>	<b>246,970</b>	<b>-</b>	<b>246,970</b>				

**Conservative Allocation Plan**  
**September 30, 2018**  
(Un-Audited)

		Carrying amount				Fair Value			
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	<b>Note</b>	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Units of mutual funds	5	25	-	-	25	25	-	-	25
		<b>25</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>25</b>
<b>Financial assets not measured at fair value</b>									
	12.1								
Bank balances		-	295	-	295				
Accrued mark-up		-	5	-	5				
Advance, deposits and other receivables		-	18	-	18				
		<b>-</b>	<b>318</b>	<b>-</b>	<b>318</b>				
<b>Financial liabilities not measured at fair value</b>									
	12.1								
Payable to the Management Company		-	3	-	-				
Payable to the Trustee		-	2	-	-				
Accrued expenses and other liabilities		-	5	-	-				
Dividend payable		-	-	-	-				
Payable against redemption of units		-	-	-	-				
		<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>				

**Conservative Allocation Plan**  
**June 30, 2018**  
(Audited)

		Carrying amount				Fair Value			
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	<b>Note</b>	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Units of mutual funds		36,381	-	-	36,381	36,381	-	-	36,381
		<b>36,381</b>	<b>-</b>	<b>-</b>	<b>36,381</b>	<b>36,381</b>	<b>-</b>	<b>-</b>	<b>36,381</b>
<b>Financial assets not measured at fair value</b>									
	12.1								
Bank balances		-	199	-	199				
Accrued mark-up		-	11	-	11				
		<b>-</b>	<b>210</b>	<b>-</b>	<b>210</b>				
<b>Financial liabilities not measured at fair value</b>									
	12.1								
Payable to the Management Company		-	3	-	3				
Payable to the Trustee		-	3	-	3				
Accrued expenses and other liabilities		-	3	-	3				
Dividend Payable		-	-	-	-				
Payable against redemption of units		-	-	-	-				
Unit Holders' Fund		-	36,546	-	36,546				
		<b>-</b>	<b>36,555</b>	<b>-</b>	<b>36,555</b>				



Strategic Allocation Plan  
September 30, 2018  
(Un-Audited)

		Carrying amount				Fair Value			
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	Note	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Units of mutual funds	5	4,299	-	-	4,299	4,299	-	-	4,299
		<u>4,299</u>	<u>-</u>	<u>-</u>	<u>4,299</u>	<u>4,299</u>	<u>-</u>	<u>-</u>	<u>4,299</u>
<b>Financial assets not measured at fair value</b>									
	12.1								
Bank balances		-	768	-	768				
Accrued mark-up		-	5	-	5				
Advance, deposits and other receivables		-	1,698	-	1,698				
		<u>-</u>	<u>2,470</u>	<u>-</u>	<u>2,470</u>				
<b>Financial liabilities not measured at fair value</b>									
	12.1								
Payable to the Management Company		-	353	-	-				
Payable to the Trustee		-	277	-	-				
Accrued expenses and other liabilities		-	180	-	-				
Dividend payable		-	-	-	-				
Payable against redemption of units		-	-	-	-				
		<u>-</u>	<u>810</u>	<u>-</u>	<u>-</u>				

Strategic Allocation Plan  
June 30, 2018  
(Audited)

		Carrying amount				Fair Value			
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	Note	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Units of mutual funds		4,285,015	-	-	4,285,015	4,285,015	-	-	4,285,015
		<u>4,285,015</u>	<u>-</u>	<u>-</u>	<u>4,285,015</u>	<u>4,285,015</u>	<u>-</u>	<u>-</u>	<u>4,285,015</u>
<b>Financial assets not measured at fair value</b>									
	12.1								
Bank balances		-	1,046	-	1,046				
Accrued mark-up		-	10	-	10				
		<u>-</u>	<u>1,056</u>	<u>-</u>	<u>1,056</u>				
<b>Financial liabilities not measured at fair value</b>									
	12.1								
Payable to the Management Company		-	320	-	320				
Payable to the Trustee		-	278	-	278				
Accrued expenses and other liabilities		-	320	-	320				
Dividend Payable		-	-	-	-				
Payable against redemption of units		-	-	-	-				
Unit Holders' Fund		-	4,282,358	-	4,282,358				
		<u>-</u>	<u>4,283,276</u>	<u>-</u>	<u>4,283,276</u>				

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**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.

**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 period ended September 30, 2018 is 0.08%, 0.12% and 0.09% (YTD) which includes 0.02%, 0.05% and 0.03% 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 was authorised for issue on October 17, 2018 by the Board of Directors of the Management Company.

**15. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# HBL

# ASSET MANAGEMENT LTD.

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