

HBL

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



HBL Pension Fund & HBL Islamic Pension Fund

QUARTERLY REPORT 2020

For the Nine months ended March 31, 2020

MOVING TOWARDS
EXCELLENCE

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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited

Board of Directors (Composition as of April 29, 2020)

Directors	Mr. Mir Adil Rashid	(Chief Executive Officer)
	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)
	Mr. Aamir Hasan Irshad	(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

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

Risk Management Committee

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Aamir Hasan Irshad	(Non-Executive Director)

Company Secretary &

Chief Financial Officer

Mr. Noman Qurban

AMC Rating

AM2+ (Positive Outlook)

Legal Advisors

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

Website

www.hblasset.com

Head Office & Registered Office

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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited is pleased to present its report along with Financial Statements Report of HBL Pension Fund and HBL Islamic Pension Fund (the Funds) for the nine months ended March 31, 2020.

Economic Review

Policy steps taken over the last two years led to improvement in the macros as the economy showed signs of recovery in the shape of decline in Current Account deficit, better FX reserves position and stable exchange rate. These were at the cost of GDP growth which witnessed a slowdown. However the recent COVID-19 epidemic has disrupted short term growth outlook and necessitated large fiscal concessions by the government to support the economy. It also led to outflow of money from the country which put pressure on currency and decreased the overall reserves of the country.

The PKR depreciated by around 4.5% during 9MFY20 taking Real Effective Exchange Rate to 97 indicating that the currency is trading below fair value. After the COVID-19 outbreak Central bank has decreased the SBP policy rate by a cumulative 425 bps from 13.25% to 9.0% to support the economy. On the external front export increased by 1.1% compared to decline in import by 16.2%, dragging 9MFY20 trade deficit by 31% to USD 14.6bn. Remittances also showed encouraging trend as it witnessed an uptick of 6.0% in 9MFY20 clocking at USD 17.0bn. These factors led the Current Account Deficit (CAD) for 9MFY20 to decrease by 73% YoY to USD 2.8bn (1.3% of GDP) compared to USD 10.3bn (4.7% of GDP) during same period last year. Slowdown in CAD was a welcome effect but it was coupled with overall slowdown in domestic economy which is reflected in 3.0% decline in LSM in 8MFY20. The overall Foreign exchange reserves increased to USD 17.4bn compared to USD 14.5bn at the end of FY19.

Average headline CPI inflation was 11.5% in 9MFY20, much higher than the 6.3% recorded during same period last year due to electricity and gas tariff hike coupled with second round impact of currency depreciation. However with oil prices at multiyear low we expect inflation to fall sharply in the upcoming months.

Moving ahead, we believe the in the near term GDP is likely to contract in line with the rest of the world due to lockdown measures in view of the COVID-19 pandemic. The focus would remain on recovery post resolution of the crisis which would require sustained policy actions by the government.

Money Market Review

The SBP continued its monetary tightening policy in 1QFY20 to control the rising current account deficit and in anticipation of increasing inflationary pressures. However since the start of COVID-19 pandemic SBP has reduced the policy rate by a cumulative 425 bps from 13.25% to 9.0% to support the economy.

As per latest data available, Islamic Banking industry assets posted 23.5% growth and stood at PKR 3,284 billion by Dec-19. Similarly, deposits of Islamic banks also witnessed a sharp growth of 20.4% YoY and reached PKR 2,652 billion by Dec-19. The government issued Islamic Sukuk of PKR 200bn in previous fiscal year to partially retire the circular debt. This is a long term instrument and will be SLR Eligible resulting in increased investment avenues for the Islamic banks. Moreover the government has launched another Sukuk of PKR 200bn for retirement of circular debt in April-20.

During 9MFY20, Government shifted its borrowing from central bank to scheduled banks. Government retired PKR 366bn from central bank against borrowing of PKR 3,445bn during same period last year. Meanwhile, Government borrowed PKR 1,461bn from the banks compared to retirement of PKR 2,616bn in same period last year. Government largely managed its borrowing requirements through domestic sources, and largely from scheduled banks.

Going forward, we foresee inflation to decline from current levels due multiyear low oil prices and decline in commodity prices. We expect monetary easing to continue with another 50-100bps further reduction in interest rate in the calendar year.

Stock Market Review

All the Pakistan Equity Market gains of 1HFY20, on the account of improving macros, were wiped out during the 3QFY20 as outbreak of coronavirus coupled with the prevalent lockdowns rattled the international markets and Pakistan was no exception.

During 9MFY20 benchmark KSE100 Index made a new 5-year low of 27,229 points on 25th March'20, however, later recovered and closed at 29,231 points, down 4,670 points (-14%) while benchmark KMI30 Index down 9,067 points (-17%). The decline was largely broad based with Banking and Oil & Gas Exploration sector taking the biggest fall. However, high leveraged Cement and Engineering companies outperformed owing to earlier than expected monetary easing.

Foreigners which were net buyers up till 1HFY20 turned net sellers' post the pandemic, divesting equities worth USD130mn during the nine months ended Mar-20. Individuals were the largest net buyers with net buy of USD144mn, followed by insurance companies with net but of USD94mn. On the flip side, mutual fund and banks divested USD85mn and USD48mn respectively.

The coronavirus is a black swan event and the ever evolving nature of the event makes it difficult to catch the market bottom. Nonetheless, Pakistan equities are expected to gain further traction due to cheaper valuation and further expected cut in policy rate. Market participants would closely follow trend of coronavirus cases and the ensuring developments. We will maintain our strategic focus towards "bottom-up" approach and align exposure towards stocks with strong earnings potential.

Fund's Performance

HBL Pension Fund

The Fund comprises of three sub funds namely Equity sub-fund, Debt sub-fund and Money Market sub-fund.

The Fund as a whole earned total and net income of Rs. 22.75 million and Rs. 14.03 million respectively during the period under review. The fund size increased from Rs. 461.63 million as on June 30, 2019 to Rs. 502.90 million as at March 31, 2020 thereby showing an increase of 9% during the period under review. Performance review for each sub Fund is given below:

Equity Sub-Fund

During the period under review, the Equity sub-fund incurred total and net loss of Rs. 15.76 million and Rs. 19.45 million respectively. The net assets of the Equity sub-fund was Rs. 171 million representing Net Asset Value (NAV) of Rs. 279.2976 per unit as at March 31, 2020. The Sub Fund earned a negative return of 11.41% for the period under review. The Fund is invested to the extent of 89% in equities.

Debt Sub-Fund

During the period under review, the Debt sub-fund earned total and net income of Rs. 26.04 million and Rs. 23.05 million respectively. The net assets of the Debt sub-fund was Rs. 197 million representing Net Asset Value (NAV) of Rs. 197.5834 per unit as at March 31, 2020. The Fund yielded annualized return of 19.77% for the period under review.

Money Market Sub-Fund

During the period under review, the Money Market sub-fund earned total and net income of Rs. 12.47 million and Rs. 10.43 million respectively. The net assets of the Money Market sub-fund was Rs. 135 million representing Net Asset Value (NAV) of Rs. 173.5727 per unit as at March 31, 2020. An annualized return of 12.41% was earned by the Fund for the period under review.

HBL Islamic Pension Fund

The Fund comprises of three sub funds namely Equity sub-fund, Debt sub-fund and Money Market sub-fund.

The Fund as a whole earned total and net income of Rs. 4.79 million and Rs. 0.04 million respectively during the period under review. The fund size decreased from Rs. 247.73 million as at June 30, 2019 to Rs. 218.18 million as at March 31, 2020 showing a decline of 12%. Performance review for each sub Fund is given below:

Equity Sub-Fund

During the period under review, the Equity sub-fund incurred total and net loss of Rs. 5.33 million and Rs. 8.00 million respectively. The net assets of the Equity sub-fund was Rs. 101 million representing Net Asset Value (NAV) of Rs. 286.3145 per unit as at March 31, 2020. The Fund yielded a negative return of 11.58% for the period under review. The Sub Fund is invested to the extent of 89% in equities.

Debt Sub-Fund

During the period under review, the Debt sub-fund earned total and net income of Rs. 6.02 million and Rs. 4.82 million respectively. The net assets of the Debt sub-fund was Rs.69 million representing Net Asset Value (NAV) of Rs. 163.2463 per unit as at March 31, 2020. The Fund yielded annualized return of 9.58% for the period under review.

Money Market Sub-Fund

During the period under review, the Money Market sub-fund earned total and net income of Rs. 4.10 million Rs. 3.21 million respectively. The net assets of the Money Market sub-fund was Rs.48 million representing Net Asset Value (NAV) of Rs. 158.4530 per unit as at March 31, 2020. An annualized return of 8.66% was earned by the Fund for the period under review.

Acknowledgement

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

HBL

Pension Fund

FUND INFORMATION

Name of Fund	HBL Pension Fund
Name of Auditor	KPMG Taseer Hadi & Co. Chartered Accountant
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Faysal Bank Limited Allied Bank Limited JS Bank Limited NIB Bank Limited Sindh Bank Limited Soneri Bank Limited Zarai Taraqati Bank Limited Dubai Islamic Bank Limited Askari Bank Limited Meezan Bank Limited

HBL Pension Fund

Condensed Interim Statement of Assets and Liabilities

As at March 31, 2020

Note	March 31, 2020 (Un-Audited)				June 30, 2019 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
----- (Rupees in '000) -----									
Assets									
Bank balances	6	17,784	18,884	53,128	89,796	16,045	59,315	110,412	185,772
Investments	7	158,085	178,664	83,192	419,941	178,275	85,773	14,834	278,882
Dividend and profit receivable	8	1,663	1,590	466	3,719	209	1,675	990	2,874
Advances, deposits, prepayments and other receivables	9	131	205	178	514	1,131	206	178	1,515
Total assets		177,663	199,343	136,964	513,970	195,660	146,969	126,414	469,043
Liabilities									
Payable to Pension Fund Manager	10	280	324	235	839	276	212	202	690
Payable to Trustee	11	28	28	19	75	27	19	17	63
Payable to Securities and Exchange Commission of Pakistan	12	47	38	27	112	80	53	48	181
Accrued expenses and other liabilities	13	6,294	2,149	1,601	10,044	2,573	1,965	1,937	6,475
Total liabilities		6,649	2,539	1,882	11,070	2,956	2,249	2,204	7,409
Net assets		171,014	196,804	135,082	502,900	192,704	144,720	124,210	461,634
Participants' sub funds (as per statement attached)		171,014	196,804	135,082	502,900	192,704	144,720	124,210	461,634
Number of units in issue	14	612,300	996,055	778,243	2,386,598	611,256	841,542	782,539	2,235,337
----- (Rupees) -----									
Net assets value per unit		279.2976	197.5834	173.5727		315.2585	171.9703	158.7278	

The annexed notes 1 to 19 form an integral part of the condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund

Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)

For the Nine months period ended March 31, 2020

Note	2020				2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Income								
Dividend income	8,837	-	-	8,837	8,434	-	-	8,434
Profit on bank deposits calculated using the effective interest method	1,328	2,468	5,287	9,083	1,366	1,318	4,527	7,211
Mark-up / return on investments calculated using the effective interest method	-	13,350	6,980	20,330	-	9,830	5,965	15,795
Realized (loss) / gain on sale of investments	(394)	4,123	(43)	3,686	(3,010)	(525)	(101)	(3,636)
Unrealized (loss) / gain on revaluation of investments at fair value through profit or loss	(25,528)	6,096	250	(19,182)	(10,853)	253	58	(10,542)
	(15,757)	26,037	12,474	22,754	(4,063)	10,876	10,449	17,262
Impairment loss on investments classified as 'available for sale'	-	-	-	-	-	-	-	-
	(15,757)	26,037	12,474	22,754	(4,063)	10,876	10,449	17,262
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	2,666	2,121	1,540	6,327	3,167	2,141	1,915	7,223
Remuneration of Central Depository Company of Pakistan Limited - Trustee	267	213	154	634	318	215	192	725
Annual fee to Securities and Exchange Commission of Pakistan	47	38	27	112	62	42	38	142
Auditors' remuneration	130	110	96	336	129	127	101	357
Settlement and bank charges	42	27	17	86	548	57	21	626
Other expenses	538	18	5	561	29	33	15	77
	3,690	2,527	1,839	8,056	4,253	2,615	2,282	9,150
	(19,447)	23,510	10,635	14,698	(8,316)	8,261	8,167	8,112
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(461)	(209)	(670)	-	(165)	(156)	(321)
Net (loss) / income before taxation	(19,447)	23,049	10,426	14,028	(8,316)	8,096	8,011	7,791
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(19,447)	23,049	10,426	14,028	(8,316)	8,096	8,011	7,791
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Unrealised (loss) / gain on re-measurement of investments - classified as available for sale	-	-	-	-	-	-	-	-
Reclassification adjustment relating to available for sale investments sold during the period	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(19,447)	23,049	10,426	14,028	(8,316)	8,096	8,011	7,791

The annexed notes 1 to 19 form an integral part of the condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund

Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)

For the Three months period ended March 31, 2020

Note	2020				2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Income								
Dividend income	2,364	-	-	2,364	2,760	-	-	2,760
Profit on bank deposits calculated using the effective interest method	449	876	1,788	3,113	450	352	2,241	3,043
Mark-up / return on investments calculated using the effective interest method	-	4,954	2,437	7,391	-	3,496	2,058	5,554
Realized (loss) / gain on sale of investments	(7,455)	(387)	32	(7,810)	655	(227)	(155)	273
Unrealized gain / (loss) on revaluation of investments at fair value through profit or loss	(59,098)	4,211	207	(54,680)	13,342	640	58	14,040
	(63,740)	9,654	4,464	(49,622)	17,207	4,261	4,202	25,670
Impairment loss on investments classified as 'available for sale'	-	-	-	-	-	-	-	-
	(63,740)	9,654	4,464	(49,622)	17,207	4,261	4,202	25,670
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	941	775	541	2,257	989	641	653	2,283
Remuneration of Central Depository Company of Pakistan Limited - Trustee	94	78	54	226	100	65	65	230
Annual fee to Securities and Exchange Commission of Pakistan	13	12	7	32	19	13	13	45
Auditors' remuneration	53	50	50	153	42	43	17	102
Settlement and bank charges	6	6	2	14	46	21	3	70
Other expenses	140	5	2	147	17	9	7	33
	1,247	926	656	2,829	1,213	792	758	2,763
	(64,987)	8,728	3,808	(52,451)	15,994	3,469	3,444	22,907
Provision for Sindh Workers' Welfare Fund (SWWF)	892	(171)	(75)	646	-	(65)	(63)	(128)
Net (loss) / income before taxation	(64,095)	8,557	3,733	(51,805)	15,994	3,404	3,381	22,779
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(64,095)	8,557	3,733	(51,805)	15,994	3,404	3,381	22,779
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Unrealised (loss) / gain on re-measurement of investments - classified as available for sale	-	-	-	-	-	-	-	-
Reclassification adjustment relating to available for sale investments sold during the period	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(64,095)	8,557	3,733	(51,805)	15,994	3,404	3,381	22,779

The annexed notes 1 to 19 form an integral part of the condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund
Condensed Interim Statement of Movement in Participants' Funds (Un-Audited)
For the Nine months period ended March 31, 2020

	Note	2020				2019			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----									
Net assets at beginning of the period		192,704	144,720	124,210	461,634	252,448	180,305	144,682	577,435
Issuance of units	14	35,430	74,941	31,428	141,799	52,799	25,374	54,097	132,270
Redemption of units		(49,049)	(37,903)	(27,609)	(114,561)	(69,684)	(80,202)	(74,940)	(224,826)
Reallocation among funds		11,376	(8,003)	(3,373)	-	7,023	(5,051)	(1,972)	-
Other comprehensive income									
Net (loss) / income for the period		(19,447)	23,049	10,426	14,028	(8,316)	8,096	8,011	7,791
Net unrealised (loss) / gain on remeasurement of investments classified as available for sale				-	-			-	-
Total comprehensive (loss) / income for the period		(19,447)	23,049	10,426	14,028	(8,316)	8,096	8,011	7,791
Net assets at end of the period		171,014	196,804	135,082	502,900	234,270	128,522	129,878	492,670
Net assets value per unit at beginning of the period		315.2585	171.9703	158.7278		366.3184	159.5394	147.2662	
Net assets value per unit at end of the period		279.2976	197.5834	173.5727		354.7788	167.4687	155.1063	

The annexed notes 1 to 19 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund

Condensed Interim Cash Flow Statement (Un-Audited)

For the Nine months period ended March 31, 2020

Note	2020				2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
CASH FLOW FROM OPERATING ACTIVITIES								
Net (loss) / income for the period	(19,447)	23,049	10,426	14,028	(8,316)	8,096	8,011	7,791
Adjustments								
Unrealized diminution / (appreciation) in the market value of investments classified as fair value through profit or loss	25,528	(6,096)	(250)	19,182	10,853	(253)	(58)	10,542
Impairment loss on investments classified as 'available for sale'	-	-	-	-	-	-	-	-
	6,081	16,953	10,176	33,210	2,537	7,843	7,953	18,333
(Increase) / decrease in assets								
Investments - net	(5,338)	(86,795)	(68,108)	(160,241)	(5,555)	6,644	32,933	34,022
Dividend and profit receivable	(1,454)	85	524	(845)	(2,313)	(118)	(884)	(3,315)
Advances, deposits, prepayments and other receivables	1,000	1	-	1,001	(1,369)	(38)	(22)	(1,429)
	(5,792)	(86,709)	(67,584)	(160,085)	(9,237)	6,488	32,027	29,278
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	4	112	33	149	(11)	(65)	(7)	(83)
Payable to Central Depository Company of Pakistan Limited - Trustee	1	9	2	12	1	(5)	1	(3)
Payable to Securities and Exchange Commission of Pakistan	(33)	(15)	(21)	(69)	(16)	(19)	(13)	(48)
Accrued expenses and other liabilities	3,721	184	(336)	3,569	(5,645)	301	221	(5,123)
	3,693	290	(322)	3,661	(5,671)	212	202	(5,257)
Net cash (used in) / generated from operating activities	3,982	(69,466)	(57,730)	(123,214)	(12,371)	14,543	40,182	42,354
CASH FLOW FROM FINANCING ACTIVITIES								
Amount received on issue of units	35,430	74,941	31,428	141,799	52,799	25,374	54,097	132,270
Amount paid on redemption of units	(49,049)	(37,903)	(27,609)	(114,561)	(69,684)	(80,202)	(74,940)	(224,826)
Reallocation among funds	11,376	(8,003)	(3,373)	-	7,023	(5,051)	(1,972)	-
Net cash (used in) / generated from financing activities	(2,243)	29,035	446	27,238	(9,862)	(59,879)	(22,815)	(92,556)
Net (decrease) / increase in cash and cash equivalents	1,739	(40,431)	(57,284)	(95,976)	(22,233)	(45,336)	17,367	(50,202)
Cash and cash equivalents at beginning of the period	16,045	59,315	110,412	185,772	30,584	80,285	89,795	200,664
Cash and cash equivalents at end of the period	17,784	18,884	53,128	89,796	8,351	34,949	107,162	150,462

The annexed notes 1 to 19 form an integral part of the condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Pension Fund

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

For the Nine months period ended March 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

2.1.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended June 30, 2018. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

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

2.2 Basis of Measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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 financial statements of the Fund for the year, ended June 30, 2019.

4. USE OF ESTIMATES AND JUDGEMENTS

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2019.

5 Risk management in the current economic scenario

The Fund's financial risk management policies are the same as disclosed in the financial statements for the year ended June 30, 2019 except for the following additional considerations due to the COVID - 19.

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 225 basis points to 11% in March 2020 and again by 200 basis points to 9% on April 16, 2020.

In addition Securities Exchange Commission of Pakistan (SECP) has taken several measures to facilitate the Asset Management Companies and Funds under their management to continue their operations and ensure continuous access of investors to their investments. The key measures include:

1. Time period to regularize the exposure limits breach under Regulation 55(13) of Non-Banking Finance Companies Regulations, 2008 is extended from four months to six months.
2. Time for announcement of NAV is extended from 18:30PM to the start of next working day.
3. The time period classification of a debt security to non-performing category is extended from 15 days to 180 days.
4. Debt securities which are regular in payment of mark-up, however, deferred the payment of principal for one year as per the agreement shall be treated as performing.
5. Debt securities which are rescheduled / restructured between these 180 days shall continue to be treated as performing.
6. Time period for submission of quarterly financial statements of mutual funds extended till May 31, 2020

COVID 19 will impact Mutual Funds in Pakistan on a number of fronts including increase in overall credit risk pertaining to the corporate debt instruments portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the Management Company's staff is working from home and an ever increasing number of customers are being encouraged to use digital channels.

The Management Company is closely monitoring the situation and has invoked required actions to ensure the safety and security of its staff and uninterrupted service to customers. The senior management of the Management Company is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

6. BANK BALANCES

Note	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Savings accounts	17,780	18,832	53,082	89,694	16,045	59,315	110,412	185,772
Term deposit receipts (TDRs)								
	<u>17,780</u>	<u>18,832</u>	<u>53,082</u>	<u>89,694</u>	<u>16,045</u>	<u>59,315</u>	<u>110,412</u>	<u>185,772</u>

6.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 11.00% to 14.35% per annum (year ended June, 2019: 8.75% to 13.5% per annum).

7. INVESTMENTS

Note	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Investments by category								
At fair value through profit or loss								
Listed equity securities	158,085	-	-	158,085	178,275	-	-	178,275
- Advance against Book Building								
Government securities								
- Treasury bills	-	113,443	78,477	191,920	-	37,477	-	37,477
- Pakistan investment bonds	-	32,693	-	32,693	-	50	-	50
Term finance certificates and sukuk bonds	-	32,528	-	32,528	-	44,264	-	44,264
	<u>158,085</u>	<u>178,664</u>	<u>78,477</u>	<u>415,226</u>	<u>178,275</u>	<u>81,791</u>	<u>-</u>	<u>260,066</u>
Available for sale investments								
Listed equity securities	-	-	-	-	-	-	-	-
Government securities								
- Treasury bills	-	-	-	-	-	-	-	-
- Pakistan investment bonds	-	-	-	-	-	-	-	-
Term finance certificates and sukuk bonds	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At amortised Cost (June 30, 2018: Loans and receivables)								
Commercial papers	-		4,715	4,715	-	3,982	14,834	18,816
	<u>158,085</u>	<u>178,664</u>	<u>83,192</u>	<u>419,941</u>	<u>178,275</u>	<u>85,773</u>	<u>14,834</u>	<u>278,882</u>

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

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2020	Cost of holdings as at March 31, 2020	Market value as at March 31, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	-----Number of shares-----					----- (Rupees in '000) -----		----- % -----		
Automobile Parts & Accessories										
Thal Limited (Rs. 5 each)	13,100	14,300	-	10,900	16,500	5,985	4,847	3.07	2.83	0.02
	13,100	14,300	-	10,900	16,500	5,985	4,847	3.07	2.83	0.02
Cement										
Kohat Cement Limited	14,000	21,000	-	4,000	31,000	2,773	2,705	1.71	1.58	0.02
Cherat Cement Co.	-	35,000	-	-	35,000	2,159	1,939	1.23	1.13	-
Lucky Cement Limited	12,850	18,200	-	4,700	26,350	11,922	9,768	6.18	5.71	0.01
Maple Leaf Cement Factory Limited	-	232,500	-	90,000	142,500	3,425	2,953	1.87	1.73	-
	26,850	306,700	-	98,700	234,850	20,279	17,365	10.99	10.15	0.03
Chemical										
Engro Polymer and Chemicals Limited	148,314	106,000	-	149,500	104,814	3,159	2,570	1.63	1.50	0.01
I.C.I Pakistan Limited	-	5,500	-	500	5,000	2,820	2,532	1.60	1.48	-
Lotte Chemical Pakistan Limited	-	70,000	-	70,000	-	-	-	-	-	-
Sitara Chemical Industries Limited	7,700	1,400	-	-	9,100	2,835	2,181	1.38	1.28	0.04
	156,014	182,900	-	220,000	118,914	8,814	7,283	4.61	4.26	0.05
Commercial Banks										
Allied Bank Limited	68,400	6,000	-	25,300	49,100	4,983	3,492	2.21	2.04	-
Askari Bank Limited	-	106,000	-	106,000	-	-	-	-	-	-
Bank Alfalah Limited	280,185	38,000	-	41,000	277,185	12,121	8,817	5.58	5.16	0.02
Bank Islami Pakistan Limited	-	384,000	-	-	384,000	3,869	3,464	2.19	2.03	-
Bank of Punjab Limited	397,000	300,000	-	148,000	549,000	6,204	4,205	2.66	2.46	0.02
Bank Al Habib Limited	85,000	83,000	-	49,000	119,000	8,107	6,411	4.06	3.75	0.01
Faysal Bank Limited	840	286,000	-	118,000	168,840	3,433	2,342	1.48	1.37	0.01
MCB Bank Limited	38,700	27,500	-	41,100	25,100	4,540	3,747	2.37	2.19	0.00
Meezan Bank Limited	22,270	21,000	-	43,000	270	20	18	0.01	0.01	0.00
National Bank of Pakistan	-	178,000	-	63,500	114,500	4,379	3,236	2.05	1.89	0.01
United Bank Limited	62,800	21,500	-	9,300	75,000	11,294	7,561	4.78	4.42	0.01
	955,195	1,451,000	-	644,200	1,761,995	58,950	43,293	27.39	25.32	0.08
Engineering										
Mughal Iron and Steel Industries Limited ***	675	-	-	-	675	36	21	0.01	0.01	-
International Industries Ltd	-	16,700	-	-	16,700	1,807	1,262	0.80	0.74	-
International Steels Limited	-	80,500	-	48,000	32,500	1,905	1,176	0.74	0.69	0.01
	675	97,200	-	48,000	49,875	3,748	2,459	1.55	1.44	0.01
Fertilizer										
Engro Corporation Limited	43,360	6,900	-	16,400	33,860	9,145	9,037	5.72	5.28	0.01
Engro Fertilizers Limited	151,000	-	-	115,000	36,000	2,351	2,076	1.31	1.21	-
Fauji Fertilizer Bin Qasim Limited	-	114,000	-	114,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	43,490	75,500	-	59,990	59,000	5,840	5,488	3.47	3.21	-
	237,850	196,400	-	305,390	128,860	17,336	16,601	10.50	9.70	0.01
Glass and Ceramics										
Tariq Glass Limited	-	27,500	-	27,500	-	-	-	-	-	-
	-	27,500	-	27,500	-	-	-	-	-	-
Insurance										
Adamjee Insurance Company Limited	50,000	127,000	-	95,000	82,000	2,777	2,184	1.38	1.28	0.02
	50,000	127,000	-	95,000	82,000	2,777	2,184	1.38	1.28	0.02
Leather & Tanneries										
Bata Pakistan Limited	240	1,500	-	680	1,060	1,272	1,558	0.99	0.91	0.01
	240	1,500	-	680	1,060	1,272	1,558	0.99	0.91	0.01
Oil and Gas Exploration Companies										
Mari Petroleum Company Limited	10,828	2,960	1,532	6,000	9,320	9,321	8,305	5.25	4.86	0.01
Oil and Gas Development Company Limited	108,100	41,700	-	48,200	101,600	14,209	7,822	4.95	4.57	0.00
Pakistan Oilfields Limited	19,360	4,300	-	23,660	-	-	-	-	-	0.00
Pakistan Petroleum Limited	73,715	67,123	19,660	47,200	113,298	13,987	8,136	5.15	4.76	0.00
	212,003	116,083	21,192	125,060	224,218	37,517	24,263	15.35	14.19	0.01
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited ***	43,148	89,054	8,675	95,500	45,377	7,608	5,513	3.49	3.22	0.01
Sui Northern Gas Pipelines Limited	55,700	17,000	-	12,500	60,200	5,130	2,221	1.40	1.30	0.01
	98,848	106,054	8,675	108,000	105,577	12,738	7,734	4.89	4.52	0.02
Paper & Board										
Century Paper and Board Mills Limited	39,000	-	-	15,000	24,000	1,201	1,109	0.70	0.65	0.02
Security Paper Limited	24,000	-	-	24,000	-	-	-	-	-	-
	63,000	-	-	39,000	24,000	1,201	1,109	0.70	0.65	0.02
Pharmaceuticals										
Abbott Laboratories (Pakistan) Limited	-	6,000	-	6,000	-	-	-	-	-	-
AGP Limited	16,375	19,000	-	13,000	22,375	1,650	1,846	1.17	1.08	-
GlaxoSmithKline Pakistan NC	-	17,500	-	-	17,500	3,093	2,958	1.87	1.73	-
Hightnoon Laboratories Limited ***	8,316	4,500	-	4,100	8,716	3,591	4,345	2.75	2.54	0.00
The Searle Company Limited ***	12,579	3,500	-	5,000	11,079	1,996	1,738	1.10	1.02	0.01
	37,270	50,500	-	28,100	59,670	10,330	10,887	6.89	5.35	0.01
Power Generation and Distribution										
Hub Power Company Limited	139,240	31,000	-	51,000	119,240	10,144	8,139	5.15	4.76	0.01
Pakgen Power Limited	68,000	-	-	68,000	-	-	-	-	-	0.00
K-Electric Limited	442,000	400,000	-	51,000	791,000	3,951	2,239	1.42	1.31	0.00
	649,240	431,000	-	170,000	910,240	14,095	10,378	6.57	6.07	0.01

Name of the Investee Company	As at July 1, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2020	Cost of holdings as at March 31, 2020	Market value as at March 31, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
Sugar and Allied Industries										
Shahmurad Sugar	1,900	-	-	1,900	-	-	-	-	-	-
	1,900	-	-	1,900	-	-	-	-	-	-
Technology & Communication										
Systems Limited	-	27,700	-	12,500	15,200	1,627	1,689	1.07	0.99	-
	-	27,700	-	12,500	15,200	1,627	1,689	1.07	0.99	-
Textile Composite										
Gul Ahmed Textile	-	95,500	-	41,000	54,500	2,330	1,256	0.79	0.73	0.01
Interloop Limited	67,988	28,500	-	54,000	42,488	1,923	1,524	0.96	0.89	-
Nishat Mills Limited	41,500	60,000	-	62,500	39,000	3,610	2,290	1.45	1.34	0.01
	109,488	184,000	-	157,500	135,988	7,863	5,070	3.20	2.96	0.02
Transport										
Pakistan National Shipping Corporation Limited	40,000	-	-	14,300	25,700	1,616	1,365	0.86	0.80	0.02
	40,000	-	-	14,300	25,700	1,616	1,365	0.86	0.80	0.02
	2,651,673	3,319,837	29,867	2,106,730	3,894,647	206,148	158,085	100	91.42	0.34

*** These include gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Pension Fund Manager of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 57 (3) (viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share (from Tax Year 2014 to Tax Year 2018) equivalent to 5% of bonus announcement amounting Rs. 0.1838 million (June 30, 2019: 0.201 million) and not yet deposited with Government Treasury. Pension Fund Manager is of the view that the decision will be in the favour and accordingly has recorded the bonus shares on gross basis.

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

Held by Debt Sub-Fund

Issue date	Tenor	Face value			Amortised Cost as at March 31, 2020	Market value as at March 31, 2020	Market value as a percentage of	
		As at July 1, 2019	Purchases during the period	Sales / matured during the period			As at March 31, 2020	Total investments of sub-fund
----- (Rupees in '000) -----								
-----%-----								
Market Treasury Bills								
May 9, 2019	3 Months	12,500	-	12,500	-	-	-	-
May 23, 2019	3 Months	25,500	3,000	28,500	-	-	-	-
July 18, 2019	3 Months	-	237,000	237,000	-	-	-	-
August 1, 2019	3 Months	-	74,500	74,500	-	-	-	-
August 29, 2019	3 Months	-	15,000	15,000	-	-	-	-
April 9, 2020	3 Months	-	80,000	80,000	-	-	-	-
February 13, 2020	3 Months	-	85,000	85,000	-	-	-	-
April 23, 2020	3 Months	-	80,000	80,000	-	-	-	-
February 27, 2020	3 Months	-	80,000	80,000	-	-	-	-
September 26, 2019	1 Year	-	100,000	100,000	-	-	-	-
October 10, 2019	1 Year	-	112,000	112,000	-	-	-	-
October 24, 2019	1 Year	-	74,000	74,000	-	-	-	-
March 12, 2020	1 Year	-	90,000	90,000	-	-	-	-
March 11, 2021	1 Year	-	60,000	-	60,000	53,949	54,585	30.55
June 4, 2020	3 Months	-	60,000	-	60,000	58,703	58,858	32.94
		38,000	1,150,500	1,068,500	120,000	112,652	113,443	63.49
								57.65
Pakistan Investment Bonds								
July 17, 2014	5 Years	50	-	50	-	-	-	-
July 12, 2018	5 Years	-	131,800	131,800	-	-	-	-
July 12, 2018	10 Years	-	69,500	36,000	33,500	27,439	32,693	18.30
September 19, 2019	3 Years	-	25,000	25,000	-	-	-	-
September 19, 2019	5 Years	-	125,000	125,000	-	-	-	-
		50	351,300	317,850	33,500	27,439	32,693	18.30
								16.61

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

Held by Money Market Sub-Fund

Issue date	Tenor	Face value				Amortised Cost as at March 31, 2020	Market value as at March 31, 2020	Market value as a percentage of	
		As at July 1, 2019	Purchases during the period	Sales / matured during the period	As at March 31, 2020			Total investments of sub-fund	Net assets of sub-fund
----- (Rupees in '000) -----									
Treasury bill									
July 1, 2019	3 months	-	323,000	323,000	-	-	-	-	-
July 18, 2019	3 months	-	20,000	20,000	-	-	-	-	-
August 16, 2019	3 months	-	137,000	137,000	-	-	-	-	-
October 10, 2019	3 months	-	50,000	50,000	-	-	-	-	-
October 24, 2019	3 months	-	53,000	53,000	-	-	-	-	-
November 7, 2019	3 months	-	49,000	49,000	-	-	-	-	-
January 30, 2020	6 months	-	20,000	20,000	-	-	-	-	-
September 10, 2020	6 months	-	80,000	80,000	-	-	-	-	-
April 9, 2020	3 months	-	50,000	50,000	-	-	-	-	-
March 12, 2020	12 months	-	53,000	53,000	-	-	-	-	-
March 26, 2020	3 months	-	50,000	50,000	-	-	-	-	-
February 13, 2020	3 months	-	20,000	20,000	-	-	-	-	-
February 27, 2020	3 months	-	22,000	22,000	-	-	-	-	-
June 4, 2020	3 months	-	80,000	80,000	-	-	-	-	-
		-	1,007,000	927,000	80,000	78,271	78,477	94.33	58.10

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

Held by Debt Sub-Fund

Name of the Investee Company	As at July 1, 2019	Purchases during the period	Sales / Matured during the period	As at March 31, 2020	Amortised Cost as at March 31, 2020	Market value as at March 31, 2020	Market value as a percentage of		
							Total Investments	Net Assets	
-----Number of certificates-----									
----- (Rupees in '000) -----									
Commercial Banks									
Bank of Punjab	60	-	-	60	5,934	5,960	3.34	3.03	
Bank Alfalah Limited	1,000	-	-	1,000	5,057	4,968	2.78	2.52	
	1,060	-	-	1,060	10,991	10,928	6.12	5.55	
Multitiilities									
Water and Power Development Authority	798	-	-	798	1,196	1,167	0.65	0.59	
K-Electric Limited	1,200	-	-	1,200	2,700	2,695	1.51	1.37	
Hub Power Company Limited	1,800	-	1,800	-	-	-	-	-	
	3,798	-	1,800	1,998	3,896	3,862	2.16	1.96	
Fertilizers									
Dawood Hercules Corporation Limited Sukuk	60	-	-	60	4,794	4,835	2.71	2.46	
	60	-	-	60	4,794	4,835	2.71	2.46	
Miscellaneous									
International Brands Limited Sukuk	40	-	-	40	2,983	2,983	1.67	1.52	
Jahangir Siddiqui and Company Limited	2,000	-	-	2,000	10,000	9,920	5.55	5.04	
	2,040	-	-	2,040	12,983	12,903	7.22	6.56	
Total	6,958	-	1,800	5,158	32,664	32,528	18.21	16.53	

7.4.1 Significant terms and conditions of term finance certificates and sukuk bonds outstanding as at March 31, 2020 are as follows:

Name of security	Remaining principal (Rupees per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Bank Alfalah Limited	4,986	6 months KIBOR + 1.25%	20-Feb-13	20-Feb-21
Bank of Punjab	99,880	6 months KIBOR+1%	23-Dec-16	23-Dec-26
Water and Power Development Authority	1,429	6 months KIBOR+1.4%	14-Oct-13	14-Oct-21
K-Electric Limited	2,250	3 months Kibor + 1%	17-Jun-15	17-Jun-22
Dawood Hercules Corporation Limited Sukuk	80,000	3 months KIBOR + 1%	16-Nov-17	16-Nov-22
International Brands Limited Sukuk	85,298	12 months KIBOR + 0.5%	15-Nov-17	15-Nov-21
Jahangir Siddiqui and Company Limited	100,000	6 months KIBOR + 1.75%	6-Mar-18	6-Mar-23

7.5 Commercial papers - at amortised cost

7.5.1 Held by Debt Sub-Fund

Name of Company	Note	Maturity Date	As at July 1, 2019	Placement made during the period	Income Accrued	Matured during the period	As at March 31, 2020	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----									
Hascol Petroleum Limited	7.5.1.1	July 15, 2019	3,982	-	18	4,000	-	-	-
			3,982	-	18	4,000	-	-	-

7.5.1.1 This commercial paper has been placed at discount at a rate of 12.20% per annum and is being amortised over a period of 184 days.

7.5.2 Held by Money Market Sub Fund

Name of Company	Note	Maturity Date	As at July 1, 2019	Placement made during the period	Income Accrued	Matured during the period	As at March 31, 2020	Percentage of total value of investments	Percentage of Net Assets	
			(Rupees in '000)						%	
K-Electric Limited	7.5.1.1	September 9, 2020	-	4,678	37	-	4,715	100.00	3.49	
			-	4,678	37	-	4,715	100	3.49	

7.5.1.1 This commercial paper has been placed at discount at a rate of 13.23% per annum and is being amortised over a period of 184 days.

8. DIVIDEND AND PROFIT RECEIVABLE

	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Dividend receivable	1,503	-	-	1,503	96	-	-	96
Profit receivable on bank deposits	160	308	466	934	113	507	990	1,610
Profit accrued on term finance certificates and sukuk bonds	-	625	-	625	-	1,166	-	1,166
Profit accrued on government securities	-	657	-	657	-	2	-	2
	<u>1,663</u>	<u>1,590</u>	<u>466</u>	<u>3,719</u>	<u>209</u>	<u>1,675</u>	<u>990</u>	<u>2,874</u>

9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
- Security Deposit with Central Depository Company of Pakistan Limited	100	100	100	300	100	100	100	300
- Receivable against Sale of Equity Securities	-	-	-	-	1,011	-	-	1,011
- Others	31	105	78	214	20	106	78	204
	<u>131</u>	<u>205</u>	<u>178</u>	<u>514</u>	<u>1,131</u>	<u>206</u>	<u>178</u>	<u>1,515</u>

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

Note	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Management fee	244	240	167	651	243	169	146	558
Sindh Sales Tax	32	31	22	85	32	22	19	73
Sales load Payable	4	53	46	103	1	21	37	59
	<u>280</u>	<u>324</u>	<u>235</u>	<u>839</u>	<u>276</u>	<u>212</u>	<u>202</u>	<u>690</u>

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

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

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

Note	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Trustee remuneration	24	24	17	65	24	17	15	56
Sindh Sales Tax on Trustee remuneration	4	4	2	10	3	2	2	7
	<u>28</u>	<u>28</u>	<u>19</u>	<u>75</u>	<u>27</u>	<u>19</u>	<u>17</u>	<u>63</u>

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

12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Auditors' remuneration	124	106	92	322	117	64	53	234
Payable against purchase of shares	3,759			3,759	-	-	-	-
Payable against redemption of units	-	-	-	-	47	322	584	953
Federal Excise Duty	763	878	836	2,477	763	878	836	2,477
Provision for Sindh Workers' Welfare Fund	1,643	1,155	671	3,469	1,643	694	462	2,799
Other payable	5	10	2	17	3	7	2	12
	6,294	2,149	1,601	10,044	2,573	1,965	1,937	6,475

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

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

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Pension Fund Manager has made a provision with effect from 13 June 2013, aggregating to Rs. 0.763 million, 0.878 million and 0.836 million (June 30, 2018: Rs. 0.763 million, Rs. 0.878 million and Rs. 0.836 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at March 31, 2019 would have been higher by Rs. 1.246, Rs.0.8815 and Rs. 1.0746 (June 30, 2019: Rs. 1.25, Rs. 1.04 and Rs. 1.07) per unit respectively. However after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

14. NUMBER OF UNITS IN ISSUE

	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Number)							
Opening units in issue	611,256	841,542	782,539	2,235,337	689,150	1,130,160	982,454	2,801,764
Units issued during the period	101,921	404,161	184,831	690,913	224,446	272,996	469,659	967,101
Units redeemed during the period	(141,302)	(204,199)	(168,239)	(513,740)	(322,743)	(530,040)	(656,229)	(1,509,012)
Reallocation during the period	40,425	(45,449)	(20,888)	(25,912)	20,403	(31,574)	(13,345)	(24,516)
Total units in issue at the end of the period	612,300	996,055	778,243	2,386,598	611,256	841,542	782,539	2,235,337

15. PROVISION FOR WORKERS' WELFARE FUND

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

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

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

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. The reversal of provision for WWF amounting to Rs. 1.12 million, Rs. 0.53 million and Rs. 0.47 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively and a provision for SWWF of Rs. 1.643 million, Rs. 0.950 million and Rs. 0.704 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund would have been higher by Rs. 2.68, Rs. 1.16 and Rs. 0.86 (30 June 2019: Rs. 2.69, Rs. 0.82 and Rs. 0.59) per unit respectively.

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

16.1 Transactions during the period

	Nine Months ended March 31, 2020				Nine Months ended March 31, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
(Rupees in '000)									
HBL Asset Management Limited - Pension Fund Manager									
Management fee	2,666	2,121	1,540	6,327	3,167	2,141	1,915	7,223	
Habib Bank Limited - Sponsor									
Bank charges paid	22	15	12	49	18	22	15	55	
Profit on bank deposits earned	781	787	714	2,282	573	248	199	1,020	
Directors and Executives of the Pension Fund Manager and their relatives									
Directors and their relatives									
Reallocation of units	Number	2,680	(3,500)	(854)	(1,674)	1,448	(2,457)	(723)	(1,732)
Amount of units reallocated		754	(618)	(138)	(2)	499	(392)	(107)	-
Executives and their relatives									
Issuance of units	Number	703	2,252	-	2,955	736	1,659	398	2,793
Amount of units issued		210	390	-	600	270	270	60	600
Redemption of units issued	Number	-	-	-	-	(382)	(206)	-	-
Amount of units redeemed		-	-	-	-	(124)	(33)	-	-
Reallocation of units	Number	(8,839)	2,182	(854)	(7,511)	181	(355)	(39)	(213)
Amount of units reallocated		(363)	363	-	-	63	(57)	(6)	-
Directors and Executives of the Habib Bank Limited (Sponsor) their relatives									
Executives and their relatives									
Issuance of units	Number	424	2,425	904	3,753	904	6,362	2,295	9,561
Amount of units issued		150	450	150	750	340	1,020	340	1,700
Reallocation of units	Number	3,681	(4,558)	(1,444)	(2,321)	1,747	(2,752)	(1,102)	(2,107)
Amount of units reallocated		1,036	(803)	(233)	-	602	(439)	(163)	-
Central Depository Company of Pakistan Limited - Trustee									
Remuneration		267	213	154	634	318	215	192	725
Central Depository System charges		16	6	4	26	16	6	4	26
Directors of Connected Persons									
Units issued	Number	-	59,419	-	59,419	-	-	-	-
Amount of units issued		-	11,000	-	11,000	-	-	-	-
Units redeemed	Number	(272)	(5,052)	(10,963)	(16,287)	(218)	(1,879)	(7,627)	(9,724)
Amount of units redeemed		89	919	1,799	2,807	(79)	(304)	(1,143)	(1,526)
Units reallocated	Number	701	(540)	(633)	(472)	456	(138)	(916)	(598)
Amount of units reallocated		197	(95)	(102)	-	157	(22)	(135)	-

16.2 Balances outstanding as at period end

	March 31, 2020				June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
(Rupees in '000)									
HBL Asset Management Limited - Pension Fund Manager									
Management fee payable	244	240	167	651	243	169	146	558	
Federal Excise Duty payable	763	878	836	2,477	763	878	836	2,477	
Sindh Sales Tax payable	32	31	22	85	32	22	19	73	
Sales load Payable	4	53	46	103	1	21	37	59	
Habib Bank Limited - Sponsor									
Units held	Number	203,077	-	203,077	203,077	-	-	203,077	
Amount of units held		56,719	-	56,719	64,022	-	-	64,022	
Profit receivable on bank deposits		108	35	159	39	137	126	302	
Bank balances		13,651	755	893	15,299	10,230	30,666	25,889	66,785
Directors and Executives of the Pension Fund Manager and their relatives									
Directors and their relatives									
Units held	Number	12,950	49,670	13,536	76,156	10,270	53,170	14,392	77,832
Amount of units held		3,617	9,814	2,349	15,780	3,238	9,144	2,284	14,666

	March 31, 2019				June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Executives and their relatives								
Units held	<i>Number</i> <u>2,873</u>	<u>15,851</u>	<u>-</u>	<u>18,724</u>	<u>11,009</u>	<u>11,418</u>	<u>-</u>	<u>22,427</u>
Amount of units held	<u>802</u>	<u>3,132</u>	<u>-</u>	<u>3,934</u>	<u>3,471</u>	<u>1,963</u>	<u>-</u>	<u>5,434</u>
Directors and Executives of the HBL Bank Limited - Sponsor and their relatives								
Executives and their relatives								
Units held	<i>Number</i> <u>17,043</u>	<u>82,106</u>	<u>29,861</u>	<u>129,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount of units held	<u>4,760</u>	<u>16,223</u>	<u>5,183</u>	<u>26,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Central Depository Company of Pakistan Limited - Trustee								
Remuneration payable	<u>28</u>	<u>28</u>	<u>19</u>	<u>75</u>	<u>27</u>	<u>19</u>	<u>17</u>	<u>63</u>
Security Deposit receivable	<u>100</u>	<u>100</u>	<u>100</u>	<u>300</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>300</u>
Directors of Connected Persons								
Units held	<i>Number</i> <u>4,042</u>	<u>159,827</u>	<u>129,343</u>	<u>293,212</u>	<u>3,613</u>	<u>105,999</u>	<u>140,939</u>	<u>250,551</u>
Amount of units held	<u>1,129</u>	<u>31,579</u>	<u>22,450</u>	<u>55,158</u>	<u>1,139</u>	<u>18,229</u>	<u>22,371</u>	<u>41,739</u>

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

		Held by Equity sub-fund							
		Carrying Amount				Fair Value			
		March 31, 2020							
Note	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
	- Listed equity securities	158,085	-	-	-	158,085	-	-	158,085
		158,085	-	-	-	158,085	-	-	158,085
Financial assets not measured at fair value									
18.1	- Bank balances	-	-	-	17,780	-	-	-	17,780
	- Dividend receivable and accrued mark-up	-	-	-	1,663	-	-	-	1,663
	- Advances, deposits, prepayments and other receivables	-	-	-	131	-	-	-	131
		158,085	-	-	19,574	-	-	-	19,574
					19,574				177,659
Financial liabilities not measured at fair value									
18.1	- Payable to the Pension Fund Manager	-	-	-	280	-	-	-	280
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	28	-	-	-	28
	- Accrued expenses and other liabilities	-	-	-	3,888	-	-	-	3,888
		-	-	-	4,196	-	-	-	4,196
Held by Equity sub-fund									
June 30, 2019									
		Carrying Amount				Fair Value			
	Designated as at fair value through profit or loss	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
	- Listed equity securities	178,275	-	-	-	178,275	-	-	178,275
		178,275	-	-	-	178,275	-	-	178,275
Financial assets not measured at fair value									
18.1	- Bank balances	-	-	16,045	-	-	-	-	16,045
	- Dividend receivable and accrued mark-up	-	-	209	-	-	-	-	209
	- Advances, deposits, prepayments and other receivables	-	-	1,131	-	-	-	-	1,131
		-	-	17,385	-	-	-	-	17,385
		178,275	-	17,385	-	-	-	-	195,660
Financial liabilities not measured at fair value									
18.1	- Payable to the Pension Fund Manager	-	-	-	276	-	-	-	276
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	27	-	-	-	27
	- Accrued expenses and other liabilities	-	-	-	167	-	-	-	167
		-	-	-	470	-	-	-	470
Held by Debt sub-fund									
March 31, 2020									
		Carrying Amount				Fair Value			
Note	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
	- Government securities								
	- Treasury Bills	113,443	-	-	-	-	113,443	-	113,443
	- Pakistan Investment Bonds	32,693	-	-	-	-	-	-	-
	- Term Finance Certificates and Sukuk Bonds - Unlisted	32,528	-	-	-	-	32,528	-	32,528
		178,664	-	-	-	-	-	-	145,971
Financial assets not measured at fair value									
18.1	- Bank balances	-	-	-	18,832	-	-	-	18,832
	- Dividend receivable and accrued mark-up	-	-	-	1,590	-	-	-	1,590
	- Advances, deposits, prepayments and other receivables	-	-	-	205	-	-	-	205
	- Commercial Papers	-	-	-	-	-	-	-	-
		-	-	-	20,627	-	-	-	20,627
		178,664	-	-	20,627	-	-	-	166,598
Financial liabilities not measured at fair value									
18.1	- Payable to the Pension Fund Manager	-	-	-	324	-	-	-	324
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	28	-	-	-	28
	- Accrued expenses and other liabilities	-	-	-	116	-	-	-	116
		-	-	-	468	-	-	-	468
Held by Debt sub-fund									
June 30, 2019									
		Carrying Amount				Fair Value			
	Designated as at fair value through profit or loss	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
	- Government securities								
	- Treasury bills	37,477	-	-	-	-	37,477	-	37,477
	- Pakistan Investment Bonds	50	-	-	-	-	50	-	50
	- Term Finance Certificates and Sukuk Bonds - Unlisted	44,264	-	-	-	-	-	-	-
		81,791	-	-	-	-	-	-	-
Financial assets not measured at fair value									
18.1	- Bank balances	-	-	59,315	-	-	-	-	59,315
	- Dividend receivable and accrued mark-up	-	-	1,675	-	-	-	-	1,675
	- Advances, deposits, prepayments and other receivables	-	-	206	-	-	-	-	206
	- Commercial papers	-	-	3,982	-	-	-	-	3,982
		-	-	65,178	-	-	-	-	65,178
		81,791	-	65,178	-	-	-	-	146,969
Financial liabilities not measured at fair value									
18.1	- Payable to the Pension Fund Manager	-	-	-	212	-	-	-	212
	- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	19	-	-	-	19
	- Accrued expenses and other liabilities	-	-	-	393	-	-	-	393
		-	-	-	624	-	-	-	624

		Held by Money Market sub-fund							
		March 31, 2020							
On-balance sheet financial instruments		Carrying Amount				Fair Value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
- Government securities									
Treasury Bills	78,477	-	-	-	78,477	-	78,477	-	78,477
	78,477	-	-	-	78,477				
Financial assets not measured at fair value									
- Bank balances	-	-	-	53,082	53,082				
- Dividend receivable and accrued mark-up	-	-	-	466	466				
- Advances, deposits, prepayments and other receivables	-	-	-	178	178				
- Commercial Papers	-	-	-	4,715	4,715				
	-	-	-	58,441	58,441				
	78,477	-	-	58,441	136,918				
Financial liabilities not measured at fair value									
- Payable to the Pension Fund Manager	-	-	-	235	235				
- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	19	19				
- Accrued expenses and other liabilities	-	-	-	94	94				
	-	-	-	348	348				
	-	-	-	348	348				
		Held by Money Market sub-fund							
		June 30, 2019							
On-balance sheet financial instruments		Carrying Amount				Fair Value			
	Designated as at fair value through profit or loss	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
- Government securities									
Treasury Bills	-	-	-	-	-				
	-	-	-	-	-				
Financial assets not measured at fair value									
- Bank balances	-	-	110,412	-	110,412				
- Dividend receivable and accrued mark-up	-	-	990	-	990				
- Advances, deposits, prepayments and other receivables	-	-	178	-	178				
	-	-	111,580	-	111,580				
	-	-	111,580	-	111,580				
Financial liabilities not measured at fair value									
- Payable to the Pension Fund Manager	-	-	-	202	202				
- Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	17	17				
- Accrued expenses and other liabilities	-	-	-	639	639				
	-	-	-	858	858				
	-	-	-	858	858				

17.1 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.

18. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Pension Fund Manager on April 29, 2020.

19. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Pension Fund

FUND INFORMATION

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

HBL Islamic Pension Fund
Condensed Interim Statement of Assets and Liabilities
As at March 31, 2020

Note	March 31, 2020 (Un-Audited)				June 30, 2019 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
----- (Rupees in '000) -----									
Assets									
Bank balances	6	10,872	53,350	46,430	110,652	12,902	47,175	49,444	109,521
Investments	7	95,270	15,890	1,885	113,045	111,997	25,333	3,975	141,305
Dividend and profit receivable	8	311	778	413	1,502	169	943	653	1,765
Advances, deposits, prepayments and other receivables	9	193	161	134	488	595	160	133	888
Total assets		106,646	70,179	48,862	225,687	125,663	73,611	54,205	253,479
Liabilities									
Payable to Pension Fund Manager	10	169	106	68	343	207	116	90	413
Payable to Central Depository Company of Pakistan Limited - Trustee	11	17	10	7	34	17	10	8	35
Payable to Securities and Exchange Commission of Pakistan	12	30	16	12	58	60	31	25	116
Accrued expenses and other liabilities	13	5,555	859	663	7,077	3,490	855	838	5,183
Total liabilities		5,771	991	750	7,512	3,774	1,012	961	5,747
Net assets		100,875	69,188	48,112	218,175	121,889	72,599	53,244	247,732
Participants' sub funds (as per statement attached)		100,875	69,188	48,112	218,175	121,889	72,599	53,244	247,732
Number of units in issue	14	352,323	423,826	303,637	1,079,786	376,403	476,820	357,964	1,211,187
----- (Rupees) -----									
Net assets value per unit		286.3145	163.2463	158.4530		323.8249	152.2556	148.7409	

The annexed notes 1 to 19 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund
Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)
For the Nine months period ended March 31, 2020

Note	2020				2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----								
Income								
Dividend income	4,854	-	-	4,854	5,693	-	-	5,693
Profit on bank deposits calculated using the effective interest method	606	4,201	3,883	8,690	1,060	3,975	4,322	9,357
Mark-up / return on investments calculated using the effective interest method	-	1,824	213	2,037	-	2,201	837	3,038
Realized (loss) on sale of investments	(226)	(24)	-	(250)	(5,771)	(1,104)	22	(6,853)
Unrealized (diminution) on re-measurement of investments at fair value through profit or loss	(10,568)	21	-	(10,547)	(7,300)	1,011	110	(6,179)
	(5,334)	6,022	4,096	4,784	(6,318)	6,083	5,291	5,056
Impairment loss on investments classified as 'available for sale'	-	-	-	-	-	-	-	-
	(5,334)	6,022	4,096	4,784	(6,318)	6,083	5,291	5,056
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	1,672	879	644	3,195	2,436	1,292	1,052	4,780
Remuneration of Central Depository Company of Pakistan Limited - Trustee	168	88	65	321	244	130	106	480
Annual fee to Securities and Exchange Commission of Pakistan	30	16	12	58	48	25	21	94
Auditors' remuneration	149	85	75	309	126	127	127	380
Settlement and bank charges	33	33	26	92	25	21	18	64
Other expenses	610	1	-	611	635	68	16	719
	2,662	1,102	822	4,586	3,514	1,663	1,340	6,517
	(7,996)	4,920	3,274	198	(9,832)	4,420	3,951	(1,461)
Provision for Sindh Workers' Welfare Fund (SWWF)	-	(96)	(64)	(160)	-	(88)	(77)	(165)
Net (loss) / income before taxation	(7,996)	4,824	3,210	38	(9,832)	4,332	3,874	(1,626)
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(7,996)	4,824	3,210	38	(9,832)	4,332	3,874	(1,626)
Other comprehensive income								
<i>Items to be reclassified to income statement in subsequent periods:</i>								
Unrealised (loss) on re-measurement of investments - classified as available for sale	-	-	-	-	-	-	-	-
Reclassification adjustment relating to available for sale investments sold during the period	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(7,996)	4,824	3,210	38	(9,832)	4,332	3,874	(1,626)

The annexed notes 1 to 19 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund
Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)
For the three months period ended March 31, 2020

Note	2020				2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----								
Income								
Dividend income	795	-	-	795	1,237	-	-	1,237
Profit on bank deposits calculated using the effective interest method	181	1,390	1,103	2,674	426	1,663	2,422	4,511
Mark-up / return on investments calculated using the effective interest method	-	436	73	509	-	451	(569)	(118)
Realized (loss) on sale of investments	(6,794)	-	-	(6,794)	(2,953)	(1,015)	24	(3,944)
Unrealized (diminution) on re-measurement of investments at fair value through profit or loss	(34,011)	(12)	-	(34,023)	8,963	1,069	110	10,142
	(39,829)	1,814	1,176	(36,839)	7,673	2,168	1,987	11,828
Impairment loss on investments classified as 'available for sale'	-	-	-	-	-	-	-	-
	(39,829)	1,814	1,176	(36,839)	7,673	2,168	1,987	11,828
Expenses								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	563	273	194	1,030	843	404	317	1,564
Remuneration of Central Depository Company of Pakistan Limited - Trustee	57	27	20	104	84	41	32	157
Annual fee to Securities and Exchange Commission of Pakistan	8	4	3	15	17	8	7	32
Auditors' remuneration	59	37	37	133	42	43	43	128
Settlement and bank charges	13	9	7	29	5	10	7	22
Other expense	368	(3)	(3)	362	48	8	7	63
	1,068	347	258	1,673	1,039	514	413	1,966
	(40,897)	1,467	918	(38,512)	6,634	1,654	1,574	9,862
Provision for Sindh Workers' Welfare Fund (SWWF)	645	(28)	(18)	599	-	(36)	(30)	(66)
Net (loss) / income before taxation	(40,252)	1,439	900	(37,913)	6,634	1,618	1,544	9,796
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the period	(40,252)	1,439	900	(37,913)	6,634	1,618	1,544	9,796
Other comprehensive income								
Items to be reclassified to income statement in subsequent periods:								
Unrealised gain / (loss) on re-measurement of investments - classified as available for sale	-	-	-	-	13,854	(354)	-	13,500
Reclassification adjustment relating to available for sale investments sold during the period	-	-	-	-	13,854	(354)	-	13,500
	-	-	-	-	13,854	(354)	-	13,500
Total comprehensive (loss) / income for the period	(40,252)	1,439	900	(37,913)	20,488	1,264	1,544	23,296

The annexed notes 1 to 19 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund

Condensed Interim Statement of Movement in Participants' Funds (Un-Audited)

For the Nine months period ended March 31, 2020

Note	2020				2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----								
Net assets at beginning of the period	121,889	72,599	53,244	247,732	171,901	101,731	83,431	357,063
Issuance of units	25,069	34,783	12,554	72,406	73,828	40,779	39,732	154,339
Redemption of units	(46,451)	(36,772)	(18,778)	(102,001)	(69,990)	(76,825)	(74,048)	(220,863)
Reallocation among funds	8,364	(6,246)	(2,118)	-	3,187	(2,443)	(744)	-
	(13,018)	(8,235)	(8,342)	(29,595)	7,025	(38,489)	(35,060)	(66,524)
Other comprehensive income								
Net (loss) / income for the period	(7,996)	4,824	3,210	38	(9,832)	4,332	3,874	(1,626)
Net unrealised (loss) / gain on remeasurement of investments classified as available for sale	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(7,996)	4,824	3,210	38	(16,594)	1,867	1,857	(1,626)
Net assets at end of the period	100,875	69,188	48,112	218,175	169,094	67,574	52,245	288,913
Net assets value per unit at beginning of the period	323.8249	152.2556	148.7409		388.2683	141.8178	139.3646	
Net assets value per unit at end of the period	286.3145	163.2463	158.453		370.5236	148.08	146.1116	

The annexed notes 1 to 19 form an integral part of the condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the Nine months period ended March 31, 2020

Note	2020				2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
CASH FLOW FROM OPERATING ACTIVITIES								
Net (loss) / income for the period	(7,996)	4,824	3,210	38	(9,832)	4,332	3,874	(1,626)
Adjustments								
Unrealized diminution in the market value of investments classified as fair value through profit or loss	10,568	(21)	-	10,547	7,300	(1,011)	110	6,399
Impairment loss on investments classified as 'available for sale'	-	-	-	-	-	-	-	-
	2,572	4,803	3,210	10,585	(2,532)	3,321	3,984	4,773
Decrease / (increase) in assets								
Investments - net	6,159	9,464	2,090	17,713	(14,420)	12,023	(3,977)	(6,374)
Dividend and profit receivable	(142)	165	240	263	(995)	81	4	(910)
Advances, deposits, prepayments and other receivables	402	(1)	(1)	400	(744)	(402)	12	(1,134)
	6,419	9,628	2,329	18,376	(16,159)	11,702	(3,961)	(8,418)
(Decrease) / increase in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	(38)	(10)	(22)	(70)	35	(31)	(34)	(30)
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	(1)	(1)	5	(2)	(3)	-
Payable to Securities and Exchange Commission of Pakistan	(30)	(15)	(13)	(58)	(9)	(7)	(4)	(20)
Accrued expenses and other liabilities	2,065	4	(175)	1,894	(684)	140	146	(398)
	1,997	(21)	(211)	1,765	(653)	100	105	(448)
Net cash (used in) / generated from operating activities	10,988	14,410	5,328	30,726	(19,344)	15,123	128	(4,093)
CASH FLOW FROM FINANCING ACTIVITIES								
Amount received on issue of units	25,069	34,783	12,554	72,406	73,828	40,779	39,732	154,339
Amount paid on redemption of units	(46,451)	(36,772)	(18,778)	(102,001)	(69,990)	(76,825)	(74,048)	(220,863)
Reallocation among funds	8,364	(6,246)	(2,118)	-	3,187	(2,443)	(744)	-
Net cash generated from / (used in) financing activities	(13,018)	(8,235)	(8,342)	(29,595)	7,025	(38,489)	(35,060)	(66,524)
Net (decrease) / increase in cash and cash equivalents	(2,030)	6,175	(3,014)	1,131	(12,319)	(23,366)	(34,932)	(70,617)
Cash and cash equivalents at beginning of the period	12,902	47,175	49,444	109,521	22,106	64,977	83,992	171,075
Cash and cash equivalents at end of the period	10,872	53,350	46,430	110,652	9,787	41,611	49,060	100,458

The annexed notes 1 to 19 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Pension Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the Nine months period ended March 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Pension Fund Manager has appointed Al-Hilal Shariah Advisors (Pvt.) Limited as Shariah Advisor to the Pension Fund to ensure that the activities of the Fund are in compliance with the principles of Shariah.

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

- The Equity Sub-Fund consists of a minimum 90% of net assets invested in Shariah compliant listed equity securities. Investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, subject to a maximum of 35% of NAV. Remaining assets of the Equity Sub-Fund may be invested in any government security having less than one year time to maturity, or be deposited with Islamic commercial banks or Islamic window of a commercial bank having at least 'A' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Debt Sub-Fund consists of tradable debt securities with weighted average duration of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the assets in the sub-fund shall be invested in debt securities issued by the Federal Government. Up to twenty five percent (25%) may be deposited with banks having not less than 'AA+' rating. In case the Shariah compliant securities issued by Federal Government are not available to comply with above, the assets of a Shariah compliant debt sub-fund may be deposited in Islamic commercial banks, having not less than "A+" rating or Islamic window of commercial banks, having not less than "AA" rating, or may be invested in Islamic bonds or Sukuks issued by entities wholly-owned by the Federal Government or in such Islamic securities which are fully guaranteed by the Federal Government.
- The Money Market Sub-Fund consists of Shariah compliant short-term money market securities with weighted average time to maturity not exceeding one year. There is no restriction on the amount of investment in securities issued by Federal Government and Islamic windows of commercial banks having 'A+' rating provided that deposits with one bank shall not exceed 20% of net assets of Money Market Sub-Fund. Investments in securities issued by Provincial Government, City Government, Government corporation with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be in proportion as defined in offering document.

The Fund offers five types of allocation schemes, as prescribed by the SECP under VPS Rules, to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility and Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the

Pension Fund Manager. The allocation to the Sub-Funds has to be done at the date of opening of contributor's pension account and on an anniversary date thereafter. The contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis.

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

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

2.1.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended June 30, 2018. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

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

2.2 Basis of Measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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 financial statements of the Fund for the year, ended June 30, 2019.

4. USE OF ESTIMATES AND JUDGEMENTS

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

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2019.

5 Risk management in the current economic scenario

The Fund's financial risk management policies are the same as disclosed in the financial statements for the year ended June 30, 2019 except for the following additional considerations due to the COVID - 19.

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 225 basis points to 11% in March 2020 and again by 200 basis points to 9% on April 16, 2020.

In addition Securities Exchange Commission of Pakistan (SECP) has taken several measures to facilitate the Asset Management Companies and Funds under their management to continue their operations and ensure continuous access of investors to their investments. The key measures include:

1. Time period to regularize the exposure limits breach under Regulation 55(13) of Non-Banking Finance Companies Regulations, 2008 is extended from four months to six months.
2. Time for announcement of NAV is extended from 18:30PM to the start of next working day.
3. The time period classification of a debt security to non-performing category is extended from 15 days to 180 days.
4. Debt securities which are regular in payment of mark-up, however, deferred the payment of principal for one year as per the agreement shall be treated as performing.
5. Debt securities which are rescheduled / restructured between these 180 days shall continue to be treated as performing.
6. Time period for submission of quarterly financial statements of mutual funds extended till May 31, 2020

COVID 19 will impact Mutual Funds in Pakistan on a number of fronts including increase in overall credit risk pertaining to the corporate debt instruments portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the Management Company's staff is working from home and an ever increasing number of customers are being encouraged to use digital channels.

The Management Company is closely monitoring the situation and has invoked required actions to ensure the safety and security of its staff and uninterrupted service to customers. The senior management of the Management Company is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

6. BANK BALANCES

Note	March 31, 2020				June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
----- (Rupees in '000) -----									
Savings accounts	6.1	10,868	53,340	46,429	110,637	12,902	47,175	39,344	99,421
Term deposit receipts (TDRs)	6.2	-	-	-	-	-	-	10,100	10,100
		<u>10,868</u>	<u>53,340</u>	<u>46,429</u>	<u>110,637</u>	<u>12,902</u>	<u>47,175</u>	<u>49,444</u>	<u>109,521</u>

6.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 6.00% to 10.75% per annum (Year ended June 30, 2019: 3.00% - 13.60 % per annum).

6.2 This represents investment in TDRs placed with Soneri Bank & Bank Islami Limited maturing in April 2019 and carry profit rate of 10.25% & 11% per annum (June 30, 2018: 5.75%)

7. INVESTMENTS

Note	March 31, 2020				June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
----- (Rupees in '000) -----									
Investments by category									
At fair value through profit or loss									
Listed equity securities	7.1	95,270	-	-	95,270	111,997	-	-	111,997
- Advance against Book Building	7.1.1	-	-	-	-	-	-	-	-
GoP ijarah sukuks		-	-	-	-	-	-	-	-
Term finance certificates and sukuk bor	7.3	-	15,890	-	15,890	-	23,339	-	23,339
		<u>95,270</u>	<u>15,890</u>	<u>-</u>	<u>111,160</u>	<u>111,997</u>	<u>23,339</u>	<u>-</u>	<u>135,336</u>
Available for sale investments									
Listed equity securities		-	-	-	-	-	-	-	-
GoP ijarah sukuks		-	-	-	-	-	-	-	-
Term finance certificates and sukuk bonds		-	-	-	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At amortised Cost									
Commercial papers	7.4	-	-	1,885	1,885	-	1,994	3,975	5,969
		<u>95,270</u>	<u>15,890</u>	<u>1,885</u>	<u>113,045</u>	<u>111,997</u>	<u>25,333</u>	<u>3,975</u>	<u>141,305</u>

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

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2020	Cost of holdings as at March 31, 2020	Market value as at March 31, 2020	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	-----Number of shares-----				----- (Rupees in '000) -----			----- % -----		
Automobile Parts & Accessories										
Thal Limited (Rs. 5 each)	13,050	5,000	-	7,100	10,950	4,336	3,217	3.38	3.189	0.01
	13,050	5,000	-	7,100	10,950	4,336	3,217	3.38	3.189	0.01
Cement										
Lucky Cement Limited	11,300	11,300	-	4,800	17,800	8,093	6,598	6.93	6.541	0.01
Cherat Cement Co.	-	22,500	-	-	22,500	1,398	1,246	1.31	1.235	-
Kohat Cement Company Limited	23,600	9,500	-	9,000	24,100	1,926	2,103	2.21	2.085	0.01
Maple Leaf Cement Factory Limited	-	139,000	-	55,000	84,000	2,014	1,740	1.83	1.725	0.01
	34,900	182,300	-	68,800	148,400	13,431	11,687	12.28	11.586	0.03
Chemical										
Engro Polymer & Chemicals Limited	138,885	66,000	-	99,500	105,385	3,423	2,584	2.71	2.562	0.01
Sitara Chemical Industries Limited	5,700	400	-	1,000	5,100	1,580	1,222	1.28	1.211	0.02
Lotte Chemical Pakistan Limited	-	77,000	-	77,000	-	-	-	0.00	-	-
ICI Pakistan Limited	-	3,500	-	500	3,000	1,715	1,519	1.59	1.506	-
	144,585	146,900	-	178,000	113,485	6,718	5,325	5.58	5.279	0.03
Commercial Banks										
Bank Islami Pakistan Limited	-	280,000	-	-	280,000	2,928	2,526	2.65	2.504	-
Meezan Bank Limited	57,505	29,500	-	19,500	67,505	5,021	4,394	4.61	4.356	0.01
	57,505	309,500	-	19,500	347,505	7,949	6,920	7.26	6.860	0.01
Engineering										
International Industries Ltd	-	9,700	-	-	9,700	1,051	733	0.77	0.727	-
International Steels Limited	-	51,000	-	31,500	19,500	1,142	706	0.74	0.700	-
	-	60,700	-	31,500	29,200	2,193	1,439	1.51	1.427	-
Fertilizer										
Engro Corporation Limited	30,890	13,100	-	7,900	36,090	9,742	9,632	10.11	9.548	0.01
Engro Fertilizers Limited	95,700	23,500	-	87,500	31,700	2,085	1,828	1.92	1.812	-
Fauji Fertilizer Company Limited	27,500	61,000	-	46,000	42,500	4,153	3,953	4.15	3.919	-
	154,090	97,600	-	141,400	110,290	15,980	15,413	16.18	15.279	0.01
Glass and Ceramics										
Tariq Glass Limited	-	19,500	-	19,500	-	-	-	0.00	-	-
	-	19,500	-	19,500	-	-	-	0.00	-	-
Investment Company										
Dawood Hercules Corporation Limited	22,300	5,000	-	22,300	5,000	727	518	0.54	0.514	-
	22,300	5,000	-	22,300	5,000	727	518	0.54	0.514	-
Leather and Tanneries										
BATA Pakistan	260	1,500	-	720	1,040	1,248	1,529	1.60	1.516	0.01
	260	1,500	-	720	1,040	1,248	1,529	1.60	1.516	0.01
Oil and Gas Exploration Companies										
Oil & Gas Development Company Limited	81,900	62,000	-	45,300	98,600	13,658	7,591	7.97	7.525	-
Pakistan Petroleum Limited	68,600	53,920	23,280	50,500	95,300	12,031	6,843	7.18	6.784	-
Mari Petroleum Company Limited	9,300	961	1,085	3,600	7,746	7,817	6,902	7.24	6.842	0.01
Pakistan Oilfields Limited	15,400	4,800	-	20,200	-	-	-	0.00	-	-
	175,200	121,681	24,365	119,600	201,646	33,506	21,336	22.39	21.151	0.01
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited***	33,736	78,762	7,425	85,600	34,323	5,195	4,171	4.38	4.135	0.01
Sui Northern Gas Pipelines Limited	52,200	7,500	-	5,000	54,700	4,808	2,018	2.12	2.000	0.01
	85,936	86,262	7,425	90,600	89,023	10,003	6,189	6.50	6.135	0.02
Paper and Board										
Security Papers Limited	18,000	-	-	18,000	-	-	-	0.00	-	-
	18,000	-	-	18,000	-	-	-	0.00	-	-
Pharmaceuticals										
AGP Limited	19,375	1,500	-	7,000	13,875	1,063	1,145	1.20	1.135	-
The Searl Company Limited***	8,011	2,500	-	3,100	7,411	1,216	1,162	1.22	1.152	-
GlaxoSmithKline Pakistan NC	-	9,900	-	-	9,900	1,751	1,673	1.76	1.658	-
Highnoon Laboratories Limited	5,830	2,500	-	3,500	4,830	1,879	2,409	2.53	2.388	0.02
Abbott Laboratories Pakistan Limited	-	3,500	-	3,500	-	-	-	0.00	-	-
	33,216	19,900	-	17,100	36,016	5,909	6,389	6.71	6.333	0.02
Power Generation and Distribution										
Hub Power Company Limited	126,731	27,700	-	53,500	100,931	8,241	6,892	7.23	6.832	0.01
K-Electric Limited (Rs. 3.5 each)	548,500	400,000	-	225,000	723,500	3,627	2,048	2.15	2.030	-
	675,231	427,700	-	278,500	824,431	11,868	8,940	9.38	8.862	0.01
Textile Composite										
Nishat Mills Limited	32,500	45,500	-	42,800	35,200	3,221	2,067	2.17	2.049	0.01
Interloop Limited	71,945	27,500	-	37,000	62,445	2,881	2,239	2.35	2.220	0.01
	104,445	73,000	-	79,800	97,645	6,102	4,306	4.52	4.269	0.02
Technology & Communication										
Systems Limited	-	9,000	-	-	9,000	965	1,000	1.05	0.991	-
	-	9,000	-	-	9,000	965	1,000	1.05	0.991	-
Transport										
Pakistan National Shipping Corporation	27,000	-	-	7,000	20,000	1,264	1,062	1.11	1.053	0.02
	27,000	-	-	7,000	20,000	1,264	1,062	1.11	1.053	0.02
	1,545,718	1,565,543	31,790	1,099,420	2,043,631	122,199	95,270	100	94.444	0.20

*** This includes gross bonus shares as per Fund's entitlement declared by the investee company. Previously due to amendments brought by the Finance Act, 2014 in the Income Tax Ordinance, 2001, the bonus shares received by the shareholder were to be treated as income and a tax at the rate of 5 percent was 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 was to be collected at source by the investee company which was considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has already withheld the shares (from Tax Year 2014 to Tax Year 2018) equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.0986 million at December 31, 2019 (June 30, 2019: Rs. 0.075 million) and not yet deposited on CDC account of department of Income tax while during the period no tax on bonus shares is being withheld by the investee company(s) due to the amendments brought by the Finance Act, 2018 in the Income Tax Ordinance, 2001 which excluded the requirement of tax on bonus shares. Management is of the view that the decision will be in favor of the asset management company and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

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

7.2.1 Held by Debt Sub-Fund

Name of the Investee Company	As at July 1, 2019	Purchases during the period	Sales / Matured during the period	As at March 31, 2020	Amortised Cost as at March 31, 2020	Market value as at March 31, 2020	Market value as a percentage of	
							Total Investments	Net Assets
	-----Number of certificates-----				------(Rupees in '000)-----		------%-----	
Fertilizers								
Engro Fertilizer Limited	900	-	900	-	-	-	-	-
Fatima Fertilizers Company Limited	357	-	-	357	721	715	4.50	1.11
	1,257	-	900	357	721	715	4.50	1.11
Investment Company								
Dawood Hercules Corporation Limited Sukuk	30	-	-	30	2,397	2,417	15.21	3.75
	30	-	-	30	2,397	2,417	15.21	3.75
Mutiutilities								
Water and Power Development Authority	474	-	-	474	710	693	4.36	1.07
K-Electric Limited	1,550	-	-	1,550	3,488	3,481	21.91	5.40
Hub Power Company Limited	50	-	-	50	5,000	5,000	31.47	7.76
	2,074	-	-	2,074	9,198	9,174	57.74	14.23
Pharmaceuticals								
AGP Limited	24	-	-	24	1,080	1,091	6.87	1.69
	24	-	-	24	1,080	1,091	6.87	1.69
Miscellaneous								
International Brands Limited Sukuk	20	-	-	20	1,511	1,493	9.40	2.32
Agha Steel Industries Limited Sukuk	2	-	1	1	1,000	1,000	6.29	1.55
	22	-	1	21	2,511	2,493	15.69	3.87
Total	3,407	-	901	2,506	15,907	15,890	100	24.65

7.2.1.1 Significant terms and conditions of Term Finance Certificates and Sukuk bonds outstanding as at March 31, 2020 are as follows:

Name of security	Remaining principal (Rupees per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Agha Steel Industries Limited Sukuk	1,000,000	3 months KIBOR + 0.8%	09-Oct-18	09-Oct-24
AGP Limited	45,000	3 months KIBOR + 1.30%	09-Jun-17	09-Jun-22
Dawood Hercules Corporation Limited Sukuk	80,000	3 months KIBOR + 1%	16-Nov-17	16-Nov-22
Fatima Fertilizers Company Limited	2,000	6 months KIBOR + 1.1%	28-Nov-16	28-Nov-21
International Brands Limited Sukuk	85,298	3 months KIBOR + 0.5%	15-Nov-17	15-Nov-21
K-Electric Limited	2,250	3 months KIBOR + 1%	17-Jun-15	17-Jun-22
Water and Power Development Authority	1,429	6 months KIBOR + 1%	14-Oct-13	14-Oct-21

7.3 Commercial Papers - at amortised cost

7.3.1 Held by Debt Sub-Fund

Name of Company	Note	Maturity Date	As at July 1, 2019	Placements made during the period	Income Accrued	Matured during the period	As at March 31, 2020	Market Value as a	
								Percentage of total value of investments	Percentage of Net Assets
			------(Rupees in '000)-----					------%-----	
Hascol Petroleum Limited		July 15, 2019	1,994	-	9	2,003	-	-	-
			1,994	-	9	2,003	-	-	-

7.3.2 Held by Money Market Sub-Fund

Name of Company	Note	Maturity Date	As at July 1, 2019	Placements made during the period	Income Accrued	Matured during the period	As at March 31, 2020	Market Value as a % of	
								Percentage of total value of investments	Percentage of Net Assets
								-----%	
								-----%	
(Rupees in '000)									
Hascol Petroleum Limited		July 15, 2019	3,975	-	18	3,993	-	-	-
K-Electric Limited	7.3.2.1	February 28, 2020	-	2,320	180	2,500	-	-	-
K-Electric Limited	7.3.2.1	September 9, 2020	-	1,871	14	-	1,885	100.00	86.40
			<u>3,975</u>	<u>4,191</u>	<u>212</u>	<u>6,493</u>	<u>1,885</u>	<u>100.00</u>	<u>86.40</u>

7.3.2.1 The commercial paper has been placed at discount at a rate of 15.51% and is being amortised over a period of 184 days.

7.3.2.2 The commercial paper has been placed at discount at a rate of 13.23% and is being amortised over a period of 184 days.

8. DIVIDEND AND PROFIT RECEIVABLE

	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Dividend receivable	242	-	-	242	96	-	-	96
Profit receivable on bank deposits	69	554	413	1,036	73	483	438	994
Profit accrued on sukuk bonds	-	224	-	224	-	460	-	460
Profit accrued on government securities - Ijarah Sukuk	-	-	-	-	-	-	-	-
Profit accrued on term deposit receipts	-	-	-	-	-	-	215	215
	<u>311</u>	<u>778</u>	<u>413</u>	<u>1,502</u>	<u>169</u>	<u>943</u>	<u>653</u>	<u>1,765</u>

9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
- Security Deposit with Central Depository Company of Pakistan Limited	100	100	100	300	100	100	100	300
- Receivable against Sale of Equity Securities	-	-	-	-	402	-	-	402
- Other Receivable	93	61	34	188	93	60	33	186
	<u>193</u>	<u>161</u>	<u>134</u>	<u>488</u>	<u>595</u>	<u>160</u>	<u>133</u>	<u>888</u>

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

Note	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Management fee	146	85	59	290	153	90	67	310
Sindh Sales Tax	19	11	8	38	20	12	9	41
Sales load payable	4	10	1	-	34	14	14	62
	<u>169</u>	<u>106</u>	<u>68</u>	<u>328</u>	<u>207</u>	<u>116</u>	<u>90</u>	<u>413</u>

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

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

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

Note	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Trustee remuneration	15	9	6	30	15	9	7	31
Sindh Sales Tax on Trustee remuneration	2	1	1	4	2	1	1	4
	<u>17</u>	<u>10</u>	<u>7</u>	<u>34</u>	<u>17</u>	<u>10</u>	<u>8</u>	<u>35</u>

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

12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Auditors' remuneration	137	79	70	286	142	56	38	236
Payable against purchase of investments	2,183	-	-	2,183	12	-	-	12
Federal Excise Duty	879	488	383	1,750	879	488	383	1,750
Provision for Sindh Workers' Welfare Fund	1,952	291	209	2,452	1,952	195	145	2,292
Payable against redemption of units	-	-	-	-	1	113	269	383
Other payable	404	1	1	406	504	3	3	510
	<u>5,555</u>	<u>859</u>	<u>663</u>	<u>7,077</u>	<u>3,490</u>	<u>855</u>	<u>838</u>	<u>5,183</u>

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

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

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Pension Fund Manager has made a provision with effect from 13 June 2013, aggregating to Rs. 0.879 million, 0.488 million and 0.383 million (June 30, 2018: Rs. 0.879 million, Rs. 0.488 million and Rs. 0.383 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at March 31, 2019 would have been higher by Rs. 2.50, Rs. 1.15 and Rs. 1.26 (June 30, 2019: Rs. 2.34 Rs.1.02 and Rs. 1.07) per unit respectively. However after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

14. NUMBER OF UNITS IN ISSUE

	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Number) -----							
Opening units in issue	376,403	476,820	357,964	1,211,187	442,737	717,333	598,657	1,758,727
Units issued during the period	70,044	220,603	81,800	372,447	212,044	352,265	328,547	892,856
Units redeemed during the period	(123,349)	(233,178)	(122,072)	(478,599)	(287,138)	(575,625)	(563,942)	(1,426,705)
Reallocation during the period	29,225	(40,419)	(14,055)	(25,249)	8,760	(17,153)	(5,298)	(13,691)
Total units in issue at the end of the period	352,323	423,826	303,637	1,079,786	376,403	476,820	357,964	1,211,187

15. PROVISION FOR WORKERS' WELFARE FUND

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

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

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

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. The reversal of provision for WWF amounting to Rs. 1.397 million, Rs. 0.27 million and Rs. 0.223 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively and a provision for SWWF of Rs.1.952 million, Rs. 0.350 million and Rs. 0.2710 million of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund would have been higher by Rs. 5.54, Rs. 0.69 and Rs. 0.69 (30 June 2019: Rs. 5.19, Rs. 0.41 and Rs. 0.41) per unit respectively.

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Pension Fund Manager, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, collective investment schemes managed by the Management Company, directors and officers of the Management Company. Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Remuneration payable to Pension Fund Manager and Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules and the Trust Deed respectively.

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

16.1 Transactions during the period

	Nine Months Ended 31, March 2020				Nine Months Ended 31, March 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----								
HBL Asset Management Limited - Pension Fund Manager								
Management fee	1,672	879	644	3,195	2,436	1,292	1,052	4,780
Habib Bank Limited - Sponsor								
Bank charges paid	20	16	11	47	14	11	8	33
Profit on bank deposits earned	241	773	578	1,592	286	227	231	744
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Issue of units	Number 9,698	6,406	6,575	22,679	4,183	6,226	3,142	13,551
Amount of units issued	3,000	1,000	1,000	5,000	1,650	900	450	3,000
Reallocation of units	Number 3,663	(4,631)	(2,207)	(3,175)	7,912	(28,859)	8,989	(11,958)
Amount of Units Reallocated	1,048	(715)	(333)	-	2,881	(4,179)	1,298	-
Executives and their relatives								
Issuance of units	Number 2	1	-	3	-	-	-	-
Amount of units issued	1	-	-	1	-	-	-	-
Redemption of units	12,506	-	-	12,506	-	-	-	-
Amount of units Redeemed	4,617	-	-	4,617	-	-	-	-
Reallocation of units	Number 5,840	(11,621)	-	(5,781)	1,317	(3,617)	-	(2,300)
Amount of units reallocated	1,885	(1,885)	-	-	513	(513)	-	-
Directors and Executives of the Habib Bank Limited - Sponsor and their relatives								
Executives and their relatives								
Issue of units	-	-	-	-	-	-	-	-
Amount of units issued	-	-	-	-	-	-	-	-
Withdrawal of units	-	-	-	-	-	-	-	-
Amount of units withdrawn	-	-	-	-	-	-	-	-
Reallocation of units	Number -	-	-	-	458	(1,174)	-	-
Amount of Units Reallocated	-	-	-	-	167	(167)	-	-
Central Depository Company of Pakistan Limited - Trustee								
Remuneration	168	88	65	321	244	130	106	480
Central Depository System Charges	14	5	5	24	14	5	5	24
Directors of connected persons								
Reallocation of units	Number 517	(294)	(680)	(457)	(146)	(1,500)	(5,723)	(7,369)
Amount of units reallocated	148	(45)	(102)	1	(57)	(215)	(810)	(1,082)
Redemption of units	Number 189	1,469	5,642	7,300	334	(120)	(749)	(535)
Amount of units redeemed	63	230	861	1,154	122	(17)	(105)	-

16.2 Balances outstanding as at period end

	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----								
HBL Asset Management Limited - Pension Fund Manager								
Management fee payable	146	85	59	290	153	90	67	310
Sindh Sales tax Payable	19	11	8	38	20	12	9	41
Sales load payable	4	10	1	15	34	14	14	62
Federal Excise Duty payable	879	488	383	1,750	879	488	383	1,750
Habib Bank Limited - Sponsor								
Units held	Number 128,334	-	-	128,334	128,334	-	-	128,334
Amount of units held	36,744	-	-	36,744	41,558	-	-	41,558
Profit receivable on bank deposits	43	128	84	255	370	453	451	1,274
Bank balances	8,641	13,387	9,275	31,303	6,660	14,309	20,718	41,687

	March 31, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Units held	Number 19,667	36,424	18,677	74,768	45,629	65,886	46,076	157,591
Amount of units held	5,631	5,946	2,959	14,536	14,776	10,031	6,854	31,661
Executives and their relatives								
Units held	Number 21,324	34,042	5	55,371	13,155	8,685	5	21,845
Amount of units held	6,105	5,557	1	11,663	4,260	1,322	1	5,583
Executives of the Habib Bank Limited - Sponsor and their relatives								
Units Held	-	-	-	-	14,833	36,977	-	51,810
Amount of Units held	-	-	-	-	4,803	5,630	-	10,433
Central Depository Company of Pakistan Limited - Trustee								
Remuneration payable	17	10	7	34	17	10	8	35
Security deposit receivable	100	100	100	300	100	100	100	300
Directors of connected persons								
Units held	Number 1,798	13,321	51,230	66,349	1,470	15,084	57,551	74,105
Amount of units held	515	2,175	8,118	10,808	476	2,126	8,560	11,162

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Held by Equity sub-fund										
March 31, 2020										
On-balance sheet financial instruments	Note	Carrying Amount				Fair Value				
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000)										
Financial assets measured at fair value										
- Listed equity securities		95,270	-	-	-	95,270	95,270	-	-	95,270
		95,270	-	-	-	95,270				
Financial assets not measured at fair value	18.1									
- Bank balances		-	-	-	10,868	10,868				
- Dividend receivable and accrued mark-up		-	-	-	311	311				
- Advances, deposits, prepayments and other receivables		-	-	-	193	193				
		-	-	-	11,372	11,372				
		95,270	-	-	11,372	106,642				
Financial liabilities not measured at fair value	18.1									
- Payable to the Pension Fund Manager		-	-	-	169	169				
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	17	17				
- Accrued expenses and other liabilities		-	-	-	2,724	2,724				
		-	-	-	2,910	2,910				

Held by Equity sub-fund										
June 30, 2019										
On-balance sheet financial instruments	Note	Carrying Amount				Fair Value				
		Designated as at fair value through profit or loss	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000)										
Financial assets measured at fair value										
- Listed equity securities		111,997	-	-	-	111,997	153,805	-	-	153,805
		111,997	-	-	-	111,997				
Financial assets not measured at fair value	18.1									
- Bank balances		-	-	12,902	-	12,902				
- Dividend receivable and accrued mark-up		-	-	169	-	169				
- Advances, deposits, prepayments and other receivables		-	-	595	-	595				
		-	-	13,666	-	13,666				
		111,997	-	13,666	-	125,663				
Financial liabilities not measured at fair value	18.1									
- Payable to the Pension Fund Manager		-	-	-	207	207				
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	17	17				
- Accrued expenses and other liabilities		-	-	-	659	659				
		-	-	-	883	883				

Held by Debt sub-fund										
March 31, 2020										
On-balance sheet financial instruments	Note	Carrying Amount				Fair Value				
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000)										
Financial assets measured at fair value										
- GoP Ijarah Sukuks		-	-	-	-	-	-	-	-	-
- Term Finance Certificates and Sukuk Bonds - Unlisted		15,890	-	-	-	15,890	-	15,890	-	15,890
		15,890	-	-	-	15,890				
Financial assets not measured at fair value	18.1									
- Bank balances		-	-	-	53,340	53,340				
- Term Deposit Receipts (TDRs)		-	-	-	-	-				
- Dividend receivable and accrued mark-up		-	-	-	778	778				
- Other receivables		-	-	-	161	161				
- Commercial Paper		-	-	-	-	-				
		-	-	-	54,279	54,279				
		15,890	-	-	54,279	70,169				
Financial liabilities not measured at fair value	18.1									
- Payable to the Pension Fund Manager		-	-	-	106	106				
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	10	10				
- Accrued expenses and other liabilities		-	-	-	80	80				
		-	-	-	196	196				

Held by Debt sub-fund										
June 30, 2019										
On-balance sheet financial instruments	Note	Carrying Amount				Fair Value				
		Designated as at fair value through profit or loss	Available for Sale	Loan and Receivables	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000)										
Financial assets measured at fair value										
- GoP Ijarah Sukuks		23,339	-	-	-	23,339	-	-	-	-
- Term Finance Certificates and Sukuk Bonds - Unlisted		23,339	-	-	-	23,339	-	23,339	-	23,339
		23,339	-	-	-	23,339				
Financial assets not measured at fair value	18.1									
- Bank balances		-	-	47,175	-	47,175				
- Dividend receivable and accrued mark-up		-	-	943	-	943				
- Term deposits receipts (TDRs)		-	-	-	-	-				
- Advances, deposits, prepayments and other receivables		-	-	160	-	160				
		-	-	48,278	-	48,278				
		23,339	-	48,278	-	71,617				
Financial liabilities not measured at fair value	18.1									
- Payable to the Pension Fund Manager		-	-	-	116	116				
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	10	10				
- Accrued expenses and other liabilities		-	-	-	172	172				
		-	-	-	298	298				

Held by Money Market sub-fund									
March 31, 2020									
On-balance sheet financial instruments	Note	Carrying Amount				Fair Value			Total
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Level 1	Level 2	Level 3	
(Rupees in '000)									
Financial assets not measured at fair value	18.1	-	-	-	46,429	-	-	-	46,429
- Bank balances		-	-	-	46,429	-	-	-	46,429
- Term deposits receipts (TDRs)		-	-	-	-	-	-	-	-
- Dividend receivable and accrued mark-up		-	-	-	413	-	-	-	413
- Advances, deposits, prepayments and other receivables		-	-	-	134	-	-	-	134
- Commercial Paper		-	-	-	1,885	-	-	-	1,885
		-	-	-	48,861	-	-	-	48,861
Financial liabilities not measured at fair value	18.1	-	-	-	68	-	-	-	68
- Payable to the Pension Fund Manager		-	-	-	68	-	-	-	68
- Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	7	-	-	-	7
- Accrued expenses and other liabilities		-	-	-	71	-	-	-	71
		-	-	-	146	-	-	-	146
Held by Money Market sub-fund									
June 30, 2019									
On-balance sheet financial instruments	Note	Carrying Amount				Fair Value			Total
		Designated as at fair value through profit	Available for Sale	Loan and Receivables	Other Financial Liabilities	Level 1	Level 2	Level 3	

17.1 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.

18. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Pension Fund Manager on April 29, 2020.

19. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer








Chief Executive Officer








Director



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HBL

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