

**HBL**

**ASSET MANAGEMENT LTD.**

**ایسیٹ مینجمنٹ لمیٹڈ**

AMC Rating : AM2+ by JCR-VIS

# QUARTERLY REPORT 2020

For the period ended September 30, 2020

MOVING TOWARDS  
**EXCELLENCE**

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# CORPORATE INFORMATION

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## Management Company HBL Asset Management Limited

### Board of Directors (Composition as of October 29, 2020)

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Directors	Mr. Mir Adil Rashid	(Chief Executive Officer)
	Ms. Shabbir Hussain Hashmi	(Independent Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Muhammad Afaq Khan	(Non-Executive Director)
	Mr. Abrar Ahmed Mir	(Non-Executive Director)
	Mr. Tariq Masaud *	(Non-Executive Director)

### Audit Committee

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

### Human Resource Committee

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

### Risk Management Committee

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Members	Mr. Muhammad Afaq Khan	(Non-Executive Director)
	Mr. Tariq Masaud *	(Non-Executive Director)

### Technology Committee

Chairman	Mr. Abrar Ahmed Mir	(Non-Executive Director)
Members	Mr. Shabbir Hussain Hashmi	(Independent Director)
	Mr. Muhammad Afaq Khan	(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](http://www.hblasset.com)

### Head Office & Registered Office

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

\* Appointment is subject to SECP approval

# REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE PERIOD ENDED SEPTEMBER 30, 2020

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The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Islamic Money Market Fund, HBL Islamic Income Fund, HBL Islamic Stock Fund, HBL Islamic Equity Fund, HBL Islamic Asset Allocation Fund, HBL Islamic Financial Planning Fund and HBL Islamic Dedicated Equity Fund (the Funds) for the period ended September 30, 2020.

## ECONOMIC REVIEW

The policy decisions taken by the government after Covid-19 epidemic has resulted in an improvement in the macroeconomic landscape. The country has witnessed significant improvement in the current account position on the back of controlled trade deficit and strong remittances growth. The current account surplus along with flows from multilateral and bilateral sources has shored up our reserves to USD 19.5bn which has helped the local currency to depict strength.

The PKR appreciated by around 1.4% during 1QFY21 taking Real Effective Exchange Rate to 93 (SBP June-20 number) indicating that the currency is trading below fair value. The Central bank maintained the interest rates in the quarter after a cumulative 625 bps decrease in interest rates in the previous two quarters in response to the Covid-19 pandemic. On the external front export declined by 16.6% compared to decline in import by 12.6%, dragging 2MFY21 trade deficit by 8.1% to USD 3.3bn. Remittances also showed encouraging trend as it witnessed an uptick of 31.0% in 2MFY21 clocking at USD 4.9bn. These factors led the Current Account Surplus for 2MFY21 to clock at USD 805mn (1.8% of GDP) compared to a current account deficit of USD 1.2bn (2.8% of GDP) during same period last year. The economy also started its recovery phase as July-20 LSM data showed an encouraging trend as it increased by 5.0% YoY. The overall Foreign exchange reserves increased to USD 19.5bn compared to USD 18.9bn at the end of FY20.

Average headline CPI inflation was 8.9% in 1QFY21, lower than the 10.1% recorded during same period last year due to decline in international oil prices and economic slowdown. We expect inflation to further taper down due to high base effect. On the fiscal side, FBR collected PKR 1.0 trillion during 1QFY21 against the tax collection target of PKR 970bn.

Moving ahead, we believe that the GDP growth is likely to show recovery as most of the businesses have opened but a potential second wave of covid-19 can derail the recovery. The focus would remain on covid-19 numbers and the policy actions taken by the government to control the fallout from the pandemic.

## STOCK MARKET REVIEW

The market sustained its bullish momentum in 1QFY21 as it rallied by 56.5% from its recent low in Mar-20. The stellar performance of the index can be attributed to 1) improvement in domestic COVID-19 infection and recovery rates, 2) flows into equities post 625bps cut in interest rates, 3) business friendly policies induced by the GoP and 4) Improvement in macroeconomic indicators led by stable currency and current account surplus.

The benchmark KMI-30 index recorded 9,743 points increase (+17.7%) during 1QFY21 to close at 64,738 points. During the quarter cyclical sectors and construction linked industries (Cement, Steel, and Glass) rallied on the back of the monetary easing done by the SBP. Technology sector also remained in limelight due to increasing focus on technology post Covid-19 pandemic. On the flows side, foreigners were the net sellers during the 1QFY21 and sold shares of worth USD95mn, compared to net buy of USD23mn during same period last year.

Pakistan equities are likely to be rebound due to cheaper valuation (trading at a Forward P/E of 7.0x against peer average 15.1x) and improvement in the macroeconomic landscape. Market participants would closely follow trend of coronavirus cases and the ensuring macro numbers. Cyclical sectors (Cement, Steel, OMCs) would perform due to decline in interest rates. Textile will also garner investor's attention due to huge export potential. Technology sector will also remain in favor due to increased digitalization post covid-19 pandemic. We will maintain our strategic focus towards "bottom-up" approach and align exposure towards stocks with strong earnings potential.

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## **MONEY MARKET REVIEW**

The Central bank maintained the interest rates in the quarter after a cumulative 625 bps decrease in interest rates in the previous two quarters in response to the Covid-19 pandemic. SBP clearly stated that it will hold forward looking real interest rate at zero to cushion the impact of the Coronavirus shock on growth and employment.

As per latest data available, Islamic Banking industry assets posted 21.4% growth and stood at PKR 3,633 billion by Jun-20. Similarly, deposits of Islamic banks also witnessed a sharp growth of 22.0% YoY and reached PKR 2,946 billion by Jun-20. The government issued Energy Sukuk-II of PKR 200bn in the last quarter to partially retire the circular debt. This was a long term instrument and SLR Eligible which helped the Islamic banks to park their excess liquidity. We expect another Energy Sukuk of PKR 200bn in the fiscal year which would help to reduce circular debt and provide additional avenue to invest for the Islamic financial institutions.

During 1QFY21, Government largely managed its borrowing requirements through domestic sources, and largely from commercial banks. Government borrowed PKR 507bn from scheduled banks compared to borrowing of PKR 1,743bn during same period last year. Meanwhile, Government borrowing from SBP declined by PKR 353bn during the period against decline in borrowing of PKR 1,587bn during same period last year. This further decline in borrowing took place as IMF has restricted borrowing from the central bank to avoid inflationary pressure. Going forward the government will continue to meet additional borrowing requirements from the commercial banks.

In the monetary policy held in Sep-20, SBP maintained status quo in the interest rates. Going forward, we feel that the bulk of monetary easing has taken place and we are close to the bottom of the interest rate cycle. However, SBP has indicated its monetary policy would remain data driven and we may witness another 50-100bps reduction in interest rate in the calendar year.

## **FUND'S PERFORMANCE**

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

The total income and net income of the Fund was Rs. 115.29 million and Rs. 103.67 million respectively during the period ended September 30, 2020. The Net Asset Value (NAV) of the Fund increased from Rs. 101.1744 per unit as on June 30, 2020 to Rs. 101.5725 per unit as on September 30, 2020 (after incorporating dividend of Rs. 1.1644 per unit); thereby giving an annualized return of 6.16%. During the same period the benchmark return (3 Month bank deposit rates) was 3.87%. The size of Fund was Rs. 7.63 billion as on September 30, 2020 as compared to Rs. 8.42 billion at the start of the year.

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

### **HBL Islamic Income Fund**

The total income and net income of the Fund was Rs. 27.53 million and Rs. 18.92 million respectively during the period ended September 30, 2020. The Net Asset Value (NAV) of the Fund increased from Rs. 101.5299 per unit as on June 30, 2020 to Rs. 102.7704 per unit as on September 30, 2020, thereby giving an annualized return of 4.85%. During the same period the benchmark return (6 Month bank deposit rates) was 4.42%. The size of Fund was Rs. 1.39 billion as on September 30, 2020 as compared to Rs. 1.42 billion at the start of the year.

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

### **HBL Islamic Stock Fund**

The total and net income of the Fund was Rs. 73.57 million and Rs. 65.10 million respectively during the period ended September 30, 2020. The Net Asset Value (NAV) of the Fund increased from Rs. 93.6585 per unit as on June 30, 2020 to Rs. 107.6923 per unit as on September 30, 2020 giving a return of 14.98% during the period against the benchmark return (KMI 30 Index) of 17.72%. The size of Fund was Rs. 550 million as on September 30, 2020 as compared to Rs. 555 million at the start of the year.

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### **HBL Islamic Equity Fund**

The total and net income of the Fund was Rs. 42.71 million and Rs. 38.34 million respectively during the period ended September 30, 2020. The Net Asset Value (NAV) of the Fund increased from Rs. 77.5699 per unit as on June 30, 2020 to Rs. 89.3907 per unit as on September 30, 2020 giving a return of 15.24% during the period against the benchmark return (KMI 30 Index) of 17.72%. The size of Fund was Rs. 320 million as on September 30, 2020 as compared to Rs. 229 million at the start of the year.

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

The total and net income of the Fund was Rs. 17.69 million and Rs. 14.42 million respectively during the period ended September 30, 2020. The Net Asset Value (NAV) of the Fund increased from Rs. 103.6330 per unit as on June 30, 2020 to Rs. 108.4412 per unit as on September 30, 2020, thereby giving a return of 4.64% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) of 5.57%. The size of Fund was Rs. 313 million as on September 30, 2020 as compared to Rs. 310 million at the start of the year.

### **HBL Islamic Asset Allocation Fund – Pan-1**

The HBL Islamic Asset Allocation Fund – Plan 1 was launched on July 14, 2020.

The total and net income of the Fund was Rs. 21.27 million and Rs. 19.02 million respectively during the period ended September 30, 2020. The Net Asset Value (NAV) of the Fund was Rs. 101.3183 per unit as on September 30, 2020, thereby giving a return of 1.32% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) of 0.65%. The size of Fund was Rs. 2.33 billion as on September 30, 2020.

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

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

The Fund as a whole earned total and net income of Rs. 15.49 million and Rs. 13.03 million respectively during the period under review. The fund size of the fund stood at Rs. 450 million as compared to Rs. 450 million at the start of the year. Performance review for plan is given below:

#### **Active Allocation Plan**

During the period under review, the Active allocation plan earned a total and net income of Rs. 7.70 million and Rs. 7.43 million respectively. The net assets of the Active allocation plan stood at Rs. 95 million representing Net Asset Value (NAV) of Rs. 102.7738 per unit as at September 30, 2020 as compared to net assets of Rs. 94 million representing Net Asset Value (NAV) of Rs. 95.3020 per unit at the start of the year. The plan earned a return of 7.84% for the period under review against its benchmark return of 9.50%.

#### **Conservative Allocation Plan**

During the period under review, the Conservative allocation plan earned total and net income of Rs. 0.17 million and Rs. 0.15 million respectively. The net assets of the Conservative allocation plan stood at Rs. 3 million representing Net Asset Value (NAV) of Rs. 111.2044 per unit as at September 30, 2020 as compared to net assets of Rs. 7 million representing Net Asset Value (NAV) of Rs. 109.3637 per unit at the start of the year. The plan earned a return of 1.68% for the period under review against its benchmark return of 4.24%.

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### **Islamic Capital Preservation Plan**

During the period under review, the Islamic Capital Preservation Plan earned a total income and net income of Rs. 7.62 million and Rs. 5.46 million respectively. The net assets of the Islamic Capital Preservation Plan stood at Rs. 352 million representing Net Asset Value (NAV) of Rs. 105.9588 per unit as at September 30, 2020 as compared to net assets of Rs. 350 million representing Net Asset Value (NAV) of Rs. 105.1185 per unit at the start of the year. The plan earned a return of 0.80% for the period under review against the benchmark return of 2.17%.

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

During the period under review, the Islamic Dedicated Equity Fund earned a total and net income of Rs. 3.15 million and Rs. 2.85 million respectively. The net assets of the Islamic Dedicated Equity Fund stood at Rs. NIL representing Net Asset Value (NAV) of Rs. NIL per unit as at September 30, 2020 due to redemption of all units by Fund of Funds as compared to net assets of 27.44 million representing Net Asset Value (NAV) of Rs. 87.5443 at the start of the year. The Fund earned a return of 12.49% for the period under review against the benchmark return of 24.25%.

### **MANAGEMENT COMPANY RATING**

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

### **Acknowledgement**

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

The Board also wishes to place on record its appreciation for the hard work and dedication shown by the staff.

On behalf of the Board of  
HBL Asset Management Limited

**Chief Executive Officer**



## انتظامی کمپنی کی ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (جے سی آر۔ وی آئی ایس) نے انتظامی کمپنی کے لیے مینجمنٹ کوالٹی ریٹنگ 'AM2+' (اے ایم ٹو پلس) کی دوبارہ توثیق کی ہے اور تفویض کردہ ریٹنگ پر آؤٹ لک "ثبت" ظاہر کیا ہے۔

## اعتراف

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے اپنے معزز یونٹ۔ ہولڈرز کا ان کے مستقل تعاون اور سرپرستی کے لیے شکریہ ادا کرنا چاہتا ہے۔ اس سلسلے میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور ایم سی بی فنانشل سروسز لمیٹڈ بطور ڈسٹی، پاکستان اسٹاک ایکسچینج لمیٹڈ اور اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کردہ تعاون اور رہنمائی پر ان کو خراج تحسین پیش کرتے ہیں۔

بورڈ اپنے اسٹاک کی انتھک کاوشوں اور مخلصانہ جدوجہد پر ان کو بھی خراج تحسین پیش کرنا چاہتا ہے

منجانب بورڈ

ایچ جی ایل ایسیٹ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر

30 ستمبر 2020 کے مطابق 101.3183 روپے فی یونٹ تھی جس کے ذریعے اس مدت کے دوران 1.32% کا ایک منافع بیچ مارک منافع (KMI 30) انڈیکس کا روزانہ اوسطاً حجم شدہ منافع اور اے ریٹڈ یا زائد درجے کے بینکوں کے چھ ماہ کے ڈپازٹ ریٹ 0.65% کے برخلاف دیا گیا۔ فنڈ کا حجم 30 ستمبر 2020 کے مطابق 2.33 بلین روپے تھا۔

### ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ

ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ تین ذیلی فنڈز (پلانز) بنام ایکٹو ایلوکیشن پلان، کنزرویٹو ایلوکیشن پلان اور اسلامک کیپٹل پریزرویشن پلان پر مشتمل ہے۔ فنڈ نے مجموعی طور پر زیر جائزہ مدت کے دوران بالترتیب 15.49 بلین روپے اور 13.03 بلین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ فنڈ کا حجم 450 ملین روپے پر موجود تھا جو اس کے مقابلے میں سال کے آغاز پر 450 ملین روپے رہا تھا

پلانز کے لیے کارکردگی کا جائزہ ذیل میں دیا گیا ہے:

### ایکٹو ایلوکیشن پلان

زیر جائزہ مدت کے دوران ایکٹو ایلوکیشن پلان نے بالترتیب 7.70 بلین روپے اور 7.43 بلین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ ایکٹو ایلوکیشن پلان کے خالص اثاثہ جات 95 بلین روپے پر موجود تھے جو 30 ستمبر 2020 کے مطابق 102.7738 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں جبکہ اس کے مقابلے میں سال کے آغاز پر خالص اثاثہ جات کی مالیت 94 بلین روپے تھی جو 95.3020 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (این اے وی) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کے دوران 7.84% کا منافع اس کے 9.50% کے بیچ مارک منافع کے برخلاف حاصل کیا۔

### کنزرویٹو ایلوکیشن پلان

زیر جائزہ مدت کے دوران کنزرویٹو ایلوکیشن پلان نے بالترتیب 0.17 بلین روپے اور 0.15 بلین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ کنزرویٹو ایلوکیشن پلان کے خالص اثاثہ جات 3 بلین روپے پر موجود تھے جو 30 ستمبر 2020 کے مطابق 111.2044 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں جبکہ اس کے مقابلے میں سال کے آغاز پر خالص اثاثہ جات کی مالیت 7 بلین روپے تھی جو 109.3637 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (این اے وی) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کے دوران 1.68% کا منافع اس کے 4.24% کے بیچ مارک منافع کے برخلاف حاصل کیا۔

### اسلامک کیپٹل پریزرویشن پلان

زیر جائزہ مدت کے دوران اسلامک کیپٹل پریزرویشن پلان نے بالترتیب 7.62 بلین روپے اور 5.46 بلین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ اسلامک کیپٹل پریزرویشن پلان کے خالص اثاثہ جات 352 بلین روپے پر موجود تھے جو 30 ستمبر 2020 کے مطابق 105.9588 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں جبکہ اس کے مقابلے میں سال کے آغاز پر خالص اثاثہ جات کی مالیت 350 بلین روپے تھی جو 105.1185 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (این اے وی) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کے دوران 0.80% کا منافع اس کے 2.17% کے بیچ مارک منافع کے برخلاف حاصل کیا۔

### ایچ بی ایل اسلامک ڈیڈیکٹڈ ایکویٹی فنڈ

اسلامک ڈیڈیکٹڈ ایکویٹی فنڈ کی مجموعی اور خالص آمدنی زیر جائزہ مدت کے لیے بالترتیب 3.15 بلین روپے اور 2.85 بلین روپے رہی۔ اسلامک ڈیڈیکٹڈ ایکویٹی فنڈ کے خالص اثاثہ جات کی مالیت صفر (NIL) روپے پر موجود تھی جو 30 ستمبر 2020 کے مطابق صفر (NIL) روپے فی یونٹ کے خالص اثاثہ جات کی مالیت (NAV) کی نمائندگی ظاہر کرتی ہے اور اس کی وجہ فنڈ کے فنڈ کی جانب سے تمام یونٹس کا انفکاز تھا جبکہ اس کے مقابلے میں سال کے آغاز پر خالص اثاثہ جات کی مالیت 27.44 بلین روپے تھی جو 87.5443 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (این اے وی) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کے دوران 87.5443 کا منافع اس کے 24.25% کے بیچ مارک منافع کے برخلاف حاصل کیا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے فنڈ کے لیے (f) AA فنڈ اسٹیبلٹی ریٹنگ کی دوبارہ توثیق کی ہے۔

### ایچ بی ایل اسلامک انکم فنڈ

فنڈ کی مجموعی اور خالص آمدنی 30 ستمبر 2020 کو ختم ہونے والی مدت کے دوران بالترتیب 27.53 ملین روپے اور 18.92 ملین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 101.5299 روپے فی یونٹ تھی جو 30 ستمبر 2020 کو بڑھ کر 102.7704 روپے فی یونٹ ہو گئی جس کے ذریعے اس مدت کے دوران 4.85% کا ایک سالانہ منافع دیا گیا۔ اسی مدت کے دوران بیچ مارک (چھ ماہ کا بینک ڈپازٹس ریٹس) منافع 4.42% تھا۔ فنڈ کا حجم 30 ستمبر 2020 کے مطابق 1.39 ارب روپے ہو گیا جو اس کے مقابلے میں سال کے آغاز میں 1.42 بلین روپے رہا تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے فنڈ کے لیے (f) A+ فنڈ اسٹیبلٹی ریٹنگ اپ گریڈ کی ہے۔

### ایچ بی ایل اسلامک اسٹاک فنڈ

فنڈ کی مجموعی اور خالص آمدنی 30 ستمبر 2020 کو ختم ہونے والی مدت کے دوران بالترتیب 73.57 ملین روپے اور 65.10 ملین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 93.6583 روپے فی یونٹ تھی جو 30 ستمبر 2020 کو بڑھ کر 107.6923 روپے فی یونٹ ہو گئی جس کے ذریعے اس مدت کے دوران 14.98% کا ایک منافع دیا گیا اس کے برخلاف بیچ مارک (کے ایم ای 30 انڈیکس) منافع 17.72% تھا۔ فنڈ کا حجم 30 ستمبر 2020 کے مطابق 550 ملین روپے ہو گیا جو اس کے مقابلے میں سال کے آغاز میں 555 ملین روپے رہا تھا۔

### ایچ بی ایل اسلامک ایکویٹی فنڈ

فنڈ کی مجموعی اور خالص آمدنی 30 ستمبر 2020 کو ختم ہونے والی مدت کے دوران بالترتیب 42.71 ملین روپے اور 38.34 ملین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 77.5699 روپے فی یونٹ تھی جو اس کے مقابلے میں 30 ستمبر 2020 کو بڑھ کر 89.3907 روپے فی یونٹ ہو گئی جس کے ذریعے اس مدت کے دوران 15.24% کا ایک منافع دیا گیا اس کے برخلاف بیچ مارک (کے ایم ای 30 انڈیکس) منافع 17.72% تھا۔ فنڈ کا حجم 30 ستمبر 2020 کے مطابق 320 ملین روپے ہو گیا جو اس کے مقابلے میں سال کے آغاز میں 229 ملین روپے رہا تھا۔

### ایچ بی ایل اسلامک ایسیٹ ایلوکیشن فنڈ

فنڈ کی مجموعی اور خالص آمدنی 30 ستمبر 2020 کو ختم ہونے والی مدت کے دوران بالترتیب 17.69 ملین روپے اور 14.42 ملین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 103.6330 روپے فی یونٹ تھی جو 30 ستمبر 2020 کو بڑھ کر 108.4412 روپے فی یونٹ ہو گئی، جس کے ذریعے اس مدت کے دوران 4.64% کا ایک منافع بیچ مارک (KMI 30 انڈیکس) کا روزانہ اوسط حجم شدہ منافع اور اے ریٹڈ یا زائد درجے کے بینکوں کے چھ ماہ کے ڈپازٹ ریٹ 5.57% کے برخلاف دیا گیا۔ فنڈ کا حجم 30 ستمبر 2020 کے مطابق 313 ملین روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 310 ملین روپے رہا تھا۔

### ایچ بی ایل اسلامک ایسیٹ ایلوکیشن فنڈ - پلان 1

ایچ بی ایل اسلامک ایسیٹ ایلوکیشن فنڈ - پلان دن 14 جولائی 2020 کو متعارف کرایا گیا تھا۔

فنڈ کی مجموعی اور خالص آمدنی 30 ستمبر 2020 کو ختم ہونے والی مدت کے دوران بالترتیب 21.27 ملین روپے اور 19.02 ملین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV)

کے بعد ٹیکنالوجی پر بڑھتی ہوئی توجہ کے باعث مرکزی سطح پر رہا۔ فلوز کی جانب غیر ملکی مالی سال 21 کی پہلی سہ ماہی کے دوران خالص فروخت کنندگان تھے اور 95 ملین یو ایس ڈالر مالیت کے شیئرز فروخت کیے گئے اس کے مقابلے میں گذشتہ سال کے دوران 23 ملین یو ایس ڈالر کی خالص فروخت کی گئی تھی۔

پاکستان ایکویٹیز میں ممکنہ طور پر کم تر ویلیویشن (اوسط 15.1 پیئرز کے برعکس کے برخلاف 7.0x کے فارورڈ P/E پر ٹریڈنگ) اور میکرو اکنامک صورتحال میں بہتری آئی کے بعد بحال ہونے کی توقع ہے۔ مارکیٹ کے شرکت کنندگان قریب حد تک کورونا وائرس کے کیسز اور یقینی میکرو نمبرز کے رجحان کو مد نظر رہیں گے۔ گردش میں رہنے والے شعبہ جات (سینٹ، اسٹیل، او ایلمینز) شرح سود میں کمی کے باعث کارکردگی ظاہر کریں گے۔ ٹیکسٹائل کا شعبہ بھی برآمدات میں بھاری منافع جات کی کشش کے باعث سرمایہ کاروں کی توجہ حاصل کرے گا۔ ٹیکنالوجی سیکٹر بھی کوویڈ-19 کی وبائی صورتحال کے بعد ٹیکنالوجی پر بڑھتی ہوئی توجہ کے باعث توجہ کا مرکز بنا رہے گا۔ ہم اپنی اسٹریٹیجک توجہ کا مرکز چھٹی سطح اور آمدنی کی محکم صلاحیت کے ساتھ اسٹاکس پر بھرپور ایکٹیوٹی پر رکھیں گے۔

## منی مارکیٹ کا جائزہ

سینٹرل بینک نے کوویڈ-19 کی وبائی صورتحال کے بعد گذشتہ دو سہ ماہیوں کے دوران شرح سود میں کمی کرتے ہوئے اس سہ ماہی میں بھی شرح سود کو کم کر کے مجموعی طور پر 625 بنیادی پوائنٹس کی کمی کی تاکہ معیشت کو سہارا مل سکے، ایس بی پی نے واضح طور پر بتا دیا تھا کہ یہ شرح نمو اور روزگار پر کورونا وائرس کے اثرات کو کم کرنے کی غرض سے ہے اور شرح سود کو زیر پر بھی لایا جاسکتا ہے۔

تازہ ترین دستیاب ڈیٹا کے مطابق اسلامی بینکاری کی صنعت کے اثاثہ جات نے 21.4% تک کی گروتھ ظاہر کی اور جون-20 تک 3,633 ارب پاک روپے پر موجود تھے۔ اسی طرح اسلامی بینکوں کے ڈپازٹس نے بھی 22.0% YoY کی نمایاں شرح نمو ظاہر کی اور جون-20 تک 2,946 ارب پاک روپے پر پہنچ گئے۔ حکومت نے آخری سہ ماہی میں سرکلر ڈیپٹ عارضی طور پر سبکدوش کرنے کے لیے 200 ارب پاک روپے کے اجزی سکوک۔ اے جاری کیے تھے۔ یہ طویل مدتی انسٹرومنٹ اور ایس ایل آر کا اہل تھا جس سے اسلامی بینکوں کو اپنی اضافی لیکویڈیٹی کی گنجائش میں معاونت حاصل ہوئی۔ ہم مالی سال میں 200 ارب پاک روپے کے ایک اور اجزی سکوک کی امید رکھتے ہیں جس سے سرکلر ڈیپٹ کم کرنے میں مدد ملے گی اور اسلامی مالیاتی اداروں کے لیے سرمایہ کاری کے سلسلے میں ایک اضافی راہ میسر فراہم ہوگی۔

مالی سال 21 کی پہلی سہ ماہی کے دوران حکومت نے اپنی قرضوں کی بڑی ضرورتوں کا مقامی وسائل اور وسیع بنیاد پر کمرشل بینکوں کے ذریعے انتظام کیا۔ حکومت نے اس مدت کے دوران شیڈولڈ بینکوں سے 507 ارب روپے کے قرضہ جات حاصل کیے جبکہ گذشتہ برس اس مدت کے دوران 1,743 ارب روپے کے قرضے حاصل کیے گئے تھے۔ اسی دوران حکومت نے ایس بی پی سے اپنے قرضوں میں 353 ارب روپے کی کمی کی، اس کے برخلاف گذشتہ برس کی اس مدت میں 1,587 ارب روپے کے قرضوں کی کمی کی گئی تھی۔ قرضوں کی یہ مزید کمی اس وجہ سے ممکن ہوئی کیونکہ آئی ایم ایف نے افراط زر کے دباؤ سے بچنے کے لئے مرکزی بینک سے قرض لینے پر پابندی عائد کی تھی۔ آگے بڑھتے ہوئے حکومت اضافی قرضوں کی ضروریات کو کمرشل بینکوں کے ذریعے پوری کرنے کا سلسلہ جاری رکھے گی۔

ستمبر-20 میں پیش کی گئی مانیٹری پالیسی میں ایس بی پی نے پالیسی ریٹ کو جوں کا توں برقرار رکھا۔ آگے بڑھتے ہوئے ہم محسوس کرتے ہیں بڑے پیمانے پر مالیاتی آسانی ظاہر ہوگی اور ہم شرح سود کے دائرے کی چٹائی سطح پر ہوں گے۔ تاہم ایس بی پی نے اشارہ دیا ہے کہ اس کی مالیاتی پالیسی ڈیٹا کا فرمایا رہے گی اور ہمیں نظر آتا ہے کہ رواں تقویمی سال میں شرح سود میں مزید 100-50 بی پی ایس تک کمی آئے گی۔

## فنڈ کی کارکردگی

### ایچ بی ایل اسلامک منی مارکیٹ فنڈ

فنڈ کی مجموعی اور خالص آمدنی 30 ستمبر 2020 کو ختم ہونے والی مدت کے دوران بالترتیب 115.29 ملین روپے اور 103.67 ملین روپے رہی۔ فنڈ کی نی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 101.1744 روپے فی یونٹ تھی جو 30 ستمبر 2020 کو 1.1644 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد 101.5725 روپے فی یونٹ رہی تھی جس کے ذریعے 6.16% کا ایک سالانہ منافع دیا گیا۔ اسی مدت کے دوران بیچ مارک (تین ماہ کا پیک ڈپازٹس ریٹس) منافع 3.87% تھا۔ فنڈ کا حجم 30 ستمبر 2020 کے مطابق 7.63 ارب روپے ہو گیا جو اس کے مقابلے میں سال کے آغاز میں 8.42 ملین روپے رہا تھا۔

## انتظامی کمپنی کے ڈائریکٹرز کی رپورٹ

ایچ بی ایل ایسیٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بمسرت اپنی رپورٹ بشمول ایچ بی ایل ایسلاک منی مارکیٹ فنڈ، ایچ بی ایل ایسلاک انکم فنڈ، ایچ بی ایل ایسلاک اسٹاک فنڈ، ایچ بی ایل ایسلاک ایکویٹی فنڈ، ایچ بی ایل ایسلاک ایسیٹ ایلوکیشن فنڈ، ایچ بی ایل ایسلاک فنانشل پلاننگ فنڈ اور ایچ بی ایل ایسلاک ڈیڈ ویٹیکٹیو ایکویٹی فنڈ (دی فنڈز) کے مالیاتی حسابات برائے سال مختتمہ 30 ستمبر 2020 پیش کر رہے ہیں۔

### اقتصادی جائزہ

کوویڈ-19 کی وبائی صورتحال کے بعد حکومت کی جانب سے لیے گئے پالیسی فیصلوں کے نتیجے میں میکرو اکنامک صورتحال میں بہتری آئی۔ ملک میں تجارتی خسارے میں کمی اور مستحکم زرتریل کی شرح نمو کے باعث کرنٹ اکاؤنٹ کی پوزیشن میں نمایاں بہتری دیکھی گئی۔ کرنٹ اکاؤنٹ سرپلس بشمول کثیرنوسیتی اور باہمی وسائل و ذرائع سے رقومات کے بہاؤ سے ہمارے ذخائر 19.5 ارب امریکی ڈالری تک پہنچ گئے جس سے مقامی کرنسی کو قدرے استحکام فراہم کرنے میں مدد ملی۔

مالی سال 21 کی پہلی سہ ماہی کے دوران پاک روپے کی قدر میں لگ بھگ 1.4% تک کمی آئی جس سے اصل موثر ایکسچ ریٹ 93 (ایس بی پی، جون - 20 نمبر) تک ظاہر ہوا جس سے واضح ہوا کہ کرنسی فیور ویلیو سے نیچے گردش کر رہی ہے۔ کوویڈ-19 کی وبائی صورتحال کے بعد گزشتہ دو سہ ماہوں کے دوران کمی کرتے ہوئے سینٹرل بینک نے اس سہ ماہی میں بھی شرح سود کو کم کر کے مجموعی طور پر 625 بنیادی پوائنٹس کی کمی کی تاکہ معیشت کو سہارا مل سکے۔ بیرونی محاذ پر برآمدات، میں 16.6% کمی آئی، اس کے مقابلے میں امپورٹ 12.6% تک کم ہو گئیں اور مالی سال 21 کے دو ماہ کے دوران تجارتی خسارہ 8.1% تک کم ہو کر 3.3 ارب یو ایس ڈالر ہو گیا۔ زرتریلات نے بھی حوصلہ افزا رجحان ظاہر کیا اور ان میں مالی سال 21 کے دو ماہ میں کے دوران میں 31.0% تک کا اضافہ دیکھا گیا اور یہ بڑھ کر 4.9 ارب یو ایس ڈالر ہو گئے۔ ان عناصر کی وجہ سے کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) مالی سال 21 کے دو ماہ کیلئے 805 ملین یو ایس ڈالر (جی ڈی پی کا 1.8%) ہو گیا جبکہ اس کے مقابلے میں گزشتہ برس کی اسی مدت کے دوران کرنٹ اکاؤنٹ خسارہ 1.2 ارب یو ایس ڈالر (جی ڈی پی کا 2.8%) تھا۔ معیشت بھی بحالی کے مرحلے میں داخل ہو چکی ہے کیونکہ جولائی-20 میں ایل ایس ایم ڈیٹا نے 5.0% YoY تک اضافے کا حوصلہ افزا رجحان ظاہر کیا ہے۔ مجموعی غیر ملکی زرمبادلہ کے ذخائر 19.5 ارب امریکی ڈالری تک بڑھے جبکہ یہ مالی سال 20 کے اختتام پر اس کے مقابلے میں 18.9 ارب یو ایس ڈالر تھے۔

مالی سال 21 کی پہلی سہ ماہی میں اوسطاً ہیڈ لائن سی پی آئی افراط زر کی شرح 8.9% رہی تھی جو گزشتہ سال کی اسی مدت کے دوران 10.1% ریکارڈ کی گئی تھی جس کی وجہ تیل کے عالمی نرخوں میں کمی اور معاشی سست روی تھی۔ ہم توقع کرتے ہیں کہ بلند تر بنیادی اثرات کی وجہ سے افراط زر میں مزید کمی آئے گی۔ مالیاتی جانب مالی سال 21 کی پہلی سہ ماہی کے دوران ایف بی آر نے 970 ارب پاک روپے کے ہدف کے برعکس 1.0 کھرب روپے کی ٹیکس وصولی کی۔

آگے بڑھتے ہوئے ہمیں یقین ہے کہ جی ڈی پی گرتھ مکمل طور پر بہتری کی جانب گامزن ہوگی کیونکہ بیشتر کاروباروں کی سرگرمیاں بحال ہو چکی ہیں تاہم کوویڈ-19 کی دوسری سخت لہر کے باعث بحالی کی سرگرمیاں متاثر ہو سکتی ہیں۔ ہماری توجہ کوویڈ-19 کے کیسز کی تعداد اور حکومت کی جانب سے اس وبائی صورتحال کو کنٹرول کرنے کے لیے کیے گئے پالیسی اقدامات پر رہے گی۔

### اسٹاک مارکیٹ کا جائزہ

مارکیٹ نے مالی سال 21 کی پہلی سہ ماہی میں اپنی تیز رفتاری کا سلسلہ برقرار رکھا جیسا کہ یہ مارچ-20 میں اپنی کمترین شرح کے مقابلے میں بڑھ کر 56.5% ہو گئی۔ انڈیکس کی اس تیز رفتاری کا کردار کو (1) کوویڈ-19 کی مقامی وبائی صورتحال میں بہتری اور بحالی کی شرح (2) شرح سود میں 625 پی بی ایس کی کمی کے بعد ایکویٹیز کے بہاؤ (3) حکومت پاکستان کی جانب سے شروع کی گئی کاروباری ماحول دوست پالیسیوں اور (4) میکرو اکنامک اشاریوں میں بہتری سے منسوب کیا جاسکتا ہے جس کے نتیجے میں کرنسی کو استحکام اور کرنٹ اکاؤنٹ سرپلس حاصل ہوا۔

مالی سال 21 کی پہلی سہ ماہی کے دوران بیچ مارک 30-KMI انڈیکس نے 9,743 پوائنٹس (+17.7%) کا اضافہ ریکارڈ کیا اور یہ 64,738 پوائنٹس پر بند ہوا۔ سہ ماہی کے دوران گردش میں رہنے والے شعبے اور تعمیرات سے منسلک صنعتیں (سینٹ، اسٹیل اور گلاس) اسٹیٹ بینک آف پاکستان کی جانب سے دی گئی مالیاتی نرمی کی وجہ سے سرگرم عمل رہیں۔ ٹیکنالوجی سیکٹر بھی کوویڈ-19 کی وبائی صورتحال

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# **HBL**

## **Islamic Money Market Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Money Market Fund
Name of Auditor	KPMG Taseer Hadi & Co., Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Bank Al-Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited Askari Bank Limited Allied Bank Limited Faysal Bank Limited Summit Bank Limited Soneri bank limited United bank limited
Fund Rating	'AA(f)' (JCR-VIS)

**HBL Islamic Money Market Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*As at September 30, 2020*

	Note	September 30, 2020 (Un-Audited)	June 30, 2020 (Audited)
<b>(Rupees in '000)</b>			
<b>Assets</b>			
Bank balances	4	4,937,039	7,397,036
Investments	5	2,653,171	991,839
Accrued mark-up		58,480	53,814
Advances, deposits and prepayment		1,131	876
<b>Total assets</b>		<b>7,649,821</b>	<b>8,443,565</b>
<b>Liabilities</b>			
Payable to Management Company	6	3,350	3,389
Payable to Trustee	7	456	517
Payable to Securities and Exchange Commission of Pakistan	8	339	616
Accrued expenses and other liabilities	9	15,871	17,307
<b>Total liabilities</b>		<b>20,016</b>	<b>21,829</b>
<b>Net assets</b>		<b>7,629,805</b>	<b>8,421,736</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>7,629,805</b>	<b>8,421,736</b>
<b>Contingencies and commitments</b>	10		
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>75,116,858</b>	<b>83,239,789</b>
<b>(Rupees)</b>			
<b>Net assets value per unit</b>		<b>101.5725</b>	<b>101.1744</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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



**HBL Islamic Money Market Fund**  
**Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)**  
*For the three months ended September 30, 2020*

	Note	Three months ended September 30,	
		2020	2019
		----- (Rupees in '000) -----	
<b>Income</b>			
Mark-up on deposits with banks		88,370	36,032
Mark-up on investments		26,915	3,375
		<u>115,285</u>	<u>39,407</u>
<b>Expenses</b>			
Remuneration of Management Company		5,753	2,361
Remuneration of Trustee		1,246	219
Annual fee to the Securities and Exchange Commission of Pakistan		339	60
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	849	511
Selling and Marketing expenses		849	889
Auditors' remuneration		89	87
Fee and Subscription		196	61
Settlement and bank charges		175	66
		9,496	4,252
<b>Net income from operating activities</b>		<u>105,789</u>	<u>35,155</u>
Provision for Workers' Welfare Fund	9.2	(2,116)	(703)
<b>Net income for the period before taxation</b>		<u>103,674</u>	<u>34,452</u>
<b>Taxation</b>	12.	-	-
<b>Net income for the period after taxation</b>		<u>103,674</u>	<u>34,452</u>
<b>Allocation of net income for the period:</b>	15.		
Income already paid on redemption of units		11,424	765
Accounting income available for distribution:			
-Relating to capital gains		-	-
-Excluding capital gains		92,250	33,687
		<u>92,250</u>	<u>33,687</u>
<b>Net income / (loss) for the period after taxation</b>		<u>103,674</u>	<u>34,452</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<u>103,674</u>	<u>34,452</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Islamic Money Market Fund**  
**Condensed Interim Statement Of Movement In Unit Holders' FUND (Un-Audited)**  
**For the three months ended September 30, 2020**

	2020			2019		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
----- Rupees in '000' -----						
<b>Net assets at beginning of the Period</b>	8,400,268	21,468	8,421,736	1,042,487	7,829	1,050,316
Issuance of units (2019: 4,734,720 units)						
- Capital value (at net asset value per unit at the beginning of the Period)	5,355,524	-	5,355,524	478,192	-	478,192
- Element of income	14,313	-	14,313	1,670	-	1,670
Total proceeds on issuance of units	5,369,837	-	5,369,837	479,862	-	479,862
Redemption of units (2019: 2,686,463 units)						
- Capital value (at net asset value per unit at the beginning of the Period)	(6,177,356)	-	(6,177,356)	(271,324)	-	(271,324)
- Amount paid out of element of income						
Relating to net income for the Period after taxation	(4,664)	(11,424)	(16,088)	(469)	(765)	(1,234)
Total payments on redemption of units	(6,182,021)	(11,424)	(6,193,445)	(271,793)	(765)	(272,558)
Total comprehensive income for the Period	-	103,674	103,674	-	34,452	34,452
Refund of Capital	(8,132)	-	(8,132)	(862)	-	(862)
Distribution during the Period	-	(63,865)	(63,865)	-	(22,488)	(22,488)
Net income for the Period less distribution	-	39,809	31,677	-	11,964	11,102
<b>Net assets at end of the Period</b>	<b>7,588,084</b>	<b>49,853</b>	<b>7,629,805</b>	<b>1,250,556</b>	<b>19,028</b>	<b>1,268,722</b>
<b>Undistributed income brought forward</b>						
- Realised		21,468			7,829	
- Unrealised		-			-	
		21,468			7,829	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		92,250			33,687	
		92,250			33,687	
Distribution during the Period		(63,865)			(22,488)	
Undistributed income carried forward		49,853			19,028	
<b>Undistributed income carried forward</b>						
- Realised		49,853			19,028	
- Unrealised		-			-	
		49,853			19,028	
(Rupees)						
<b>Net assets value per unit at beginning of the Period</b>			<b>101.1744</b>			<b>100.9968</b>
<b>Net assets value per unit at end of the Period</b>			<b>101.5725</b>			<b>101.9239</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

**HBL Islamic Money Market Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
*For the three months ended September 30, 2020*

	Three months ended September 30,	
	2020	2019
(Rupees in '000)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	103,674	34,452
<b>(Increase) / decrease in assets</b>		
Accrued profit	(4,666)	(1,568)
Prepaid expenses	(255)	(310)
	(4,921)	(1,878)
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	(39)	1,139
Investments	(1,661,332)	4,536
Payable to Trustee	(61)	(82)
Payable to Securities and Exchange Commission of Pakistan	(277)	(730)
Accrued expenses and other liabilities	(1,436)	(24,357)
	(1,663,145)	(19,494)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,564,393)</b>	<b>13,080</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	5,361,705	479,862
Payment against redemption of units	(6,193,445)	(272,558)
Cash dividend paid	(63,865)	(23,350)
<b>Net cash (used in) / generated from financing activities</b>	<b>(895,605)</b>	<b>183,954</b>
<b>Net increase in cash and cash equivalents</b>	<b>(2,459,997)</b>	<b>197,034</b>
Cash and cash equivalents at beginning of the period	7,397,036	955,111
<b>Cash and cash equivalents at end of the period</b>	<b>4,937,039</b>	<b>1,152,144</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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

# **HBL Islamic Money Market Fund**

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

*For the three months ended September 30, 2020*

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

HBL Islamic Money Market Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (the SECP) as a unit trust scheme on December 10, 2010.

HBL Asset Management Limited is the Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at par from May 9, 2011 to May 10, 2011.

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

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

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

### **2. STATEMENT OF COMPLIANCE**

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

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2020.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2020.

#### **2.2 Basis of measurement**

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

#### **2.3 Functional and presentation currency**

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

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

- 3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2020.
- 3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2020.
- 3.4** Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2020. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5** The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2020.

	<i>Note</i>	<b>September 30, 2020 (Un-Audited) (Rupees in '000)</b>	June 30, 2020 (Audited)
<b>4. BANK BALANCES</b>			
Savings accounts	4.1	<u>4,937,039</u>	<u>7,397,036</u>
<b>4.1</b>			
This represents bank accounts held with defferent banks. Mark up rates on these accounts range between 3.5% - 6.50% p.a ( June 30, 2020 : 5.97% - 14.5% p.a ).			
<b>5 INVESTMENTS</b>			
Investment by category	<i>Note</i>	<b>September 30, 2020 (Un-Audited) (Rupees in '000)</b>	June 30, 2020 (Audited)
Financial assets at amortised cost			
Commercial Paper	5.1	<b>911,750</b>	316,839
Bai Muajjal -Pak Kuwait Invst: Co Ltd	5.3	<b>1,066,421</b>	-
Financial assets at fair value through profit or loss			
Sukuk Certificate	5.2	<u>675,000</u>	<u>675,000</u>
		<u><b>2,653,171</b></u>	<u>991,839</u>

## 5.1 Commercial papers - at amortised cost

	Maturity date	As at July 1, 2020	Placements made during the year	Matured / Sold during the year	As at September 30, 2020	Market value as a percentage of	
						Total investments of fund	Net Assets of fund
----- (Rupees in '000) -----						----- (%) -----	
K - Electric Limited	Mar 24, 2021	-	461,596	-	462,295	17.42	6.06
K - Electric Limited	Oct 6, 2020	-	403,965	-	404,528	15.25	5.30
K - Electric Limited	Aug 14, 2020	121,908	-	121,908	-	-	-
K - Electric Limited	Aug 26, 2020	63,624	-	63,624	-	-	-
K - Electric Limited	Sep 10, 2020	87,703	-	87,703	-	-	-
K - Electric Limited	Oct 6, 2020	43,604	-	-	44,927	1.69	0.59
		<b>316,839</b>	<b>865,561</b>	<b>273,235</b>	<b>911,750</b>	<b>34.36</b>	<b>11.95</b>

## 5.2 Sukuks certificate - At fair value through profit or loss

Note	As at July 1, 2020	Purchased during the year	Matured / Sold during the year	As at September 30, 2020	Amortised cost as at September 30, 2020	Market value as at Sept 30, 2020	Market value as a percentage of	
							Total investments of fund	Net Assets of fund
----- (Rupees in '000) -----							----- (%) -----	
HUB Power Company Limited	5.2.1	675,000	1,030,000	1,030,000	675,000	675,000	25.44	8.85
		<b>675,000</b>	<b>1,030,000</b>	<b>1,030,000</b>	<b>675,000</b>	<b>675,000</b>	<b>25.44</b>	<b>8.85</b>

5.2.1 Significant terms and conditions of Sukuk certificates outstanding as at September 30, 2020 are as follows:

Name of Security	Remaining Principal (per Sukuk)	Mark-up rate (per annum)	Date of Issue	Maturity Date
HUB Power Company Limited	1,000,000	6 months KIBOR + 1.5%.	19-May-20	19-May-21

## 5.3 Bai Muajjal -Pak Kuwait Invst: Co Ltd - at amortised cost

Name of Company	As at July 01, 2020	Placements made during the period	Matured during the period	As at September 30, 2020	Market value as a percentage of	
					Total investments of fund	Net Assets of fund
----- (Rupees in '000) -----					----- (%) -----	
Pak Kuwait Investment Co. Ltd.	-	533,008	-	533,008	20.09	6.99
Pak Kuwait Investment Co. Ltd.	-	533,414	-	533,414	20.10	6.99
		<b>1,066,421</b>		<b>1,066,421</b>	<b>20.10</b>	<b>6.99</b>

## 6. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	September 30, 2020	June 30, 2020
		(Un-Audited)	(Audited)
----- (Rupees in '000) -----			
Management fee	6.1	1,861	2,113
Sindh Sales Tax	6.2	242	275
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	310	352
Sales load payable		13	48
Selling and marketing payable	6.3	849	601
		<b>3,275</b>	<b>3,389</b>

6.1 As Per SECP S.R.O. 639 (1)/2019 dated June 20, 2019, there has been amendment in NBFC regulation no. 61, in which limits over management fee had been removed and directed that the asset management company shall disclose in the Offering document the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit. Further, the asset management company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document and such actual rate shall be disclosed in Fund manager report. The management fee expense charged by the asset management company at the rate of 0.30% of average annual Net Asset of the Fund

6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

6.3 As Per SECP S.R.O. 639 (1)/2019 dated June 20, 2019, there has been amendment in NBFC regulation no. 60 (3) point (s) and (v), in which limits to allocate fee and expenses pertaining to registrar services, accounting, operation, valuation services and selling and marketing expenses had been removed.

		September 30, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited)
<b>7</b>	<b>PAYABLE TO THE TRUSTEE</b>		
		<i>Note</i>	
	Trustee fee	7.1 <b>404</b>	458
	Sindh Sales Tax	<b>52</b>	59
		<b>456</b>	<b>517</b>

7.1 The trustee is entitled to a monthly remuneration for services rendered to the fund under the provision of the Trust Deed. Effective from July 1, 2020 the trustee fee is being charged at the rate of 0.065% of the daily average net assets of the Fund. The fee is payable monthly in arrears.

		September 30, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited)
<b>8</b>	<b>PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
		<i>Note</i>	
	Annual fee	8.1 <b>339</b>	<b>616</b>

8.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a money market scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% of the daily average net assets of the scheme. The fee is payable annually in arrears.

		September 30, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited)
<b>9.</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITES</b>		
		<i>Note</i>	
	Auditors' remuneration	<b>386</b>	298
	Federal Excise Duty	9.1 <b>2,185</b>	2,185
	Withholding tax payable	-	3,135
	Provision for Sindh Workers' Welfare Fund	9.2 <b>11,838</b>	9,722
	Capital gain tax payable	<b>578</b>	683
	Dividend payable	<b>417</b>	417
	Shariah advisory payable	<b>17</b>	17
	Other payables	<b>525</b>	850
		<b>15,946</b>	<b>17,307</b>

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**9.1 PROVISION FOR FEDERAL EXCISE DUTY**

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020, and the appeal filed by tax authorities against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 2.18 million (June 30, 2020 : 2.18 million). Had the provision not been made, the Net Asset Value per unit as at September 30, 2020 would have been higher by Rs. 0.029 (June 30, 2020: Re. 0.026) per unit.

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

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

The Fund as a matter of abundant caution, recognized provision for SWWF amounting to 11.838 million as at September 30, 2020 in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at September 30, 2020 would have been higher by Rs. 0.1576 per unit (June 30, 2020: 0.1168 per unit).

**10. CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments outstanding as at September 30, 2020.

**11. TOTAL EXPENSE RATIO**

The Scheme has maintained Total Expense Ratio (TER) 0.17% (0.05% representing Government Levies, and SECP Fee).

**12. TAXATION**

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

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

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

**14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

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



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

14.1	Transactions during the period	(Unaudited)	(Unaudited)
		Three months ended September 30, 2020	2019
		(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>			
	Management Fee	5,753	2,361
	Allocation of expenses related to registrar services, accounting, operation and valuation services	849	511
	Selling and Marketing expenses	849	889
	Investment of Nil units (2019: 2,319 units)	-	234
	Dividend paid	-	4
	Habib Bank Limited - Sponsor		
	Redemption of 984,684 units (2019: Nil units)	100,000	-
	Dividend paid	2,608	4,499
	Mark-up earned during the period	40,143	12,561
	Bank charges paid	58	40
<b>Directors, Executives and Key management personnel</b>			
	Investment of 65,843 units (2019: 132,287 units)	6,674	13,437
	Redemption of 58,130 units (2019: 145,218 units)	5,897	14,755
	Dividend paid	56	161
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
	Remuneration	1,246	219
<b>Artistic Milliners Pvt Limited - Connected Person Due To holding 10% or more units</b>			
	Dividend	34,857	-
<b>Pakistan Defence Officers Housing Authority - Connected Persons Due to holding 10% or more units.</b>			
	Investment of 9,892,155 units	1,004,471	-
	Dividend paid	4,618	-
<b>Yunus Textile Mills Limited - Connected Person Due To holding 10% or more units.</b>			
	Investment held in the Fund: 9,877,402 units	1,000,000	-
<b>CDC Trustee HBL Cash Fund</b>			
	Sale of Commercial paper - KEL ICP	199,489	-
<b>CDC Trustee HBL Money Market Fund</b>			
	Sale of Commercial paper - KEL ICP	204,476	-

14.2	Amounts outstanding as at period end	September 30, 2020 (Un-Audited)	June 30, 2020 (Audited)
	<i>Note</i>	(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>			
Management fee		1,861	2,113
Sindh Sales Tax		242	275
Allocation of expenses related to registrar services, accounting, operation and valuation services		310	352
Selling and Marketing payable		849	601
Sales load payable		13	48
<b>Habib Bank Limited - Sponsor</b>			
Investment held in the Fund 1,255,316 units (June 30, 2020: 2,240,000 units)		127,506	226,631
Bank Balances		1,316,623	1,947,811
Sales load payable		75	568
<b>Directors, Executives and Key management personnel</b>			
Units held in the Fund: 55,521 units (June 30, 2020: 48,155 units)		5,205	4,871
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Remuneration payable		456	517
<b>Artistic Milliners Pvt Limited - Connected Person Due To holding 10% or more units.</b>			
Investment held in the Fund: 29,703,911 units (2020: 29,703,911 units)		3,017,101	3,005,275
<b>Pakistan Defence Officers Housing Authority - Connected Person Due To holding 10% or more units.</b>			
Investment held in the Fund: 9,892,155 units		1,004,771	-
<b>Yunus Textile Mills Limited - Connected Person Due To holding 10% or more units.</b>			
Investment held in the Fund: 9,877,402 units		1,003,272	-

## 15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

	September 30, 2020						
	Carrying amount			Fair Value			
	Fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>							(Rupees in '000)
<b>Financial assets not measured at fair value</b>							
Bank balances	-	4,937,039	4,937,039	-	-	-	-
Commercial Paper	675,000	911,750	1,586,750	-	-	-	-
Accrued mark-up	-	58,480	58,480	-	-	-	-
Prepayment and Other receivables	-	1,131	1,131	-	-	-	-
	<u>675,000</u>	<u>5,908,400</u>	<u>6,583,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>							
Payable to Management Company	-	3,216	3,216	-	-	-	-
Payable to Trustee	-	404	404	-	-	-	-
Accrued expenses and other liabilities	-	1,270	1,270	-	-	-	-
	<u>-</u>	<u>4,889</u>	<u>4,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
							June 30, 2020
	Carrying amount			Fair Value			
	Fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>							(Rupees in '000)
<b>Financial assets not measured at fair value</b>							
Bank balances	-	7,397,036	7,397,036	-	-	-	-
Commercial Paper	675,000	316,839	991,839	-	-	-	-
Accrued mark-up	-	53,814	53,814	-	-	-	-
Advance . Prepayment and other receivable	-	100	100	-	-	-	-
	<u>675,000</u>	<u>7,767,789</u>	<u>8,442,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>							
Payable to HBL Asset Management Limited - Management Company	-	3,389	3,389	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	458	458	-	-	-	-
Accrued expenses and other liabilities	-	1,582	1,582	-	-	-	-
	<u>-</u>	<u>5,429</u>	<u>5,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**15.1** 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.

**16. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 29, 2020.

**17. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**17.1** In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2020 due to 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 and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

While the initial outbreak of the Covid-19 in Pakistan has receded significantly and as a result we have witnessed a rebound in mobility and economic activities to pre-covid levels, a second wave of virus can not be ruled out.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Islamic Asset Allocation Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Asset Allocation Fund
Name of Auditor	KPMG Taseer Hadi & Co., Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Habib Bank Limited Bank Al-Habib Limited Dubai Islamic Bank Limited Askari Bank Limited Soneri Bank Limited Allied Bank Limited Bank Islamic Pakistan Limited Summit Bank Limited Al Baraka Bank Pakistan Limited MCB Islamic Bank Limited The Bank Of Khayber

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2020*

	Note	September 30, 2020 (Un-Audited)			June 30, 2020 (Audited)
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1 (Rupees in '000)	Total	
<b>Assets</b>					
Bank balances	4	156,730	271,690	428,420	139,710
Investments	5	160,826	1,712,580	1,873,406	172,555
Dividend receivable and accrued mark-up		2,990	36,703	39,693	2,481
Preliminary expenses and flotation cost		52	206	258	105
Advances , deposits and other receivables		2,811	100	2,911	8,133
<b>Total assets</b>		<b>323,409</b>	<b>2,021,279</b>	<b>2,344,688</b>	322,984
<b>Liabilities</b>					
Payable to Management Company	6	1,157	438	1,595	1,430
Payable to Trustee		59	350	409	70
Payable to Securities and Exchange Commission of Pakistan	7	16	61	77	143
Accrued expenses and other liabilities	8	9,242	1,406	10,648	10,942
<b>Total liabilities</b>		<b>10,474</b>	<b>2,255</b>	<b>12,729</b>	12,585
<b>Net assets</b>		<b>312,935</b>	<b>2,019,024</b>	<b>2,331,959</b>	310,399
<b>Unit holders' fund (as per statement attached)</b>		<b>312,935</b>	<b>2,019,024</b>	<b>2,331,959</b>	310,399
<b>Contingencies and commitments</b>					
	9	(Number of units)			
<b>Number of units in issue</b>		<b>2,885,758</b>	<b>19,927,542</b>		<b>2,995,175</b>
		(Rupees)			
<b>Net assets value per unit</b>		<b>108.4412</b>	<b>101.3183</b>		<b>103.6330</b>

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

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

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

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

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

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Income Statement And Other Comprehensive Income (Un-Audited)**  
**For the three months ended September 30, 2020**

	Three month ended September 30		For the period July 14, 2020 to September 30	
	2020		2019	
Note	(Rupees in '000)			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
<b>Income</b>				
Dividend Income	411	-	411	3,508
Return on Investment	1,679	18,331	20,010	17,775
Mark-up on deposits with banks	2,101	5,524	7,625	7,772
Capital gain on sale of investments - net	2,259	750	3,009	(2,697)
	6,450	24,605	31,055	26,358
Unrealised appreciation/(diminution) on re-measurement of investments at "fair value through profit or loss - held-for-trading" - net	11,240	(3,331)	7,909	(18,666)
	17,690	21,274	38,964	7,692
<b>Expenses</b>				
Remuneration of Management Company	1,356	520	1,876	4,434
Remuneration of Trustee	181	350	531	580
Annual fee of Securities and Exchange Commission of Pakistan	16	61	77	52
Allocation of expenses related to registrar services, accounting, operation and valuation services	599	127	726	1,221
Selling and Marketing Expense	520	-	520	1,166
Settlement and Bank Charges	71	710	781	128
Auditors' remuneration	42	58	100	93
Fee and Subscriptions	23	27	50	61
Amortisation of preliminary expenses and floatation costs	53	9	62	53
Securities Transaction Costs	96	-	96	264
Charity Expense	21	-	21	174
	2,978	1,862	4,840	8,226
	14,712	19,412	34,124	(534)
Provision for Workers' Welfare Fund	8.2	(294)	(388)	(682)
	14,418	19,024	33,442	(534)
<b>Net (Loss) / income for the period before taxation</b>				
Taxation	10.	-	-	-
<b>Net (Loss) / income for the period after taxation</b>				
	14,418	19,024	33,442	(534)
<b>Allocation of net income for the period:</b>				
Income already paid on redemption of units	642	-	642	-
Accounting income available for distribution:				
-Relating to capital gains	12,872	-	12,872	-
-Excluding capital gains	904	19,024	19,928	-
	13,776	19,024	32,800	-
<b>Net income / (loss) for the period after taxation</b>				
	14,418	19,024	33,442	(534)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>				
	14,418	19,024	33,442	(534)
<b>Earning Per Unit</b>				
				11

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

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

Chief Financial Officer

Chief Executive Officer

Director





**HBL Islamic Asset Allocation Fund**  
**Statement of Movement in Unit Holders' Fund (Un-Audited)**  
*For the three months ended September 30, 2020*

For the Period from July 14, 2020 to  
September 30,  
2020

Islamic Asset Allocation Fund Plan 1

Capital value	Undistributed income	Unrealized (losses)/income on investment	Total
---------------	----------------------	--	-------

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

Net assets at the beginning of the period

- - - -

Issuance of 19,927,542 units

- Capital value (at net asset value per unit at the beginning of the period)  
- Element of loss

1,992,754	-	-	1,992,754
7,246	-	-	7,246
2,000,000			2,000,000

Redemption of Nil units

- Capital value (at net asset value per unit at the beginning of the period)  
- Income already paid on redemption of units  
- Amount paid out of element of income  
Relating to net income for the period after taxation

-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Total comprehensive income for the year

Net profit / (Loss) for the period after tax  
Distribution during the period  
Total comprehensive/ income for the period

-	19,024	-	19,024
-	-	-	-
-	19,024	-	19,024

Net assets at the end of the period

2,000,000 19,024 - 2,019,024

Undistributed income brought forward

- Realised  
- Unrealised

-
-

Accounting (loss) / income available for distribution

19,024

Undistributed income carried forward

19,024

Undistributed income carried forward

- Realised  
- Unrealised

22,355

(3,331)

19,024

----- (Rupees) -----

Net assets value per unit at beginning of the period

100.0000

Net assets value per unit at end of the period

101.3183

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
*For the three months ended September 30, 2020*

	Three month ended September 30	For the period July 14, 2020 to September 30	2019	
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
	(Rupees in '000)			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income / (Loss) for the period	14,418	19,024	33,442	(534)
<b>Adjustments</b>				
Amortisation of preliminary expenses and floatation costs	53	(206)	(153)	53
	14,471	18,818	33,289	(481)
<b>(Increase) / decrease in assets</b>				
Investments - net	11,729	(1,712,580)	(1,700,851)	333,843
Accrued mark-up	(509)	(36,703)	(37,212)	1,655
Advances, deposits and other receivables	5,322	(100)	5,222	27,784
	16,542	(1,749,383)	(1,732,841)	363,282
<b>Increase / (decrease) in assets</b>				
Payable to HBL Asset Management Limited - Management Company	(273)	438	165	(88)
Payable to Central Depository Company of Pakistan Limited - Trustee	(11)	350	339	(32)
Payable to Securities and Exchange Commission of Pakistan	(127)	61	(66)	(1,939)
Accrued expenses and other liabilities	(1,700)	1,406	(294)	2,880
	(2,111)	2,255	144	821
<b>Net cash used in operating activities</b>	28,902	(1,728,310)	(1,699,408)	363,622
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Amount received on issue of units	9,352	2,000,000	2,009,352	932
Payment against redemption of units	(21,234)	-	(21,234)	(359,475)
Cash dividend paid	-	-	-	-
<b>Net cash used in financing activities</b>	(11,882)	2,000,000	1,988,118	(358,543)
<b>Net (decrease) in cash and cash equivalents</b>	17,020	271,690	288,710	5,079
Cash and cash equivalents at beginning of the period	139,710	-	139,710	273,417
<b>Cash and cash equivalents at end of the period</b>	156,730	271,690	428,420	278,496

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

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

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

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

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

# **HBL Islamic Asset Allocation Fund**

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

*For the year ended September 30, 2020*

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

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

HBL Asset Management Limited is the Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The initial public offer period was from January 07, 2016 to January 08, 2016 (both days inclusive). The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The primary objective of the Fund is to provide superior returns through investments in Shari'ah Compliant Equity Securities and Shari'ah Compliant Income/ Money Market Instruments.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+' to the Management Company. Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

### **2 BASIS OF PREPARATION**

#### **2.1 STATEMENT OF COMPLIANCE**

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

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

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2020.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2020.

#### **2.2 Basis of measurement**

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

#### **2.3 Functional and presentation currency**

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

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

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2020.

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

**3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2020.

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

**3.5** The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2020.

4. Bank Balances	Note	September 30, 2020			June 30, 2020
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
		(Rupees in '000)			
Savings accounts	4.1	156,730	271,690	428,420	139,710
		<b>156,730</b>	<b>271,690</b>	<b>428,420</b>	<b>139,710</b>

**4.1** This represents bank accounts held with different banks. Mark-up rates on these accounts range between 3.00%-6.25% per annum (2020:3.75% - 13.5% p.a).

5 INVESTMENTS	Note	September 30, 2020			June 30, 2020
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
		(Rupees in '000)			
Fair Value Through Profit or Loss - Held For Trading					
- Listed equity Securities	5.1	88,642	-	88,642	96,867
- Term Finance Certificate	5.2	63,033	1,662,615	1,725,648	66,473
- GOP Ijara Sukuk	5.3	9,151	49,965	59,116	9,215
		<b>160,826</b>	<b>1,712,580</b>	<b>1,873,406</b>	<b>172,555</b>

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

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

Name of the Investee Company	Number of shares					Market value as a percentage of			Par value as a percentage of issued capital of the investee company
	As at July 1, 2020	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2020	Market value as at September 30, 2020	Total Investments	Net Assets	
(Rupees in '000)									
<b>Textile composite</b>									
Interloop Limited	47,250	-	-	5,500	41,750	2,799	0.39%	0.28%	0.48%
Kohinoor Textile Mills Ltd	-	10,500	-	-	10,500	568	0.08%	0.06%	0.01%
Nishat Mills Ltd	36,700	-	-	6,500	30,200	3,052	0.42%	0.30%	0.01%
	<u>83,950</u>	<u>10,500</u>	<u>-</u>	<u>12,000</u>	<u>82,450</u>	<u>6,419</u>	<u>0.89%</u>	<u>0.64%</u>	
<b>Cement</b>									
D G Khan Cement Co.Ltd.	-	15,500	-	-	15,500	1,598	0.22%	0.16%	0.00%
Kohat Cement Ltd	16,570	-	-	4,000	12,570	2,146	0.30%	0.21%	0.01%
Lucky Cement Ltd	15,250	-	-	400	14,850	9,609	1.34%	0.95%	0.00%
Maple Leaf Cement Factory Ltd	38,000	-	-	5,500	32,500	1,167	0.16%	0.12%	0.01%
	<u>69,820</u>	<u>15,500</u>	<u>-</u>	<u>9,900</u>	<u>75,420</u>	<u>14,520</u>	<u>2.02%</u>	<u>1.44%</u>	
<b>Power generation &amp; distribution</b>									
The Hub Power Company Limited	118,387	-	-	20,700	97,687	7,665	1.07%	0.76%	0.01%
	<u>118,387</u>	<u>-</u>	<u>-</u>	<u>20,700</u>	<u>97,687</u>	<u>7,665</u>	<u>1.07%</u>	<u>0.76%</u>	
<b>Oil and gas exploration companies</b>									
Mari Petroleum Company Ltd	6,995	-	-	1,600	5,395	7,389	1.03%	0.73%	0.00%
Oil & Gas Development Co Ltd	84,600	-	-	21,100	63,500	6,579	0.92%	0.65%	0.00%
Pakistan Petroleum Ltd	103,592	-	-	9,500	94,092	8,662	1.21%	0.86%	0.00%
	<u>195,187</u>	<u>-</u>	<u>-</u>	<u>32,200</u>	<u>162,987</u>	<u>22,630</u>	<u>3.16%</u>	<u>2.24%</u>	
<b>Oil and gas Marketing companies</b>									
Pakistan State Oil Company Ltd	28,959	-	-	11,700	17,259	3,455	0.48%	0.34%	0.01%
Sui Northern Gas Pipeline Ltd	34,800	-	-	5,000	29,800	1,842	0.26%	0.18%	0.00%
	<u>63,759</u>	<u>-</u>	<u>-</u>	<u>16,700</u>	<u>47,059</u>	<u>5,297</u>	<u>0.74%</u>	<u>0.52%</u>	
<b>Fertilizers</b>									
Engro Corporation Limited	36,340	-	-	11,900	24,440	7,357	1.02%	0.73%	0.00%
Engro Fertilizer Limited	55,000	-	-	38,000	17,000	1,034	0.14%	0.10%	0.00%
Fauji Fertilizer Company Limited	44,000	-	-	44,000	-	-	0.00%	0.00%	0.00%
	<u>135,340</u>	<u>-</u>	<u>-</u>	<u>93,900</u>	<u>41,440</u>	<u>8,391</u>	<u>1.16%</u>	<u>0.83%</u>	
<b>Commercial Banks</b>									
Meezan Bank Limited	67,020	-	1,902	48,000	20,922	1,720	0.24%	0.17%	0.00%
	<u>67,020</u>	<u>-</u>	<u>1,902</u>	<u>48,000</u>	<u>20,922</u>	<u>1,720</u>	<u>0.24%</u>	<u>0.17%</u>	
<b>Chemicals</b>									
Engro Polymer & Chemicals Ltd	23,431	-	-	3,000	20,431	823	0.11%	0.08%	0.00%
Sitara Chemical Industries Limited	6,100	1,300	-	-	7,400	2380	0.33%	0.24%	0.03%
Sitara Peroxide Limited	25,000	20,000	-	45,000	-	0	0.00%	0.00%	0.00%
	<u>54,531</u>	<u>21,300</u>	<u>-</u>	<u>48,000</u>	<u>27,831</u>	<u>3,203</u>	<u>0.44%</u>	<u>0.32%</u>	
<b>Pharmaceuticals</b>									
AGP Limited	22,000	-	-	6,000	16,000	1,744	0.24%	0.17%	0.00%
Ferozsons Laboratories Ltd	-	3,000	-	-	3,000	1,193	0.17%	0.12%	0.01%
Highnoon Laboratories Limited	5,500	-	-	500	5,000	3,070	0.43%	0.30%	0.00%
The Searle Company Ltd	14,117	-	-	13,296	821	211	0.03%	0.02%	0.00%
	<u>41,617</u>	<u>3,000</u>	<u>-</u>	<u>19,796</u>	<u>24,821</u>	<u>6,218</u>	<u>0.87%</u>	<u>0.61%</u>	
<b>Automobile Parts &amp; Accessories</b>									
Thal Limited	14,650	-	-	4,700	9,950	4,182	0.58%	0.42%	0.01
	<u>14,650</u>	<u>-</u>	<u>-</u>	<u>4,700</u>	<u>9,950</u>	<u>4,182</u>	<u>0.58%</u>	<u>0.42%</u>	
<b>TRANSPORT</b>									
Pakistan National Shipping Corp Ltd	10,000	-	-	1,000	9,000	819	0.11%	0.08%	0.01%
	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>9,000</u>	<u>819</u>	<u>0.11%</u>	<u>0.08%</u>	
<b>Food and Allied Industries</b>									
The Organic Meat Company Limited	-	223,329	-	-	223,329	6,570	0.91%	0.65%	0.02%
	<u>-</u>	<u>223,329</u>	<u>-</u>	<u>-</u>	<u>223,329</u>	<u>6,570</u>	<u>0.91%</u>	<u>0.65%</u>	
<b>Technology and Communication</b>									
Avanceon Limited	-	15,000	-	-	15,000	1,008	0.14%	0.10%	0.01%
	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>1,008</u>	<u>0.14%</u>	<u>0.10%</u>	
	<b>854,261</b>	<b>288,629</b>	<b>1,902</b>	<b>306,896</b>	<b>837,896</b>	<b>88,642</b>	<b>12.33%</b>	<b>8.78%</b>	
						<b>75,898</b>			

**5.1.1** This includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee companies have withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.3111 million at September, 2020 (June 30, 2020: Rs. 0.2432 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

**5.1.2** Investments include shares having market value aggregating to Rs. 33.0038 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

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

**HBL Islamic Asset Allocation Fund**

Name of the Investee Company	Number of certificates			As at June 30, 2020	Market value as at June 30, 2020	Carrying value as a percentage of Net Asset
	As at July 1, 2020	Purchases during the year	Sale during the year			
	(Rupees in '000)					
International Brand Limited	100	-	-	100	7,151	0.01%
Dawood Hercules Corporation Limited*	343	-	-	343	24,321	0.03%
Agha Steel Industries Limited	33	-	-	33	31,561	0.00%
	<b>476</b>	<b>-</b>	<b>-</b>	<b>476</b>	<b>63,033</b>	<b>0.04%</b>

Cost of investments at September 30, 2020

**64,473**

\* Related party due to common directorship

**HBL Islamic Asset Allocation Fund Plan 1**

**Name of the Investee Company**

Name of the Investee Company	Number of certificates			As at June 30, 2020	Market value as at June 30, 2020	Carrying value as a percentage of Net Asset
	As at July 1, 2020	Purchases during the year	Sale during the year			
	(Rupees in '000)					
Meezan Bank limited	-	207	-	207	209,937	0.02%
Dubai Islamic Bank limited	-	4,175	-	4,175	199,410	0.41%
Hub Power Co. Ltd	-	1,750	-	1,750	180,250	0.17%
K-Electric Ltd- Sukuk (KELSC5)	-	20,000	-	20,000	102,550	1.99%
Pakistan Energy Sukuk-2 Bound (PESC2)	-	193,500	-	193,500	970,468	19.21%
	<b>-</b>	<b>219,632</b>	<b>-</b>	<b>219,632</b>	<b>1,662,615</b>	<b>21.80%</b>

Cost of investments at September 30, 2020

**1,666,075**

**5.2.1** Significant Terms And Conditions of Term Finance Certificate and Sukuk bonds outstanding as at September 30, 2020 are as follow:

Name Of Security Term Finance Certificate - Listed	Remaining Principles (Per TFC)	Markup Rate (Per Annum)	Issue Date	Maturity Date
Dawood Hercules Corporation Limited*	70,000	3 month KIBOR + 1.00 %	16-Nov-17	16-Nov-22
Dawood Hercules Corporation Limited*	70,000	3 month KIBOR + 1.00 %	1-Mar-18	1-Mar-23
International Brand Limited	71,438	12 month KIBOR + 0.50 %	15-Nov-17	15-Nov-21
Agha Steel Industries Limited	1,000,000	3 month KIBOR + 0.80 %	9-Oct-18	9-Oct-24
Meezan Bank limited	1,000,000	6 month KIBOR + 0.50 %	22-Sep-16	22-Sep-26
Meezan Bank limited	1,000,000	3 month KIBOR + 1.75 %	1-Aug-20	1-Aug-22
Dubai Islamic Bank limited	1,000,000	6 month KIBOR + 0.50 %	14-Jul-17	14-Jul-27
Dubai Islamic Bank limited	5,000	3 month KIBOR + 1.75 %	21-Dec-18	14-Jul-27
Hub Power Co. Ltd	100,000	6 month KIBOR + 1.90 %	19-Mar-20	19-Mar-24
K-Electric Ltd- Sukuk (KELSC5)	5,000	3 month KIBOR + 1.70 %	3-Aug-20	3-Aug-27
Pakistanb Energy Sukuk-2 Bound (PESC2)	5,000		9-Oct-18	9-Oct-24

\* Related party due to common directorship

**5.3 Investment in Government Securities - GOP Ijara Sukuk - At Fair Value Throught Profit or Loss**

HBL Islamic Asset Allocation Fund Issuance Date	Tenor	Face Value				Amortised Cost as at September 30, 2020	Market Value as at September 30, 2020	Market Value as a Percentage of	
		As at July 01, 2020	Purchahse During the Period	Sold During the period	As at September 30, 2020			Total Investm	Net Asset
----- (Rupees in '000) -----									
April 30, 2020.	05 year	9,500	-	-	9,500	9,500	9,151	1.27%	0.91%

HBL Islamic Asset Allocation Fund Plan 1 Issuance Date	Tenor	Face Value				Amortised Cost as at September 30, 2020	Market Value as at September 30, 2020	Market Value as a Percentage of	
		As at July 01, 2020	Purchahse During the Period	Sold During the period	As at September 30, 2020			Total Investm	Net Asset
----- (Rupees in '000) -----									
July 29, 2020 Fixed	05 year	-	50,000	-	50,000	50,000	49,965	6.95%	4.96%
July 29, 2020 Variable	05 year	-	375,000	375,000	-	375,000	-	0.00%	0.00%
		-	<b>425,000</b>	<b>375,000</b>	<b>50,000</b>	<b>425,000</b>	<b>49,965</b>		

6. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	September 30, 2020		June 30, 2020	
	(Rupees in '000)			
Management fee	6.1	391	275	464
Sindh Sales Tax	6.2	51	36	60
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	195	127	232
Selling and Marketing Expense	6.4	520	-	616
Sales load payable		-	-	58
		<b>1,157</b>	<b>438</b>	<b>1,430</b>
		<b>1,595</b>	<b>1,430</b>	



- 6.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of 1.5 percent per annum (June 2020: 1.5 percent per annum) of the average annual net assets and 0.15 Percent per annum of the average annual net asset in Plan-1.
- 6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2020: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3 As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to “registrar services, accounting, operation and valuation services related to, Collective Investment Scheme”. During the period the Management Company has charged aforementioned expense to the extent of 0.75% of the average daily net assets of the Fund and 0.05% of the average daily net assets in Plan-1.
- 6.4 As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to “selling and marketing expenses” to Collective Investment Scheme subject to certain conditions. During the period the Management Company has charged aforementioned expense to the extent of 0.65% of the average daily net assets of the Fund.

7. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	September 30, 2020			June 30, 2020	
	(Rupees in '000)				
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total		
Annual Fee	7.1	16	61	77	143

- 7.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a money market scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. The rate of is reduced from 0.095% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears.

8. ACCRUED EXPENSES AND OTHER LIABILITIES	September 30, 2020			June 30, 2020	
	(Rupees in '000)				
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total		
Auditors' remuneration		340	58	398	298
Charity payable		764	-	764	744
Withholding tax payable		26	-	26	2,092
Payable to NCCPL		32	-	32	26
Payable to Shariah Advisor		23	27	50	17
Provision for Sindh Workers Welfare Fund	8.2	6,635	388	7,023	6,341
Federal Excise Duty	8.1	1,063	-	1,063	1,063
Payable to Broker		49	708	757	42
Dividend Payable		25	-	25	25
Other payable		285	225	510	294
		9,242	1,406	10,648	10,942

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**8.1 PROVISION FOR FEDERAL EXCISE DUTY**

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2020, and the appeal filed by tax authorities against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.06 million. Had the provision not been made, the Net Asset Value per unit as at September 30, 2020 would have been higher by Re. 0.3684 (June 30, 2020: Re. 0.3548) per unit.

**8.2 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND**

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 12.3 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

As there is a Gain for the three months ended September 30, 2020, therefore, provision for SWWF has been maderecognised in this condensed interim financial information. Had the provision not been retained, net asset value per unit at September 30, 2020 would have been higher by Re. 2.3 (June 30, 2020 Re. 2.1169) per unit and Rs 0.0195 per unit in Plan-1.

**9. CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments outstanding as at September 30, 2020.

**10. TAXATION**

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

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

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

**12. TOTAL EXPENSE RATIO**

The Scheme has maintained Total Expense Ratio (TER) 1.02% (0.15% representing Government Levies, and SECP Fee) and 0.16% (0.04 representing government levies and SECP Fee) in Plan-1.

**13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

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

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

13.1 Transactions during the period	Three months ended September 30,			2019
	2020			
	(Rupees in '000)			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
<b>HBL Asset Management Limited - Management Company</b>				
Management fee	1,356	520	1,876	4,434
Allocation of expenses related to registrar services, accounting, operation and valuation services	599	127	726	1,221
Charging of Selling and marketing expenses	520	-	520	1,166
<b>Habib Bank Limited - Sponsor</b>				
Bank charges paid	6	-	6	2
Mark-up earned during the period	1,106	-	1,106	99
Mark-up received during the period	969	-	969	87
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	181	350	531	580
CDC Charges	13	-	13	12
<b>HBL Cash Fund</b>				
Hub Power Company Limited	-	-	-	101,404
<b>Pak Qatar Family Takaful limited</b>				
Purchase of Dubai Islamic Bank Pakistan Sukuk	-	200,120	200,120	-
Purchase of Meezan Bank Pakistan Sukuk	-	216,036	216,036	-
Purchase of Hub Power Co. Ltd Sukuk	-	189,739	189,739	-
<b>Pak Qatar Investment Account - Connected Person due to holding more than 10% holding</b>				
Issuance of 10,963,751 units	-	1,100,000	1,100,000	-
<b>Pak Qatar Individual Family Participant Investment Fund- Connected Person due to holding more than 10% holding</b>				
Issuance of 8,963,790 Units	-	900,000	900,000	-

### 13.2 Amounts outstanding as at period end

	September 30, 2020 (Rupees in '000)			June 30, 2020
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
<b>HBL Asset Management Limited - Management Company</b>				
Management Fee	391	275	666	464
Sindh Sales Tax	51	36	87	60
Allocation of expenses related to registrar services, accounting, operation and valuation services	195	127	322	232
Charging of Selling and marketing expenses	520	-	520	616
Sales load payable	-	-	-	58
<b>Habib Bank Limited - Sponsor</b>				
Investment held in the Fund : 1,404,025 units (June 30, 2020: 1,404,025 units)	152,254	-	152,254	145,503
Bank balances	64,562	-	64,562	101,034
Mark-up receivable on deposits with bank	960	-	960	1,096
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration payable	52	310	362	62
Sindh Sales Tax	7	40	47	8
Security Deposit	100	100	200	100
<b>HBL Asset Management Limited Employees Gratuity Fund</b>				
Investment held in the Fund 4,795 units (2020: 4,795 units)	520	-	520	497
<b>HBL Asset Management Limited Employees Provident Fund</b>				
Investment held in the Fund 13,840 units (2020: 13,840 units)	1,501	-	1,501	1,434
<b>Pak Qatar Investment Account - Connected Person due to holding more than 10% holding</b>				
Unit held: 10,963,751 units	-	1,110,829	1,110,829	-
<b>Pak Qatar Individual Family Participant Investment Fund- Connected Person due to holding more than 10% holding</b>				
Investment held in the fund 8,963,790 units	-	908,196	908,196	-

### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date.

The quoted market price used for financial assets held by the Fund is current bid price.

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

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

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

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

HBL Islamic Asset Allocation Fund	September 30, 2020							
	Carrying amount				Fair Value			
	Fair value through profit or loss	At amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>								
Investments								
- Listed Equities Securities	88,642	-	-	88,642	88,642	-	-	88,642
- Term finance certificate - unlisted	63,033	-	-	63,033	-	63,033	-	63,033
- GOP Ijara Sukuk	9,151	-	-	9,151	-	9,151	-	9,151
	<u>160,826</u>	<u>-</u>	<u>-</u>	<u>160,826</u>				
<b>Financial assets not measured at fair value</b>								
Bank balances	-	156,730	-	156,730				
Accrued mark-up	-	2,990	-	2,990				
Advances, deposits and other receivables	-	2,811	-	2,811				
	<u>-</u>	<u>162,531</u>	<u>-</u>	<u>162,531</u>				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	3,416	3,416				
Payable to Trustee	-	-	188	188				
Accrued expenses and other liabilities	-	-	9,242	9,242				
	<u>-</u>	<u>-</u>	<u>12,846</u>	<u>12,846</u>				

HBL Islamic Asset Allocation Fund Plan 1	September 30, 2020							
	Carrying amount				Fair Value			
	Fair value through profit or loss	At amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>								
Investments								
- Listed Equities Securities	-	-	-	-	-	-	-	-
- Term finance certificate - unlisted	1,662,615	-	-	1,662,615	-	1,662,615	-	1,662,615
- GOP Ijara Sukuk	49,965	-	-	49,965	-	49,965	-	49,965
	<u>1,712,580</u>	<u>-</u>	<u>-</u>	<u>1,712,580</u>				
<b>Financial assets not measured at fair value</b>								
Bank balances	-	271,690	-	271,690				
Accrued mark-up	-	36,703	-	36,703				
Advances, deposits and other receivables	-	100	-	100				
	<u>-</u>	<u>308,493</u>	<u>-</u>	<u>308,493</u>				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	438	438				
Payable to Trustee	-	-	350	350				
Accrued expenses and other liabilities	-	-	1,406	1,406				
	<u>-</u>	<u>-</u>	<u>2,194</u>	<u>2,194</u>				

	June 30, 2020							
	Carrying amount				Fair Value			
	Fair value through profit or loss	At amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>								
Investments								
- Listed Equities Securities	96,867	-	-	96,867	96,867	-	-	96,867
- Term finance certificate - unlisted	66,473	-	-	66,473	-	66,473	-	66,473
- GOP Ijara Sukuk	9,215	-	-	9,215	-	9,215	-	9,215
	<u>172,555</u>	<u>-</u>	<u>-</u>	<u>172,555</u>				
<b>Financial assets not measured at fair value</b>								
Bank balances	-	139,710	-	139,710				
Certificate of Musharka	-	25,592	-	25,592				
Dividend receivable and accrued mark-up	-	2,481	-	2,481				
Advances, deposits and other receivables	-	8,133	-	8,133				
	<u>-</u>	<u>175,916</u>	<u>-</u>	<u>175,916</u>				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	1,430	1,430				
Payable to Trustee	-	-	70	70				
Accrued expenses and other liabilities	-	-	1,466	1,466				
	<u>-</u>	<u>-</u>	<u>2,966</u>	<u>2,966</u>				

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

**15. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 29, 2020.

**16. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**16.1** In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

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The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2020 due to 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 and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

While the initial outbreak of the Covid-19 in Pakistan has receded significantly and as a result we have witnessed a rebound in mobility and economic activities to pre-covid levels, a second wave of virus can not be ruled out.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Islamic Stock Fund**



## FUND INFORMATION

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Name of Fund	HBL Islamic Stock Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisors	AI - Hilal Shariah Advisors (Pvt.) Limited
Bankers	Habib Bank Limited Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Bank Al Baraka Limited

**HBL Islamic Stock Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2020*

	Note	(Un-Audited) September 20 2020	(Audited) June 30, 2020
----- (Rupees in '000) -----			
<b>Assets</b>			
Bank balances	4	22,925	34,972
Investments	5	542,473	538,096
Dividend and profit receivable		2,069	457
Receivable against sale of investment		-	-
Advances, deposits, prepayments and other receivables		3,541	3,521
<b>Total assets</b>		<b>571,008</b>	<b>577,045</b>
<b>Liabilities</b>			
Payable to the Management Company	6	2,868	2,598
Payable to the Trustee		112	103
Payable to Securities and Exchange Commission of Pakistan		27	116
Payable against Purchase of Equity Securities		511	2,800
Dividend Payable		-	815
Accrued expenses and other liabilities	7	17,898	15,597
<b>Total liabilities</b>		<b>21,416</b>	<b>22,029</b>
<b>Net assets</b>		<b>549,591</b>	<b>555,017</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>549,591</b>	<b>555,017</b>
----- (Number of units) -----			
<b>Number of units in issue</b>		<b>5,103,343</b>	<b>5,925,966</b>
----- (Rupees) -----			
<b>Net assets value per unit</b>		<b>107.6923</b>	<b>93.6585</b>

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

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

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

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

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

**HBL Islamic Stock Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the three months ended September 30, 2020*

	For the Period Ended September 30,	
	2020	2019
Note	----- (Rupees in '000) -----	
<b>Income</b>		
Dividend income	1,941	6,218
Profit on bank deposits	629	1,524
Capital (loss) / gain on sale of investments - net	26,627	(6,391)
	<b>29,197</b>	1,351
Net unrealised (diminution) / appreciation on re-measurement of investments classified at fair value through profit or loss - held-for-trading	<b>44,371</b>	(34,764)
<b>Total (Loss) / Income</b>	<b>73,568</b>	(33,414)
<b>Expenses</b>		
Remuneration of the Management Company	3,020	2,917
Remuneration of the Trustee	302	321
Annual fee to Securities and Exchange Commission of Pakistan	27	28
Selling and marketing expenses	1,403	1,021
Allocation of expenses related to registrar services, accounting, operation and valuation services	735	510
Securities transaction costs	1,227	488
Auditors' remuneration	93	59
Settlement and bank charges	197	133
Shariah advisory fee	34	51
Fees and subscription	7	3
Haram Income Expense	97	311
	<b>7,141</b>	5,842
<b>Net (loss) / Income from operating activities</b>	<b>66,427</b>	(39,256)
Provision for Sindh Workers' Welfare Fund	7.2 (1,329)	-
<b>Net (loss) / income for the period before taxation</b>	<b>65,098</b>	(39,256)
Taxation	8 -	-
<b>Net (loss) / income for the period after taxation</b>	<b>65,098</b>	(39,256)
Income already paid on redemption of units	15,706	-
Accounting income available for distribution:		
- Relating to capital gains	49,392	-
- Excluding capital gains	-	-
	49,392	-
Other comprehensive income for the period	-	-
<b>Total comprehensive loss for the period</b>	<b>65,098</b>	(39,256)

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

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

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

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

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

# HBL Islamic Stock Fund

## Condensed Interim Statement of Movement in Unit Holders' Fund

### For the three months ended September 30, 2020

	Three months ended							
	2020				2019			
	Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Total	Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	
	September 30,							
	(Rupees in '000)							
<b>Net assets at beginning of the period</b>	867,824	(312,808)	-	555,016	951,824	(316,663)	-	635,161
Issue of units 10,701,012 (2019: 4,279,651 units)								
- Capital value (at net asset value per unit at the beginning of the period)	402,671	-	-	402,671	50,172	-	-	50,172
- Element of loss	54,520	-	-	54,520	(5,365)	-	-	(5,365)
Total proceeds on issuance of units	457,191	-	-	457,191	44,808	-	-	44,808
Redemption of 11,732,480 units (2019: 11,757,466 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(479,716)	-	-	(479,716)	(115,726)	-	-	(115,726)
- Amount paid out of element of income relating to net income for the year after taxation	(47,998)	-	-	(47,998)	10,550	-	-	10,550
Total payments on redemption of units	(527,714)	-	-	(527,714)	(105,176)	-	-	(105,176)
Total comprehensive income for the period	-	65,098	-	65,098	-	(39,256)	-	(39,256)
Interim distribution of Rs. 0.32 per unit declared on June 28, 2020 as cash dividend								
Refund of capital	-	-	-	-	-	-	-	-
Distribution for the period	-	-	-	-	-	-	-	-
<b>Net assets at end of the period</b>	<b>797,301</b>	<b>(247,710)</b>	<b>-</b>	<b>549,591</b>	<b>891,456</b>	<b>(355,919)</b>	<b>-</b>	<b>535,537</b>
<b>Undistributed income brought forward</b>								
- Realised		(208,097)				(208,097)		
- Unrealised		(108,566)				(108,566)		
		<u>(316,663)</u>				<u>(316,663)</u>		
Accounting (loss) / Income available for distribution		65,098				(39,256)		
Distribution during the period		-				-		
<b>(Accumulated loss) / undistributed income carried forward</b>		<u>(202,172)</u>				<u>(355,919)</u>		
<b>(Accumulated loss) / undistributed income carried forward</b>								
- Realised		(246,543)				(321,155)		
- Unrealised		44,371				(34,764)		
		<u>(202,172)</u>				<u>(355,919)</u>		
				<b>Rupees</b>				<b>Rupees</b>
<b>Net assets value per unit at beginning of the period</b>				<u>93.6585</u>				<u>91.2924</u>
<b>Net assets value per unit at end of the period</b>				<u>107.6923</u>				<u>85.8319</u>

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

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

**HBL Islamic Stock Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the three months ended September 30, 2019*

	Three Months ended	
	2020	2019
Note	(Rupees in '000)	
<b>Cash flows from operating activities</b>		
Net (loss) / income for the period before taxation	65,098	(39,256)
<b>Adjustments</b>		
Capital loss / (gain) during the period	(26,627)	6,391
Dividend Income	(1,941)	(6,218)
Profit on bank deposits	(629)	(1,524)
Unrealised diminution on re-measurement of investments classified at fair value through profit or loss - held-for-trading	(44,371)	34,764
	<u>(8,469)</u>	<u>(5,843)</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	64,332	43,883
Dividend receivable and accrued mark-up	958	3,459
Receivable against sale of equity instruments		10,033
Advances, deposits, prepayments and other receivables	(21)	(24)
	65,270	57,351
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	271	(47)
Payable to the Trustee	9	(20)
Payable to Securities and Exchange Commission of Pakistan	(89)	1,390
Payable against redemption of units	-	(1,889)
Dividend Payable	(815)	-
Accrued expenses and other liabilities	2,301	241
	<u>1,676</u>	<u>(326)</u>
<b>Net cash (used in) / generated from operating activities</b>	<u>58,477</u>	<u>51,182</u>
<b>Cash flows from financing activities</b>		
Amount received on issue of units	457,191	44,808
Payment against redemption of units	(527,714)	(105,176)
<b>Net cash generated from financing activities</b>	<u>(70,523)</u>	<u>(60,368)</u>
<b>Net increase in cash and cash equivalents</b>	<u>(12,047)</u>	<u>(9,186)</u>
Cash and cash equivalents at beginning of the period	34,972	55,650
<b>Cash and cash equivalents at end of the period</b>	<u>4,925</u>	<u>46,464</u>
	4	

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

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

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

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

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

# **HBL Islamic Stock Fund**

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

*For the three months ended September 30, 2020*

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

HBL Islamic Stock Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on December 10, 2010.

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

The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from May 09, 2011 to May 10, 2011.

The principal activity of the Fund is to provide long-term capital growth by investing mainly in Shariah Compliant equity securities and short-term government securities.

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

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

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of Compliance**

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

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

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS-34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2020.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2020.

#### **2.2 Basis of measurement**

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

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### 2.3 Functional and presentation currency

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

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

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2020.

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

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2020.

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

3.5 The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2020.

		(Un-Audited) September 30, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>4. BANK BALANCES</b>			
Balances with banks in:			
savings accounts	4.1	22,925	34,972
		<u>22,925</u>	<u>34,972</u>

4.1 The balance in savings accounts carry expected profit which ranges from 4.00% to 6.00% (June 30, 2019: 6% to 13.50%) per annum.

		(Un-Audited) September 30, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>5. INVESTMENTS</b>			
- Listed equity securities	5.1	542,473	538,096
		<u>542,473</u>	<u>538,096</u>

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

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

Name of the Investee Company	As at July 01, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2020	Market value as at September 30, 2020 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- Number of shares -----						----- % -----		
<b>INVESTMENT BANKS/COs./SECURITIES</b>									
Dawood Hercules Corporation Ltd	65,000	-	-	31,600	33,400	4,138	0.76	0.75	0.01
	65,000	-	-	31,600	33,400	4,138	0.76	0.75	
<b>TEXTILE COMPOSITE</b>									
Interloop Limited	128,750	3,000	-	24,500	107,250	7,191	1.33	1.31	1.23
Kohinoor Textile Mills Ltd	-	151,500	-	-	151,500	8,198	1.51	1.49	0.14
Nishat Mills Ltd	188,100	18,000	-	81,500	124,600	12,593	2.32	2.29	0.04
	316,850	172,500	-	106,000	383,350	27,982	5.16	5.09	
<b>CEMENT</b>									
Attock Cement Pakistan Ltd	-	35,000	-	-	35,000	5,344	0.99	0.97	0.03
Cherat Cement Company Ltd.	130,000	10,000	-	99,500	40,500	4,729	0.87	0.86	0.02
D G Khan Cement Co.Ltd.	33,000	143,500	-	15,500	161,000	16,601	3.06	3.02	0.04
Fauji Cement Company Limited	-	350,000	-	-	350,000	6,958	1.28	1.27	0.03
Kohat Cement Ltd	58,190	-	-	31,300	26,890	4,591	0.85	0.84	0.02
Lucky Cement Ltd	96,750	12,700	-	44,700	64,750	41,898	7.72	7.62	0.02
Maple Leaf Cement Factory Ltd	542,500	39,500	-	229,000	353,000	12,669	2.34	2.31	0.07
	860,440	590,700	-	420,000	1,031,140	92,789	17.11	16.88	
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Ltd	421,841	243,000	-	130,000	534,841	41,964	7.74	7.64	0.04
K-Electric Limited	1,237,000	850,000	-	1,370,000	717,000	3,019	0.56	0.55	0.00
	1,658,841	1,093,000	-	1,500,000	1,251,841	44,982	8.30	8.19	
<b>ENGINEERING</b>									
International Industries Ltd	-	40,000	-	4,500	35,500	5,145	0.95	0.94	0.03
International Steels Limited	-	74,500	-	6,500	68,000	5,239	0.97	0.95	0.02
Mughal Iron & Steel Inds Ltd	137,000	17,000	-	68,500	85,500	5,496	1.01	1.00	0.03
	137,000	131,500	-	79,500	189,000	15,880	2.93	2.89	
<b>AUTOMOBILE ASSEMBLER</b>									
Honda Atlas Cars (Pakistan) Ltd	-	29,000	-	800	28,200	7,302	1.35	1.33	0.02
Millat Tractors Ltd	-	6,600	-	-	6,600	5,711	1.05	1.04	0.01
Pak Suzuki Motor Company Limited	-	35,000	-	35,000	-	-	-	-	-
	-	70,600	-	35,800	34,800	13,013	2.40	2.37	
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Elektron Ltd	-	167,000	-	167,000	-	-	-	-	-
Waves Singer Pakistan Limited	-	309,500	-	45,500	264,000	6,909	1.27	1.26	0.01
	-	476,500	-	212,500	264,000	6,909	1.27	1.27	
<b>TRANSPORT</b>									
Pakistan National Shipping Corp Ltd	42,500	-	-	9,500	33,000	3,003	0.55	0.55	0.02
	42,500	-	-	9,500	33,000	3,003	0.55	0.56	
<b>PHARMACEUTICALS</b>									
AGP Limited	101,250	12,000	-	90,500	22,750	2,480	0.46	0.45	0.00
GlaxoSmithKline Pakistan Ltd	63,400	-	-	55,100	8,300	1,524	0.28	0.28	0.00
Hignnoon Laboratories Limited	31,855	1,400	-	9,900	23,355	14,340	2.64	2.61	0.00
The Searle Company Ltd	53,224	800	-	34,100	19,924	5,107	0.94	0.93	0.01
	249,729	14,200	-	189,600	74,329	23,451	4.32	4.27	
<b>Vanaspati &amp; Allied Industries</b>									
Unity Foods Limited	-	2,000,000	-	2,000,000	-	-	-	-	-
	-	2,000,000	-	2,000,000	-	-	-	-	-



Name of the Investee Company	As at July 01, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2020	Market value as at September 30, 2020 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- Number of shares -----					----- % -----			
<b>FOOD &amp; ALLIED INDUSTRIES</b>									
The Organic Meat Company Limited	-	909,850	-	-	909,850	26,768	4.93	4.87	0.08
	-	909,850	-	-	909,850	26,768	4.93	4.87	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Ltd	39,259	2,000	-	14,160	27,099	37,113	6.84	6.75	0.02
Oil & Gas Development Co Ltd	467,400	56,000	-	245,800	277,600	28,759	5.30	5.23	0.01
Pakistan Oilfields Ltd	30,800	8,000	-	3,000	35,800	15,084	2.78	2.74	0.02
Pakistan Petroleum Ltd	326,886	294,000	-	179,500	441,386	40,634	7.49	7.39	0.02
	864,345	360,000	-	442,460	781,885	121,590	22.41	22.12	
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Pakistan State Oil Company Ltd	132,496	47,500	-	64,400	115,596	23,142	4.27	4.21	0.04
Sui Northern Gas Pipeline Ltd	247,300	61,500	-	118,000	190,800	11,793	2.17	2.15	0.03
	379,796	109,000	-	182,400	306,396	34,936	6.44	6.36	
<b>REFINERY</b>									
Attock Refinery Ltd	-	54,500	-	35,000	19,500	2,720	0.50	0.49	0.02
National Refinery Ltd	-	72,800	-	15,000	57,800	10,055	1.85	1.83	0.07
Pakistan Refinery Limited	-	160,000	-	160,000	-	-	-	-	-
	-	287,300	-	210,000	77,300	12,775	2.35	2.32	
<b>COMMERCIAL BANKS</b>									
BankIslami Pakistan Limited	1,069,500	122,000	-	810,000	381,500	3,933	0.73	0.72	0.07
Meezan Bank Ltd	200,240	35,000	12,324	112,000	135,564	11,145	2.05	2.03	0.01
	1,269,740	157,000	12,324	922,000	517,064	15,078	2.78	2.74	
<b>FERTILIZER</b>									
Engro Corporation Ltd	150,093	59,500	-	89,900	119,693	36,031	6.64	6.56	0.02
Engro Fertilizers Limited	94,000	80,000	-	174,000	-	-	-	-	-
Fauji Fertilizer Co Ltd	103,900	3,000	-	106,900	-	-	-	-	-
	347,993	142,500	-	370,800	119,693	36,031	6.64	6.56	
<b>CHEMICAL</b>									
Engro Polymer & Chemicals Ltd	284,566	47,000	-	181,000	150,566	6,062	1.12	1.10	0.02
ICI Pakistan Ltd	33,800	3,500	-	11,600	25,700	18,596	3.43	3.38	0.03
Sitara Chemical Industries Limited	31,400	10,200	-	16,100	25,500	8,202	1.51	1.49	0.12
Sitara Peroxide Limited	251,000	63,000	-	314,000	-	-	-	-	-
	600,766	123,700	-	522,700	201,766	32,860	6.06	5.98	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Thal Limited	42,450	600	-	14,500	28,550	12,000	2.21	2.18	0.04
	42,450	600	-	14,500	28,550	12,000	2.21	2.18	
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Avanceon Limited	-	104,500	-	-	104,500	7,024	1.29	1.28	0.05
Systems Limited	123,000	-	-	81,600	41,400	11,262	2.08	2.05	0.04
	123,000	104,500	-	81,600	145,900	18,287	3.37	3.33	
<b>Grand total</b>	<b>6,958,450</b>	<b>6,743,450</b>	<b>12,324</b>	<b>7,330,960</b>	<b>6,383,264</b>	<b>542,473</b>	<b>100</b>	<b>98.73</b>	
<b>Cost of investments at September 30, 2020</b>						<b>498,102</b>			

**5.1.1** Investments include shares having market value aggregating to Rs. 72.2177 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

**5.1.2** These includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.6384 million at September 30, 2020 (June 30, 2020: Rs. 0.498 million ) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

	(Un-Audited) September 30, 2020	(Audited) June 30, 2020
Note	----- (Rupees in '000) -----	
<b>6. PAYABLE TO THE MANAGEMENT COMPANY</b>		
Management fee	990	909
Sindh Sales Tax on Management Company's remuneration	129	118
Sales load payable	75	105
Selling and marketing payable	1,403	1,217
Allocation of expenses related to registrar services, accounting, operation and valuation services	272	250
	<u>2,868</u>	<u>2,598</u>

	(Un-Audited) September 30, 2020	(Audited) June 30, 2020
Note	----- (Rupees in '000) -----	
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Federal Excise Duty	7.1 6,785	6,785
Provision for Sindh Workers' Welfare Fund	7.2 7,760	6,431
Charity payable	7.3 1,603	1,524
Withholding tax payable	600	173
Auditors' remuneration	370	276
Payable to brokers	698	235
Other payables	82	173
	<u>17,898</u>	<u>15,597</u>

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

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 6.785 million. Had the provision not been retained, NAV per unit of the Fund as at September 30, 2020 would have been higher by Rs. 1.3295 per unit (June 30, 2020: 1.145 per unit).

- 7.2** The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 12.3 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

As there is loss for the half year ended December 31, 2018, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at September 30, 2020 would have been higher by Rs. 1.5206 per unit (June 30, 2020: 1.0853 per unit).

- 7.3** This represents amount attributable to income earned from shariah non-compliant avenues, earmarked for onward distribution as charity in accordance with the instructions of the Shariah Advisor.

## **8. TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2020 to its unit holders.

## **9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

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

Details of significant transactions with connected persons during the period / year and balances with them at period / year end, if not disclosed elsewhere in this condensed interim financial information are as follows:

		For the three months ended	
		September 30,	
		2020	2019
		----- (Rupees in '000) -----	
<b>9.1</b>	<b>Transactions during the period</b>		
	<b>HBL Asset Management Limited - Management Company</b>		
	Management fee including sales tax thereon	3,020	2,917
	Allocation of expenses related to registrar services, accounting, operation and valuation services	735	510
	Selling and marketing expenses	1,403	1,021
	<b>Habib Bank Limited - Sponsor</b>		
	Bank charges paid	38	7
	Bank profit	172	111
	<b>Executives and their relatives</b>		
	Issue of 40,807 units (2019: 54 units)	4,336	5
	Redemption 41,002 units (2019: 39,919 units)	4,355	3,376
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Remuneration	302	321
	Central Depository services charges	91	15
	<b>HBL Islamic Financial Planning Fund Active Allocation Plan - Associate</b>		
	Redemption 28,059 units (2019: 110,451 units)	3,087	9,621
	<b>IGI LIFE INSURANCE-TAF - Connected Party due to more than 10%</b>		
	Issue of 581,062 units (2019: 6,980 units)	62,761	-
		(Un-Audited)	(Audited)
		September 30,	June 30,
		2020	2020
		----- (Rupees in '000) -----	
<b>9.2</b>	<b>Balances outstanding as at period / year end</b>		
	<b>HBL Asset Management Limited - Management Company</b>		
	Management fee	990	909
	Sindh Sales Tax on Management Company's remuneration	129	118
	Sales load payable	75	116
	Selling and marketing payable	1,403	1,217
	Allocation of expenses related to registrar services, accounting, operation and valuation services	272	250

	(Un-Audited) September 30, 2020	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund 2,539,414 units (June 30, 2020: 2,539,414 units)	273,475	237,838
Bank balances	19,811	14,029
Profit receivable	72	76
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable including sales tax thereon	112	103
Security deposit	100	100
<b>Executives and their relatives</b>		
Investment held in the Fund: 5,746 units (June 30, 2020: 5,941 units)	619	556
<b>HBL Islamic Financial Planning Fund Active Allocation Plan - Associate</b>		
Investment held in the Fund: 160,936 units (June 30, 2020: 188,994 units)	17,332	17,701
<b>IGI LIFE INSURANCE-TAF - Connected Party due to more than 10%</b>		
Investment held in the Fund: 581,062 units (June 30, 2020: Nil units)	62,576	-

## 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		September 30, 2020								
		Carrying amount				Fair Value				
		Available-for-sale	Held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----								
<b>Financial assets measured at fair value</b>										
Investments										
	- Listed equity securities	5	542,473	-	-	542,473	542,473	-	-	542,473
<b>Financial assets not measured at fair value</b>		10.1								
	Bank balances	-	-	22,925	-	22,925	-	-	-	-
	Dividend and profit receivable	-	-	2,069	-	2,069	-	-	-	-
	Receivable against sale of investment	-	-	-	-	-	-	-	-	-
	Other receivables	-	-	3,541	-	3,541	-	-	-	-
		-	-	28,535	-	28,535	-	-	-	-
<b>Financial liabilities not measured at fair value</b>		10.1								
	Payable to the Management Company	-	-	-	2,868	2,868	-	-	-	-
	Payable to Securities and Exchange Commission of Pakistan	-	-	-	27	27	-	-	-	-
	Payable to the Trustee	-	-	-	112	112	-	-	-	-
	Accrued expenses and other liabilities	-	-	-	2,753	2,753	-	-	-	-
		-	-	-	5,760	5,760	-	-	-	-
		June 30, 2020								
		Carrying amount				Fair Value				
		Available-for-sale	Held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----								
<b>Financial assets measured at fair value</b>		10.1								
Investments										
	- Listed equity securities		538,096	-	-	538,096	1,389,046	-	-	1,389,046
			538,096	-	-	538,096	1,389,046	-	-	1,389,046
<b>Financial assets not measured at fair value</b>		10.1								
	Bank balances	-	-	34,972	-	34,972	-	-	-	-
	Dividend and profit receivable	-	-	457	-	457	-	-	-	-
	Receivable against sale of investment	-	-	-	-	-	-	-	-	-
	Other receivables	-	-	3,521	-	3,521	-	-	-	-
		-	-	38,950	-	38,950	-	-	-	-
<b>Financial liabilities not measured at fair value</b>										
	Payable to the Management Company	-	-	-	2,598	2,598	-	-	-	-
	Payable to Securities and Exchange Commission of Pakistan	-	-	-	116	116	-	-	-	-
	Payable to the Trustee	-	-	-	103	103	-	-	-	-
	Accrued expenses and other liabilities	-	-	-	15,597	15,597	-	-	-	-
		-	-	-	18,413	18,413	-	-	-	-

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

**10.2 Transfers during the period**

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

**11. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the three months ended September 30, 2020 is 1.58% (September 30, 2020: 0.87%), which includes 0.33% (September 30, 2020: 0.10%) representing government levy, Workers' Welfare Fund and SECP fee.

**12 DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 29, 2020 .

**13. GENERAL**

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

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

**13.3** This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures presented in condensed interim income statement and statement of comprehensive income for the quarter ended March 31, 2020 have not been reviewed.

**13.4** In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2020 due to 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 and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

While the initial outbreak of the Covid-19 in Pakistan has receded significantly and as a result we have witnessed a rebound in mobility and economic activities to pre-covid levels, a second wave of virus can not be ruled out.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Islamic Income Fund**



## FUND INFORMATION

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Name of Fund	HBL Islamic Income Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Bank Islami Pakistan Limited Bank Al Baraka Limited Faysal Bank Limited Habib Bank Limited Dubai Islamic Bank Limited Askari Bank Limited Bank Al-Habib Limited Soneri Bank Limited Summit Bank Limited MCB Islamic Bank Limited

**HBL Islamic Income Fund**  
**Condensed Interim Statement Of Assets And Liabilities (Unaudited)**  
*AS AT September 30, 2020*

	Note	(Unaudited) September 30, 2020 (Rupees in 000's)	(Audited) June 30, 2020
<b>ASSETS</b>			
Bank balances	4	912,724	827,655
Investments	5	502,876	588,517
Profit receivable		19,396	29,616
Deposits and prepayments and Others		7,789	7,828
<b>Total assets</b>		<b>1,442,786</b>	<b>1,453,616</b>
<b>LIABILITIES</b>			
Payable to the Management Company	6	2,783	2,863
Payable to the Trustee		96	104
Annual fee payable to Securities and Exchange Commission of Pakistan		81	328
Redemption Payable		32,293	1,495
Dividend payable		257	257
Accrued expenses and other liabilities	8	18,161	30,947
<b>Total liabilities</b>		<b>53,672</b>	<b>35,994</b>
<b>NET ASSETS</b>		<b>1,389,114</b>	<b>1,417,621</b>
<b>UNIT HOLDERS' FUND</b>		<b>1,389,114</b>	<b>1,417,621</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	<b>(Number of units)</b>	
Number of units in issue		13,516,680	13,962,587
		<b>(Rupees)</b>	
Net assets value per unit		102.7704	101.5299

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

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

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

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

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

**HBL Islamic Income Fund**  
**Condensed Interim Income Statement And Comprehensive Income (Unaudited)**  
*For The Three Months Ended September 30, 2020*

		Quarter ended September 30,	
	Note	2020	2019
		(Rupees in '000')	
<b>INCOME</b>			
Capital loss on sale of investments - net		-	(212)
Profit from bank deposits		17,858	30,621
Profit from Sukuks		10,800	25,631
Profit from GOP		409	.
Profit from TDRs		483	1,158
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		(2,016)	272
		<u>27,534</u>	<u>57,470</u>
<b>EXPENSES</b>			
Remuneration to the Management Company		5,615	3,775
Sindh Sales Tax on remuneration of management company on management fee		730	491
Remuneration to the Trustee		344	347
Annual fee to Securities and Exchange Commission of Pakistan		81	82
Fund operations, accounting and related costs	7	405	823
Shahriah Advisory Charges		54	54
Amortisation of preliminary expenses and floatation costs		-	-
Auditors' remuneration		59	59
Fees and subscription		92	92
Securities transactionm, settlement and bank charges		41	92
Printing charges		-	-
Selling and Marketing expenses	6.4	811	2,473
		<u>8,232</u>	<u>8,288</u>
Net income from operating activities		19,302	49,182
Provision for Sindh Workers' Welfare Fund	8.1	(386)	(984)
Net income for the period before taxation		<u>18,916</u>	<u>48,198</u>
Taxation	10	-	-
Net income for the period after taxation		<u>18,916</u>	<u>48,198</u>
<b>Allocation of net income for the period:</b>			
Income already paid on redemption of units		3,225	12,221
Accounting income available for distribution:			
-Relating to capital gains		-	58
-Excluding capital gains		15,691	35,919
		<u>15,691</u>	<u>35,977</u>
<b>Net income / (loss) for the period after taxation</b>		<u>18,916</u>	<u>48,198</u>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<u>18,916</u>	<u>48,198</u>
<b>Earnings per unit</b>	11		

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

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

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

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

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

**HBL Islamic Income Fund**  
**Condensed Interim Statement Of Movement In Unit Holders' Fund**  
*For The Three Months Ended September 30, 2020*

	2020			2019		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
-----Rupees in '000'-----						
<b>Net assets at beginning of the period</b>	1,363,270	54,350	1,417,621	1,363,580	54,041	1,417,621
Issuance of 12,921 units (2017: 8,849,950 units)						
- Capital value (at net asset value per unit at the beginning of the period)	882,155	-	882,155	1,101,638	-	1,101,638
- Element of loss	(166,981)	-	(166,981)	18,915	-	18,915
Total proceeds on issuance of units	715,174	-	715,174	1,120,553	-	1,120,553
Redemption of 3,989,754 units (2017: 5,060,194 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(927,428)	-	(927,428)	(2,461,180)	-	(2,461,180)
- Amount relating to element of loss		(3,225)	(3,225)		(12,221)	(12,221)
Relating to net loss for the period after taxation	168,056	-	168,056	(821)	-	(821)
Total payments on redemption of units	(759,372)	(3,225)	(762,597)	(2,462,001)	-	(2,474,222)
Total comprehensive income for the period	-	18,916	18,916	-	48,198	48,198
Refund of Capital	-	-	-	-	-	-
Distribution for the period	-	-	-	-	-	-
Total comprehensive income for the period less distribution	-	18,916	18,916	-	48,198	48,198
<b>Net assets at end of the period</b>	<b>1,319,072</b>	<b>70,041</b>	<b>1,389,114</b>	<b>22,132</b>	<b>102,239</b>	<b>112,151</b>
<b>Undistributed income brought forward</b>						
- Realised		60,263			66,198	
- Unrealised		(5,913)			(12,157)	
		54,350			54,041	
Accounting income / (loss) for the period		18,916			48,198	
Distribution during the period		-			-	
<b>Undistributed income carried forward</b>		<b>73,266</b>			<b>102,239</b>	
<b>Undistributed income carried forward</b>						
- Realised		75,282			101,967	
- Unrealised		(2,016)			272	
		73,266			102,239	
<b>Net assets value per unit at beginning of the period</b>			<b>101.5299</b>			<b>101.5299</b>
<b>Net assets value per unit at end of the period</b>			<b>102.7704</b>			<b>104.6018</b>

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

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

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

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

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

**HBL Islamic Income Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For The Three Months Ended September 30, 2020*

	Quarter ended September 30,	
	2020	2019
	(Rupees in '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	18,916	48,198
<b>Adjustments for non cash charges and other items:</b>		
Amortisation of deferred formation cost	-	-
Capital loss on sale of investments - net	-	212
Unrealize appreciation on re-measurement of investments classified as 'financial assets at fair value through profit of loss' - net	2,016	(272)
	2,016	(60)
<b>(Increase) / decrease in assets</b>		
Investments - net	83,625	(233,809)
Profit receivable	10,220	(1,405)
Deposits and prepayments	39	70
	93,884	(235,144)
<b>Increase / (Decrease) in liabilities</b>		
Payable to the Management Company	(80)	2,677
Payable to the Trustee	(8)	18
Annual fee payable to Securities and Exchange Commission of Pakistan	(247)	(246)
Redemption Payable	30,798	343
Dividend payable	-	(224)
Accrued expenses and other liabilities	(12,786)	(15,767)
	17,677	(13,199)
Net cash (used in) / generated from operating activities	132,493	(200,205)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issuance of units	715,174	1,120,553
Cash paid on redemption of units	(762,597)	(2,472,926)
Dividend paid	-	-
Net cash used in financing activities	(47,423)	(1,352,373)
Net decrease in cash and cash equivalents	85,070	(1,552,578)
Cash and cash equivalents at the beginning of the period	827,655	827,655
Cash and cash equivalents at the end of the period	912,724	(724,922)

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

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

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

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

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

# **HBL Islamic Income Fund**

## **Notes To The Condensed Interim Financial Statements (Unaudited)**

### ***For The Three Months Ended September 30, 2020***

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

The HBL Islamic Income Fund (the Fund) was established under a trust deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PIIF/949/2014 dated April 4, 2014 and the trust deed was executed on February 20, 2014.

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

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

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

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

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

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

#### **2 BASIS OF PREPARATION**

##### **2.1 STATEMENT OF COMPLIANCE**

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

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2020.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2020.

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## 2.2 Basis of measurement

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

## 2.3 Functional and presentation currency

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

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

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2020.

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2020.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2020. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2020.

		September 30, 2020 (Un-Audited)	June 30, 2020 (Audited)
<b>4</b>	<b>BANK BALANCES</b>	<b>Note</b>	<b>(Rupees in '000)</b>
	In savings accounts	898,957	800,624
	In current accounts	4.1 13,766	27,031
		<u>912,724</u>	<u>827,655</u>
4.1	Mark-up rates on these accounts range between 6.04% to 7.74% per annum (June 30, 2020: 7.50% to 13.50% per annum).		
<b>5</b>	<b>INVESTMENTS</b>	<b>Note</b>	<b>(Rupees in '000)</b>
	Financial Assets at fair value through profit & loss:		
	Corporate Sukuk	5.1 452,911	463,517
	At amortized cost		
	GOP Ijara Sukuk	49,965	
	Term deposit certificates	5.2 -	125,000
		<u>502,876</u>	<u>588,517</u>

## 5.1 Corporate Sukuks:

Entity	Long Term Rating	Number of Units			Market value	Market value as a percentage of net assets	Market value as a percentage of total investments	
		As at July 1, 2020	Purchases during the period	Sales / matured during the year				As at September 30, 2020
		No. of Certificates			Rupees in '000'	%		
<b>Corporate Sukuks</b>								
Ghani Gases Sukuk		1,530	-	-	1,530	66,843	4.81%	13.29%
AGP Limited Sukuk (6.1.2)		992	-	-	992	35,009	2.52%	6.96%
Dubai Islamic Bank (Sukuk) (6.1.2)		54	-	-	54	55,360	3.99%	11.01%
International Brand Ltd		1,100	-	-	1,100	78,660	5.66%	15.64%
DAWOOD HERCULES CORP. LTD. (16-11-2017)		751	-	-	751	25,315	1.82%	5.03%
DAWOOD HERCULES CORP. LTD. (01-03-2018)		450	-	-	450	24,815	1.79%	4.93%
Agha Steel		95	-	-	95	90,859	6.54%	18.07%
Hub Power Company Limited190320			350		350	36,050	2.60%	7.17%
Hub Power Company Limited190520			400		400	40,000	2.88%	7.95%
<b>Total - September 30, 2020</b>		<b>4,972</b>	<b>750</b>	<b>-</b>	<b>5,722</b>	<b>452,911</b>	<b>32.60%</b>	<b>90.06%</b>
<b>Cost of investment - September 30, 2020</b>						<b>1,592,517</b>		

5.1.1 These Sukuk carry semi annual mark-up at the rate of 7.20% to 9.31% per annum. (June 30, 2020: semi annual mark-up at the rate of 9.14% to 14.93% per annum) respectively.

5.1.2 This include Rs. 1,306 million (2019: 1,588) recievable from Dawood Hercules Coporate Limited which is a related party due to common directorship.

6	PAYABLE TO MANAGEMENT COMPANY	Note	September 30,	June 30,
			2020 (Un-Audited)	2020 (Audited)
			(Rupees in '000)	
	Management fee	6.1	1,577	1,409
	Sindh Sales Tax	6.2	205	505
	Sales load payable		76	38
	Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	114	122
	Selling and Marketing expenses	6.4	811	789
			<u>2,783</u>	<u>2,863</u>

6.1 As per the offering document of the Fund, the Management Company may charge a fee at the rate of 10% of the gross earning of the scheme, calculated on a daily basis subject to a cap of 1.5% and a floor of 1% of the average daily net asset of the scheme. The Management Company has revised the fee to be charged at the rate of 1.3850% of the average daily net assets of the fund. The fee is payable monthly in arrears.

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

6.3 As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to "registrar services, accounting, operation and valuation services related to , Collective Investment Scheme". During the period the Management Company has charged aforementioned expense to the extent of 0.1% of the average daily net assets of the Fund.

6.4 As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to "selling and marketing expenses" to Collective Investment Scheme subject to certain conditions. During the period the Management Company has charged aforementioned expense to the extent of 0.1% of the average daily net assets of the Fund effective from July 8, 2019 till August 31, 2019.



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## 7 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a money market scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019 the rate of is reduced from 0.075% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears.

		<b>September 30, 2020 (Un-Audited)</b>	June 30, 2020 (Audited)
	<i>Note</i>	<b>(Rupees in '000)</b>	
<b>8 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	8.1	15,695	15,309
Provision for Federal Excise Duty	8.2	1,344	1,344
Payable to brokers		49	49
Withholding tax payable		290	13,542
Auditors' remuneration		227	168
Printing Charges		217	217
Others		339	318
		18,161	30,947
<b>8.1 PROVISION FOR SINDH WORKERS' WELFARE FUND</b>			

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

As there is loss for the half year ended September 30, 2020, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2020 would be higher by Re. 0.1.1612 (June 30, 2020 Re. 1.0964) per unit.

## 8.2 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020, and the appeal filed by tax authorities against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.344 million. Had the provision not been retained, NAV per unit of the Fund as at September 30, 2020 would have been higher by Re. 0.0994 (June 30, 2020: Re. 0.0963 ) per unit.

## 9 CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2020 and June 30, 2020.

## 10 TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the

capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 11 EARNINGS PER UNIT

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

## 12 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the three months ended September 30, 2020 is 0.54% which includes 0.08% representing government levy and SECP fee.

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

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

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

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

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

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

	<b>September 30, 2020 (Un-Audited)</b>	<b>June 30, 2020 (Audited)</b>
	<b>(Rupees in '000)</b>	
<b>13.1 Balance as at September 30, 2020</b>		
<b>HBL Asset Management Company Limited</b>		
Management fee payable	1,577	1,409
Sindh Sales Tax	205	505
Sales load payable	76	38
Allocation of expenses related to registrar services, accounting operation and valuation services	114	122
Selling & Marketing Expense	811	789
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee Fee payable	-	104
Security deposit	96	100

	<b>September 30, 2020 (Un-Audited)</b>	<b>June 30, 2020 (Audited)</b>
	<b>(Rupees in '000)</b>	
<b>Habib Bank Limited-Sponsor</b>		
Units held : Nil (June 30, 2020: Nil units)	-	-
Bank balances	<u>564,790</u>	<u>30,805</u>
<b>HBL Asset Management Limited Employees Gratuity Fund</b>		
Units held : 5,137 units (June 30, 2020: 5,137 units)	<u>528</u>	<u>522</u>
<b>HBL Asset Management Limited Employees Provident Fund</b>		
Units held 27, 619 units (June 30, 2020: 27,619 units)	<u>2,838</u>	<u>2,804</u>
<b>Directors and executives of the Management Company</b>		
Units held 17,655 units (June 30, 2020: 5,989 units)	<u>1,814</u>	<u>608</u>
<b>HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management</b>		
Units held : Nil (June 30, 2020: Nil) units	<u>-</u>	<u>-</u>
<b>HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management</b>		
Units held : 437,047 (June 30 2020: 467,209) units	<u>44,915</u>	<u>47,436</u>
<b>HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management</b>		
Units held : 22,628 (June 30, 2020: 52,179) units	<u>2,325</u>	<u>5,298</u>
<b>DEWAN PETROLEUM (PVT)LTD</b>		
Units held : 3,073,207 (2020: 3,073,207) units	<u>315,834</u>	<u>312,022</u>
<b>Archroma Pakistan limited Employees Gratuity Fund Associated company due to common Directorship</b>		
Units held: Nil (2020: 695,019)	<u>-</u>	<u>70,565</u>
<b>Dawood Hercules Corporation Limited Associated company due to common Directorship</b>		
Investment in Corporate Sukuk Bonds:		
Nil (2020: 707) certificates	<u>-</u>	<u>53,748</u>
Profit receivable on Corporate Sukuk Bonds	<u>-</u>	<u>451</u>

Transactions during the year	(Unaudited)	(Unaudited)
	2020	2019
	Quarter ended September 30,	
	(Rupees in '000)	
<b>HBL Asset Management Company Limited</b>		
Remuneration of the Management Company for the period	5,615	3,775
Sindh Sales tax on remuneration of the Management Company	730	491
Issuance of Nil units (2019: Nil) units	-	-
Redemption of Nil units (2019: Nil) units	-	-
<b>Habib Bank Limited - Sponsors</b>		
Profit on bank deposits	5,127	5,550
Bank charges paid	27	52
Refund of capital	-	-
Dividend paid	-	-
Issuance of Nil units (2019: Nil units)	-	-
<b>Central Depository Company of Pakistan Limited-Trustee</b>		
Trustee fee	344	347
CDS charges	3	3
<b>Directors and executives of the Management Company</b>		
Issue of 21,094 units (2019: 34,701 units)	2,148	3,571
Redemption of 10,522 units (2019: 51,643 units)	1,077	5,289
Dividend paid	-	-
Refund of capital	-	-
<b>HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management</b>		
Issue of Nil units (2019: 42,054 units)	-	4,300
Redemption of Nil (2019: 20,850) units	-	2,124,027
Refund of capital	-	-
Dividend paid	-	-
<b>HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management</b>		
Investment of Nil (2019: 120,316) units	-	12,477
Redemption of 30,162 (2019: 278,832) units	3,087	28,666
Refund of capital	-	-
Dividend paid	-	-
<b>HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management</b>		
Investment of 59,200 (2019: Nil) units	6,036	-
Redemption of 88,625 (2019: 19,978) units	9,030	2,065
Refund of capital	-	-
Dividend paid	-	-

	(Unaudited) 2020	(Unaudited) Quarter ended September 30, 2019
	(Rupees in '000)	
<b>DEWAN PETROLEUM (PVT) LTD</b>		
Investment of Nil (2019: 2,820,979) units	-	290,000
<b>SOORTY ENTERPRISES (PVT) LTD</b>		
Investment of 6,392,988 (2019: 3,875,492) units	650,000	400,000
Redemption of 4,904,548 (2019: Nil) units	500,000	-

#### 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

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

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

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

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

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

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

Note	September 30, 2020								
	Carrying amount				Fair Value				
	Fair value through profit and loss	At amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
<b>On-balance sheet financial instruments</b> ----- (Rupees in '000) -----									
<b>Financial assets measured at fair value</b>									
Investments									
- Corporate Sukuk	6	452,911	-	-	452,911	-	452,911	-	452,911
		<u>452,911</u>	<u>-</u>	<u>-</u>	<u>452,911</u>	<u>-</u>	<u>452,911</u>	<u>-</u>	<u>452,911</u>
<b>Financial assets not measured at fair value</b>									
Bank balances		-	912,724	-	912,724	-	-	-	-
Profit receivable		-	19,396	-	19,396	-	-	-	-
Deposits		-	7,789	-	7,789	-	-	-	-
		<u>-</u>	<u>932,120</u>	<u>-</u>	<u>932,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Payable to the Management Company		-	-	2,783	2,783	-	-	-	-
Payable to the Trustee		-	-	96	96	-	-	-	-
Accrued expenses and other liabilities		-	-	832	832	-	-	-	-
		<u>-</u>	<u>-</u>	<u>3,711</u>	<u>3,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note	June 30, 2020								
	Carrying amount				Fair Value				
	Fair value through profit and loss	At amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
<b>On-balance sheet financial instruments</b> ----- (Rupees in '000) -----									
<b>Financial assets measured at fair value</b>									
Investments									
- Corporate Sukuk	6	588,517	-	-	588,517	-	588,517	-	588,517
		<u>588,517</u>	<u>-</u>	<u>-</u>	<u>588,517</u>	<u>-</u>	<u>588,517</u>	<u>-</u>	<u>588,517</u>
<b>Financial assets not measured at fair value</b>									
Bank balances		-	827,655	-	827,655	-	-	-	-
Profit receivable		-	29,616	-	29,616	-	-	-	-
		<u>-</u>	<u>857,271</u>	<u>-</u>	<u>857,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Payable to the Management Company		-	-	2,863	2,863	-	-	-	-
Payable to the Trustee		-	-	104	104	-	-	-	-
Accrued expenses and other liabilities		-	-	30,947	30,947	-	-	-	-
		<u>-</u>	<u>-</u>	<u>33,914</u>	<u>33,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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**15 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on October 29, 2020 by the Board of Directors of the Management Company.

**16 GENERAL**

Figures have been rounded off to the nearest thousand Rupees.

**16.1** In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2020 due to 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 and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

While the initial outbreak of the Covid-19 in Pakistan has receded significantly and as a result we have witnessed a rebound in mobility and economic activities to pre-covid levels, a second wave of virus can not be ruled out.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Islamic Equity Fund**



## FUND INFORMATION

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Name of Fund	HBL Islamic Equity Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Bank Islami Pakistan Limited Bank Al Baraka Limited MCB Bank Limited Faisal Bank Limited Habib Bank Limited

**HBL Islamic Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2020*

	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
Note	(Rupees in '000)	
<b>Assets</b>		
Bank balances	4 29,915	10,190
Investments	5 311,751	227,483
Dividend and profit receivable	1,718	698
Receivable against sale of investments	-	5
Deposits and prepayments	4,163	3,001
<b>Total assets</b>	<b>347,548</b>	<b>241,377</b>
<b>Liabilities</b>		
Payable to Management Company	6 1,280	955
Payable to the Trustee	62	43
Payable to the Securities and Exchange Commission of Pakistan	7 16	72
Payable against purchase of investments	13,568	-
Payable against redemption of units	2,581	2,804
Accrued expenses and other liabilities	8 9,849	8,917
<b>Total liabilities</b>	<b>27,355</b>	<b>12,791</b>
<b>Net assets</b>	<b>320,193</b>	<b>228,586</b>
<b>Unit holders' fund (as per statement attached)</b>	<b>320,193</b>	<b>228,586</b>
<b>Contingencies and commitments</b>		
	9	
	(Number of units)	
<b>Number of units in issue</b>	<b>3,581,947</b>	<b>2,946,835</b>
	(Rupees)	
<b>Net assets value per unit</b>	<b>89.3907</b>	<b>77.5699</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Islamic Equity Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the three months ended September 30, 2020*

		Quarter ended September 30,	
	Note	2020	2019
		(Rupees in '000')	
<b>INCOME</b>			
Capital (loss) / gain on sale of investments - net		18,100	(1,281)
Dividend income		932	2,605
Profit from bank deposits		291	728
Unrealize (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		23,389	(14,246)
		<u>42,713</u>	<u>(12,194)</u>
<b>EXPENSES</b>			
Remuneration to the Management Company		1,564	1,123
Sindh Sales Tax on remuneration of management company		203	146
Remuneration to the Trustee		177	139
Annual fee to Securities and Exchange Commission of Pakistan		16	12
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	126	220
Amortisation of preliminary expenses and floatation costs		-	-
Auditors' remuneration		58	59
Fees and subscription		7	7
Securities transaction and bank charges		801	344
Printing charges		-	-
Expense to Shariah Advisory Services		53	53
Selling and marketing expense	6.4	586	444
		<u>3,589</u>	<u>2,547</u>
<b>Net loss from operating activities</b>		<u>39,124</u>	<u>(14,742)</u>
Element of income and capital gains included in prices of units issued less those in units redeemed	4	-	-
Provision for Workers' Welfare Fund	8.1	(782)	-
<b>Net loss for the period before taxation</b>		<u>38,341</u>	<u>(14,742)</u>
Taxation	10	-	-
<b>Net loss for the period after taxation</b>		<u>38,341</u>	<u>(14,742)</u>
<b>Allocation of net loss for the period:</b>			
Income already paid on redemption of units		5,367	-
Accounting income available for distribution:			
-Relating to capital gains		32,974	-
-Excluding capital gains		-	-
		<u>32,974</u>	<u>-</u>
<b>Net loss for the period after taxation</b>		<u>38,341</u>	<u>(14,742)</u>
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<u><u>38,341</u></u>	<u><u>(14,742)</u></u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Islamic Equity Fund**  
**Condensed Interim Statement of Movement in Unitholders' Fund**  
*For the three months ended September 30, 2020*

	2020			2019		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
-----Rupees in '000'-----						
<b>Net assets at beginning of the period</b>	<b>421,843</b>	<b>(193,257)</b>	<b>228,586</b>	481,681	(216,217)	<b>228,586</b>
Issuance of 12,921 units (2017: 6,082,086 units)						
- Capital value (at net asset value per unit at the beginning of the period)	156,829	-	156,829	29,224	-	29,224
- Element of loss	20,055	-	20,055	(1,897)	-	(1,897)
Total proceeds on issuance of units	176,884	-	176,884	27,327	-	27,327
Redemption of 3,989,754 units (2017: 384,773 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(107,563)	-	(107,563)	(31,397)	-	(31,397)
- Amount relating to element of loss	(16,056)	-	(16,056)	2,205	-	2,205
Relating to net loss for the year after taxation	-	-	-	-	-	-
Total payments on redemption of units	(123,619)	-	(123,619)	(29,191)	-	(29,191)
Total comprehensive income for the year	-	38,341	38,341	-	(14,742)	(14,742)
Distribution for the year	-	-	-	-	-	-
Total comprehensive income for the year less distribution	-	38,341	38,341	-	(14,742)	(14,742)
<b>Net assets at end of the year</b>	<b>475,108</b>	<b>(154,916)</b>	<b>320,193</b>	479,816	(230,959)	211,980
<b>Undistributed income brought forward</b>						
- Realised		(189,059)			(172,109)	
- Unrealised		(4,198)			(44,108)	
		(193,257)			(216,217)	
Element of income and capital gains included in prices of units issued less those in units redeemed		-			-	
Accounting (loss) / income for the year		38,341			(14,742)	
Distribution during the year		-			-	
<b>Undistributed income carried forward</b>		<b>(154,916)</b>			<b>(230,959)</b>	
<b>Undistributed income carried forward</b>						
- Realised		(178,305)			(216,713)	
- Unrealised		23,389			(14,246)	
		(154,916)			(230,959)	
<b>Net assets value per unit at beginning of the year</b>			<b>77.5699</b>			<b>77.5699</b>
<b>Net assets value per unit at end of the year</b>			<b>89.3907</b>			<b>72.5698</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Islamic Equity Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the three months ended September 30, 2020*

	<b>Quarter ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Rupees in 000's)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	38,341	(14,742)
<b>Adjustments for non cash charges and other items:</b>		
Amortisation of deferred formation cost	-	-
Capital gain on sale of investments - net	(18,100)	1,281
Unrealize diminution/ (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(23,389)	14,246
	(41,489)	15,527
<b>Decrease / (increase) in assets</b>		
Investments - net	(42,779)	(18,703)
Dividend and profit receivable	(1,020)	(2,849)
Receivable from equity market settlement	5	5
Deposits and prepayments	(1,162)	38
Preliminary and floatation costs	-	-
	(44,956)	(21,509)
<b>(decrease) / Increase in liabilities</b>		
Payable to the Management Company	325	73
Payable to the Trustee	19	2
Annual fee payable to Securities and Exchange Commission of Pakistan	(56)	(60)
Payable against equity market settlement	13,568	837
Accrued expenses and other liabilities	932	(496)
	14,788	356
Net cash generated from / (used in) operating activities	(33,316)	(20,368)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issuance of units	176,884	27,327
Cash paid on redemption of units	(123,842)	(31,916)
Net cash used in / generated from financing activities	53,042	(4,589)
Net (decrease)/ increase in cash and cash equivalents	19,726	(24,957)
Cash and cash equivalents at the beginning of the period	10,190	10,190
Cash and cash equivalents at the end of the period	29,915	(14,766)

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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

# **HBL Islamic Equity Fund**

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

*For the three months ended September 30, 2020*

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

The HBL Islamic Equity Fund ("the Fund") was established under a Trust Deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PISF/965/2014 dated April 23, 2014 and the Trust Deed was executed on February 20, 2014.

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

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

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

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

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

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

### **2 BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

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

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2020.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2020.

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## 2.2 Basis of measurement

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

## 2.3 Functional and presentation currency

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

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

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2020.

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2020.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2020. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended September 30, 2020.

	September 30, 2020 (Un-Audited)	June 30, 2020 Audited
Note	(Rupees in '000)	
<b>4 BANK BALANCES</b>		
Current accounts	1,435	1,444
PLS deposit accounts under mark-up arrangements	4.1 28,480	8,746
	<u>29,915</u>	<u>10,190</u>

4.1 Mark-up rates on these accounts range between 8.00% to 5.75% p.a (June 30, 2020: 8.00% - 13.50% p.a).

**September 30, 2020**  
**(Un-Audited)**  
**September 30, 2020**  
**Audited**  
**Note** (Rupees in '000)

## 5 INVESTMENTS

### Financial assets 'at fair value through profit or loss' held for trading

- Listed equity securities

5.1 **311,751** 227,483

**311,751** **227,483**

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

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

Name of the Investee Company	Number of shares					Market value			Par value as a percentage of issued capital of the investee company
	As at July 1, 2020	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2020	As at September 30, 2020 (Rupees in)	As a percentage of total Investments	As a percentage of net Assets	
<b>TEXTILE COMPOSITE</b>									
Interloop Limited	77,750	-	-	12,000	65,750	4,409	1.41%	1.38%	1.65%
Kohinoor Textile Mills Ltd	-	85,500	-	-	85,500	4,626	1.48%	1.44%	
Nishat Mills Limited	57,500	27,000	-	20,000	64,500	6,519	2.09%	2.04%	0.03%
						<b>15,554</b>	<b>4.99%</b>	<b>4.85%</b>	
<b>CEMENT</b>									
Attock Cement Pakistan Ltd	-	18,000	-	-	18,000	2,748	0.88%	0.86%	1.65%
Cherat Cement Company Ltd.	51,000	-	-	29,500	21,500	2,510	0.81%	0.78%	1.65%
D G Khan Cement Co.Ltd.	13,500	108,500	-	29,000	93,000	9,589	3.08%	2.99%	1.65%
Fauji Cement Company Limited	-	196,000	-	-	196,000	3,896	1.25%	1.22%	1.65%
Kohat Cement Ltd	31,710	-	-	14,500	17,210	2,938	0.94%	0.92%	0.04%
Lucky Cement Limited	38,100	3,400	-	5,500	36,000	23,295	7.47%	7.28%	0.01%
Maple Leaf Cement Factory Ltd	333,000	-	-	81,500	251,500	9,026	-	-	-
						<b>54,002</b>	<b>14.43%</b>	<b>14.04%</b>	
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Ltd	171,987	159,500	-	38,500	292,987	22,988	7.37%	7.18%	0.02%
K-Electric Limited (par value is 3.5)	-	400,000	-	-	400,000	1,684	0.54%	0.53%	0.01%
						<b>24,672</b>	<b>7.91%</b>	<b>7.70%</b>	
<b>ENGINEERING</b>									
International Industries Ltd	12,400	20,000	-	12,000	20,400	2,957	0.95%	0.92%	0.02%
International Steels Limited	22,000	43,000	-	26,500	38,500	2,966			
Mughal Iron & Steel Inds Ltd	57,500	30,000	-	42,000	45,500	2,925			
						<b>8,848</b>	<b>0.95%</b>	<b>0.91%</b>	
<b>AUTOMOBILE ASSEMBLER</b>									
Honda Atlas Cars (Pakistan) Ltd	-	16,500	-	-	16,500	4,273	1.37%	1.33%	0.02%
Millat Tractors Ltd	-	4,000	-	-	4,000	3,461			
Pak Suzuki Motor Company Limited	-	7,500	-	7,500	-	-			
Sazgar Engineering Works Limited	75,000	21,000	-	96,000	-	-			
						<b>7,734</b>	<b>1.37%</b>	<b>1.32%</b>	
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Elektron Ltd	-	360,000	-	360,000	-	-	0.00%	0.00%	0.02%
Waves Singer Pakistan Limited	-	470,000	-	250,000	220,000	5,757			
						<b>5,757</b>	<b>0.00%</b>	<b>-0.01%</b>	
<b>PHARMACEUTICALS</b>									
AGP Limited	-	43,000	-	30,000	13,000	1,417	0.45%	0.44%	0.00%
GlaxoSmithKline Pakistan Ltd	55,700	-	-	46,300	9,400	1,726			
Hightnoon Laboratories Limited	19,950	-	-	4,700	15,250	9,364			
The Searle Company Limited	1,243	-	-	-	1,243	319	0.10%	0.10%	0.01%
						<b>12,826</b>	<b>0.56%</b>	<b>0.53%</b>	
<b>Vanaspati &amp; Allied Industries</b>									
Unity Foods Limited	470,000	500,000	-	970,000	-	-	0.00%	0.00%	0.02%
UNITY FOODS LIMITED-LOR	-	223,325	-	223,325	-	-	0.00%	0.00%	0.01%
						<b>-</b>	<b>0.00%</b>	<b>-0.01%</b>	
<b>FOOD &amp; ALLIED INDUSTRIES</b>									
The Organic Meat Company Limited	-	619,675	-	-	619,675	18,231	5.85%	5.69%	0.02%
						<b>18,231</b>	<b>5.85%</b>	<b>5.68%</b>	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	17,472	1,700	-	4,220	14,952	20,477	6.57%	6.40%	0.02%
Oil and Gas Development Company Limited	197,100	38,000	-	73,000	162,100	16,794	5.39%	5.24%	0.01%
Pakistan Oilfields Limited	12,900	20,000	-	12,000	20,900	8,806	2.82%	2.75%	0.01%
Pakistan Petroleum Limited	-	287,000	-	33,500	253,500	23,337	7.50%	7.29%	0.01%
						<b>69,414</b>	<b>22.28%</b>	<b>21.67%</b>	
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Pakistan State Oil Company Limited	60,928	20,500	-	14,000	67,428	13,499	4.33%	4.22%	0.02%
Sui Northern Gas Pipeline Limited	124,300	40,000	-	58,000	106,300	6,570	2.11%	2.05%	0.01%
						<b>20,069</b>	<b>6.44%</b>	<b>6.26%</b>	



Name of the Investee Company	Number of shares				As at September 30, 2020	Market value			Par value as a percentage of issued capital of the investee company
	As at July 1, 2020	Purchases during the period	Bonus / Rights issue	Sales during the period		As at September 30, 2020 (Rupees in)	As a percentage of total Investments	As a percentage of net Assets	
<b>REFINERY</b>									
Attock Refinery Ltd	-	25,000	-	14,000	11,000	1,534	0.49%	0.48%	0.02%
National Refinery Ltd	-	28,000	-	4,000	24,000	4,175			
Pakistan Refinery Limited	-	100,000	-	100,000	-	-	0.00%	0.00%	0.02%
						5,709	0.49%	0.47%	
<b>COMMERCIAL BANKS</b>									
BankIslami Pakistan Limited	437,000	45,000	-	260,000	222,000	2,289	0.73%	0.71%	0.02%
Meezan Bank Limited	85,175	-	6,317	22,000	69,492	5,713	1.83%	1.78%	0.02%
						8,002	2.57%	2.49%	
<b>FERTILIZER</b>									
Engro Corporation Limited	62,130	18,500	-	11,500	69,130	20,810	6.68%	6.50%	0.02%
Engro Fertilizers Limited	20,000	60,000	-	80,000	-	-	0.00%	0.00%	0.02%
Fauji Fertilizer Co Ltd	40,100	-	-	34,000	6,100	659	-	-	-
						21,469	6.68%	6.49%	
<b>CHEMICAL</b>									
Engro Polymer & Chemicals Limited	89,952	3,500	-	16,500	76,952	3,098	0.99%	0.97%	0.04%
ICI Pakistan Ltd	13,750	6,800	-	-	20,550	14,870	4.77%	4.64%	0.02%
Sitara Chemical Industries Limited	8,600	4,000	-	-	12,600	4,053			
Sitara Peroxide Limited	104,000	49,000	-	153,000	-	-	0.00%	0.00%	0.02%
						22,021	5.76%	5.60%	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Thal Limited (Par value Rs. 5)	12,950	5,600	-	7,000	11,550	4,855	1.56%	1.52%	0.04%
						4,855	1.56%	1.51%	
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Avanceon Limited	-	61,000	-	-	61,000	4,100	1.32%	1.28%	0.00%
Systems Limited	77,800	-	-	46,600	31,200	8,488	2.72%	2.65%	0.00%
						12,588	4.04%	3.92%	
<b>Total September 30, 2020</b>						<b>311,751</b>	<b>85.86%</b>	<b>83.42%</b>	
Carrying value as at September 30, 2019						<b>244,904</b>			

**5.2** The above investments include shares with market value aggregating to Rs 82.84 million (2020: Rs 72.42 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP, which are as follows:

These investments include gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 1.52 million (June 30, 2020 Rs. 1.12 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end. Moreover the requirement to deduct tax on bonus shares has been withdrawn through Finance Act, 2018.

6	PAYABLE TO MANAGEMENT COMPANY	Note	September 30, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Management fee	6.1	545	448
	Sindh Sales Tax	6.2	71	59
	Sales load payable		34	-
	Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	44	386
	Allocation of expenses related to Selling and Marketing,	6.4	586	22
			1,280	915

**6.1** Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. During the period the Management Company has charged aforementioned expense to the extent of 2% of the average daily net assets of the Fund.

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

**6.3** As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to “registrar services, accounting, operation and valuation services related to, Collective Investment Scheme”. During the period the Management Company has charged aforementioned expense to the extent of 0.1610% of the average daily net assets of the Fund.

**6.4** As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to “selling and marketing expenses” to Collective Investment Scheme subject to certain conditions. During the period the Management Company has charged aforementioned expense to the extent of 0.75% of the average daily net assets of the Fund.

**7** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a equity scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019 the rate of is reduced from 0.095% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears.

8	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited)
	Provision for Sindh Workers' Welfare Fund	8.1	4,654	3,194
	Provision for Federal Excise Duty	8.2	3,268	3,268
	Donation payable		1,069	1,359
	Payable to brokers		266	79
	Withholding tax payable		74	58
	Auditors' remuneration		224	169
	Printing Charges		153	195
	Others		141	30
			9,849	8,352

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## 8.1 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

As there is loss for the half year ended September 30, 2020, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2020 would be higher by Re. 1.29 (June 30, 2020 Re. 1.31) per unit.

## 8.2 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020, and the appeal filed by tax authorities against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating aggregating to Rs. 3.268 million (June 30, 2018: Rs. 3.268 million ). Had the provision not been made, the Net Asset Value per unit as at september 30, 2020 would have been higher by Re. 0.91 (June 30, 2020: Re. 1.11 ) per unit.

## 9 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at September 30, 2020 and June 30, 2020.

## 10 TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of net accounting income other than capital gains/loss to unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 11 EARNINGS PER UNIT

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

## 12 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the three months ended September 30, 2020 is 1.41% which includes 0.36% representing government levy and SECP fee.

## 13 TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

**13.1 Balance as at September 30, 2020**

	(Unaudited) September 30, 2020 (Rupees in '000)	(Audited) June 30, 2020
<b>HBL Asset Management Company Limited</b>		
Units held 397,141 (2020: Nil) units	35,501	37,139
Management fee payable	545	448
Sindh Sales tax on remuneration of the Management Company	71	58
Sales load payable	34	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	44	22
Allocation of expenses related to Selling and Marketing,	586	386
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee Fee payable	62	65
<b>Directors and executives of the Management Company</b>		
Units held 6,587 (2020: 1,300) units	589	485
<b>HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management</b>		
Units held Nil (2020: Nil) units	-	-
<b>HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management</b>		
Units held 373,142 (2020: 373,142) units	33,355	23,235
<b>HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management</b>		
Units held 6,338 (2020: 17,300) units	567	3,119
<b>MCB BANK LIMITED</b>		
Units held 916,259 (2020: 916,259) units	66,493	-
<b>Munira Aamir Vasi</b>		
Units held 531,947 (2020: 531,947) units	47,551	-
<b>Service Provident Fund Trust</b>		
Units held Nil (2020: 337,166) units	-	-

<b>Transactions during the year</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>Quarter ended</b>	<b>Quarter ended</b>
	<b>September 30,</b>	<b>September 30,</b>
	<b>2020</b>	<b>2019</b>
	<b>(Rupees in '000)</b>	
<b>HBL Asset Management Company Limited</b>		
Remuneration of the Management Company for the period	<u>1,564</u>	<u>6,086</u>
Sindh Sales tax on remuneration of the Management Company	<u>203</u>	<u>791</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>126</u>	<u>304</u>
Allocation of expenses related to Selling and Marketing, Sale load	<u>586</u>	<u>1,217</u>
Issue of 397,141 (2019: Nil) units	<u>-</u>	<u>-</u>
Redemption of Nil units (2019: Nil units)	<u>35,000</u>	<u>-</u>
	<u>-</u>	<u>2,500</u>
<b>Directors and executives of the Management Company</b>		
Redemption of 12,264 (2019: 3,270) units	<u>1,145</u>	<u>-</u>
Issue of 21,440 (2019: Nil) units	<u>1,996</u>	<u>-</u>
<b>HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management</b>		
Redemption of Nil (2019: Nil) units	<u>-</u>	<u>-</u>
<b>HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management</b>		
Investment of Nil (2019: Nil) units	<u>-</u>	<u>-</u>
<b>HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management</b>		
Investment of 16,758 (2019: 2,118) units	<u>1,464</u>	<u>193</u>
Redemption of 27,866 (2019: 1,104) units	<u>2,371</u>	<u>2,010</u>
<b>Central Depository Company of Pakistan Limited</b>		
Trustee fee	<u>177</u>	<u>625</u>
CDS charges	<u>9</u>	<u>32</u>

#### 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

		September 30, 2020							
		Carrying amount			Fair Value				
Note		Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
14.1	Investments								
	- Listed equity securities	311,751	-	-	311,751	311,751	-	-	311,751
		<b>311,751</b>	<b>-</b>	<b>-</b>	<b>311,751</b>	<b>311,751</b>	<b>-</b>	<b>-</b>	<b>311,751</b>
<b>Financial assets not measured at fair value</b>									
14.1	Bank balances	-	29,915	-	29,915	-	-	-	-
	Investments	-	-	-	-	-	-	-	-
	Dividend and profit receivable	-	1,718	-	1,718	-	-	-	-
	Deposits and prepayments	-	4,163	-	4,163	-	-	-	-
		<b>-</b>	<b>35,796</b>	<b>-</b>	<b>35,796</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>									
14.1	Payable to Management Company	-	-	1,280	1,280	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	62	62	-	-	-	-
	Payable against purchase of investments	-	-	13,568	13,568	-	-	-	-
	Accrued expenses and other liabilities	-	-	-	-	-	-	-	-
		<b>-</b>	<b>-</b>	<b>14,910</b>	<b>14,910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

		June 30, 2020							
		Carrying amount			Fair Value				
		Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
	14.1								
Investments									
- Listed equity securities									
		227,483	-	-	227,483	227,483	-	-	227,483
		227,483	-	-	227,483	227,483	-	-	227,483
<b>Financial assets not measured at fair value</b>									
	14.1				-				
Bank balances									
		-	10,190	-	10,190	-	-	-	-
Investments									
-Unlisted Equity Securities									
		-	-	-	-	-	-	-	-
Dividend and profit receivable									
		-	698	-	698	-	-	-	-
		-	10,888	-	10,888	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
	14.1								
Payable to Management Company									
		-	-	955	955	-	-	-	-
Payable to Trustee									
		-	-	43	43	-	-	-	-
Accrued expenses and other liabilities									
		-	-	-	-	-	-	-	-
		-	-	998	998	-	-	-	-

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**14.1** 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.

**15 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 29, 2020.

**16 CORRESPONDING FIGURES**

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

**17 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**17.1** In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2020 due to 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 and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

While the initial outbreak of the Covid-19 in Pakistan has receded significantly and as a result we have witnessed a rebound in mobility and economic activities to pre-covid levels, a second wave of virus can not be ruled out.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

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

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**Chief Financial Officer**

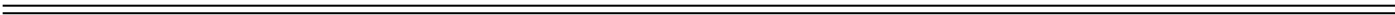
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**Chief Executive Officer**

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**Director**





**HBL**

**Islamic Financial Planning Fund**



## FUND INFORMATION

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Name of Fund	HBL Islamic Financial Planning Fund
Name of Auditor	KPMG Taseer Hadi & Co., Chartered Accountants
Name of Trustee	MCB Financial Services Limited (MCBFSL)
Name of Shariah Advisors	Al - Hilal Shariah Advisors (Pvt.) Limited
Bankers	Bank Islami Pakistan Limited Habib Bank Limited Dubai Islamic Bank Limited Bank Al Habib Limited

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2020*

Note	Sep 30, 2020 (Un-Audited)				June 30, 2020 (Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Capital Preservation Plan	Total
(Rupees in '000)									
<b>ASSETS</b>									
4	309	355	354,602	355,266	454	230	2,513	326,728	329,925
5	95,602	2,892	-	98,494	94,081	6,640	-	27,437	128,158
	2	2	1,563	1,567	3	1	1	1,740	1,745
		-	-	-		-	-	-	-
	29	9	-	38	34	9	-	160	203
	92	18	-	110	92	18	-	41	151
<b>TOTAL ASSETS</b>	<b>96,034</b>	<b>3,276</b>	<b>356,165</b>	<b>455,475</b>	<b>94,664</b>	<b>6,898</b>	<b>2,514</b>	<b>356,106</b>	<b>460,182</b>
<b>LIABILITIES</b>									
6	25	322	2,248	2,595	22	133	6	2,223	2,384
	8	0	29	38	8	1	1	29	39
	5	0	18	23	22	2	22	84	130
7	550	53	1,665	2,268	979	70	2,484	3,352	6,885
	-	-	76	76	66	-	-	650	716
<b>TOTAL LIABILITIES</b>	<b>588</b>	<b>375</b>	<b>4,036</b>	<b>5,000</b>	<b>1,097</b>	<b>206</b>	<b>2,514</b>	<b>6,337</b>	<b>10,154</b>
<b>NET ASSETS</b>	<b>95,446</b>	<b>2,901</b>	<b>352,128</b>	<b>450,475</b>	<b>93,567</b>	<b>6,692</b>	<b>-</b>	<b>349,769</b>	<b>450,028</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>									
	<b>95,446</b>	<b>2,901</b>	<b>352,128</b>	<b>450,375</b>	<b>93,567</b>	<b>6,692</b>	<b>-</b>	<b>349,769</b>	<b>450,028</b>
(Units)									
<b>NUMBER OF UNITS IN ISSUE</b>	<b>928,700</b>	<b>26,084</b>	<b>3,323,258</b>	<b>-</b>	<b>981,790</b>	<b>61,190</b>	<b>-</b>	<b>3,327,376</b>	<b>-</b>
(Rupees)									
<b>NET ASSETS VALUE PER UNIT</b>	<b>102.7738</b>	<b>111.2044</b>	<b>105.9588</b>		<b>95.3020</b>	<b>109.3637</b>	<b>-</b>	<b>105.1185</b>	

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

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

Chief Financial Officer

Chief Executive Officer

Director

# HBL Islamic Financial Planning Fund

## Condensed Interim Income Statement and Other Comprehensive Income (Un-Audited)

### For the three months ended September 30, 2020

Note	For the three months ended September 30, 2020				For the three months ended September 30, 2019					
	Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Capital Preservation Plan	Total	
(Rupees in '000)										
<b>Income</b>										
Mark-up on deposits with bank	4	13	4,758	4,775	15	3	70	9,829	9,917	
Capital gain / (loss) on sale of investment - net	483	147	2,853	3,483	546	(1)	9,269	(1,945)	7,869	
Unrealised (diminution) / appreciation on re-measurement of investments at fair value through profit or loss - held-for-trading - net	7,211	7	-	7,218	(973)	218	2,204	443	1,893	
Dividend Income	-	-	-	-	-	-	-	-	-	
Back end load	-	-	14	14	-	-	-	293	293	
	<b>7,698</b>	<b>167</b>	<b>7,624</b>	<b>15,490</b>	<b>(411)</b>	<b>220</b>	<b>11,543</b>	<b>8,621</b>	<b>19,972</b>	
<b>Expenses</b>										
Remuneration of the Management Company	6.1	0	6	854	860	3	-	58	768	829
Sindh Sales Tax on remuneration of the Management Company	6.2	0	1	111	112	-	-	7	100	108
Remuneration of the Trustee		25	1	91	117	32	4	75	112	224
Annual fee to the Securities and Exchange Commission of Pakistan		5	0	18	23	7	1	17	22	47
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	50	3	178	231	61	8	125	211	406
Amortisation of preliminary expenses and flotation costs		4	-	160	164	5	1	-	286	293
Auditors' remuneration		17	0	57	75	4	-	64	23	91
Printing charges		-	-	5	5	-	-	-	-	1
Bank charges		2	4	1	7	2	6	7	13	27
Fees and subscription		6	-	21	27	-	-	-	3	4
Shariah advisory fee		11	1	47	59	10	1	34	35	80
Tax on bank profit		-	-	515	515	-	-	-	-	-
		<b>120</b>	<b>17</b>	<b>2,058</b>	<b>2,195</b>	<b>123</b>	<b>23</b>	<b>388</b>	<b>1,574</b>	<b>2,110</b>
<b>Net income / (loss) from operating activities</b>		<b>7,578</b>	<b>150</b>	<b>5,566</b>	<b>13,295</b>	<b>(535)</b>	<b>196</b>	<b>11,154</b>	<b>7,046</b>	<b>17,862</b>
Reversal of selling and marketing expense	6.4	-	-	-	-	-	-	-	-	-
Provision for Sindh Workers' Welfare Fund	7.1	(152)	(3)	(111)	(266)	-	(4)	(223)	(141)	(368)
<b>Net income / (loss) for the period before taxation</b>		<b>7,426</b>	<b>147</b>	<b>5,455</b>	<b>13,029</b>	<b>(535)</b>	<b>192</b>	<b>10,931</b>	<b>6,905</b>	<b>17,494</b>
Taxation	8	-	-	-	-	-	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<b>7,426</b>	<b>147</b>	<b>5,455</b>	<b>13,029</b>	<b>(535)</b>	<b>192</b>	<b>10,931</b>	<b>6,905</b>	<b>17,494</b>
Income already paid on redemption of units		515	100	-	614	-	27	8,524	314	8,865
Accounting income available for distribution		6,911	47	5,455	12,414	-	165	2,407	-	2,572
- Relating to capital gains		-	-	-	-	-	-	-	6,591	6,591
- Excluding capital gains		6,911	47	5,455	12,414	-	165	2,407	6,591	9,163
<b>Net income / (loss) for the period after taxation</b>		<b>7,426</b>	<b>147</b>	<b>5,455</b>	<b>13,029</b>	<b>(535)</b>	<b>192</b>	<b>10,931</b>	<b>6,905</b>	<b>17,494</b>
Other comprehensive income for the period		-	-	-	-	-	-	-	-	-
Item that may be reclassified subsequently to income statement		-	-	-	-	-	-	-	-	-
Item that will not be reclassified subsequently to income statement		-	-	-	-	-	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>		<b>7,426</b>	<b>147</b>	<b>5,455</b>	<b>13,029</b>	<b>(535)</b>	<b>192</b>	<b>10,931</b>	<b>6,905</b>	<b>17,494</b>

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

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

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

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

\_\_\_\_\_  
Director

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)**  
*For the three months ended September 30, 2020*

	For the three months ended					
	----- 2020 -----			----- September -----		
	----- 2019 -----					
	Active Allocation Plan			Active Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at beginning of the period</b>	100,158	(6,591)	93,567	155,916	(11,279)	144,637
Issuance of 3,860 units (2019: Nil units)						
- Capital value (at net asset value per unit at the beginning of the period)	367	-	367	-	-	-
- Element of loss	28	-	28	-	-	-
Total proceeds on issuance of units	395	-	395	-	-	-
Redemption of 56,951 units (2019: 262,033 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(5,427)	-	(5,427)	(24,455)	-	(24,455)
- Element of income	(517)	-	(517)	402	-	402
Total payments on redemption of units	(5,944)	-	(5,943)	(24,053)	-	(24,053)
Total comprehensive income / loss for the period	-	7,426	7,426	-	(535)	(535)
	-	7,426	7,426	-	(535)	(535)
<b>Net assets at end of the period</b>	<b>94,609</b>	<b>835</b>	<b>95,446</b>	<b>131,863</b>	<b>(11,814)</b>	<b>120,049</b>
<b>Undistributed income brought forward</b>						
- Realised		(7,473)			443	
- Unrealised		882			(11,722)	
		(6,591)			(11,279)	
Accounting Income / Loss available for distribution		7,426			(535)	
<b>Accumulated loss carried forward</b>		<b>7,746</b>			<b>(11,814)</b>	
<b>Accumulated loss carried forward</b>						
- Realised		535			(10,841)	
- Unrealised		7,211			(973)	
		7,746			(11,814)	
<b>Net assets value per unit at beginning of the period</b>			(Rupees) <b>95.3020</b>			(Rupees) <b>93.3275</b>
<b>Net assets value per unit at end of the period</b>			(Rupees) <b>102.7738</b>			(Rupees) <b>93.2238</b>

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

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)**  
*For the three months ended September 30, 2020*

	For the three months ended					
	September			September		
	2020			2019		
	Conservative Allocation Plan		Conservative Allocation Plan			
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at beginning of the period</b>	5,669	1,023	6,692	16,975	593	17,568
Issuance of 209,350 units (2019: Nil units)						
- Capital value (at net asset value per unit at the beginning of the period)	22,895	-	22,895	-	-	-
- Element of loss	110	-	110	-	-	-
Total proceeds on issuance of units	23,005	-	23,005	-	-	-
Redemption of 244,456 units (2019: 18,512 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(26,734)	-	(26,734)	(1,878)	-	(1,878)
- Element of income	(210)	-	(210)	50	-	50
Total payments on redemption of units	(26,944)	-	(26,944)	(1,829)	-	(1,829)
Total comprehensive income for the period	-	147	147	-	192	192
Interim distribution of Rs. 2.1 per unit declared on June 28, 2020 as cash dividend (2019: Rs. 2.05 per unit declared on June 28, 2019 as cash dividend)						
Refund of capital	-	-	-	-	-	-
Distribution for the period	-	-	-	-	-	-
	-	147	147	-	192	192
<b>Net assets at end of the period</b>	<b>1,731</b>	<b>1,170</b>	<b>2,901</b>	<b>15,147</b>	<b>785</b>	<b>15,932</b>
<b>Undistributed income brought forward</b>						
- Realised		873			1,205	
- Unrealised		150			(612)	
		1,023			593	
Accounting income / (loss) available for distribution		147			192	
Distribution during the period		-			-	
<b>Accumulated gain carried forward</b>		<b>1,170</b>			<b>785</b>	
<b>Accumulated gain carried forward</b>						
- Realised		1,163			567	
- Unrealised		7			218	
		1,170			785	
<b>Net assets value per unit at beginning of the period</b>			<b>(Rupees) 109.3637</b>			<b>(Rupees) 101.4641</b>
<b>Net assets value per unit at end of the period</b>			<b>111.2044</b>			<b>93.2238</b>

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

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund (un-Audited)**  
*For the three months ended September 30, 2020*

	For the three months ended					
	----- 2020 -----			----- September -----		
	----- 2019 -----					
	Capital Preservation Plan			Capital Preservation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at beginning of the period</b>	334,662	15,107	349,769	455,908	(2,509)	453,399
Issuance of 21,802 units (2019: Nil units)						
- Capital value (at net asset value per unit at the beginning of the period)	2,291	-	2,291	-	-	-
- Element of loss	18	-	18	-	-	-
Total proceeds on issuance of units	2,309	-	2,309	-	-	-
Redemption of 25,920 units (2019: 297,180 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(2,724)	-	(2,724)	(29,947)	-	(29,947)
- Element of loss	(40)	-	(40)	618	-	618
Total payments on redemption of units	(2,764)	-	(2,764)	(29,329)	-	(29,329)
Total comprehensive income for the period	-	5,455	5,455	-	6,905	6,905
<b>Net assets at end of the period</b>	<b>334,207</b>	<b>17,921</b>	<b>352,128</b>	<b>426,893</b>	<b>4,082</b>	<b>430,975</b>
<b>Undistributed loss brought forward</b>						
- Realised		14,322			21,387	
- Unrealised		785			(23,896)	
		<u>15,107</u>			<u>(2,509)</u>	
Income already paid on redemption of units		-			-	
Accounting income / (loss)						
- Relating to capital losses		5,455			-	
- Excluding capital losses		-			-	
Accounting income / (loss) available for distribution		<u>5,455</u>			<u>6,905</u>	
Distribution during the period		(2,641)				
<b>Accumulated gain carried forward</b>		<u>17,921</u>			<u>4,396</u>	
<b>Accumulated gain carried forward</b>						
- Realised		17,921			2,192	
- Unrealised		-			2,204	
		<u>17,921</u>			<u>4,396</u>	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			<u>105.1185</u>			<u>101.1601</u>
<b>Net assets value per unit at end of the period</b>			<u>105.9588</u>			<u>93.2238</u>

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

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

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

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

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

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
*For the three months ended September 30, 2020*

Note	Three months ended September 30, 2020				Three months ended September 30, 2019				
	Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Capital Preservation Plan	Total
	(Rupees in '000)				(Rupees in '000)				
<b>Cash flows from operating activities</b>									
Net loss for the period before taxation	7,426	147	5,455	13,029	(535)	192	10,931	6,905	17,493
<b>Adjustments for non-cash items</b>									
Mark-up on deposits with bank	(4)	(13)	(4,758)	(4,775)	(15)	(3)	(70)	(9,829)	(9,917)
Capital (gain) / loss on sale of investment - net	(483)	(147)	(2,853)	(3,483)	(546)	1	(9,269)	1,945	(7,869)
Unrealised diminution on re-measurement of investments investments at 'fair value through profit or loss - held-for-trading' - net	(7,211)	(7)	-	(7,218)	973	(218)	(2,204)	(443)	(1,892)
Amortisation of preliminary expenses and flotation costs					5	1	-	286	292
	(272)	(20)	(2,156)	(2,447)	(118)	(27)	(612)	(1,136)	(1,893)
<b>(Increase) / decrease in assets</b>									
Investments	6,174	3,902	30,291	40,367	24,508	1,982	2,105,723	17,372	2,149,585
Preliminary expenses and flotation costs	5	0	160	165	(46)	233	-	(866)	(679)
Other receivables	-	-	41	41	47	12	(3)	1,137	1,193
	6,179	3,902	30,492	40,573	24,509	2,227	2,105,720	17,643	2,150,099
<b>Increase / (decrease) in liabilities</b>									
Payable to the Management Company	3	190	25	217	28	5	(387)	58	(296)
Payable to the Trustee	-	(0)	0	-	(3)	(1)	(206)	(2)	(211)
Payable to Securities and Exchange Commission of Pakistan	(17)	(2)	(66)	(85)	(185)	(22)	(3,892)	(312)	(4,411)
Accrued expenses and other liabilities	(429)	(18)	(1,687)	(2,133)	(7)	(40)	(750)	155	(642)
Dividend Payable	(66)	-	(574)	(640)	-	(244)	-	-	(244)
	(509)	170	(2,301)	(2,641)	(167)	(302)	(5,235)	(101)	(5,804)
Profit received on bank deposits	5,398	4,051	26,035	35,485	24,224	1,898	2,099,873	16,406	2,142,402
	5	12	4,935	4,953	(15)	(2)	(28)	518	473
<b>Net cash (used in) / generated from operating activities</b>	<b>5,403</b>	<b>4,063</b>	<b>30,970</b>	<b>40,438</b>	<b>24,209</b>	<b>1,896</b>	<b>2,099,845</b>	<b>16,924</b>	<b>2,142,875</b>
<b>Cash flows from financing activities</b>									
Amount received / receivable on issue of units	395	23,005	2,309	25,710	-	-	-	-	-
Amount paid / payable on redemption of units	(5,943)	(27,043)	(2,764)	(35,750)	(24,053)	(1,856)	(2,101,490)	(29,329)	(2,156,728)
Dividend paid	-	-	(2,641)	(2,641)	-	-	-	-	-
<b>Net cash generated from / (used in) financing activities</b>	<b>(5,548)</b>	<b>(4,038)</b>	<b>(3,096)</b>	<b>(12,681)</b>	<b>(24,053)</b>	<b>(1,856)</b>	<b>(2,101,490)</b>	<b>(29,329)</b>	<b>(2,156,728)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(145)</b>	<b>25</b>	<b>27,874</b>	<b>27,757</b>	<b>156</b>	<b>40</b>	<b>(1,645)</b>	<b>(12,405)</b>	<b>(13,853)</b>
Cash and cash equivalents at the beginning of the period	454	230	326,728	327,412	737	53	2,440	334,719	337,949
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>309</b>	<b>354,602</b>	<b>355,167</b>	<b>893</b>	<b>93</b>	<b>795</b>	<b>322,314</b>	<b>324,096</b>

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

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**



# **HBL Islamic Financial Planning Fund**

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

*For the three months ended September 30, 2020*

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

HBL Islamic Financial Planning Fund (the "Fund"), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was executed on March 22, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 4, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton. The Fund commenced its operations from June 17, 2017.

The Fund is an open ended shariah compliant fund of fund scheme and is listed on Pakistan Stock Exchange Limited. The Fund has three different plans namely Conservative Allocation Plan, Active Allocation Plan and Strategic Allocation Plan (collectively referred as 'Plans'). The units of Conservative Allocation and Active Allocation Plan were initially offered to public (IPO) on June 16, 2016 whereas units of Strategic Allocation Plan were offered from June 15, 2016 to June 16, 2016. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of the Fund is perpetual however the allocation plans may have a set time frame. Each Allocation Plan announce separate NAVs which rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

The objective of the Fund is to generate returns on Investment as per the respective Allocation Plan by investing in Shariah Compliant Mutual Funds in line with the risk tolerance of the investor. The investment policy for each of the Plan including the newly launched Fund "Islamic Capital Preservation Plan" (launched on 2nd October, 2018) are as follows;

- The "Conservative Allocation Plan" is an Allocation Plan under the Fund and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of shariah compliant investments in equity, income and money market funds. This Allocation Plan is suitable for investors who have moderate risk tolerance and have a short to medium term investment horizon.
- The "Active Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active asset allocation between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market scheme(s) based on the Fund Manager's outlook on the asset classes.
- The "Islamic Capital Preservation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through dynamic asset allocation between Shariah Compliant Equities and Shariah Compliant Money Market based Collective Investment Schemes, Shariah compliant saving accounts and term deposits while aiming providing capital preservation on the initial amount excluding front end load upon maturity of the allocation plan. The duration of this plan is 24 months (Two Years).

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

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as 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 and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
  - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed. true and fair view of the state of the Fund's affairs as at December 31, 2017.

**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, 2020. 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** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2020.

## **2.2 Basis of measurement**

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

## **2.3 Functional and presentation currency**

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

#### **3.1 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, 2020.

#### **3.2 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 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, 2020.

### 3.3 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2020.

#### 4. BANK BALANCES

	Note	September 30, 2020 (Un-Audited)				June 30, 2020 (Audited)				
		Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Capital Preservation Plan	Total
		(Rupees in '000)								
Savings accounts	4.1	309	355	354,602	357,780	454	230	2,513	326,728	329,925

4.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 4% to 6% (June 2020 : 6% to 13.25%) per annum.

#### 5. INVESTMENTS

	Note	September 30, 2020 (Un-Audited)				June 30, 2020 (Audited)				
		Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Capital Preservation Plan	Total
		(Rupees in '000)								
Investments by category										
At fair value through profit or loss - held-for-trading										
Units of mutual funds	5.1	95,602	2,892	-	98,494	94,081	6,640	-	27,437	128,158

##### 5.1 Units of mutual funds

Name of Investee Funds	As at July 1, 2020	Purchases during the period	Redemptions during the period	As at September 30, 2020	Total carrying value as at September 30, 2020	Total market value as at September 30, 2020	Appreciation/ (diminution) as at September 30, 2020	Market value as a percentage of net assets	Market value as a percentage of total value of Investment
				Number of units		%			
<b>Active Allocation Plan</b>									
HBL Islamic Equity Fund	373,142	-	-	373,142	28,945	33,355	4,411	34.95	34.89
HBL Islamic Income Fund	467,207	-	30,162	437,045	44,373	44,915	542	47.06	46.98
HBL Islamic Stock Fund	188,995	-	28,059	160,936	15,073	17,332	2,259	18.16	18.13
	1,029,344	-	58,222	971,123	88,391	95,602	7,211	100.16	100.00
HBL Islamic Equity Fund	17,300	16,904	27,867	6,337	572	567	(6)	19.53	19.59
HBL Islamic Income Fund	52,179	59,200	88,752	22,627	2,312	2,325	13	80.16	80.41
	69,479	76,104	116,619	28,965	2,885	2,892	7	99.69	100.00
HBL Islamic Dedicated Equity Fund	313,411	-	313,411	-	-	-	-	-	-
	313,411	-	313,411	-	-	-	-	-	-
<b>Total as at September 30, 2020</b>	<b>1,412,235</b>	<b>76,104</b>	<b>488,251</b>	<b>1,000,088</b>	<b>91,275</b>	<b>98,494</b>	<b>7,219</b>		

## 6. PAYABLE TO THE MANAGEMENT COMPANY

		September 30, 2020 (Un-Audited)				June 30, 2020 (Audited)				
		Active	Conservative	Capital	Total	Active	Conservative	Strategic	Capital	Total
		Allocation	Allocation	Preservation		Allocation	Allocation	Allocation	Preservation	
Plan	Plan	Plan		Plan	Plan	Plan	Plan			
<b>Note ----- (Rupees in '000) -----</b>										
Formation cost		-	-	1,860	1,860	-	-	-	1,860	1,860
Management fee	6.1	-	-	286	290	-	-	4	264	268
Sindh Sales Tax on Management Company's remuneration	6.2	-	-	37	38	-	-	-	34	34
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	16	0	58	77	15	1	2	58	76
Sales load payable		9	321	7	337	7	132	-	7	146
		<b>25</b>	<b>322</b>	<b>2,248</b>	<b>2,602</b>	<b>22</b>	<b>133</b>	<b>6</b>	<b>2,223</b>	<b>2,384</b>

- 6.1** As per the offering document of the fund, the Management Company shall charge a fee at the rate of 1% of the average annual net assets on daily basis of the plans. However, no management fee is charged on that part of the net assets which have been invested in mutual funds managed by the Management Company. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.
- 6.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on the services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011.
- 6.3** As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.

## 7. ACCRUED EXPENSES AND OTHER LIABILITIES

		September 30, 2020 (Un-Audited)				June 30, 2020 (Audited)				
		Active	Conservative	Capital	Total	Active	Conservative	Strategic	Capital	Total
		Allocation	Allocation	Preservation		Allocation	Allocation	Allocation	Preservation	
Plan	Plan	Plan		Plan	Plan	Plan	Plan			
<b>Note ----- (Rupees in '000) -----</b>										
Withholding tax		2	-	255	258	643	21	-	2,108	2,772
Provision for Sindh Workers' Welfare Fund	7.1	402	48	1,170	3,568	250	45	1,949	1,058	3,302
Shariah advisory fee		4	-	13	34	3	-	2	11	16
Printing		5	1	24	34	10	-	6	25	41
Auditors' remuneration		54	4	202	283	37	4	23	144	208
Other payables		84	-	2	591	36	-	505	5	546
		<b>550</b>	<b>53</b>	<b>1,665</b>	<b>4,734</b>	<b>979</b>	<b>70</b>	<b>2,484</b>	<b>3,352</b>	<b>6,885</b>

### 7.1 Sindh Workers' Welfare Fund

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 12.3 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 0.402 million, Rs. 0.048 million and Rs. 1.170 million (June 30, 2020 Rs. 0.250 million, Rs. 0.045 million and Rs. 1.058 million) for Active Allocation Plan, Conservative Allocation Plan and Capital Preservation Plan respectively in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2020 would have been higher by Re. 0.4328, Re. 1.823 and Re.0.3519 (June 30, 2020 Re.0.2546, Re.0.7363 and Re.0.3215) per unit for Active Allocation Plan, Conservative Allocation Plan and Capital Preservation Plan respectively.

## 8. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2020 to its unit holders.

## 9. TRANSACTIONS WITH CONNECTED PERSONS

The Fund is an open ended shariah compliant fund of fund scheme and is listed on Pakistan Stock Exchange Limited. The Fund has three different plans namely Conservative Allocation Plan, Active Allocation Plan and Strategic Allocation Plan (collectively referred as 'Plans'). The units of Conservative Allocation and Active Allocation Plan were initially offered to public (IPO) on June 16, 2016 whereas units of Capital Preservation Plan were offered from July 19, 2018 to October 01, 2018. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of the Fund is perpetual however the allocation plans may have a set time frame. Each Allocation Plan announce separate NAVs which rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

### 9.1 Transactions during the period

	For the three month ended - September 2020				For the three months ended - September 2019				
	Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Capital Preservation Plan	Total
	(Rupees in '000)				(Rupees in '000)				
<b>HBL Asset Management Limited - Management Company</b>									
Remuneration of the Management Company	-	6	854	860	3	-	58	768	829
Sindh Sales Tax on remuneration of the Management Company	-	1	111	112	-	-	7	100	107
Allocation of expenses related to registrar services, accounting, operation and valuation services	50	3	178	231	61	8	125	211	405
<b>Habib Bank Limited - Sponsor</b>									
Mark-up on deposits with bank	2	12	4,719	4,734	13	2	61	48	124
Bank Charges	2	4	1	7	2	6	7	13	27
<b>MCB Financial Services Limited - Trustee</b>									
Remuneration of the Trustee	25	1	91	117	32	4	75	112	223
<b>Collective investment scheme managed by Management Company</b>									
<b>HBL Islamic Income Fund</b>									
Purchase of 59,200 units (2019: Nil units)	-	6,036	-	6,036	-	-	-	-	-
Redemption of 30,162 units (2019: 278,832 units)	3,087	-	-	3,087	28,666	-	-	-	28,666
Redemption of 88,752 units (2019: 19,979 units)	-	9,043	-	9,043	-	2,065	-	-	2,065
<b>HBL Islamic Equity Fund</b>									
Purchase of 16,904 units (2019: Nil units)	-	1,477	-	1,477	-	-	-	-	-
Redemption of 27,867 units (2019: 1,104 units)	-	2,371	-	2,371	-	80	-	-	80
<b>HBL Islamic Dedicated Equity Fund</b>									
Redemption of 313,411 units (2019: 1,382,820 units)	-	-	30,290	30,290	-	-	-	95,000	95,000
<b>HBL Islamic Stock Fund</b>									
Redemption of 28,059 units (2019: 110,451 units)	3,087	-	-	3,087	9,621	-	-	-	9,621

	For the three month ended - September 2020				For the three months ended - September 2019				
	Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Capital Preservation Plan	Total
<b>NEW JUBILEE INSURANCE CO. LIMITED STAFF PROVIDENT FUND -ASSOCIATE</b>	(Rupees in '000)				(Rupees in '000)				
Investment of 402 units (2019: Nil units)	-	-	43	43	-	-	-	-	-
Dividend Paid	-	-	43	43	-	-	-	-	-

<b>BARRETT HODGSON PAKISTAN (PVT.) LTD. - Connected Person due to 10% holding</b>	(Rupees in '000)				(Rupees in '000)				
Investment of 6,790 units (2019: Nil units)	-	-	719	719	-	-	-	-	-
Dividend Paid	-	-	846	846	-	-	-	-	-

<b>PAKISTAN SOC FOR WELF OF MENTALLY RETARDED CHILD - Connected Person due to 10% holding</b>	(Rupees in '000)				(Rupees in '000)				
Investment of 6,520 units (2019: 811,054 units)	-	-	691	691	-	-	-	-	-
Dividend Paid	-	-	691	691	-	-	-	-	-

<b>PAKISTAN SOCIETY FOR THE WELFARE OF MENTALLY RETARDED CHILDREN [SMA] - Connected Person due to 10% holding</b>	(Rupees in '000)				(Rupees in '000)				
Investment of 2,406 units (2019: Nil units)	-	-	255	255	-	-	-	-	-
Dividend Paid	-	-	255	255	-	-	-	-	-

9.2 Balances outstanding as at period / year end

	September 30, 2020				June 30, 2019				
	Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Capital Preservation Plan	Total
(Rupees in '000)									
<b>HBL Asset Management Limited - Management Company</b>	(Rupees in '000)				(Rupees in '000)				
Management fee	-	-	286	290	-	-	4	264	268
Sindh Sales Tax on Management Company's remuneration	-	-	37	38	-	-	-	34	34
Allocation of expenses related to registrar services, accounting, operation and valuation services	16	-	58	77	15	1	2	58	76
Sales load payable	9	321	7	337	7	132	-	7	146
Formation cost	-	-	1,860	1,860	-	-	-	1,860	1,860
<b>Habib Bank Limited - Sponsor</b>	(Rupees in '000)				(Rupees in '000)				
Mark-up receivable on deposits with bank	2	1	1,721	1,725	2	1	1	1,721	1,725
Balance in savings account	281	208	323,811	326,768	281	208	2,467	323,811	326,767
<b>MCB Financial Services Limited - Trustee</b>	(Rupees in '000)				(Rupees in '000)				
Remuneration payable to the Trustee	8	-	29	38	8	1	1	29	39
<b>AMBREEN SALMAN - Connected Person due to 10% holding</b>	(Rupees in '000)				(Rupees in '000)				
Units held 130,914 units (June 30, 2020: 130,914 units)	13,454	-	-	13,454	12,476	-	-	-	12,476
<b>MUHAMMAD SALMAN - Connected Person due to 10% holding</b>	(Rupees in '000)				(Rupees in '000)				
Units held 95,944 units (June 30, 2020: 95,944 units)	9,861	-	-	9,861	9,144	-	-	-	9,144
<b>RUBINA SIDDIQUE - Connected Person due to 10% holding</b>	(Rupees in '000)				(Rupees in '000)				
Units held 107,380 units (June 30, 2020: 107,380 units)	11,036	-	-	11,036	10,234	-	-	-	10,234
<b>SHEHNAZ ZEESHAN - Connected Person due to 10% holding</b>	(Rupees in '000)				(Rupees in '000)				
Units held 130,543 units (June 30, 2020: 130,543 units)	13,416	-	-	13,416	12,441	-	-	-	12,441

	September 30, 2020				June 30, 2019				
	Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Capital Preservation Plan	Total
(Rupees in '000)									
<b>Mr AHMED SALAHUDDIN - Connected Person due to 10% holding</b>									
Units held 15,176 units (June 30, 2020: 15,176 units)	-	1,688	-	1,688	-	1,660	-	-	1,660
<b>Mr MUHAMMAD ASHRAF - Connected Person due to 10% holding</b>									
Units held 5,243 units (June 30, 2020: Nil units)	-	583	-	583	-	-	-	-	-
<b>Mr SYED ZAWAR HAIDER - Connected Person due to 10% holding</b>									
Units held 5,003 units (June 30, 2020: Nil units)	-	556	-	556	-	-	-	-	-
<b>NEW JUBILEE INSURANCE CO. LIMITED STAFF PROVIDENT FUND - ASSOCIATE - ASSOCIATE</b>									
Units held 53,649 units (June 30, 2020: 53,247 units)	-	-	5,685	5,685	-	-	-	5,597	5,597
<b>BARRETT HODGSON PAKISTAN (PVT.) LTD. - Connected Person due to 10% holding</b>									
Units held 1,064,764 units (June 30, 2020: 1,057,975 units)	-	-	112,821	112,821	-	-	-	111,213	111,213
<b>PAKISTAN SOC FOR WELF OF MENTALY RETARDED CHILD - Connected Person due to 10% holding</b>									
Units held 870,085 units (June 30, 2020: 863,565 units)	-	-	92,193	92,193	-	-	-	90,777	90,777
<b>PAKISTAN SOCIETY FOR THE WELFARE OF MENTALLY RETARDED CHILDREN [SMA] due to 10% holding</b>									
Units held 321,060 units (June 30, 2020: 318,654 units)	-	-	34,019	34,019	-	-	-	33,496	33,496
<b>HBL Islamic Income Fund (Formerly PICIC Islamic Income) Fund - CIS managed by Management Company</b>									
Units held 437,045 units (June 30, 2020: 467,207 units)	44,915	-	-	44,915	47,436	-	-	-	47,436
Units held 22,627 units (June 30, 2020: 52,179 units)	-	2,325	-	2,325	-	5,298	-	-	5,298
<b>HBL Islamic Equity Fund - CIS managed by Management Company</b>									
Units held 373,142 units (June 30, 2020: 373,142 units)	33,355	-	-	33,355	28,945	-	-	-	28,945
Units held 6,337 units (June 30, 2020: 17,300 units)	-	567	-	567	-	1,342	-	-	1,342
<b>HBL Islamic Stock Fund - CIS managed by Management Company</b>									
Units held 160,936 units (June 30, 2020: 188,995 units)	17,332	-	-	17,332	17,701	-	-	-	17,701

Units as at September 30, 2020 are calculated on the basis of latest announced NAV i.e September 30, 2020.

## 10. FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets i.e. units of mutual funds are based on the quoted NAVs at the close of the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

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

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

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

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

	September 30, 2020 (Un-Audited)							
	Active Allocation Plan				Fair Value			
	Carrying amount			Total	Level 1	Level 2	Level 3	Total
Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities						
<b>Note</b> ----- (Rupees in '000) -----								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Units of mutual funds	95,602	-	-	95,602	95,602	-	-	95,602
	95,602	-	-	95,602	95,602	-	-	95,602
<b>Financial assets not measured at fair value 10.1</b>								
Bank balances	-	309	-	309				
Accrued mark-up	-	2	-	2				
Other receivables	-	92	-	92				
	-	403	-	403				
<b>Financial liabilities not measured at fair value 10.1</b>								
Payable to the Management Company	-	-	25	25				
Payable to the Trustee	-	-	8	8				
Accrued expenses and other liabilities	-	-	147	147				
Unit Holders' Fund	-	-	95,446	95,446				
	-	-	95,626	95,626				



June 30, 2020 (Audited)

Active Allocation Plan

	Note	Carrying amount				Fair Value			
		Fair value through profit and loss - held-	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Units of mutual funds	5	94,081	-	-	94,081	94,081	-	-	94,081
		94,081	-	-	94,081	94,081	-	-	94,081
<b>Financial assets not measured at fair value 10.1</b>									
Bank balances		-	454	-	454				
Accrued mark-up		-	3	-	3				
Receivable against sale of units		-	-	-	-				
		-	457	-	457				
<b>Financial liabilities not measured at fair value</b>									
Payable to the Management Company		-	-	22	22				
Payable to the Trustee		-	-	8	8				
Accrued expenses and other liabilities		-	-	86	86				
Dividend payable		-	-	66	66				
Payable against redemption of units		-	-	-	-				
Unit Holders' Fund		-	-	93,567	93,567				
		-	-	93,749	93,749				

September 30, 2020 (Un-Audited)

Conservative Allocation Plan

	Note	Carrying amount				Fair Value			
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Units of mutual funds		2,892	-	-	2,892	2,892	-	-	2,892
		2,892	-	-	2,892	2,892	-	-	2,892
<b>Financial assets not measured at fair value 10.1</b>									
Bank balances		-	355	-	355				
Accrued mark-up		-	2	-	2				
Receivable against sale of units		-	-	-	-				
Other receivables		-	18	-	18				
		-	375	-	375				
<b>Financial liabilities not measured at fair value 10.1</b>									
Payable to the Management Company		-	-	322	322				
Payable to the Trustee		-	-	0	0				
Accrued expenses and other liabilities		-	-	5	5				
Unit Holders' Fund		-	-	2,801	2,801				
		-	-	3,129	3,129				

June 30, 2020 (Audited)  
Conservative Allocation Plan

		Carrying amount			Fair Value				
		Fair value through profit and loss - held-	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note ----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Units of mutual funds	5	6,640	-	-	6,640	6,640	-	-	6,640
		6,640	-	-	6,640	6,640	-	-	6,640
Financial assets not measured at fair value 10.1									
Bank balances		-	230	-	230				
Accrued mark-up		-	1	-	1				
Receivable against sale of units		-	-	-	-				
		-	231	-	231				
Financial liabilities not measured at fair v: 10.1									
Payable to the Management Company		-	-	133	133				
Payable to the Trustee		-	-	1	1				
Accrued expenses and other liabilities		-	-	4	4				
Payable against redemption of units		-	-	-	-				
Unit Holders' Fund		-	-	6,692	6,692				
		-	-	6,829	6,829				

June 30, 2020 (Audited)  
Strategic Allocation Plan

		Carrying amount			Fair Value				
		Fair value through profit and loss - held-	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note ----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Units of mutual funds	5	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Financial assets not measured at fair value 10.1									
Bank balances		-	2,513	-	2,513				
Accrued mark-up		-	1	-	1				
Receivable against sale of investment		-	-	-	-				
Receivable against sale of units		-	-	-	-				
		-	2,514	-	2,514				
Financial liabilities not measured at fair v: 10.1									
Payable to the Management Company		-	-	6	6				
Payable to the Trustee		-	-	1	1				
Accrued expenses and other liabilities		-	-	536	536				
Unit Holders' Fund		-	-	-	-				
		-	-	544	544				

September 30, 2020 (Un-Audited)

		Capital Preservation Plan							
		Carrying amount			Fair Value				
	Note	Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note ----- (Rupees in '000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Units of mutual funds		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value 10.1</b>									
Bank balances		-	354,602	-	354,602				
Accrued mark-up		-	1,563	-	1,563				
Other receivables		-	-	-	-				
		-	356,165	-	356,165				
<b>Financial liabilities not measured at fair value 10.1</b>									
Payable to the Management Company		-	-	2,248	2,248				
Payable to the Trustee		-	-	29	29				
Accrued expenses and other liabilities		-	-	240	240				
Dividend payable		-	-	76	76				
Unit Holders' Fund		-	-	352,128	352,128				
		-	-	354,722	354,722				

June 30, 2020 (Audited)

		Capital Preservation Plan							
		Carrying amount			Fair Value				
	Note	Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note ----- (Rupees in '000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Units of mutual funds	5	27,437	-	-	27,437	27,437	-	-	27,437
		27,437	-	-	27,437	27,437	-	-	27,437
<b>Financial assets not measured at fair value 10.1</b>									
Bank balances		-	326,728	-	326,728				
Accrued mark-up		-	1,740	-	1,740				
Receivable against sale of investment		-	-	-	-				
Receivable against sale of units		-	-	-	-				
		-	328,468	-	328,468				
<b>Financial liabilities not measured at fair value 10.1</b>									
Payable to the Management Company		-	-	2,223	2,223				
Payable to the Trustee		-	-	29	29				
Accrued expenses and other liabilities		-	-	536	536				
Dividend payable		-	-	650	650				
Unit Holders' Fund		-	-	349,769	349,769				
		-	-	353,206	353,206				

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

**10.2 Transfers during the period**

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

**11. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio for the three months ended September 30, 2020 is 0.28%, 0.35% and 0.61% (YTD) (September 30, 2019: 0.09%, 0.16% and 0.39%) which includes 0.17%, 0.08% and 0.07% (September 30, 2019: 0.01%, 0.03% and 0.06%) representing government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan and Capital Preservation Plan respectively.

**12. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information were authorised for issue on October 29, 2020 by the Board of Directors of the Management Company.

**13. GENERAL**

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

**13.2** Corresponding figures have been arranged and reclassified, wherever necessary, for the purpose of comparison and more appropriate presentation, the effect of which is not material.

**13.3** In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2020 due to 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 and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

While the initial outbreak of the Covid-19 in Pakistan has receded significantly and as a result we have witnessed a rebound in mobility and economic activities to pre-covid levels, a second wave of virus can not be ruled out.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **HBL Islamic Dedicated Equity Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Dedicated Equity Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	MCB Financial Services Limited (MCBFSL)
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Allied Bank Limited

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2020*

		September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	(Rupees in '000)	
<b>Assets</b>			
Bank balances	4	597	543
Investments	5	-	22,248
Dividend and profit receivable		54	700
Preliminary expenses and floatation costs		665	715
Receivable against sale of investments		-	1,607
Advances and deposits		5,416	5,291
<b>Total assets</b>		<b>6,732</b>	<b>31,104</b>
<b>Liabilities</b>			
Payable to Management Company	6	4,930	174
Payable to the Trustee		16	24
Payable to the Securities and Exchange Commission of Pakistan	7	1	29
Payable against purchase of investments			
Accrued expenses and other liabilities	8	1,786	3,440
<b>Total liabilities</b>		<b>6,733</b>	<b>3,667</b>
<b>Net assets</b>		<b>-</b>	<b>27,437</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>-</b>	<b>27,437</b>
<b>Contingencies and commitments</b>	9		
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>-</b>	<b>313,411</b>
		<b>(Rupees)</b>	
<b>Net assets value per unit</b>		<b>-</b>	<b>87.5443</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the three months ended September 30, 2020*

	Note	Quarter ended September 30,	
		2020	2019
		(Rupees in '000')	
<b>INCOME</b>			
Capital (loss) / gain on sale of investments - net		3,099	(1,134)
Dividend income		19	2,593
Profit from bank deposits		29	360
Unrealize (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		-	344
		<u>3,147</u>	<u>2,163</u>
<b>EXPENSES</b>			
Remuneration to the Management Company		85	748
Remuneration to the Trustee		64	62
Annual fee to Securities and Exchange Commission of Pakistan		3,295	7
Allocation of expenses related to registrar services, accounting, operation and valuation services		6	124
Amortisation of preliminary expenses and floatation costs		50	55
Auditors' remuneration		63	63
Fees and subscription		-	52
Securities transaction and bank charges		68	606
Haram income		1	-
Expense to Shariah Advisory Services		35	130
Other		(136)	263
		<u>236</u>	<u>2,110</u>
<b>Net loss from operating activities</b>		<b>2,911</b>	<b>53</b>
Element of income and capital gains included in prices of units issued less those in units redeemed		-	(1)
Provision for Workers' Welfare Fund	8.1	(58)	-
<b>Net loss for the period before taxation</b>		<b>2,853</b>	<b>52</b>
Taxation	10	-	-
<b>Net loss for the period after taxation</b>		<b>2,853</b>	<b>52</b>
<b>Allocation of net loss for the period:</b>			
Income already paid on redemption of units		<b>2,853</b>	-
Accounting income available for distribution:			
-Relating to capital gains		-	-
-Excluding capital gains		-	-
<b>Net loss for the period after taxation</b>		<b>2,853</b>	<b>52</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<b>2,853</b>	<b>52</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

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

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

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



**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For the three months ended September 30, 2020*

	2020			2019		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	----- Rupees in '000' -----					
<b>Net assets at beginning of the period</b>	119,577	(92,140)	27,437	208,720	(92,140)	116,580
Issuance of Nil units (2019: 1,745,524 units)						
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	146,331	-	146,331
- Element of loss	-	-	-	(16,331)	-	(16,331)
Total proceeds on issuance of units	-	-	-	130,000	-	130,000
Redemption of 313,411 units (2019: 1,595,257 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(27,437)	-	(27,437)	(133,734)	-	(133,734)
- Amount relating to element of loss	(2,853)	-	(2,853)	-	-	-
Relating to net loss for the year after taxation	-	-	-	9,628	-	9,628
Total payments on redemption of units	(30,290)	-	(30,290)	(124,106)	-	(124,106)
Total comprehensive income for the year	-	2,853	2,853	-	52	52
Distribution for the year	-	-	-	-	-	-
Total comprehensive income for the year less distribution	-	2,853	2,853	-	52	52
<b>Net assets at end of the year</b>	<b>89,287</b>	<b>(89,287)</b>	<b>-</b>	<b>214,614</b>	<b>(92,088)</b>	<b>122,526</b>
<b>Undistributed income brought forward</b>						
- Realised		(92,924)			(72,993)	
- Unrealised		784			(19,147)	
		(92,140)			(92,140)	
Element of income and capital gains included in prices of units issued less those in units redeemed		-			-	
Accounting (loss) / income for the year		2,853			52	
Distribution during the year		-			-	
<b>Undistributed income carried forward</b>		<b>(89,287)</b>			<b>(92,088)</b>	
<b>Undistributed income carried forward</b>						
- Realised		(89,287)			(92,432)	
- Unrealised		-			344	
		(89,287)			(92,088)	
<b>Net assets value per unit at beginning of the year</b>			<b>87.5443</b>			<b>83.8322</b>
<b>Net assets value per unit at end of the year</b>			<b>-</b>			<b>79.5161</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the three months ended September 30, 2020*

	Three Months ended	
	September 30,	
	2020	2019
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss for the period	2,853	52
<b>Adjustments</b>		
Capital (gain) / Loss during the period	(3,099)	(344)
Dividend Income	(19)	-
Profit on bank deposits	(29)	-
Unrealised diminution on re-measurement of investments classified at fair value through profit or loss		
	(294)	(292)
<b>(Increase) / decrease in assets</b>		
Investments - net	25,347	(8,089)
Dividend receivable and accrued mark-up	694	(1,870)
Preliminary expenses and floatation costs	50	55
Receivable against sale of equity instruments	1,607	3,116
Advances, deposits, prepayments and other receivables	(125)	(139)
	27,573	(6,927)
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	4,756	672
Payable to Trustee	(8)	42
Payable to Securities and Exchange Commission of Pakistan	(28)	-
Payable against conversion and redemption of units	-	(275)
Accrued expenses and other liabilities	(1,654)	713
	3,066	1,152
<b>Net cash (used in) from operating activities</b>	30,372	(6,067)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	-	130,000
Payment against redemption of units	(30,291)	(124,105)
<b>Net cash generated from financing activities</b>	(30,291)	5,895
<b>Net decrease in cash and cash equivalents</b>	53	(172)
Cash and cash equivalents at beginning of the period	543	6,975
<b>Cash and cash equivalents at end of the period</b>	597	6,804

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

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

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

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

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

# **HBL Islamic Dedicated Equity Fund**

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

### **FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020**

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

HBL Islamic Dedicated Equity Fund (the Fund) was established under a Trust Deed, dated June 22, 2017, executed between HBL Asset Management Limited as the Management Company and MCB Financial Services limited (MCBFSL) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on July 04, 2018.

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

The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund.

The principal activity of the Fund is to provide capital appreciation to investors schemes by investing in Shariah Compliant equity securities.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

VIS Credit Rating Company has assigned a management quality rating of AM2+ (Positive Outlook) to the Management Company.

#### **2 BASIS OF PREPARATION**

##### **Statement of compliance**

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

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

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

##### **2.2 Basis of measurement**

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

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### 2.3 Functional and presentation currency

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

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

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2020.

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2020.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2020. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended September 30, 2020.

4	<b>BANK BALANCES</b>	<i>Note</i>	<b>September 30, 2020</b>	June 30, 2020
	PLS deposit accounts under mark-up arrangements	4.1	<u>597</u>	<u>543</u>
			<u>597</u>	<u>543</u>

4.1 Mark-up rates on these accounts range between 5.25% to 6.75% p.a (June 30, 2020: 7.50% - 13% p.a).

5	<b>INVESTMENTS</b>	<i>Note</i>	<b>September 30, 2020</b>	June 30, 2020
	<b>Financial assets 'at fair value through profit or loss' held for trading</b>		<b>(Un-Audited)</b>	<b>(Audited)</b>
			<b>(Rupees in '000)</b>	
	- Listed equity securities	5.1	<u>-</u>	<u>22,248</u>
			<u>-</u>	<u>22,248</u>

## 5.1 Equity securities - Held-for-trading

(Ordinary Shares of Rs. 10 each unless indicated otherwise)

Name of Investee Company	As at July 1, 2020	Purchased / bonus received during the period	Sold during the period	As at September 30, 2020	Total carrying value as at September 30, 2020	Total market value as at September 30, 2020	Appreciation / (diminution) as at September 30, 2020	Market value as a percentage of net assets	Market value as a percentage of total value of investment	Par value as a percentage of paid-up capital of investee company
Quoted investments	Note	Number of shares			Rupees in '000			Percentage		
<b>TEXTILE COMPOSITE</b>										
Nishat Mills Ltd		9,100	-	9,100	-	-	-	0.00	0.00	0.000%
<b>CEMENT</b>										
D G Khan Cement Co.Ltd.		3,500	6,000	9,500	-	-	-	0.00	0.00	0.000%
Lucky Cement Ltd		4,800	-	4,800	-	-	-	0.00	0.00	0.000%
Maple Leaf Cement Factory Ltd		22,500	-	22,500	-	-	-	0.00	0.00	0.000%
Kohat Cement Ltd		2,650	-	2,650	-	-	-	0.00	0.00	0.000%
Cherat Cement Company Ltd.		8,500	-	8,500	-	-	-	0.00	0.00	0.000%
<b>POWER GENERATION &amp; DISTRIBUTION</b>										
Hub Power Company Ltd		19,667	-	19,667	-	-	-	0.00	0.00	0.000%
<b>ENGINEERING</b>										
Mughal Iron & Steel Inds Ltd		14,000	-	14,000	-	-	-	0.00	0.00	0.000%
Amreli Steels Limited		-	5,000	5,000	-	-	-	0.00	0.00	-0.001%
<b>PHARMACEUTICALS</b>										
The Searle Company Ltd		5,100	-	5,100	-	-	-	0.00	0.00	0.000%
GlaxoSmithKline Pakistan Ltd		2,300	-	2,300	-	-	-	0.00	0.00	0.000%
AGP Limited		4,000	1,000	5,000	-	-	-	0.00	0.00	0.000%
Ferozsons Laboratories Ltd		-	1,500	1,500	-	-	-	0.00	0.00	0.000%
Highnoon Laboratories Limited		2,210	-	2,210	-	-	-	0.00	0.00	0.000%
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>										
Pakistan Oilfields Ltd		800	1,500	2,300	-	-	-	0.00	0.00	0.000%
Oil & Gas Development Co Ltd		22,400	-	22,400	-	-	-	0.00	0.00	0.000%
Pakistan Petroleum Ltd		15,720	2,800	18,520	-	-	-	0.00	0.00	0.000%
Mari Petroleum Company Ltd		583	500	1,083	-	-	-	0.00	0.00	0.000%
<b>OIL &amp; GAS MARKETING COMPANIES</b>										
Pakistan State Oil Company Ltd		5,520	-	5,520	-	-	-	0.00	0.00	0.000%
Sui Northern Gas Pipeline Ltd		13,000	-	13,000	-	-	-	0.00	0.00	0.000%
<b>FERTILIZER</b>										
Engro Corporation Ltd		6,970	-	6,970	-	-	-	0.00	0.00	0.000%
Fauji Fertilizer Co Ltd		8,000	-	8,000	-	-	-	0.00	0.00	0.000%
Engro Fertilizers Limited		5,000	7,500	12,500	-	-	-	0.00	0.00	0.000%
<b>CHEMICAL</b>										
ICI Pakistan Ltd		1,800	-	1,800	-	-	-	0.00	0.00	0.000%
Sitara Peroxide Limited		13,000	7,500	20,500	-	-	-	0.00	0.00	0.000%
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>										
Honda Atlas Cars (Pakistan) Ltd		-	1,200	1,200	-	-	-	0.00	0.00	0.000%
Sazgar Engineering Works Limited		1,100	1,200	2,300	-	-	-	0.00	0.00	0.000%
<b>TECHNOLOGY &amp; COMMUNICATION</b>										
Systems Limited		6,100	-	6,100	-	-	-	0.00	0.00	0.000%
<b>Total September 30, 2020</b>		<b>198,320</b>	<b>35,700</b>	<b>234,020</b>	-	-	-	-	-	-
Total June 30, 2020					21,464	22,248	784			

6	<b>PAYABLE TO MANAGEMENT COMPANY</b>	Note	September 30, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Management fee		9	58
	Sindh Sales Tax	6.2	1	8
	Allocation of expenses related to registrar services, accounting, operation and valuation services		3	5
	Others		4,917	-
	Allocation of expenses related to Selling and Marketing,		-	103
			<u>4,930</u>	<u>174</u>

**6.1** As per offering documents of the fund the maximum limit of management fee is 3% per annum of average annual net assets. During the year the management fee is charged at the rate of 2% of average annual net assets of the fund

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

**7** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a money market scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019 the rate of is reduced from 0.095% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears.

8	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	Note	September 30, 2020 (Un-Audited) (Rupees in '000)	June 30, 2020 (Audited)
	Provision for Sindh Workers' Welfare Fund	8.1	672	614
	Charity payable		491	490
	Payable to brokers		273	409
	Shariah advisory		2	17
	Auditors' remuneration		342	278
	Payable to the NCCPL		6	882
	Others		-	750
			<u>1,786</u>	<u>3,440</u>

**8.1 PROVISION FOR SINDH WORKERS' WELFARE FUND**

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

The Fund as a matter of abundant caution, recognized provision for SWWF amounting to 0.672 million as at September 30, 2020 in this condensed interim financial information.

**9 CONTINGENCIES AND COMMITMENTS**

There were no contingencies outstanding as at September 30, 2020.

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**10 TAXATION**

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of net accounting income other than capital gains/loss to unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

**11 EARNINGS PER UNIT**

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

**12 TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the three months ended September 30, 2020 is 3.09% which includes 0.47% representing government levy and SECP fee.

**13 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

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

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

**13.1 Transactions during the period**

	<b>Three Months ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Rupees in '000)</b>	
<b>HBL Asset Management Limited - Management Company</b>		
Management Fee	85	748
Allocation of expenses related to registrar services, accounting, operation and valuation services	6	124
Selling & Marketing Expense	(186)	263
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	64	62
<b>MCBFSL HBL IFPF Islamic Capital Preservation Plan</b>		
Issuance of Nil units (2019: 1,342,711 Units)	-	100,000
Redemption of 313,411 units (2019: 1,382,820 Units)	30,290	107,558

<b>13.2 Balances outstanding as at period end</b>	<b>September 30, 2020 (Un-Audited)</b>	<b>June 30, 2020 (Audited)</b>
	<b>(Rupees in '000)</b>	
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	9	58
Sindh Sales Tax	1	8
Selling & Marketing Expense	(83)	103
Allocation of expenses related to registrar services, accounting, operation and valuation services	3	5
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration payable	16	24
<b>MCBFSL HBL IFPF Islamic Capital Preservation Plan</b>		
Investment held in the Fund: Nil units (June 30, 2020: 313,411 units)	-	27,437

#### **14 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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



		September 30, 2020							
Note	Fair value through profit or loss - held-for-trading	Carrying amount			Fair Value				
		At amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
	Investments	-	-	-	-	-	-	-	
	- Listed equity securities	-	-	-	-	-	-	-	
<b>Financial assets not measured at fair value</b>									
	Bank balances	-	597	-	597	-	-	-	
	Investments	-	-	-	-	-	-	-	
	Dividend and profit receivable	-	54	-	54	-	-	-	
	Deposits and prepayments	-	5,416	-	5,416	-	-	-	
		-	6,067	-	6,067	-	-	-	
<b>Financial liabilities not measured at fair value</b>									
	Payable to Management Company	-	-	4,930	4,930	-	-	-	
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	16	16	-	-	-	
	Accrued expenses and other liabilities	-	-	1,113	1,113	-	-	-	
		-	-	6,059	6,059	-	-	-	
		June 30, 2020							
Note	Fair value through profit or loss - held-for-trading	Carrying amount			Fair Value				
		At amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
	Investments	22,248	-	-	22,248	22,248	-	-	
	- Listed equity securities	22,248	-	-	22,248	22,248	-	-	
<b>Financial assets not measured at fair value</b>									
	Bank balances	-	543	-	543	-	-	-	
	Receivable against sale of investment	-	1,607	-	1,607	-	-	-	
	Advances and deposits	-	2,600	-	2,600	-	-	-	
	Dividend and profit receivable	-	700	-	700	-	-	-	
		-	5,450	-	5,450	-	-	-	
<b>Financial liabilities not measured at fair value</b>									
	Payable to Management Company	-	-	174	174	-	-	-	
	Payable to Trustee	-	-	24	24	-	-	-	
	Accrued expenses and other liabilities	-	-	2,826	2,826	-	-	-	
		-	-	3,024	3,024	-	-	-	

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**15 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 29, 2020.

**16 CORRESPONDING FIGURES**

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

**17 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**17.1** In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2020 due to 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 and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

While the initial outbreak of the Covid-19 in Pakistan has receded significantly and as a result we have witnessed a rebound in mobility and economic activities to pre-covid levels, a second wave of virus can not be ruled out.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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

**Director**



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# HBL

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