

**HBL**

**ASSET MANAGEMENT LTD.**

**ایسٹٹ مینجمنٹ لمیٹڈ**

AMC Rating : AM2++ by JCR-VIS



# Annual Report 2020-21

MOVING TOWARDS  
**EXCELLENCE**



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# OUR VISION

Enabling people to  
advance with  
confidence and  
success.

# OUR MISSION

To make our  
Investor (s) prosper,  
our staff excel and  
to create value for  
our stakeholders.

## PROGRESSIVENESS

We believe in the advancement of society through the adoption of enlightened working practice, innovative new products and processes and a spirit of enterprise.

## MERITOCRACY

We believe in giving opportunities and advantages to our employees on the basis of their ability. We believe in rewarding achievement and in providing first class career opportunities for all.

## EXCELLENCE

The markets in which we operate are becoming increasingly competitive and our investors now have an abundance of choice. Only through being the very best - in terms of the service we offer, our product and premises - can we hope to be successful and grow.

## OUR CORPORATE VALUES

Our values are based upon the fundamental principles that define our culture and are brought to life in our attitude and behavior. It is our values that make us unique and stem from five basic principles.

## CUSTOMER FOCUS

We need to understand fully the need of our investors and to adopt our product and services to meet these. We must strive always to put the satisfaction of our investor first.

## INTEGRITY

We are an Asset Management Company in Pakistan and our success depends upon the performance of the Fund(s) which are under management and our investors and society in general expect us to possess and steadfastly adhere to high moral principles and professional standards.

## Management Company

### HBL Asset Management Limited

#### Board of Directors (Composition as of August 26, 2021)

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

#### Audit Committee

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

#### Human Resource Committee

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

#### Risk Management Committee

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

#### Technology Committee

Chairman	Mr. Abrar Ahmed Mir	
Members	Mr. Shabbir Hussain Hashmi Mr. Muhammad Afaq Khan	(Independent Director) (Non-Executive Director)

#### Company Secretary & Chief Financial Officer

Mr. Noman Qurban

#### AMC Rating

AM2++ (Stable Outlook)

#### Legal Advisor

Bawany & Partners,  
Lane 13, D.H.A Phase 6, Bukhari Commercial Area,  
Defense Housing Authority, 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.

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Income Fund, HBL Government Securities Fund, HBL Money Market Fund, HBL Cash Fund, HBL Stock Fund, HBL Equity Fund, HBL Energy Fund, HBL Multi Asset Fund, HBL Financial Planning Fund, HBL Growth Fund and HBL Investment Fund (the Funds) for the year ended June 30, 2021.

### ECONOMIC REVIEW

The policy decisions taken by the government amid Covid-19 epidemic has resulted in an improvement in the macroeconomic landscape. The economy has started to regain its pre-Covid trajectory as there has been a notable pickup in economic activity as evident by the GDP growth rate of 3.94% for FY21. The government has unveiled a pro-growth budget and expects the growth momentum to continue in FY22.

The PKR appreciated by around 6.3% during FY21 taking Real Effective Exchange Rate to 99.9 (SBP Jun-21 number). The Central bank maintained the interest rates in FY21 after a cumulative 625 bps decrease in interest rates in 2HFY20 in response to the Covid-19 pandemic. On the external front export increased by 13.7% compared to increase in import by 23.2%, leading FY21 trade deficit to increase by 33.4% to USD 28.2bn. However Services Deficit decreased by 43.5% to USD 1.9bn in the period. Remittances also showed encouraging trend as it witnessed an uptick of 27.0% in FY21 clocking at USD 29.4bn. These factors led the Current Account Deficit for FY21 to clock at USD 1.9bn (0.6% of GDP) compared to a current account deficit of USD 4.5bn (1.7% of GDP) during same period last year. Pakistan economy has started to regain its pre-Covid trajectory as there has been a notable pickup in economic activity, as evident by LSM growth of 14.6% YoY in 11MFY21. The overall Foreign exchange reserves increased to USD 23.3bn compared to USD 18.9bn at the end of FY20.

CPI for FY21 has averaged 8.9% compared to 10.8% in the same period last year due to economic slowdown and hike in utilities price in base period. On the fiscal side FBR tax collection went up by 18% YoY to PKR 4,721bn during FY21 against the tax collection target of PKR 4,691bn.

### STOCK MARKET REVIEW

The market sustained its bullish momentum in FY21 as the KSE-100 index recorded 12,934 points increase (+37.6%) during the period to close at 47,356 points. The stellar performance of the index can be attributed to 1) relative improvement in domestic COVID-19 infection and recovery rates, 2) flows into equities post 625bps cut in interest rates, 3) business friendly policies introduced by the GoP and 4) Improvement in macroeconomic indicators led by strengthening currency and better current account position.

During the period construction linked industries (Cement, Steel, and Glass) rallied on the back of the monetary easing done by the SBP and government focus on construction sector. Technology sector also remained in limelight due to increasing focus on technology post Covid-19 pandemic. Banking Sector also rallied due to attractive valuations. On the flows side, foreigners were the net sellers during FY21 and sold shares of worth USD 387mn, compared to net selling of USD 285mn during same period last year.

### MONEY MARKET REVIEW

The Central bank maintained the interest rates in the period after a cumulative 625 bps decrease in interest rates in 2HFY20 in response to the Covid-19 pandemic. At the start of the 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.

Yields across all the tenors changed between +11bps to +146 bps during FY21 due to a general market consensus that the monetary easing cycle is over and we may witness some hike in interest rate in FY22. Secondary market yields of 3, 5 and 10-year PIBs increased by 146, 138 and 125 bps respectively while yields of 3, 6 and 12 month T-Bills increased in tandem by 19, 48 and 76 bps respectively during the period. The cut-off yields in the last T-Bill Auction were 7.31% and 7.58% for 3M and 6M tenor whereas the cut offs in the last PIB Auction were 8.69%, 9.20% and 9.84% for the 3Y, 5Y, and 10Y tenor.



During FY21, Government largely managed its borrowing requirement through commercial banks. Government borrowed PKR 2,955bn from scheduled banks compared to borrowing of PKR 2,305bn during same period last year. Meanwhile, Government borrowing from SBP declined by PKR 1,268bn during the period against decline in borrowing of PKR 153bn 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.

## **FUTURE OUTLOOK**

Pakistan equities are expected to perform well in FY22 due to cheaper valuation and improvement in macroeconomic outlook. GDP growth is expected to bounce back as most of the business activity has resumed. The external account position is also comfortable with current account to remain at manageable level in the year. We believe Pakistan equities offers a good entry opportunity for long term investors.

The valuations of Pakistan Stock market are now attractive with a Price to Earnings multiple of 6.1x compared to peer average of 15.7x. KSE-100 discount to emerging as well as frontier peers is 54.6% and 50.4% against 5-year averages of 41.3% and 35.6%, respectively. We feel this discount should narrow as market earnings are expected to increase significantly during FY22. Construction related sectors (Cement, Steel) are expected to continue their rally due to Government's push towards construction sector. Textile sector is also expected to garner investors' attention due to huge export potential. Technology sector would also remain in limelight due to potential of further re-rating on the back of good growth outlook. Thus we expect the overall market to rerate and continue its positive momentum.

On the fixed income front, average inflation in FY22 is expected to remain in the range of 7-9% and would depend on food prices and international oil prices trajectory. On the Islamic front we expect government to issue Ijara Sukuk and Energy Sukuk in FY22 to bridge the fiscal gap. Going forward, we feel that the monetary easing has taken place and we are at the bottom of the interest rate cycle. The central bank has given its forward looking guidance to maintain mildly positive interest rates when economy return to full capacity. Thus we expect any future increase in the policy rate to be measured and gradual.

## **FUND'S PERFORMANCE AND PAYOUTS**

### **HBL Income Fund**

The total income and net income of the Fund was Rs. 204.33 million and Rs. 145.80 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs. 110.5617 per unit as on June 30, 2021 as compared to Rs. 108.2828 per unit as on June 30, 2020, after incorporating dividend of Rs. 5.40 per unit, thereby giving an annualized return of 7.10%. During the year the benchmark (6 Month KIBOR) return was 7.42%. The size of Fund was Rs. 2.27 billion as on June 30, 2021 as compared to Rs. 1.54 billion at the start of the year.

JCR-VIS Credit Rating Company Limited has upgraded the Fund stability rating from A(f) to A+(f).

### **HBL Government Securities Fund**

The total income and net income of the Fund was Rs. 127.09 million and Rs. 82.17 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs. 112.5377 per unit as on June 30, 2021 as compared to Rs. 112.2745 per unit as on June 30, 2020, after incorporating dividend of Rs. 5.45 per unit, thereby giving an annualized return of 5.10%. During the same year the benchmark (6 Month PKRV Rates) return was 7.28%. The size of Fund was Rs. 1.07 billion as on June 30, 2021 as compared to Rs. 3.51 billion at the start of the year.

JCR-VIS Credit Rating Company Limited has upgraded the Fund stability rating from A+(f) to AA(f).

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

The total income and net income of the Fund was Rs. 959.95 million and Rs. 862.41 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs. 102.6193 per unit as on June 30, 2021 as compared to Rs. 102.3799 per unit as on June 30, 2020, after incorporating dividend of Rs. 6.75 per unit, thereby giving an annualized return of 6.84%. During the year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 6.71%. The size of Fund was Rs. 12.84 billion as on June 30, 2021 as compared to Rs.9.98 billion at the start of the year.

JCR-VIS Credit Rating Company Limited has upgraded the Fund stability rating from A+(f) to AA(f).

#### **HBL Cash Fund**

The total income and net income of the Fund was Rs. 1.87 billion and Rs. 1.71 billion respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs 101.2227 per unit as on June 30, 2021 as compared to Rs 101.1599 per unit as on June 30, 2020, after incorporating dividend of Rs. 6.7754 per unit, thereby giving an annualized return of 6.97%. During the year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 6.71%. The size of Fund was Rs 26.54 billion as on June 30, 2021 as compared to Rs. 17.97 billion at the start of the year.

JCR-VIS Credit Rating Company Limited has upgraded the Fund stability rating from A+(f) to AA(f).

#### **HBL Stock Fund**

The total income and net income of the Fund was Rs. 586.35 million and Rs. 483.53 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs 112.1020 per unit as on June 30, 2021 as compared to Rs 86.3419 per unit as on June 30, 2020, thereby giving a return of 29.83%. During the same year the benchmark KSE 30 index yielded a return of 36.49%. The size of Fund was Rs 0.95 billion as on June 30, 2021 as compared to Rs. 1.84 billion at the start of the year.

#### **HBL Equity Fund**

The total income and net income of the Fund was Rs. 315.34 million and Rs. 252.84 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs. 139.9454 per unit as on June 30, 2021 as compared to Rs. 100.3410 per unit as on June 30, 2020, thereby giving a return of 39.47%. During the year the benchmark KSE 100 index yielded a return of 37.58%. The size of Fund was Rs. 2.27 billion as on June 30, 2021 as compared to Rs. 0.42 billion at the start of the year.

#### **HBL Energy Fund**

The total income and net income of the Fund was Rs. 154.36 million and Rs. 114.41 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs. 11.9855 per unit as on June 30, 2021 as compared to Rs. 10.0106 per unit as on June 30, 2020, thereby giving a return of 19.73%. During the same year the benchmark KSE 30 index yielded a return of 36.49%. The size of Fund was Rs. 0.77 billion as on June 30, 2021 as compared to Rs. 0.57 billion at the start of the year.

#### **HBL Multi Asset Fund**

The total income and net income of the Fund was Rs. 49.79 million and Rs. 40.75 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs 112.7464 per unit as on June 30, 2021 as compared to

Rs 94.0814 per unit as on June 30, 2020, after incorporating dividend of Rs. 2.05 per unit, thereby giving a return of 21.99%. During the same year the benchmark index (Weighted average daily return KSE 100 and 6 Month PKRV rates) yielded a return of 26.94%. The size of Fund was Rs 0.20 billion as on June 30, 2021 as compared to Rs. 0.19 billion at the start of the year.

### **HBL Financial Planning Fund**

The Fund comprises of three sub funds (plans) namely Active Allocation Plan, Conservative Allocation Plan and Special Income Plan.

The Fund as a whole earned a total and net income of Rs. 24.89 million and Rs. 22.66 million respectively during the year under review. The fund size of the fund stood at Rs. 0.20 billion as on June 30, 2021.

Performance review for plans is given below:

#### **Active Allocation Plan**

During the year under review, the Active allocation plan earned a total and net income of Rs. 12.30 million and Rs 11.49 million respectively. The net assets of the Active allocation plan stood at Rs. 0.06 billion representing Net Asset Value (NAV) of Rs. 115.7579 per unit as at June 30, 2021 as compared to Rs. 95.9459 per unit as at June 30, 2020, after incorporating dividend of Rs. 0.60 per unit. The plan earned a return of 21.28% for the year under review against the benchmark return of 24.25%. The plan is invested to the extent of 79% in equity funds & 20% in fixed income funds.

#### **Conservative Allocation Plan**

During the year under review, the Conservative allocation plan earned total and net income of Rs. 6.00 million and Rs. 5.30 million respectively. The net assets of the Conservative allocation plan stood at Rs. 0.05 billion representing Net Asset Value (NAV) of Rs. 115.2069 per unit as at June 30, 2021 as compared to Rs. 108.3030 per unit as at June 30, 2020, after incorporating dividend of Rs. 3.70 per unit. The plan earned a return of 9.80% for the year under review against the benchmark return of 12.66%. The plan is invested to the extent of 20% in equity funds & 77% in fixed income funds.

#### **Special Income Plan**

During the year under review, the Special Income Plan earned a total and net income of Rs. 6.58 million and Rs. 5.88 million respectively. The net assets of the Special Income Plan stood at Rs. 0.09 billion representing Net Asset Value (NAV) per unit of Rs. 105.5096 as at June 30, 2021 as compared to Rs. 104.7978 per unit as at June 30, 2020 (after incorporating dividends of Rs. 4.65 per unit). The Plan posted a return of 5.16% as compared to its Benchmark return of 7.00% during the period under review.

### **HBL Growth Fund**

Effective from July 2, 2018 the Fund has been converted into an open-ended Equity Fund as per the duly approved Conversion Plan. This matter is fully disclosed in note 1.4 of the financial statements of the Fund.

The Fund as a whole earned a total and net income of Rs. 714.76 million and Rs. 423.80 million respectively during the year under review. The fund size of the fund stood at Rs. 8.7 billion as on June 30, 2021.

Performance review of each class is presented below:

#### **HBL Growth Fund – Class ‘A’**

HBL Growth Fund – Class ‘A’ earned and incurred a total income and net loss of Rs. 170.57 million and Rs. 31.61 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Class ‘A’ was Rs. 24.1401 per unit as on June 30, 2021 as compared to Rs. 18.0827 as at June 30, 2020, thereby giving a return of 33.50%. During the year the benchmark KSE 100 index yielded a return of 37.58%. The size of Class ‘A’ was Rs. 6.84 billion as on June 30, 2021 as compared to Rs. 5.13 billion at the start of the year.

#### **HBL Growth Fund – Class ‘B’**

HBL Growth Fund – Class ‘B’ earned a total and net income of Rs. 544.19 million and Rs. 455.41 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Class ‘B’ was Rs. 19.9059 per unit as on June 30, 2021 as compared to Rs. 15.2116 as at June 30, 2020, thereby giving a return of 30.86%. During the year the benchmark KSE 100 index yielded a return of 37.58%. The size of Class ‘B’ was Rs. 1.86 billion as on June 30, 2021 as compared to Rs. 1.50 billion at the start of the year.

#### **HBL Investment Fund**

Effective from July 2, 2018 the Fund has been converted into an open-ended Equity Fund as per the duly approved Conversion Plan. This matter is fully disclosed in note 1.4 of the financial statements of the Fund.

The Fund as a whole earned a total and net income of Rs. 466.16 million and Rs. 323.47 million respectively during the year under review. The fund size of the fund stood at Rs. 3.88 billion as on June 30, 2021.

Performance review of each class is presented below:

#### **HBL Investment Fund – Class ‘A’**

HBL Investment Fund – Class ‘A’ earned and incurred a total income and net loss of Rs. 60.77 million and Rs. 14.07 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Class ‘A’ was Rs. 8.7715 per unit as on June 30, 2021 as compared to Rs. 6.4934 as at June 30, 2020, thereby giving a return of 35.08%. During the year the benchmark KSE 100 index yielded a return of 37.58%. The size of Class ‘A’ was Rs. 2.49 billion as on June 30, 2021 as compared to Rs. 1.84 billion at the start of the year.

#### **HBL Investment Fund – Class ‘B’**

HBL Investment Fund – Class ‘B’ earned a total and net income of Rs. 405.39 million and Rs. 337.54 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Class ‘B’ was Rs. 10.2262 per unit as on June 30, 2021 as compared to Rs. 7.8872 as at June 30, 2020, thereby giving a return of 29.66%. During the year the benchmark KSE 100 index yielded a return of 37.58%. The size of Class ‘B’ was Rs. 1.39 billion as on June 30, 2021 as compared to Rs. 1.16 billion at the start of the year.

#### **MANAGEMENT COMPANY RATING**

The VIS Credit Rating Company Limited (JCR-VIS) has upgraded the management quality rating to ‘AM2++’ from ‘AM2+’ of the Management Company and the outlook on the assigned rating has been assessed as ‘Stable’.

#### **AUDITORS**

M/s Yousuf Adil, Chartered Accountants, the existing auditors of HBL Income Fund, HBL Money Market Fund, HBL Stock Fund, HBL Growth Fund and HBL Investment Fund have retired. The Board of Directors would consider the matter of the appointment of auditors of these funds in due course of time.

M/s BDO Ebrahim & Co., Chartered Accountants, the existing auditors of HBL Government Securities Fund, HBL Cash Fund,

HBL Equity Fund, HBL Energy Fund and HBL Financial Planning Fund have retired. The Board of Directors would consider the matter of the appointment of auditors of these funds in due course of time.

M/s. KPMG Taseer Hadi & Co., Chartered Accountants, the existing auditors of HBL Multi Asset Fund have retired. The Board of Directors would consider the matter of the appointment of auditors of this fund in due course of time.

#### **PATTERN OF UNIT HOLDING**

The details regarding the pattern of unit holding are provided in the respective financial statements of the Funds. Breakup of unit holding by size is provided in the relevant section of the Annual Fund Manager Report of the respective Funds.

#### **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 the Securities & Exchange Commission of Pakistan, the Central Depository Company of Pakistan & the MCB Financial Services Limited as Trustees, the Pakistan Stock Exchange Limited and the 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**

21 کے دوران خالص فروخت کنندگان رہے اور 387 ملین امریکی ڈالر مالیت کے شیئرز فروخت کیے گئے جبکہ گزشتہ برس کی اسی مدت کے دوران 285 ملین ڈالر کی خالص فروخت کی گئی تھی۔ پاکستان ایکویٹیگز مکنے طور پر سستی ترین ویلیو ایڈیشن (ہم مرتبہ اوسطاً 15.7x کے برخلاف 1x.6 کی فارورڈ P/E پر تجارت) اور میکرو اکنامک جائزے میں بہتری کے باعث مثبت رجحان کا سلسلہ برقرار رکھیں گے۔ مارکیٹ کے شرکت کنندگان کو رونا وائرس کے کیسز کے رجحان پر قریبی نگاہ رکھیں گے اور میکرو اعداد و شمار کو یقینی بنا رہے ہیں۔ گردش میں رہنے والے شعبے (سینٹ، اسٹیل) کے بارے میں توقع ہے کہ یہ حکومت کی جانب سے شروع کی گئی نیا پاکستان ہاؤسنگ اسکیم کے باعث فروغ حاصل کر سکیں گے۔ ٹیکسٹائل کا شعبہ بھی برآمدات میں موثر صلاحیت کی بدولت سرمایہ کاروں کی نمایاں توجہ کا مرکز ہے۔ ٹیکنالوجی سیکٹر بھی آمدنی کے بہتر وسائل کے پیش نظر توجہ کا مرکز بنے رہے گا، ہم نجی سطح سے اپنی حکمت عملی پر توجہ دینے کے ساتھ مستحکم آمدنی کی صلاحیت کے حصول اور اسٹاک کی جانب سے خصوصی توجہ دینے کا سلسلہ برقرار رکھیں گے۔

## مئی مارکیٹ کا جائزہ

مرکزی بینک کے کوویڈ-19 کی وبا کے پیش نظر مالی سال 20 کی دوسری ششماہی میں شرح سود میں مجموعی طور پر 625 بی پی ایس کی کمی کے بعد اس مدت کے دوران بھی اسی شرح سود کو برقرار رکھا۔ وبائی صورتحال کے آغاز پر ہی ایس بی پی نے واضح کر دیا تھا کہ یہ ترقی کے عمل اور روزگار کے مواقعوں پر کو رونا کے اثرات کو کم کرنے کے لیے شرح سود کو زیر کی سطح پر لایا جاسکتا ہے۔

مالیاتی سال 21 کے دوران آمدنیاں تمام مدتوں کے دوران +11bps + تا 146bps کے درمیان تبدیل ہوتی رہیں جس کی وجہ مارکیٹ کا عمومی رجحان تھا جیسا کہ مالی سہولتوں کا دورانیہ ختم ہو گیا اور ہم مالیاتی سال 22 میں شرح سود میں کچھ اضافہ ہوتا دیکھ رہے ہیں۔ تین، پانچ اور دس سالہ پی آئی بی کے سیکنڈری مارکیٹ منافع جات اس مدت کے دوران بالترتیب 146، 138 اور 125 بی پی ایس تک بڑھ گئے جبکہ اس مدت کے دوران تین ماہ۔ چھ ماہ اور بارہ ماہ کے ٹی بلز کے منافع جات بڑھ کر بالترتیب 19، 48 اور 76 بی پی ایس پر موجود تھے۔ گزشتہ ٹی بلز نیا لام میں کٹ آف منافع جات تین ماہ اور چھ ماہ کی مدت کے لیے 7.31 فیصد اور 58.7 فیصد تھے جبکہ گزشتہ پی آئی بی نیا لام میں کٹ آف تین سال، پانچ سال اور دس سال کی مدتوں کے لیے بالترتیب 8.69%، 9.20% اور 84% تھے۔

مالی سال 21 کے دوران حکومت نے اپنی قرضوں کی بڑی ضرورتوں کا کمرشل بینکوں کے ذریعے انتظام کیا۔ حکومت نے اس مدت کے دوران شیڈولڈ بینکوں سے 2,955 ارب روپے کے قرضہ جات حاصل کیے جبکہ گزشتہ برس اس مدت کے دوران 2,305 ارب روپے کے قرضہ حاصل کیے گئے تھے۔ اسی دوران حکومت نے اس بی پی سے اپنے قرضوں میں 1,268 ارب روپے کی کمی کی، اس کے برخلاف گزشتہ برس کی اس مدت میں 153 ارب روپے کے قرضوں کی کمی کی گئی تھی۔ قرضوں میں یہ مزید کمی اس وجہ سے کی گئی 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۔

مئی۔ 21 میں پیش کی گئی مانیٹری پالیسی میں ایس بی پی نے پالیسی ریٹ کا جوں کا توں برقرار رکھتے ہوئے اسے موجودہ سطح پر رکھا۔ آگے بڑھتے ہوئے ہم محسوس کرتے ہیں بڑے پیمانے پر مالیاتی آسانی ظاہر ہوگی اور ہم شرح سود کے دائرے کی نجی سطح پر رہوں گے۔ کوویڈ-19 کی جاری چوتھی لہر کے باعث ہم توقع رکھتے ہیں حکومت آئندہ چند ماہ تک ایس بی پی کے پالیسی ریٹ کو برقرار رکھے گی تاکہ معیشت کی بحالی میں معاونت مل سکے۔ مرکزی بینک اس حوالے مناسب مثبت شرح سود کو برقرار رکھنے کے لیے رہنمائی اس وقت تک فراہم کرتا رہے گا جب تک معیشت اپنی مکمل گنجائش تک بحال نہ ہو جائے۔ لہذا ہم توقع رکھتے ہیں کہ شرح سود میں مستقبل میں کوئی بھی اضافہ مناسب حد تک اور بتدریج کیا جائے گا۔

## مستقبل کا جائزہ

پاکستان ایکویٹیگز کے بارے میں توقع ہے کہ کم ترین ویلیو ایڈیشن اور میکرو اکنامک اشاریے میں بہتری کے باعث مالی سال 22 میں بہتر کارکردگی کا مظاہرہ کریں گی۔ جی ڈی پی کی گروتھ کے بارے میں امکان ہے کہ یہ بھی اپنی پرانی سطح پر آجائے گی کیونکہ بیشتر کاروباری سرگرمیاں بحال ہو چکی ہیں۔ بیرونی اکاؤنٹ کی صورتحال بھی اطمینان بخش ہے اور اس کے ساتھ سال میں کرنٹ اکاؤنٹ قابل انتظام سطح پر برقرار ہے۔ ہم یقین رکھتے ہیں کہ پاکستان ایکویٹیگز طویل مدتی سرمایہ کاروں کے لیے شاندار داخلے کے مواقعوں کی پیشکش کرتی ہے۔

پاکستان اسٹاک مارکیٹ کی ویلیو ایڈیشن 15.7x کی مساوی اوسط کے مقابلے میں 1x.6 کی ہائی پل آمدنی کے نرخوں کے ساتھ پرکشش ہو چکی ہیں۔ کے ایس سی۔ 100 ڈسکاؤنٹ ظاہر ہوتا جا رہا ہے نیز مدت مقابل مسابقت بالترتیب 41.3% اور 35.6% کی پانچ سالہ اوسطوں کے برخلاف 54.6% اور 50.4% ہے۔ ہم محسوس کرتے ہیں یہ ڈسکاؤنٹ قریب تر ہونا چاہیے کیونکہ مارکیٹ کی آمدنیاں مالی سال 22 کے دوران نمایاں حد تک بڑھنے کی توقع ہے۔ تعمیرات سے متعلق شعبوں (سینٹ، اسٹیل) کے بارے میں امکان ہے کہ اس میں فروغ کا سلسلہ جاری رہے گا کیونکہ حکومت کی نیا پاکستان ہاؤسنگ اسکیم کا آغاز ہو چکا ہے۔ برآمدات کے شعبے میں استحکام آنے کے باعث ٹیکسٹائل کے سیکٹر میں بھی سرمایہ کاروں کی توجہ مسلسل بڑھنے کی توقع ہے۔ ٹیکنالوجی کا شعبہ بھی بہترین گروتھ کے پیش منظر کی وجہ سے مزید توجہ کا مرکز بنا رہے گا، لہذا ہم امید کرتے ہیں مجموعی مارکیٹ مثبت رجحان کے ساتھ مزید فروغ پائے گی۔

## انتظامی کمپنی کے ڈائریکٹرز کی رپورٹ

ایچ بی ایل ایسیٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز، مسرت 30 جون 2021 کو ختم ہونے والے سال کے لیے اپنی رپورٹ، مع ایچ بی ایل اے کم فنڈ، ایچ بی ایل گورنمنٹ سیکورٹیز فنڈ، ایچ بی ایل منی مارکیٹ فنڈ، ایچ بی ایل ایش فنڈ، ایچ بی ایل اسٹاک فنڈ، ایچ بی ایل ایکویٹی فنڈ، ایچ بی ایل انرجی فنڈ، ایچ بی ایل ملٹی ایسیٹ فنڈ، ایچ بی ایل فنانشل پلاننگ فنڈ، ایچ بی ایل گروتھ فنڈ اور ایچ بی ایل انویسٹمنٹ فنڈ (دی فنڈز) کے مالیاتی حسابات پیش کر رہے ہیں۔

### اقتصادی جائزہ

کوویڈ-19 کی وبائی صورتحال کے بعد حکومت کی جانب سے کیے جانے والے پالیسی اقدامات کے نتیجے میں میکرو اکنامک صورتحال میں قدرے بہتری آئی، معیشت کو ویڈے سے قبل والی معمول کی صورتحال پر آنے لگی کیونکہ معاشی سرگرمیوں میں قابل قدر تیزی آنے لگی اور اس کا ثبوت مالی سال 21 کے لیے 3.94% کا عبوری جی ڈی پی شرح نمو کا حصول ہے۔ حکومت نے ترقی کا حامل بجٹ پیش کیا اور توقع ظاہر کی کہ مالیاتی سال 22 میں ترقی کا یہ سفر جاری رہے گا۔

مالی سال 21 کے دوران پاک روپے کی قدر میں لگ بھگ 6.6% تک بہتری آئی جس سے حقیقی موثر شرح تبادلہ 99.9 تک آگئی (ایس بی پی جون-21 کے اعداد و شمار)۔ مرکزی بینک نے مالی سال 20 کی دوسری سہ ماہی میں شرح سود میں مجموعی طور پر کمی کی اور 625 بی پی ایس کی کمی کے بعد کوویڈ-19 کی وبائی صورتحال کے پیش نظر مالی سال 21 میں بھی اسی شرح سود کو برقرار رکھا۔ بیرونی مخاڑ پر درآمدات 13.7% تک بڑھ گئیں جبکہ اس کے مقابلے میں درآمدات میں 23.2% تک اضافہ ہوا جس کے نتیجے میں مالی سال 21 میں تجارتی خسارہ 33.4% تک بڑھ کر 28.2 ارب ڈالر تک جا پہنچا۔ تاہم اس مدت کے دوران سروسز کا خسارہ 43.5% کم ہو کر 1.9 ارب ڈالر ہو گیا۔ زرتزیلیات نے بھی مالی سال 21 کے دوران 27.0% کی بہتری کے ساتھ حوصلہ افزا رجحان ظاہر کیا اور 29.4 ارب ڈالر تک پہنچ گئے۔ ان عناصر کے نتیجے میں مالی سال 21 کے لیے کرنٹ اکاؤنٹ خسارہ 9.1 ارب ڈالر (جی ڈی پی کا 0.6%) ہو گیا جب کہ گزشتہ برس کی اس مدت کے دوران کرنٹ اکاؤنٹ خسارہ مقابلتاً 4.5 ارب ڈالر (جی ڈی پی کا 1.6%) تھا۔ پاکستان کی معیشت نے معاشی سرگرمیوں میں قابل قدر تیزی آنے کے بعد کوویڈ سے قبل والی صورتحال اختیار کر لی جیسا کہ مالی سال 21 کے 11 ماہ میں YoY 14.6% کی ایل ایس ایم گروتھ سے ظاہر ہوتا ہے۔ غیر ملکی زرمبادلہ کے مجموعی ذخائر 23.3 ارب ڈالر تک بڑھ گئے جو اس کے مقابلے میں مالی سال 20 کے آخر میں 18.9 ارب ڈالر پر موجود تھے۔

مالی سال 21 کے لیے سی پی آئی اے وسطاً 8.8% رہا جو اس کے مقابلے میں گزشتہ برس کی اسی مدت میں معاشی سست روی اور ایشیائے ضروریہ کے زخموں میں اضافے کی وجہ سے بنیادی مدت کے دوران 10.8% پر تھا۔ مالی لحاظ سے ایف بی آر کی ٹیکس وصولی YoY 18% تک بڑھ کر مالی سال 21 کے دوران 721,4 ارب روپے رہی جبکہ ٹیکس وصولی کا ہدف اس کے برخلاف 4,691 ارب روپے مقرر کیا گیا تھا۔

آگے بڑھتے ہوئے ہمیں یقین ہے کہ جی ڈی پی کی شرح نمو کم نہ ہوگی کیونکہ پیشتر کاروبار بھل چکے ہیں تاہم کوویڈ-19 کی چوتھی لہر بحالی کو کمزور کر سکتی ہے۔ توجہ کار کوویڈ-19 کے اعداد و شمار بتائیں گے اور حکومت کی جانب سے پالیسی اقدامات بھی اس وبائی صورتحال کو کنٹرول کرنے پر مرکوز رہیں گے۔

### اسٹاک مارکیٹ کا جائزہ

مارکیٹ نے مالی سال 21 میں اپنا تیزی کا رجحان برقرار رکھا جیسا کہ ایس ای-100 انڈیکس نے اس مدت کے دوران 12,934 پوائنٹس کا اضافہ (+37.6%) ریکارڈ کیا اور 47,356 پوائنٹس پر بند ہوئی۔ انڈیکس کی اس مستحکم کارکردگی کو (1 کوویڈ-19 کی مقامی سطح پر وبائی صورتحال میں قدرے بہتری اور شرحوں کی بحالی، (2) شرح سود میں 625 بی پی ایس کی کٹوتی کے بعد ایکویٹی کے بہاؤ، (3) حکومت پاکستان کی جانب سے پیش کی گئیں کاروبار دوست پالیسیوں اور (4) میکرو اکنامک اشاریوں میں بہتری کے نتیجے میں کرنسی میں آنے والے استحکام اور بہتر کرنٹ اکاؤنٹ پوزیشن سے منسوب کیا جاسکتا ہے۔

اس مدت کے دوران تعمیراتی شعبے پر ایس بی پی اور حکومت کی جانب سے خصوصی توجہ کے سبب تعمیرات سے منسلک صنعتوں (سیمنٹ، اسٹیل اور گلاس) کے لیے مالیاتی سہولتیں فراہم کی گئیں۔ ٹیکنالوجی کا سیکٹر بھی توجہ کار مرکز بنا رہا کیونکہ کوویڈ-19 کی وبائی صورتحال کے پیش نظر ٹیکنالوجی پر انحصار بڑھ گیا۔ بینکاری کا شعبہ بھی پرکشش ویلیو ایڈیشنز کے باعث فروغ کی جانب گامزن رہا۔ بہاؤ کی جانب غیر ملکی مالی سال

فنانڈنگ کے محاذ پر مالی سال 22 میں اوسطاً فراڈز کے بارے میں توقع ہے کہ یہ 7-9% کی رینج میں رہے گی اور اس کا انحصار ایشیائی ضروریہ کے نرخوں اور تیل کی بین الاقوامی قیمتوں کے اتار چڑھاؤ پر ہوگا۔ اسلامی محاذ پر ہمیں امید ہے کہ حکومت مالیاتی خفا کو پر کرنے کے لیے مالی سال 22 میں اجارہ سکوٹ اور انرجی سکوٹ جاری کرے گی، آگے بڑھتے ہوئے ہم محسوس کرتے ہیں کہ مانیٹری سہولت آجائے گی اور ہم شرح سود کے دائرے کی چٹائی سطح پر ہوں گے۔ کوویڈ-19 کی جاری چوتھی لہر کے باعث ہمیں توقع ہے کہ حکومت معیشت کی بحالی میں معاونت کی غرض سے آئندہ چند ماہ کے لیے ایس بی پی کی پالیسی ریٹ کو جوں کا توں برقرار رکھے گی۔ مرکزی بینک اس حوالے مناسب مثبت شرح سود کو برقرار رکھنے کے لیے رہنمائی اس وقت تک فراہم کرتا رہے گا جب تک معیشت اپنی مکمل گنجائش تک بحال نہ ہو جائے۔ لہذا ہم توقع رکھتے ہیں کہ شرح سود میں مستقبل میں کوئی بھی اضافہ مناسب حد تک اور تدریج کیا جائے گا۔

## فنانڈنگ کی کارکردگی اور پے آؤٹس

### انجی بی ایل انکم فنڈ

فنانڈنگ کی مجموعی اور خالص آمدنی 30 جون 2021 کو ختم ہونے والے سال کے دوران بالترتیب 204.33 ملین روپے اور 145.80 ملین روپے رہی۔ فنانڈنگ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 108.2828 روپے فی یونٹ تھی جو 40.5 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد 30 جون 2021 کو بڑھ کر 110.5617 روپے فی یونٹ ہو گئی جس کے ذریعے 10% کا ایک سالانہ منافع دیا جا رہا ہے۔ سال کے دوران بیچ مارک (چھ ماہ کا ٹی بور) منافع 7.42% تھا۔ فنانڈنگ کا حجم 30 جون 2021 کے مطابق 2.27 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 54.1 بلین روپے رہا تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے فنانڈنگ کے لیے درجہ بندی کو A(f) سے A+(f) پر فنانڈ اسٹیبلٹی ریٹنگ کو اپ گریڈ کیا ہے۔

### انجی بی ایل گورنمنٹ سیکورٹیز فنڈ

فنانڈنگ کی مجموعی اور خالص آمدنی 30 جون 2021 کو ختم ہونے والے سال کے دوران بالترتیب 127.09 ملین روپے اور 82.17 ملین روپے رہی۔ فنانڈنگ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 112.2745 روپے فی یونٹ تھی جو 5.45 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد 30 جون 2021 کو بڑھ کر 112.5377 روپے فی یونٹ ہو گئی جس کے ذریعے 5.10% کا ایک سالانہ منافع دیا جا رہا ہے۔ اسی سال کے دوران بیچ مارک (چھ ماہ PKRV ریٹس) منافع 7.28% تھا۔ فنانڈنگ کا حجم 30 جون 2021 کے مطابق 07.1 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز پر 51.3 بلین روپے رہا تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے فنانڈنگ کے لیے درجہ بندی کو A+(f) سے AA(f) پر فنانڈ اسٹیبلٹی ریٹنگ کو اپ گریڈ کیا ہے۔

### انجی بی ایل منی مارکیٹ فنڈ

فنانڈنگ کی مجموعی اور خالص آمدنی 30 جون 2021 کو ختم ہونے والے سال کے دوران بالترتیب 959.95 ملین روپے اور 862.41 ملین روپے رہی۔ فنانڈنگ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 102.3799 روپے فی یونٹ تھی جو 75.6 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد 30 جون 2021 کو بڑھ کر 102.6193 روپے فی یونٹ ہو گئی جس کے ذریعے 6.84% کا ایک سالانہ منافع دیا جا رہا ہے۔ اسی سال کے دوران بیچ مارک (3M PKRV اور 30% ڈپازٹس ریٹس) منافع 6.71% تھا۔ فنانڈنگ کا حجم 30 جون 2021 کے مطابق 12.84 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 98.9 بلین روپے رہا تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے فنانڈنگ کے لیے درجہ بندی کو A+(f) سے AA(f) پر فنانڈ اسٹیبلٹی ریٹنگ کو اپ گریڈ کیا ہے۔

### انجی بی ایل کیش فنڈ



فنڈ کی مجموعی اور خالص آمدنی 30 جون 2021 کو ختم ہونے والے سال کے دوران بالترتیب 1.87 بلین روپے اور 71.1 بلین روپے رہی۔ فنڈ کی خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 101.1599 روپے فی یونٹ تھی جبکہ اس کے مقابلے میں 30 جون 2021 کے مطابق فنڈ کا این اے وی 101.2227 روپے فی یونٹ 6.7754 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد ہو گیا۔ جس کے ذریعے %6.97 کا ایک سالانہ منافع دیا جا رہا ہے۔ اسی سال کے دوران بیچ مارک (3M PKRV) %70 اور 3M %30 ڈپازٹس ریٹس) منافع 6.71% تھا۔ فنڈ کا حجم 30 جون 2021 کے مطابق 26.54 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 17.97 بلین روپے رہا تھا۔

جے سی آر۔ وی آئی ایس کرڈٹ ریٹنگ کمپنی نے فنڈ کے لیے درجہ بندی کو A+(f) سے AA(f) پر فنڈ اسٹیٹمنٹ ریٹنگ کو اپ گریڈ کیا ہے۔

### بی بی ایل اسٹاک فنڈ

فنڈ نے 30 جون 2021 کو ختم ہونے والے سال کے دوران بالترتیب 4586.35 بلین روپے اور 483.53 بلین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 86.3419 روپے فی یونٹ تھی جبکہ اس کے مقابلے میں 30 جون 2021 کے مطابق فنڈ کا این اے وی 112.1020 روپے فی یونٹ ہو گیا جس کے ذریعے %29.83 کا ایک منافع دیا جا رہا ہے۔ اسی سال کے دوران بیچ مارک کے ایس ای 130 انڈیکس نے %36.49 کا منافع حاصل کیا۔ فنڈ کا حجم 30 جون 2021 کے مطابق 95.0 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 84.1 بلین روپے رہا تھا۔

### بی بی ایل ایکویٹی فنڈ

فنڈ کی مجموعی اور خالص آمدنی 30 جون 2021 کو ختم ہونے والے برس کے دوران بالترتیب 315.34 بلین روپے اور 252.84 بلین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 100.3410 روپے فی یونٹ تھی جبکہ اس کے مقابلے میں فنڈ کا این اے وی 139.9454 روپے فی یونٹ ہو گیا جس کے ذریعے %39.47 کا ایک منافع دیا جا رہا ہے۔ اسی مدت کے دوران بیچ مارک کے ایس ای 100 انڈیکس نے %37.58 کا منافع حاصل کیا۔ فنڈ کا حجم 30 جون 2021 کے مطابق 27.2 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 42.0 بلین روپے رہا تھا۔

### بی بی ایل ازبجی فنڈ

فنڈ نے 30 جون 2021 کو ختم ہونے والے سال کے دوران بالترتیب 154.36 بلین روپے اور 114.41 بلین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 10.0106 روپے فی یونٹ تھی جبکہ اس کے مقابلے میں فنڈ کا این اے وی 30 جون 2021 کے مطابق 11.9855 روپے فی یونٹ ہو گیا جس کے ذریعے %19.73 کا ایک منافع دیا جا رہا ہے۔ اسی سال کے دوران بیچ مارک کے ایس ای 30 انڈیکس نے %36.49 کا منافع حاصل کیا۔ فنڈ کا حجم 30 جون 2021 کے مطابق 77.0 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 57.0 بلین روپے رہا تھا۔

### بی بی ایل ملٹی ایسیٹ فنڈ

فنڈ نے 30 جون 2021 کو ختم ہونے والے سال کے دوران بالترتیب 49.79 بلین روپے اور 40.75 بلین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2020 کے مطابق 94.0814 روپے فی یونٹ تھی جبکہ اس کے مقابلے میں 2.05 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد فنڈ کا این اے وی 30 جون 2021 کے مطابق 112.7464 روپے فی یونٹ ہو گیا جس کے ذریعے %21.99 کا ایک منافع دیا جا رہا ہے۔ اسی سال کے دوران بیچ مارک انڈیکس (KSE 100) اور چھ ماہ کے PKRV ریٹس کے روز آندہ اوسط حجم شدہ) نے %26.94 کا منافع حاصل کیا۔ فنڈ کا حجم 30 جون 2021 کے مطابق 20.0 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 19.0 بلین روپے رہا تھا۔

### بی بی ایل فنانشل پلاننگ فنڈ

فنڈ تین ذیلی فنڈز (پلانز) بنام ایکٹو ایلوکییشن پلان، کنزرویٹو ایلوکییشن پلان اور اسپیشل انکم پلان پر مشتمل ہے۔

فنڈ نے مجموعی طور پر زیر جائزہ سال کے دوران بالترتیب 24.89 ملین روپے اور 22.66 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ فنڈ کا حجم 30 جون 2021 کے مطابق 20.0 ارب روپے پر موجود تھا۔

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

### ایکٹو ایلوکییشن پلان

زیر جائزہ سال کے دوران ایکٹو ایلوکییشن پلان نے بالترتیب 12.30 ملین روپے اور 11.49 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ ایکٹو ایلوکییشن پلان کے خالص اثاثہ جات 0.06 ارب روپے پر موجود تھے جو 30 جون 2021 کے مطابق 115.7579 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں جبکہ اس کے مقابلے میں 30 جون 2020 کے مطابق 0.60 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد خالص اثاثہ جات (NAV) کی مالیت 95.9459 روپے فی یونٹ تھی۔ پلان نے زیر جائزہ سال کے لیے 20.65% کا منافع 24.25% کے بیچ مارک منافع کے برخلاف حاصل کیا۔ پلان نے ایکویٹی فنڈز میں 79% اور فیکسڈ انکم فنڈز میں 20% تک سرمایہ کاری کو توسیع دی۔

### کنزرویٹو ایلوکییشن پلان

زیر جائزہ سال کے دوران کنزرویٹو ایلوکییشن پلان نے بالترتیب 6.00 ملین روپے اور 30.5 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ کنزرویٹو ایلوکییشن پلان کے خالص اثاثہ جات 0.05 ارب روپے پر موجود تھے جو 30 جون 2021 کے مطابق 115.2069 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں جبکہ اس کے مقابلے میں 30 جون 2020 کے مطابق 3.70 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد خالص اثاثہ جات (NAV) کی مالیت 108.3030 روپے فی یونٹ تھی۔ پلان نے زیر جائزہ سال کے لیے 37.6% کا منافع 12.66% کے بیچ مارک منافع کے برخلاف حاصل کیا۔ پلان نے ایکویٹی فنڈز میں 20% اور فیکسڈ انکم فنڈز میں 77% تک سرمایہ کاری کو توسیع دی۔

### اسپیشل انکم پلان

زیر جائزہ سال کے دوران اسپیشل انکم پلان نے بالترتیب 58.6 ملین روپے اور 5.88 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ اسپیشل انکم پلان کے خالص اثاثہ جات 0.09 ارب روپے پر موجود تھے جو 30 جون 2021 کے مطابق 105.5096 روپے فی یونٹ (4.65 روپے فی یونٹ کا سہ ماہی منافع منقسمہ تشکیل دینے کے بعد) کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں۔ اس کے مقابلے میں 30 جون 2020 کے مطابق فنڈ کے خالص اثاثہ جات کی ویلیو (این اے وی) 104.7978 روپے فی یونٹ تھی۔ پلان نے 82% کا منافع زیر جائزہ مدت کے دوران 7.00% کے بیچ مارک منافع کے مقابلے میں ظاہر کیا۔

### ایچ بی ایل گروتھ فنڈ

2 جولائی 2018 سے لاگو فنڈ کو باقاعدہ منظور شدہ منتقلی کے پلان (کنورژن پلان) کے مطابق ایک اوپن اینڈڈ ایکویٹی فنڈ میں منتقل کر دیا گیا۔ اس معاملے کو مکمل طور پر فنڈ کے مالیاتی حسابات کے نوٹ نمبر 1.4 میں واضح کر دیا گیا ہے۔

فنڈ نے مجموعی طور پر زیر جائزہ سال کے دوران بالترتیب 714.76 ملین روپے اور 423.80 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ فنڈ کا حجم 30 جون 2021 کے مطابق 18.7 ارب روپے پر موجود تھا۔

ہر ایک کلاس کی کارکردگی کا جائزہ ذیل میں پیش کیا گیا ہے

## ایچ بی ایل گروتھ فنڈ - کلاس 'اے'

ایچ بی ایل گروتھ فنڈ - کلاس 'اے' نے 30 جون 2021 کو ختم ہونے والے سال کے دوران بالترتیب 170.57 بلین روپے اور 31.61 بلین روپے کی مجموعی آمدنی اور خالص خسارہ حاصل کیا۔ کلاس 'اے' کی فی یونٹ خالص اثاثہ جات کی مالیت 30 (NAV) جون 2021 کے مطابق 24.1401 روپے فی یونٹ تھی جو اس کے مقابلے میں 30 جون 2020 کے مطابق 18.0827 روپے فی یونٹ تھی جس کے ذریعے 33.50% کا منافع دیا جا رہا ہے۔ اسی سال کے دوران بیچ مارک کے ایس ای 100 انڈیکس نے 37.58% کا منافع حاصل کیا تھا۔ کلاس 'اے' کا حجم 30 جون 2021 کے مطابق 6.84 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 5.13 بلین روپے رہا تھا۔

## ایچ بی ایل گروتھ فنڈ - کلاس 'بی'

ایچ بی ایل گروتھ فنڈ - کلاس 'بی' نے 30 جون 2021 کو ختم ہونے والے سال کے دوران بالترتیب 544.19 بلین روپے اور 455.41 بلین روپے کی مجموعی آمدنی حاصل کی۔ کلاس 'بی' کی فی یونٹ خالص اثاثہ جات کی مالیت 30 (NAV) جون 2021 کے مطابق 19.9059 روپے فی یونٹ تھی جو اس کے مقابلے میں 30 جون 2020 کے مطابق 15.2116 روپے فی یونٹ تھی جس کے ذریعے 30.86% کا منافع دیا جا رہا ہے۔ اسی سال کے دوران بیچ مارک کے ایس ای 100 انڈیکس نے 37.58% کا منافع حاصل کیا تھا۔ کلاس 'بی' کا حجم 30 جون 2021 کے مطابق 1.86 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 1.50 بلین روپے رہا تھا۔

## ایچ بی ایل انویسٹمنٹ فنڈ

2 جولائی 2018 سے لاگو فنڈ کو باقاعدہ منظور شدہ منتقلی کے پلان (کنورژن پلان) کے مطابق ایک اوپن اینڈڈ ایکویٹی فنڈ میں منتقل کر دیا گیا۔ اس معاملے کو مکمل طور پر فنڈ کے مالیاتی حسابات کے نوٹ نمبر 1.4 میں واضح کر دیا گیا ہے۔

فنڈ نے مکمل طور پر زیر جائزہ سال کے دوران بالترتیب 466.16 بلین روپے اور 323.47 بلین روپے کی مجموعی آمدنی اور خالص آمدنی حاصل کی۔ فنڈ کا حجم 30 جون 2021 کے مطابق 3.88 ارب روپے پر موجود تھا۔

ہر ایک کلاس کی کارکردگی کا جائزہ ذیل میں دیا جا رہا ہے۔

## ایچ بی ایل انویسٹمنٹ فنڈ - کلاس 'اے'

ایچ بی ایل انویسٹمنٹ فنڈ - کلاس 'اے' نے 30 جون 2021 کو ختم ہونے والے سال کے دوران بالترتیب 60.77 بلین روپے اور 14.07 بلین روپے کی مجموعی آمدنی اور خالص خسارہ حاصل کیا۔ کلاس 'اے' کی فی یونٹ خالص اثاثہ جات کی مالیت 30 (NAV) جون 2020 کے مطابق 4934.6 روپے فی یونٹ کے مقابلے میں 30 جون 2021 کو 7715.8 روپے فی یونٹ تھی جس کے ذریعے 35.08% کا ایک منافع دیا جا رہا ہے۔ اسی سال کے دوران بیچ مارک کے ایس ای 100 انڈیکس نے 37.58% کا منافع حاصل کیا تھا۔ فنڈ کا حجم 30 جون 2021 کے مطابق 2.49 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 84.1 بلین روپے رہا تھا۔

## ایچ بی ایل انویسٹمنٹ فنڈ - کلاس 'بی'

ایچ بی ایل انویسٹمنٹ فنڈ - کلاس 'بی' نے 30 جون 2021 کو ختم ہونے والے سال کے دوران بالترتیب 405.39 بلین روپے اور 337.54 بلین روپے کی مجموعی آمدنی اور خالص آمدنی حاصل کی۔ کلاس 'بی' کی فی یونٹ خالص اثاثہ جات کی مالیت 30 (NAV) جون 2020 کے مطابق 7.8872 روپے فی یونٹ کے مقابلے میں 30 جون 2021 کو 10.2262 روپے فی یونٹ تھی جس کے ذریعے 29.66% کا ایک منافع دیا جا رہا ہے۔ اسی مدت کے دوران بیچ مارک کے ایس ای 100 انڈیکس نے 37.58% کا منافع حاصل کیا تھا۔ کلاس 'بی' کا حجم 30 جون 2021 کے مطابق 1.39 ارب روپے

تھا جو اس کے مقابلے میں سال کے آغاز میں 16.1 بلین روپے رہا تھا۔

## انتظامی کمپنی کی ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (جے سی آر۔ وی آئی ایس) نے انتظامی کمپنی کے لیے منجمنٹ کوالٹی ریٹنگ 'AM2+' (اے ایم ٹو پلس) سے 'AM2++' (اے ایم ٹو پلس پلس) پر اپ گریڈ کی ہے اور تقویض کردہ ریٹنگ پر آؤٹ لک 'مستحکم' ظاہر کیا ہے۔

## آڈیٹرز

میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، جو موجودہ طور پر ایچ بی ایل ایم فنڈ، ایچ بی ایل منی مارکیٹ فنڈ، ایچ بی ایل اسٹاک فنڈ، ایچ بی ایل گروتھ فنڈ اور ایچ بی ایل انویسٹمنٹ آف فنڈ کے آڈیٹرز تھے، اب سبکدوش ہو چکے ہیں، بورڈ آف ڈائریکٹرز جلد ہی آڈیٹرز کے تقرر کے معاملے پر غور کریں گے۔

میسرز بی ڈی او ابرہم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، جو موجودہ طور پر ایچ بی ایل گورنمنٹ سیکورٹیز فنڈ، ایچ بی ایل کیش فنڈ، ایچ بی ایل ایکویٹی فنڈ، ایچ بی ایل انرجی فنڈ اور ایچ بی ایل فنانشل پلاننگ فنڈ کے آڈیٹرز تھے، اب سبکدوش ہو چکے ہیں، بورڈ آف ڈائریکٹرز جلد ہی آڈیٹرز کے تقرر کے معاملے پر غور کریں گے۔

میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، جو موجودہ طور پر ایچ بی ایل ملٹی ایسیٹ فنڈ کے آڈیٹرز تھے، اب سبکدوش ہو چکے ہیں، بورڈ آف ڈائریکٹرز جلد ہی آڈیٹرز کے تقرر کے معاملے پر غور کریں گے۔

## یونٹ ہولڈنگ کا طریقہ کار

فنڈز کے متعلقہ مالیاتی حسابات میں یونٹ ہولڈنگ کے طریقہ کار (بیٹرن) کے بارے میں مفصل معلومات فراہم کر دی گئی ہیں۔ سائز کے لحاظ سے یونٹ ہولڈنگ کا بریک اپ متعلقہ فنڈز کے فنڈ منیجر کی رپورٹ کے متعلقہ سیکشن میں فراہم کیا گیا ہے۔

## اعتراف

بورڈ اس موقع پر اپنے معزز یونٹ ہولڈرز کا ان کے مستقل تعاون اور سرپرستی کے لیے شکر یہ ادا کرنا چاہتا ہے۔ اس سلسلے میں ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمیٹی آف پاکستان اور ایم سی بی فنانشل سروسز لمیٹڈ بطور ٹرسٹی، 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 اسٹاف کی انتھک کاوشوں اور خالصانہ جدوجہد پر ان کو بھی خراج تحسین پیش کرنا چاہتا ہے۔

منجانب بورڈ

ایچ بی ایل ایسیٹ منجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر



**HBL Money Market Fund**

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Money Market Fund</b>
<b>NAME OF AUDITOR</b>	<b>Yousuf Adil Chartered Accountants</b>
<b>NAME OF TRUSTEE</b>	<b>Central Depository Company of Pakistan Limited</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Faysal Bank Limited Allied Bank Limited Meezan Bank Limited Askari Bank Limited Samba Bank Limited Zarai Taraqati Bank Limited United Bank Limited Sindh Bank Limited JS Bank Limited</b>
<b>FUND RATING</b>	<b>AA(f) (JCR-VIS)</b>

**Type and Category of Fund**

**Open end Money Market Fund**

**Investment Objective and Accomplishment of Objective**

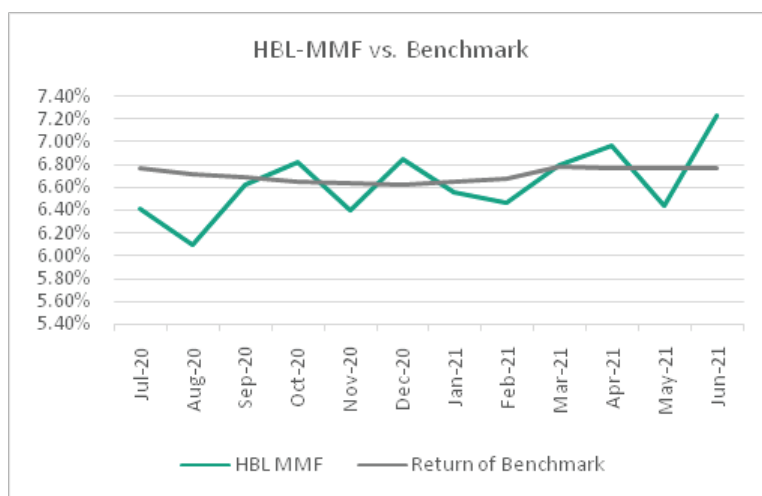
The investment objective of the Fund is to seek high liquidity and competitive return for investors by investing in low risk securities of shorter duration and maturity. The investment objective is achieved.

**Benchmark and Performance Comparison with Benchmark**

The Fund's benchmark is 70% 3 – Month PKRV + 30% 3 – Month Deposit Rate of 3 AA and above rated Banks as per MUFAP.

The comparison of the fund return with benchmark is given below:

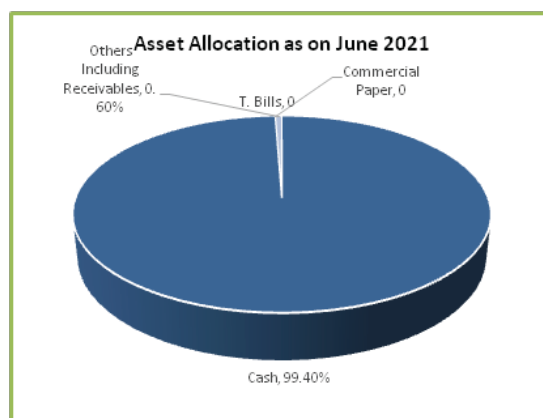
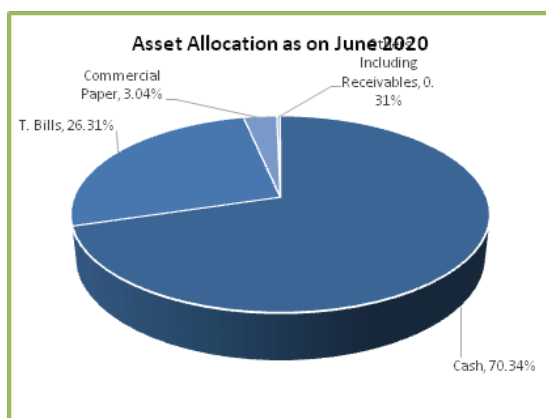
Month	HBL-MMF	Benchmark
Jun-21	7.23%	6.76%
May-21	6.44%	6.77%
Apr-21	6.97%	6.77%
Mar-21	6.79%	6.78%
Feb-21	6.46%	6.67%
Jan-21	6.55%	6.65%
Dec-20	6.84%	6.62%
Nov-20	6.40%	6.63%
Oct-20	6.82%	6.64%
Sep-20	6.62%	6.69%
Aug-20	6.09%	6.71%
Jul-20	6.41%	6.76%



**Strategies and Policies employed during the Year**

During the year, the fund was majorly invested in Government Securities of 3 and 6months tenors. HBL Money Market Fund posted an annualized return (YTD) of 6.84% compared to peer's average of 6.77% in FY21. In line with the investment policy of the Fund, the Fund continued to hold major investments in the form of short maturity T-Bills and placements with Commercial Banks and DFIs in Daily Product Accounts and LOPs. During the year, investment was made in short term commercial papers to support bottom line which matured prior to June end. During quarter, Calendar and Fiscal year ends, better opportunities were offered in Bank Deposits which assisted the Fund Manager in optimizing Fund returns.

**Asset Allocation**



## Significant Changes in Asset Allocation during the Year

No major changes were made in asset allocation during the year due to nature of the fund. The investment in Government Securities was trimmed and the exposure was diverted towards Bank Deposits in June 2021. At the end of the year, 99.40% assets were deployed in Cash at bank as banks were offering better returns when compared with other approved asset classes.

## Fund Performance

The total income and net income of the Fund was Rs. 959.95 million and Rs. 862.41 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs. 102.6193 per unit as on June 30, 2021 as compared to Rs. 102.3799 per unit as on June 30, 2020, after incorporating dividend of Rs. 6.75 per unit, thereby giving an annualized return of 6.84%. During the year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 6.71%. The size of Fund was Rs. 12.84 billion as on June 30, 2021 as compared to Rs.9.98 billion at the start of the year.

## Market Review

The Central bank maintained the interest rates in the period after a cumulative 625 bps decrease in interest rates in 2HFY20 in response to the Covid-19 pandemic. At the start of the 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.

Yields across all the tenors changed between +11bps to +146 bps during FY21 due to a general market consensus that the monetary easing cycle is over and we may witness some hike in interest rate in FY22. Secondary market yields of 3, 5 and 10-year PIBs increased by 146, 138 and 125 bps respectively while yields of 3, 6 and 12 month T-Bills increased in tandem by 19, 48 and 76 bps respectively during the period. The cut-off yields in the last T-Bill Auction were 7.31% and 7.58% for 3M and 6M tenor whereas the cut offs in the last PIB Auction were 8.69%, 9.20% and 9.84% for the 3Y, 5Y, and 10Y tenor.

During FY21, Government largely managed its borrowing requirement through commercial banks. Government borrowed PKR 2,955bn from scheduled banks compared to borrowing of PKR 2,305bn during same period last year. Meanwhile, Government borrowing from SBP declined by PKR 1,268bn during the period against decline in borrowing of PKR 153bn 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 May-21, SBP maintained status quo in the interest rates. Going forward, we feel that the monetary easing has taken place and we are at the bottom of the interest rate cycle. Due to the ongoing fourth wave of Covid-19 we expect the government to maintain status quo in the SBP policy rate for the next few months to support the recovery of the economy. The central bank has given its forward looking guidance to maintain mildly positive interest rates when economy return to full capacity. Thus we expect any future increase in the policy rate to be measured and gradual.

## Distribution

The Fund has distributed cash dividend up-to Rs. 6.75 per unit for the year ended June 30, 2021.

## Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.



### Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	2,681	37,186
101 – 500	329	76,986
501 – 1,000	114	86,391
1,001 – 10,000	834	4,483,804
10,001 – 100,000	1,207	42,160,399
100,001 – 500,000	163	31,519,827
500,001 – 1,000,000	17	12,616,393
1,000,001 – 5,000,000	15	34,112,120
5,000001 and more	-	-
<b>Total</b>	<b>5,360</b>	<b>125,093,106</b>

### Unit Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

# PERFORMANCE TABLE – HBL MONEY MARKET FUND

As at June 30, 2021

	For the period ended June 30, 2021	For the period ended June 30, 2020	For the period ended June 30, 2019	For the period ended June 30, 2018	For the period ended June 30, 2017	For the period ended June 30, 2016	For the period ended June 30, 2015	For the period ended June 30, 2014
<b>NET ASSETS AND PRICES</b>								
Net assets at the period end (Rs'000)	12,836,970	9,977,368	6,252,738	7,249,502	3,942,010	3,522,715	5,081,207	9,777,546
Net asset value per unit at the period end/period end (Rs)	102.6193	102.3799	102.2200	107.1869	101.7683	101.5468	101.1823	100.4122
Selling price/repurchasing price	102.6193	102.3799	103.3751	107.1869	101.7683	101.5468	101.1823	100.4122
Earning per unit(Rs) (note 3.10 )								
Highest selling price per unit(Rs)	110.3250	116.0114	111.7235	107.1869	107.6259	106.2966	108.2936	101.0903
Lowest selling price per unit (Rs)	103.5368	103.4401	102.1026	101.8380	101.5871	101.1538	100.5311	100.2636
Highest repurchase price per unit (Rs)	109.0923	114.7151	110.4751	107.1869	107.6259	106.2966	108.2936	101.0903
Lowest repurchasing price per unit (Rs)	102.3799	102.2843	102.0607	101.8380	101.5871	101.1538	100.5311	100.2636
<b>RETURN ( % )</b>								
Total return	6.84%	12.38%	8.47%	5.32%	6.45%	5.13%	8.79%	8.08%
Income distribution	6.75%	12.50%	8.45%	5.15%	6.30%	5.15%	7.97%	7.59%
Capital growth	0.09%	-0.12%	0.02%	0.17%	0.15%	-0.02%	0.82%	0.49%
<b>DISTRIBUTION</b>								
First Interim dividend distribution	-	-	-	-	-	-	-	0.54
Second Interim dividend distribution	-	-	-	-	-	-	-	0.54
Third Interim dividend distribution	-	-	-	-	-	-	-	0.54
Fourth Interim dividend distribution	-	-	-	-	-	-	-	0.57
Fifth Interim dividend distribution	-	-	-	-	-	-	-	0.61
Sixth Interim dividend distribution	-	-	-	-	-	-	-	0.73
Seventh Interim dividend distribution	-	-	-	-	-	-	-	0.73
Eighth Interim dividend distribution	-	-	-	-	-	-	-	0.65
Ninth Interim dividend distribution	-	-	-	-	-	-	-	0.77
Tenth Interim dividend distribution	-	-	-	-	-	-	-	0.67
Eleven Interim dividend distribution	-	-	-	-	-	-	-	0.64
Twelve Interim dividend distribution	-	-	-	-	-	-	-	0.60
Final dividend distribution	6.75	12.5	8.45	5.15	6.30	4.80	8.00	-
Total dividend distribution for the year/ period	6.75	12.50	8.45	5.15	6.30	4.80	8.00	7.59
<b>AVERAGE RETURNS ( % )</b>								
Average annual return 1 year	6.84%	12.38%	8.47%	5.32%	6.45%	5.13%	8.79%	8.08%
Average annual return 2 year	9.57%	10.41%	6.89%	5.89%	5.79%	6.96%	8.44%	8.08%
Average annual return 3 year	9.21%	8.69%	6.74%	5.64%	6.79%	7.33%	8.44%	8.08%
Weighted average portfolio during (No. of days)	1	33	15	3	19	13	16	66
<b>Portfolio Composition- (%)</b>								
Percentage of Total Assets as at 30 June:								
Bank Balances	99.40%	70.74%	70.15%	92.91%	87.65%			
T. Bills	0.00%	26.31%	0.00%	0.00%	0.00%			
Placement with banks & DFIs	0.00%	0.00%	8.61%	6.83%	9.40%			
Government Securities	0.00%	0.00%	7.07%	0.00%	0.00%			
Commercial Paper	0.00%	3.04%	13.37%	0.00%	2.41%			
Others including Receivables	0.60%	0.31%	0.80%	0.26%	0.54%			

#### Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices

and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL MONEY MARKET FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Money Market Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 17, 2021

## INDEPENDENT AUDITOR'S REPORT

To the unit holders of HBL Money Market Fund

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Money Market Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and HBL Asset Management Limited (the Management Company) in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year.

We have determined that there are no key audit matters to communicate in our report.

#### Information other than the financial statements and auditor's report thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Responsibilities of Management Company and Board of Directors for the financial statements**

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company are responsible for overseeing the Fund's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide Those Charged with Governance of Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

  
Chartered Accountants

Place: Karachi

Dated: September 27, 2021

**HBL Money Market Fund**  
**Statement of Assets and Liabilities**  
*As at June 30, 2021*

	Note	2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
<b>ASSETS</b>			
Bank balances	5	12,963,462	7,992,986
Investments	6	-	3,334,100
Accrued mark-up	7	77,714	34,531
Deposit and prepayment	8	105	105
<b>Total assets</b>		<b>13,041,281</b>	<b>11,361,722</b>
<b>LIABILITIES</b>			
Payable to the Management Company	9	4,072	4,664
Payable to the Trustee	10	710	604
Payable to Securities and Exchange Commission of Pakistan	11	2,599	1,753
Payable against purchase of investments		-	1,181,200
Dividend payable		2,942	1,758
Accrued expenses and other liabilities	12	193,988	196,448
<b>Total liabilities</b>		<b>204,311</b>	<b>1,386,427</b>
<b>NET ASSETS</b>		<b>12,836,970</b>	<b>9,975,295</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>12,836,970</b>	<b>9,975,295</b>
<b>Contingencies and commitments</b>	13		
		----- Number of units -----	
<b>Number of units in issue</b>	14	<b>125,093,106</b>	<b>97,434,106</b>
		----- Rupees -----	
<b>Net assets value per unit</b>	4.8	<b>102.6193</b>	<b>102.3799</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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

# HBL Money Market Fund

## Income Statement

As at June 30, 2021

	Note	2021 ----- Rupees in '000 -----	2020
<b>INCOME</b>			
Mark-up / return on investments	15	602,718	616,642
Mark-up on bank deposits	16	360,855	503,265
Net (loss) / gain on sale of investments		(3,622)	10,334
Net unrealised gain on re-measurement of investment classified as 'financial assets at fair value through profit or loss'		-	6,452
<b>Total income</b>		<b>959,951</b>	<b>1,136,693</b>
<b>EXPENSES</b>			
Remuneration of the Management Company	9	65,170	80,780
Remuneration of the Trustee	10	9,546	6,432
Annual fee of Securities and Exchange Commission of Pakistan	11	2,599	1,753
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	-	4,136
Securities transaction costs		47	471
Settlement and bank charges		1,583	1,161
Auditors' remuneration	17	647	641
Annual listing fee		28	28
Printing expenses		29	-
Annual rating fee		290	289
Selling and marketing expenses	9.4	-	4,647
<b>Total expenses</b>		<b>79,939</b>	<b>100,338</b>
		<b>880,012</b>	<b>1,036,355</b>
<b>Net income from operating activities</b>			
Provision for Sindh Workers' Welfare Fund	12.1	(17,600)	(20,727)
<b>Net income for the year before taxation</b>		<b>862,412</b>	<b>1,015,628</b>
Taxation	18	-	-
<b>Net income for the year after taxation</b>		<b>862,412</b>	<b>1,015,628</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		862,412	1,015,628
Income already paid on redemption of units		(440,513)	(427,490)
		<b>421,899</b>	<b>588,138</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gain		-	6,911
- Excluding capital gain		421,899	581,227
		<b>421,899</b>	<b>588,138</b>
<b>Earnings per unit</b>	19		

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



	2021	2020
	----- Rupees in '000 -----	
Net income for the year after taxation	862,412	1,015,628
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>862,412</b>	<b>1,015,628</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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

**HBL Money Market Fund**  
**Statement of Movement in Unit Holders' Fund**  
 For the year ended June 30, 2021

	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- Rupees in '000 -----					
<b>Net assets at beginning of the year</b>	9,909,419	65,876	9,975,295	6,192,950	59,788	6,252,738
Issuance of 336,388,015 units (2020: 189,658,929 units)						
- Capital value	34,439,375	-	34,439,371	19,389,692	-	19,389,692
- Element of income	808,487	-	808,487	1,230,772	-	1,230,772
Total proceeds on issuance of units	35,247,862	-	35,247,858	20,620,464	-	20,620,464
Redemption of 308,729,015 units (2020: 153,421,249 units)						
- Capital value	(31,607,649)	-	(31,607,649)	(15,682,717)	-	(15,682,717)
- Element of income	(555,781)	(440,513)	(996,294)	(747,187)	(427,490)	(1,174,677)
Total payment on redemption of units	(32,163,430)	(440,513)	(32,603,943)	(16,429,904)	(427,490)	(16,857,394)
Total comprehensive income for the year	-	862,412	862,412	-	1,015,628	1,015,628
Interim distribution for the year ended June 30, 2020 (cash distribution @ 12.5 per unit declared on June 29, 2020)	-	-	-	-	(582,050)	(582,050)
Interim distribution for the year ended June 30, 2021 (cash distribution @ 6.75 per unit declared on June 18, 2021)	-	(439,464)	(439,464)	-	-	-
Refund of capital	(205,188)	-	(205,188)	(474,091)	-	(474,091)
Net (loss) / income for the year less distribution	(205,188)	422,948	217,760	(474,091)	433,578	(40,513)
<b>Net assets at end of the year</b>	<b>12,788,663</b>	<b>48,311</b>	<b>12,836,970</b>	<b>9,909,419</b>	<b>65,876</b>	<b>9,975,295</b>
<b>Undistributed income brought forward comprising of:</b>						
- Realised		59,424			59,788	
- Unrealised		6,452			-	
		65,876			59,788	
<b>Accounting income available for distribution</b>						
- Relating to capital gain		-			6,911	
- Excluding capital gain		421,899			581,227	
		421,899			588,138	
Distribution during the year		(439,464)			(582,050)	
Undistributed income carried forward		48,311			65,876	
<b>Undistributed income carried forward comprising of:</b>						
- Realised		48,311			59,424	
- Unrealised		-			6,452	
		48,311			65,876	
		--- Rupees ---			--- Rupees ---	
<b>Net asset value per unit at beginning of the year</b>			102.3799			107.1869
<b>Net asset value per unit at end of the year</b>			102.6193			102.3799

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

# HBL Money Market Fund

## Cash Flow Statement

For the year ended June 30, 2021

	2021	2020
Note	----- Rupees in '000 -----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	862,412	1,015,628
<b>Adjustments for:</b>		
Mark-up on bank deposits	(360,855)	(503,265)
Mark-up / return from investments	(602,718)	(616,642)
Net loss / (gain) on sale of investments	3,622	(10,334)
Net unrealized gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	(6,452)
Provision for Sindh Workers' Welfare Fund	17,600	20,727
	<u>(79,939)</u>	<u>(100,338)</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	<u>3,330,478</u>	<u>(1,893,573)</u>
Deposit and prepayment	<u>-</u>	<u>12</u>
	3,330,478	(1,893,561)
<b>Increase / decrease in liabilities</b>		
Payable to the Management Company	<u>(592)</u>	<u>(1,179)</u>
Payable to the Trustee	<u>106</u>	<u>(434)</u>
Payable to Securities and Exchange Commission of Pakistan	<u>846</u>	<u>(3,733)</u>
Payable against purchase of investments	<u>(1,181,200)</u>	<u>688,746</u>
Accrued expenses and other liabilities	<u>(20,060)</u>	<u>69,566</u>
	<u>(1,200,900)</u>	<u>752,966</u>
Mark-up received on bank deposits	317,672	523,871
Mark-up received on investments	602,718	616,642
	<u>2,970,029</u>	<u>(100,420)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issuance of units	<u>35,042,670</u>	<u>20,620,464</u>
Payment against redemption of units	<u>(32,603,943)</u>	<u>(16,857,394)</u>
Cash dividend paid	<u>(438,280)</u>	<u>(681,515)</u>
<b>Net cash generated from financing activities</b>	<u>2,000,447</u>	<u>3,081,555</u>
	<u>4,970,476</u>	<u>2,981,135</u>
<b>Net increase in cash and cash equivalents during the year</b>	<u>4,970,476</u>	<u>2,981,135</u>
Cash and cash equivalents at beginning of the year	7,992,986	5,485,942
<b>Cash and cash equivalents at end of the year</b>	<u>5</u> <u>12,963,462</u>	<u>8,467,077</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
Director

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

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

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

**1.3** The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription 'at par from July 12, 2010 to July 14, 2010.

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

**1.5** JCR-VIS Credit Rating Agency has assigned an asset manager rating of 'AM2++' (stable outlook) to the Management Company and fund stability rating of AA+(f).

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

**1.7 COVID-19 impact**

The coronavirus (COVID-19) outbreak situation emerged last year in March 2020, has caused governments around the world to implement measures to help control its spread, including, smart lock-downs, travel bans, quarantines, social-distancing closures or reduced operations for non-essential businesses, governmental agencies, schools and other institutions and vaccination.

General economic activities in Pakistan was although affected but continued since then. Stock markets and financial institutions remained open throughout the year. Activities of the Fund were operation during the year as staff of the Management Company were working without any disruption either from office or online remotely.

The management of the Fund is closely monitoring the situation, and there has not been any material adverse impact on fiscal and economic fronts facing the country and therefore not materially affected the financial performance of the Fund.

**2. BASIS OF PREPARATION**

**2.1 Statements 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; 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, 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, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

## **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

## **2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All amounts have been rounded to the nearest thousands of Rupee, unless otherwise indicated.

## **2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (i) Classification and valuation of financial instruments (note 4.2)
- (ii) Provisions (note 4.4)

## **3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS**

### **3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021**

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

**Effective from  
accounting period  
beginning on or after**

Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Certain annual improvements have also been made to a number of IFRSs.	

**3.2** New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

**Effective from  
accounting period  
beginning on or after**

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023

Effective from  
accounting period  
beginning on or after

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction. January 01, 2023

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### **4.1 Cash and cash equivalents**

Cash comprises savings accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

##### **4.2 Financial assets and liabilities**

###### **4.2.1 Initial recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

###### **4.2.2 Classification and measurement**

###### **4.2.2.1 Financial assets**

There are three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVTOCI") and
- Fair value through profit or loss ("FVTPL").

#### **Financial asset at amortised cost**

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

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

#### **Financial asset at FVTOCI**

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

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

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

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

#### **Financial asset at FVTPL**

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

#### **Business model assessment**

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:



- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

#### **4.2.2.2 Financial liabilities**

The Company classifies its financial liabilities in the following categories:

- Measured at amortized cost ("AC"), or
- Fair value through profit or loss ("FVTPL").

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

#### **4.2.3 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

#### **4.2.4 Impairment of financial assets**

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. The Fund is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

#### **4.2.5 Fair value measurement principles and provision**

The fair value of financial instruments is determined as follows:

##### **Basis of valuation of debt securities**

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

##### **Basis of valuation of government securities**

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenor of the securities.

##### **Basis of valuation of instruments at amortised cost**

Subsequent to initial recognition, financial instruments classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial instruments carried at amortised cost are derecognised or impaired, and through the amortisation process.

#### **4.2.6 Derecognition**

##### **Financial assets**

The Fund derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

#### **Financial liabilities**

The Fund derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired.

#### **4.2.7 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.3 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.4 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.5 Taxation**

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders (excluding distribution made by issuance of bonus shares).

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.6 Distribution to the unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

#### **4.7 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

An equalisation account called the element of income / (loss) included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the fund.

#### **4.8 Net assets value per unit**

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in issue at the year end.

#### **4.2.6 Derecognition**

##### **Financial assets**

The Fund derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

##### **Financial liabilities**

The Fund derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired.

#### **4.2.7 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.4 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.5 Taxation**

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders (excluding distribution made by issuance of bonus shares).

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.6 Distribution to the unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

#### **4.7 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

An equalisation account called the element of income / (loss) included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the fund.

#### 4.8 Net assets value per unit

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in issue at the year end.

#### 4.9 Revenue recognition

- Gain / (loss) arising on sale of investments are included in the 'income statement' on the date at which the sale transaction takes place.
- Unrealised gain / (loss) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.
- Dividend income is recognised when the right to receive dividend is established.
- Mark up / return on bank deposits, commercial papers and investment in debt securities are recognized on a time apportionment basis using effective interest method.

#### 4.10 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP, and selling and marketing expense) are recognised in the 'income statement' on an accrual basis.

		2021	2020
	Note	----- Rupees in '000 -----	-----
<b>5. BANK BALANCES</b>			
Savings accounts	5.1	<u>12,963,462</u>	<u>7,992,986</u>

5.1 This includes balances of Rs. 12,445.44 million (2020: 3,881.68 million) with Habib Bank Limited (a related party) and these accounts carry profit at the rates of 7.84% (2020: 6%) respectively. Other PLS accounts of the Fund carry profit at the rates of 5% to 8% (2020: 6.50% to 14.35%) per annum.

2021                      2020  
Note ----- Rupees in '000 -----

**6. INVESTMENTS**

**At fair value through profit or loss**

- Government securities - Market treasury bills	6.1	-	2,988,658
- Commercial papers	6.2	-	345,442
- Letter of placements	6.3	-	-
- Sukuk - unlisted	6.4	-	-
		-	3,334,100
		-	3,334,100

**6.1 Government securities - Market treasury bills**

Issue date	Tenor	Face value			As at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of	
		As at July 1, 2020	Purchases during the year	Sales / matured during the year			Total investments	Net assets
----- Rupees in '000 -----								
August 1, 2019	12 Month	-	550,000	550,000	-	-	-	-
August 29, 2019	12 Month	-	1,900,000	1,900,000	-	-	-	-
September 12, 2019	12 Month	494,000	3,450,000	3,944,000	-	-	-	-
September 26, 2019	12 Month	-	600,000	600,000	-	-	-	-
October 10, 2019	12 Month	500,000	2,800,000	3,300,000	-	-	-	-
December 19, 2019	12 Month	-	9,568,000	9,568,000	-	-	-	-
January 30, 2020	12 Month	-	500,000	500,000	-	-	-	-
February 27, 2020	12 Month	-	12,642,000	12,642,000	-	-	-	-
March 12, 2020	12 Month	-	500,000	500,000	-	-	-	-
March 26, 2020	12 Month	-	3,250,000	3,250,000	-	-	-	-
April 9, 2020	12 Month	-	800,000	800,000	-	-	-	-
March 12, 2020	12 Month	-	500,000	500,000	-	-	-	-
June 4, 2020	12 Month	-	300,000	300,000	-	-	-	-
July 30, 2020	12 Month	-	9,000	9,000	-	-	-	-
March 12, 2020	6 Month	750,000	750,000	1,500,000	-	-	-	-
March 26, 2020	6 Month	-	2,655,000	2,655,000	-	-	-	-
April 9, 2020	6 Month	375,000	300,000	675,000	-	-	-	-
April 23, 2020	6 Month	-	3,150,000	3,150,000	-	-	-	-
May 7, 2020	6 Month	925,000	-	925,000	-	-	-	-
May 21, 2020	6 Month	-	235,500	235,500	-	-	-	-
July 2, 2020	6 Month	-	475,000	475,000	-	-	-	-
July 16, 2020	6 Month	-	775,000	775,000	-	-	-	-
August 27, 2020	6 Month	-	400,000	400,000	-	-	-	-
September 24, 2020	6 Month	-	1,700,000	1,700,000	-	-	-	-
April 8, 2021	6 Month	-	1,500,000	1,500,000	-	-	-	-
April 22, 2021	6 Month	-	675,000	675,000	-	-	-	-
May 6, 2021	6 Month	-	330,000	330,000	-	-	-	-
May 21, 2020	3 Month	-	300,000	300,000	-	-	-	-
June 4, 2020	3 Month	-	468,560	468,560	-	-	-	-
July 2, 2020	3 Month	-	149,840	149,840	-	-	-	-
July 16, 2020	3 Month	-	6,350,000	6,350,000	-	-	-	-
July 30, 2020	3 Month	-	400,000	400,000	-	-	-	-
August 27, 2020	3 Month	-	1,875,000	1,875,000	-	-	-	-
October 8, 2020	3 Month	-	4,000,000	4,000,000	-	-	-	-
October 22, 2020	3 Month	-	10,630,000	10,630,000	-	-	-	-
November 19, 2020	3 Month	-	3,325,000	3,325,000	-	-	-	-
November 5, 2020	3 Month	-	400,000	400,000	-	-	-	-
January 14, 2021	3 Month	-	3,174,000	3,174,000	-	-	-	-
December 31, 2020	3 Month	-	245,000	245,000	-	-	-	-
December 3, 2020	3 Month	-	3,125,000	3,125,000	-	-	-	-

Issue date	Tenor	Face value			Market value as at June 30, 2021	Market value as a percentage of	
		As at July 1, 2020	Purchases during the year	Sales / matured during the year		As at June 30, 2021	Total investments
----- Rupees in '000 -----							
December 3, 2020	3 Month	-	3,125,000	3,125,000	-	-	-
December 17, 2020	3 Month	-	830,000	830,000	-	-	-
February 25, 2021	3 Month	-	7,025,000	7,025,000	-	-	-
March 11, 2021	3 Month	-	650,000	650,000	-	-	-
March 25, 2021	3 Month	-	8,275,000	8,275,000	-	-	-
April 22, 2021	3 Month	-	6,500,000	6,500,000	-	-	-
May 6, 2021	3 Month	-	1,300,000	1,300,000	-	-	-
<b>Total as at June 30, 2021</b>		<b>3,044,000</b>	<b>109,336,900</b>	<b>112,380,900</b>	-	-	<b>0%</b>
Total as at June 30, 2020		500,000	72,713,500	70,169,500	3,044,000	2,988,658	90%
							30%

6.1.1 The effective yield on market treasury bills is ranging from 2.99 % to 11.69 % per annum.

## 6.2 Commercial papers

Particulars	Profit rate	Maturity date	Face value			Carrying value as at June 30, 2021	Carrying value as percentage of total investments	Carrying value as a percentage of net assets
			As at July 01, 2020	Placement during the year	Matured / sold during the year			
----- Rupees in '000 -----								
K - Electric - II (ICP-6)	14.17%	26-Aug-20	150,000	-	150,000	-	-	-
K - Electric - III (ICP-8)	11.86%	06-Oct-20	205,000	-	205,000	-	-	-
K - Electric - (ICP-14)	7.92%	10-Aug-21	-	141,000	141,000	-	-	-
K - Electric - (ICP-17)	8.37%	06-Oct-21	-	125,000	125,000	-	-	-
K - Electric - (ICP-18)	8.27%	19-Oct-21	-	200,000	200,000	-	-	-
<b>Total as at June 30, 2021</b>			<b>355,000</b>	<b>466,000</b>	<b>821,000</b>	-	-	-
Total As at June 30, 2021						345,442	10%	3%

## 6.3 Letter of placements

Particulars	Face value			Carrying value as at June 30, 2021	Carrying value as percentage of total investments	Carrying value as a percentage of net assets
	As at July	Placement during the year	Matured during the year			
----- Rupees in '000 -----						
Pak Kuwait Investment Company Limited	-	850,000	850,000	-	-	-
Pak Oman Investment Company Limited	-	560,000	560,000	-	-	-
Saudi Pak Ind & Agri Investment Company (Private) Limited	-	800,000	800,000	-	-	-
Pak Brunei Investment Company Limited	-	900,000	900,000	-	-	-
Pak Kuwait Investment Company Limited	-	1,475,000	1,475,000	-	-	-
Pak Oman Investment Company Limited	-	800,000	800,000	-	-	-
Pak Brunei Investment Company Limited	-	1,000,000	1,000,000	-	-	-
<b>Total as at June 30, 2021</b>	-	<b>6,385,000</b>	<b>6,385,000</b>	-	-	<b>0%</b>
Total As at June 30, 2021						0%



**6.3.1** Letter of placements carries interest ranging from 5.4% to 7.15% per annum and having tenor ranging from 1 to 62 days.

**6.4 Sukuk - unlisted**

	Face value			Market value as at June 30, 2021	Carrying value as percentage of total investments	Carrying value as a percentage of net assets
	As at July 01, 2020	Placement during the year	Matured during the year			
	----- Rupees in '000 -----					
<b>POWER GENERATION AND DISTRIBUTION</b>						
Hub Power Company Limited - Sukuk	-	225,000	225,000	-	-	
<b>Total as at June 30, 2021</b>	<b>-</b>	<b>225,000</b>	<b>225,000</b>	<b>-</b>	<b>-</b>	<b>0%</b>
Total As at June 30, 2021				-	0%	0%

**6.4.1** The face value of certificate is Rs. 100,000 per certificate and carries interest rate of 10% per annum. This sukuk has maturity of 6 months and matured on November 19, 2020.

	Note	2021	2020
		----- Rupees in '000 -----	
<b>7. ACCRUED MARK-UP</b>			
Mark-up accrued on bank deposits		77,714	34,531
<b>8. DEPOSIT AND PREPAYMENT</b>			
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepayment		5	5
		105	105
<b>9. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration of the Management Company	9.1	3,538	3,701
Sindh Sales Tax on remuneration of the Management Company	9.2	460	481
Sales load		74	482
		4,072	4,664

**9.1** As per the offering document of the Fund the maximum limit of management fee is 1.5% per annum of Average Annual Net Assets. During the year, management remuneration is charged by the Asset Management Company at the rate ranging from 0.45% to 0.2% (2020: 0.98% to 0.45%) of average annual net assets of the Fund.

**9.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2020: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

**9.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company may charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). No expense is charged by the Asset Management Company for the year (2020: 0% to 0.2%) of average annual net assets of the fund.

**9.4** SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed cap of 0.4 percent (of average net assets, calculated on daily basis), on charging of selling and marketing expenses which are charged by Asset Management Companies to all categories of open-end mutual funds (except fund of funds). No selling and marketing expenses is charged by the Asset Management Company for the year (2020: 0% to 0.5%) of average annual net assets of the Fund.

	Note	2021 ----- Rupees in '000 -----	2020
<b>10. PAYABLE TO THE TRUSTEE</b>			
Remuneration of the Trustee	10.1	628	535
Sindh Sales Tax on remuneration of the Trustee	10.2	82	69
		<b>710</b>	<b>604</b>

**10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified there in, based on the daily Net Asset Value (NAV) of the Fund.

CDC vide letter no CDC/CEO/L-112/06/2019 declared that the tariff structure for the money market schemes shall consists of actual custodial expense plus 0.065% per annum of Net Assets. Therefore trustee fee have been charged as 0.065% (2020: 0.065%) per annum of net assets calculated on daily basis.

The remuneration is paid to the trustee monthly in arrears.

**10.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2020: 13%) on the remuneration of the trustee through Sindh Sales Tax on Services Act, 2011.

**11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

As per SRO 685(I)/2019 dated June 28, 2019, annual fee at the rate of 0.02% (2020: 0.02%) of the net assets of the fund has been charged during the year by Securities and Exchange Commission of Pakistan.

	Note	2021 ----- Rupees in '000 -----	2020
<b>12. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		643	638
Withholding tax payable		73,476	97,595
Provision for Sindh Workers' Welfare Fund	12.1	62,703	45,103
Federal Excise Duty payable on Management Company's remuneration	12.2	41,211	41,211
Capital gain tax payable		9,124	4,451
Advance against units to be issued		2,500	2,500
Other payable		4,331	4,950
		<b>193,988</b>	<b>196,448</b>

**12.1** The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 62.703 million for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 0.501 (2020: Rs. 0.463) per unit.

**12.2** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The Finance Act, 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ending June 30, 2021.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution is carrying provision for FED on remuneration of Management Company, aggregating to Rs. 41.211 million. Had the provision not been made, the Net Asset Value per unit as at June 30, 2021 would have been higher by Rs.0.329 (2020: Rs. 0.423) per unit.

## **13. CONTINGENCIES AND COMMITMENTS**

**13.1** There are no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

		2021	2020
		----- Number of units -----	
<b>14.</b>	<b>NUMBER OF UNITS IN ISSUE</b>		
	Total outstanding as of July 01	97,434,106	61,169,427
	Add: Issued during the year	336,388,015	189,685,929
	Less: Redeemed during the year	<u>(308,729,015)</u>	<u>(153,421,250)</u>
	Total units in issue as of June 30	<u><u>125,093,106</u></u>	<u><u>97,434,106</u></u>

		2021	2020
		----- Rupees in '000 -----	
<b>15.</b>	<b>MARK-UP / RETURN ON INVESTMENTS</b>		
	Mark-up / return on:		
	- Government securities	6.1.1 554,952	479,433
	- Sukuk	6.4.1 591	-
	- Placements	6.3.1 33,815	78,943
	- Commercial papers	6.2 13,360	58,266
		<u>602,718</u>	<u>616,642</u>

<b>16.</b>	<b>MARK-UP ON BANK DEPOSITS</b>		
	Mark-up on:		
	- Savings accounts	360,855	489,817
	- Term deposit receipts	-	13,448
		<u>360,855</u>	<u>503,265</u>

<b>17.</b>	<b>AUDITORS' REMUNERATION</b>		
	Annual audit fee	482	459
	Fee for half yearly review	161	153
	Other certifications and out of pocket expenses	4	29
		<u>647</u>	<u>641</u>

**18. TAXATION**

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 if it has distributed not less than 90 percent of its accounting income (excluding capital gain realised or unrealised). The Fund has distributed such accounting income for the years ended June 30, 2021 and June 30, 2020 and therefore has not accrued and recorded taxation charge for the year. The Fund is also exempt from provision of Section 113 ( minimum tax) under clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

**19. EARNINGS PER UNIT**

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

**20. FINANCIAL INSTRUMENTS BY CATEGORY**

	2021		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Bank balances	12,963,462	-	12,963,462
Accrued mark-up	77,714	-	77,714
Deposit	100	-	100
	<u>13,041,276</u>	<u>-</u>	<u>13,041,276</u>
<b>Financial liabilities</b>			
Payable to the Management Company	4,072	-	4,072
Payable to the Trustee	710	-	710
Accrued expenses and other liabilities	4,974	-	4,974
Dividend payable	2,942	-	2,942
Net assets attributable to redeemable units	<u>12,836,970</u>	<u>-</u>	<u>12,836,970</u>
	<u>12,849,668</u>	<u>-</u>	<u>12,849,668</u>
2020			
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Investments - government securities	-	2,988,658	2,988,658
Investments - commercial papers	-	345,442	345,442
Bank balances	7,992,986	-	7,992,986
Accrued mark-up	34,531	-	34,531
Deposit	100	-	100
	<u>8,027,617</u>	<u>3,334,100</u>	<u>11,361,717</u>
<b>Financial liabilities</b>			
Payable to the Management Company	4,664	-	4,664
Payable to the Trustee	604	-	604
Payable against the purchase of investments	1,181,200	-	1,181,200
Accrued expenses and other liabilities	5,588	-	5,588
Dividend payable	1,758	-	1,758
Net assets attributable to redeemable units	<u>9,975,295</u>	<u>-</u>	<u>9,975,295</u>
	<u>11,169,109</u>	<u>-</u>	<u>11,169,109</u>

## 21. TRANSACTIONS / BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include HBL Asset Management Limited (HBL-AML) being the Management Company of the Fund, Habib Bank Limited (HBL) being the Sponsor (holding 100% shares of HBL Asset Management Limited), Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other associated companies of HBL, HAML and its subsidiaries, 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 terms.

Remuneration payable to the 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:

### 21.1 Transactions during the year

	2021	2020
	----- Rupees in '000 -----	
<b>HBL Asset Management Limited - Management Company</b>		
Management remuneration including sales tax thereon	65,170	80,780
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	4,136
Selling and marketing expenses	-	4,647
Issuance of Nil units (2020: 2,321,196 units)	-	254,492
Redemption of Nil units (2020: 2,342,306 units)	-	260,074
<b>Habib Bank Limited - Sponsor</b>		
Dividend paid	27,785	51,453
Bank charges paid	1,089	350
Mark-up earned during the year	263,806	25,359
Redemption of Nil units (2020: 4,621,263 units)	-	500,000
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Associate</b>		
Issuance of 1,193,780 units (2020: 186,335 units)	123,644	20,183
Redemption of 1,210,549 units (2020: 301,790 units)	125,689	32,404
Dividend paid	2,562	4,449
<b>Fauji Fertilizer Company Limited - connected person due to holding of 10% or more units</b>		
Issuance of Nil units (2020: 59,516,243 units)	-	6,505,449
Redemption of Nil units (2020: 41,842,666 units)	-	4,677,266
Dividend paid	-	197,304
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee's remuneration including sales tax thereon	9,546	6,432
<b>HBL Islamic Money Market Fund</b>		
Commercial paper sold during the year	656,654	-

	2021	2020
	----- Rupees in '000 -----	
<b>Directors, executives and key management personnel</b>		
Issuance of 86,019 units (2020: 78,070 units)	<b>8,993</b>	8,128
Redemption of 67,063 units (2020: 14,724 units)	<b>7,063</b>	1,648
Dividend paid	<b>198</b>	524,475
<b>21.2 Balance outstanding as at year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management remuneration payable	<b>3,538</b>	3,701
Sindh Sales Tax on management remuneration payable	<b>460</b>	481
Sales load payable	<b>74</b>	482
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	<b>12,448,270</b>	503,798
Sales load payable	<b>4,048</b>	4,575
Investment held in the Fund: 4,116,245 units (2020: 4,116,245 units)	<b>422,406</b>	421,421
<b>MCBFSL Trustee HBL Financial Planning Fund Allocation Plan - Associate</b>		
Investment held in the Fund: 396,326 units (2020: 413,094 units)	<b>40,671</b>	42,293
<b>Fauji Fertilizer Company Limited - connected person due to holding of 10% or more units</b>		
Investment held in the Fund Nil units (2020: 17,694,202 units)	-	1,811,531
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee's remuneration payable	<b>628</b>	535
Sindh Sales Tax on trustee's remuneration	<b>82</b>	69
<b>Directors, executives and key management personnel</b>		
Investment held in the Fund: 38,522 units (2020: 46,802 units)	<b>3,953</b>	4,792

**22. PARTICULARS OF INVESTMENT COMMITTEE**

Details of members of the investment committee of the Fund are as follow:

S.No.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	22 + years
2	Muhammad Wamiq Sakrani	Acting Head of Fixed Income	MBA	11+ years
3	Raza Inam	Acting Head of Research	Bsc (Hons), CFA	8+ years
4	Karim Khawaja	Head of Risk	MBA, CMA	18 + years

**23. LIST OF TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

**Top brokers during the year ended June 30, 2021**

- 1 Arif Habib Limited
- 2 Invest One Markets Limited
- 3 Paramount Capital (Private) Limited
- 4 Pearl Securities Limited
- 5 JS Global Capital Limited
- 6 Magenta Capital (Private) Limited
- 7 Optimus Markets (Private) Limited
- 8 Icon Securities (Private) Limited
- 9 Currency Market Associates (Private) Limited
- 10 Summit Capital (Private) Limited

**Top brokers during the year ended June 30, 2020**

- 1 Invest One Markets Limited
- 2 Bright Capital (Private) Limited
- 3 Paramount Capital (Private) Limited
- 4 JS Global Capital Limited
- 5 Currency Market Associates (Private) Limited
- 6 Optimus Markets (Private) Limited
- 7 Vector Capital (Private) Limited
- 8 Arif Habib Limited
- 9 Pearl Securities Limited
- 10 BMA Capital Management Limited

**24. PATTERN OF UNIT HOLDING**

----- As at June 30, 2021 -----

Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000'				
Individuals	5,226	85,350,916	8,758,656	68.23%
Associated company	1	4,116,245	422,406	3.29%
Insurance companies	4	694,081	71,226	0.55%
Retirement funds	24	3,304,250	339,080	2.64%
Trusts	14	612,361	62,840	0.49%
Foreign investors	17	932,717	95,715	0.75%
Others	74	30,082,537	3,087,051	24.05%
	<b>5,360</b>	<b>125,093,106</b>	<b>12,836,974</b>	<b>100.00%</b>

----- As at June 30, 2021 -----

Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000'				
Individuals	3,943	54,500,394	5,579,745	55.94%
Associated company	1	4,116,245	421,421	4.22%
Insurance companies	3	624,028	63,888	0.64%
Retirement funds	19	4,953,796	507,169	5.08%
Trusts	11	650,482	66,596	0.67%
Foreign investors	17	904,654	92,618	0.93%
Others	64	31,684,507	3,243,857	32.52%
	<b>4,058</b>	<b>97,434,106</b>	<b>9,975,295</b>	<b>100.00%</b>



**25. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

Seven meetings of the Board of Directors were held on July 28 & 29, 2020, August 27, 2020, September 30, 2020, October 12, 2020, October 29, 2020, February 10, 2021 and April 30, 2021 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

Name of director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
1 Mr. Mir Adil Rashid	7	7	0	-
2 Ms. Ava A. Cowasjee	7	7	0	-
3 Mr. Rayomond H. Kotwal	7	7	0	-
4 Mr. Rizwan Haider <sup>1</sup>	2	2	0	-
5 Mr. Shabbir Hussain Hashmi	7	7	0	-
6 Mr. Shahid Ghaffar	7	7	0	-
7 Mr. Muhammad Afaq Khan <sup>2</sup>	6	6	0	-
8 Mr .Abrar Ahmed Mir <sup>2</sup>	6	6	0	-
9 Mr .Tariq Masaud <sup>3</sup>	4	4	0	-

<sup>1</sup> Resigned on September 18, 2020.

<sup>2</sup> Appointed on July 29, 2020.

<sup>3</sup> Appointed on September 22, 2020.

**26. FINANCIAL RISK MANAGEMENT**

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities. The Fund primarily invests in a portfolio of money market investments, government securities and in other money market instruments.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

**26.1 Market risk**

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk ; currency risk, interest rate risk and other price risk.

**26.1.1 Currency risk**

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

**26.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

**a) Cash flow interest rate risk**

The Fund's interest rate risk arises from the balances in savings accounts. The net income for the year would have increased / (decreased) by Rs. 129.635 million (2020: Rs. 79.930 million), had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

**b) Fair value interest rate risk**

The Fund does not hold any fixed rate financial instrument that exposes the Fund to fair value rate risk as at June 30, 2021.

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

Yield / Interest rate risk position for on balance sheet financial instruments is based on the earlier of contractual reprising or maturity date and for off-balance sheet instruments based on the settlement date is as follows.

Yield / interest rate (%)	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
----- Rupees in '000 -----					
<b>June 30, 2021</b>					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	5% - 8%	12,963,462	12,963,462	-	-
Accrued mark-up		77,714	-	-	77,714
Deposit		100	-	-	100
		<b>13,041,276</b>	<b>12,963,462</b>	<b>-</b>	<b>77,814</b>
<b>Financial liabilities</b>					
Payable to the Management Company		4,072	-	-	4,072
Payable to the Trustee		710	-	-	710
Dividend payable		2,942	-	-	2,942
Accrued expenses and other liabilities		4,974	-	-	4,974
Net assets attributable to unit holders		<b>12,836,970</b>	<b>-</b>	<b>-</b>	<b>12,836,970</b>
		<b>12,849,668</b>	<b>-</b>	<b>-</b>	<b>12,849,668</b>
<b>On-balance sheet gap</b>		<b>191,608</b>	<b>12,963,462</b>	<b>-</b>	<b>(12,771,854)</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>June 30, 2020</b>					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	6% - 14.35%	7,992,986	7,992,986	-	-
Investments - government securities		2,988,658	2,988,658	-	-
Investments - commercial papers	11.86% - 14.17%	345,442	345,442	-	-
Accrued mark-up		34,531	-	-	34,531
Deposits		100	-	-	100
		<b>11,361,717</b>	<b>11,327,086</b>	<b>-</b>	<b>34,631</b>
<b>Financial liabilities</b>					
Payable to the Management Company		4,664	-	-	4,664
Payable to the Trustee		604	-	-	604
Payable against purchase of investments		1,181,200	-	-	1,181,200
Dividend payable		1,758	-	-	1,758
Accrued expenses and other liabilities		5,588	-	-	5,588
Net assets attributable to unit holders		<b>9,975,295</b>	<b>-</b>	<b>-</b>	<b>9,975,295</b>
		<b>11,169,109</b>	<b>-</b>	<b>-</b>	<b>11,169,109</b>
<b>On-balance sheet gap</b>		<b>192,609</b>	<b>11,327,086</b>	<b>-</b>	<b>(11,134,478)</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 26.1.3 Other market price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Fund has no such financial instrument as at June 30, 2021.

### 26.2 Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from the inability of the counter party to fulfil their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc.

The Fund's most significant financial assets are placements, bank balances and mark-up accrued. The credit risk in respect of these balances is limited because counter parties are banks with high credit worthiness. The investment in government securities is not exposed to credit risk.

The analysis below summarises the credit quality of the Fund's financial assets:

	2021	2020
	----- Rupees in '000 -----	
<b>Bank balances including the accrued mark-up thereon by rating category</b>		
A-1+ (JCR-VIS)	12,515,043	3,900,822
A1+ (PACRA)	526,116	4,126,679
A-1 (JCR-VIS)	17	16
	<u>13,041,176</u>	<u>8,027,517</u>
<b>Investments in government securities - market treasury bills</b>	<u>-</u>	<u>2,988,658</u>
<b>Commercial papers</b>		
A1+ (PACRA)	-	146,760
Un-rated	-	198,682
	<u>-</u>	<u>345,442</u>
<b>Accrued mark-up</b>	<u>77,714</u>	<u>34,531</u>
<b>Deposit</b>	<u>100</u>	<u>100</u>

The maximum exposure to credit risk before considering any related collateral as at June 30, 2021 and June 30, 2020 is the carrying amount of the financial assets. None of these are 'impaired' nor 'past due but not impaired'.

#### Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	2021		2020	
	Rupees '000	%	Rupees '000	%
Commercial banks (including profit due)	13,118,890	100	8,062,048	96
K-Electric - commercial papers	-	-	345,442	4
Central Depository Company of Pakistan - security deposit	100	-	100	-
	<b>13,118,990</b>	<b>100</b>	<b>8,407,590</b>	<b>100</b>

#### Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

### 26.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is mainly exposed to the daily cash redemption requests on a regular basis. Units are redeemable at the holders' option based on the Fund's net asset value per unit, at the time of redemption, calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily realised.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows		
		Total	Less than 1 month	Within 3 months
----- Rupees in '000 -----				
<b>June 30, 2021</b>				
<b>Financial liabilities</b>				
Payable to the Management Company	4,072	4,072	4,072	-
Payable to the Trustee	710	710	710	-
Accrued expenses and other liabilities	4,974	4,974	4,974	-
Dividend payable	2,942	2,942	2,942	-
	<b>12,698</b>	<b>12,698</b>	<b>12,698</b>	<b>-</b>
Net assets attributable to redeemable units	<b>12,836,970</b>	<b>12,836,970</b>	<b>12,836,970</b>	<b>-</b>

	Carrying amount	Contractual cash flows		
		Total	Less than 1 month	Within 3 months
----- Rupees in '000 -----				
June 30, 2020				
Financial liabilities				
Payable to the Management Company	4,664	4,664	4,664	-
Payable to the Trustee	604	604	604	-
Payable against purchase of investments	1,181,200	1,181,200	1,181,200	-
Accrued expenses and other liabilities	5,588	5,588	5,588	-
Dividend payable	1,758	1,758	1,758	-
	<u>1,193,814</u>	<u>1,193,814</u>	<u>1,193,814</u>	<u>-</u>
Net assets attributable to redeemable units	<u>9,975,295</u>	<u>9,975,295</u>	<u>9,975,295</u>	<u>-</u>

Above financial liabilities do not carry any mark-up and are unsecured.

## 27. UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders' fund risk management is carried out by the Management Company through following steps:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g., yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

## 28. 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.

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 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 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 or indirectly (level 2).
- Unobservable inputs for the asset or liability (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.

	Carrying amount			Fair value		
	At fair value through profit or loss	At amortised cost	Total	Level 2	Level 3	Total
<b>Note</b>	----- Rupees in '000 -----					
<b>June 30, 2021</b>						
<b>Financial assets not measured at fair value</b>	28.1					
Bank balances	-	12,963,462	12,963,462	-	-	-
Accrued mark-up	-	77,714	77,714	-	-	-
Deposit	-	100	100	-	-	-
	-	<b>13,041,276</b>	<b>13,041,276</b>	-	-	-
<b>Financial liabilities not measured at fair value</b>	28.1					
Payable to the Management Company	-	4,072	4,072	-	-	-
Payable to the Trustee	-	710	710	-	-	-
Dividend payable	-	2,942	2,942	-	-	-
Accrued expenses and other liabilities	-	4,974	4,974	-	-	-
Net assets attributable to unit holders	-	<b>12,836,970</b>	<b>12,836,970</b>	-	-	-
	-	<b>12,849,668</b>	<b>12,849,668</b>	-	-	-

	Note	Carrying amount			Fair value		
		At fair value through profit or loss	At amortised cost	Total	Level 2	Level 3	Total
June 30, 2020							
Financial assets measured at fair value							
Investments - government securities	28.2	2,988,658	-	2,988,658	2,988,658	-	2,988,658
Investments - commercial papers		345,442	-	345,442	-	345,442	345,442
		<u>3,334,100</u>	<u>-</u>	<u>3,334,100</u>	<u>2,988,658</u>	<u>345,442</u>	<u>3,334,100</u>
Financial assets not measured at fair value							
Bank balances	28.1	-	7,992,986	7,992,986	-	-	-
Accrued mark-up		-	34,531	34,531	-	-	-
Deposit		-	100	100	-	-	-
		<u>-</u>	<u>8,027,617</u>	<u>8,027,617</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Payable to the Management Company	28.1	-	4,664	4,664	-	-	-
Payable to the Trustee		-	604	604	-	-	-
Payable against purchase of investments		-	1,181,200	1,181,200	-	-	-
Dividend payable		-	1,758	1,758	-	-	-
Accrued expenses and other liabilities		-	5,588	5,588	-	-	-
Net assets attributable to unit holders		-	9,975,295	9,975,295	-	-	-
		<u>-</u>	<u>11,169,109</u>	<u>11,169,109</u>	<u>-</u>	<u>-</u>	<u>-</u>

**28.1** 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.

**28.2** The valuation of commercial papers has been done based on amortisation of commercial paper to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.

**29. TOTAL EXPENSE RATIO**

In accordance with the Directive 23 of 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended June 30, 2021 is 0.75% (2020: 1.21%) which includes 0.22% (2020: 0.33%) representing Government Levy and SECP fee.

**30. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on August 26, 2021.

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

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

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

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



**HBL** Income Fund



## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Income Fund</b>
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited
<b>NAME OF AUDITOR</b>	Yousuf Adil, Chartered Accountants.
<b>NAME OF BANKERS</b>	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Faysal Bank Limited Allied Bank Limited JS Bank Limited Samba Bank Limited Zarai Taraqiati Bank Limited Askari Bank Limited MCB Bank Limited Soneri Bank Limited Telenor Bank Microfinance U Microfinance Bank Limited The First Microfinance Bank Limited NRSP Microfinance Bank Limited Industrial and Commercial Bank of China Limited Meezan Bank Limited Sindh Bank Limited
<b>Fund Rating</b>	A(f) (JCR-VIS)

**Type and Category of Fund**

**Open end Income Fund**

Investment Objective and Accomplishment of Objective

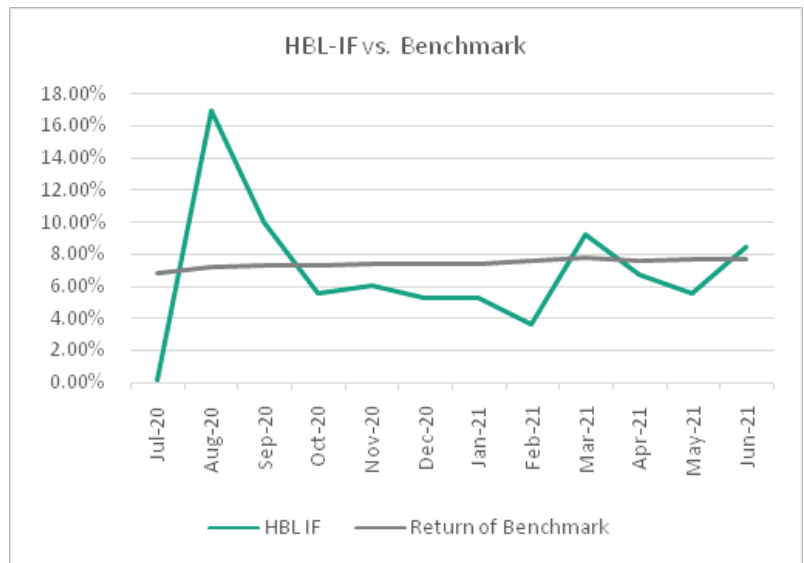
The objective of the Fund is to provide a stable stream of income with moderate level of risk by investing in fixed income securities. The investment objective is achieved.

**Benchmark and Performance Comparison with Benchmark**

The Fund's benchmark is average six month KIBOR Offer rate.

The comparison of the fund return with benchmark is given below:

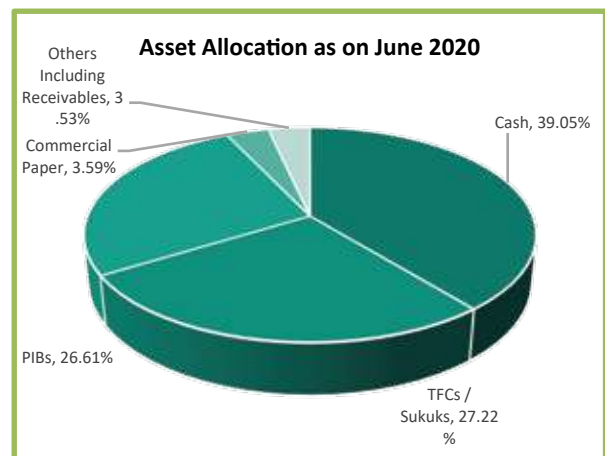
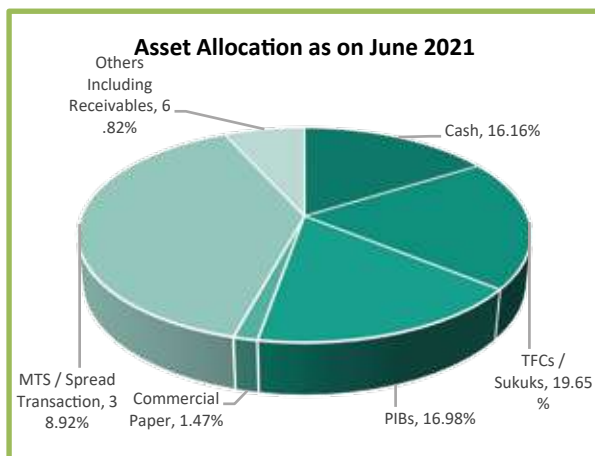
Month	HBL-IF	Benchmark
Jun-21	8.42%	7.70%
May-21	5.56%	7.66%
Apr-21	6.67%	7.60%
Mar-21	9.24%	7.79%
Feb-21	3.57%	7.58%
Jan-21	5.21%	7.38%
Dec-20	5.28%	7.35%
Nov-20	5.98%	7.35%
Oct-20	5.49%	7.34%
Sep-20	9.95%	7.29%
Aug-20	16.95%	7.20%
Jul-20	0.12%	6.81%



**Strategies and Policies employed during the Year**

During the year under review, fund size of HBL Income Fund increased by 47.4% to PKR 2,264 million compared to PKR 1,536 million in June, 2020. Combined exposure in TFCs/Sukuk and Commercial Papers were recorded at 19.65% and 1.47% as on June 30, 2021. The Fund was further invested in MTS/ Spread transactions and cash at bank which accounted for 39.05% and 16.16% of the portfolio. In order to capture the benefit from the stable interest rate, fund generated gains by investing in long term PIBs and in MTS/ Spread Transactions. During the year, funds were also invested in T-Bills for managing the Cash and Cash Equivalents.

**Asset Allocation**



## Fund Performance

The total income and net income of the Fund was Rs. 204.33 million and Rs. 145.80 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs. 110.5617 per unit as on June 30, 2021 as compared to Rs. 108.2828 per unit as on June 30, 2020, after incorporating dividend of Rs. 5.40 per unit, thereby giving an annualized return of 7.10%. During the year the benchmark (6 Month KIBOR) return was 7.42%. The size of Fund was Rs. 2.27 billion as on June 30, 2021 as compared to Rs. 1.54 billion at the start of the year.

## Money Market Review

The Central bank maintained the interest rates in the period after a cumulative 625 bps decrease in interest rates in 2HFY20 in response to the Covid-19 pandemic. At the start of the 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.

Yields across all the tenors changed between +11bps to +146 bps during FY21 due to a general market consensus that the monetary easing cycle is over and we may witness some hike in interest rate in FY22. Secondary market yields of 3, 5 and 10-year PIBs increased by 146, 138 and 125 bps respectively while yields of 3, 6 and 12 month T-Bills increased in tandem by 19, 48 and 76 bps respectively during the period. The cut-off yields in the last T-Bill Auction were 7.31% and 7.58% for 3M and 6M tenor whereas the cut offs in the last PIB Auction were 8.69%, 9.20% and 9.84% for the 3Y, 5Y, and 10Y tenor.

During FY21, Government largely managed its borrowing requirement through commercial banks. Government borrowed PKR 2,955bn from scheduled banks compared to borrowing of PKR 2,305bn during same period last year. Meanwhile, Government borrowing from SBP declined by PKR 1,268bn during the period against decline in borrowing of PKR 153bn 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 May-21, SBP maintained status quo in the interest rates. Going forward, we feel that the monetary easing has taken place and we are at the bottom of the interest rate cycle. Due to the ongoing fourth wave of Covid-19 we expect the government to maintain status quo in the SBP policy rate for the next few months to support the recovery of the economy. The central bank has given its forward looking guidance to maintain mildly positive interest rates when economy return to full capacity. Thus we expect any future increase in the policy rate to be measured and gradual.

## Distribution

The Fund has distributed cash dividend up-to Rs. 5.40 per unit for the year ended June 30, 2021.

## Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.

## Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	390	11,966
101 – 500	182	39,026
501 – 1,000	59	44,339
1,001 – 10,000	241	1,048,950
10,001 – 100,000	205	6,472,436
100,001 – 500,000	30	5,735,411
500,001 – 1,000,000	2	1,437,692
1,000,001 – 5,000,000	3	5,770,503
5,000,001 and above	-	-
<b>Total</b>	<b>1,112</b>	<b>20,560,323</b>

### **Unit Splits**

There were no unit splits during the year.

### **Circumstances materially affecting the Interest of Unit Holders**

Investments are subject to market risk.

### **Soft Commission**

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –  
HBL INCOME FUND**  
As at June 30, 2021

	2021	2020	2019	2018	2017	2016
Net assets at the period end(Rs'000)	2,273,185	1,543,827	1,510,743	2,456,460	4,490,296	6,726,060
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	110.5617	108.2828	106.1134	111.2890	106.0146	106.0938
Offer	112.4357	110.1182	107.9120	113.1753	107.8115	108.1983
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	117.6291	122.6415	116.9874	113.1531	112.7930	113.4354
Lowest offer price per unit	109.7430	107.4499	107.6075	107.8570	107.7564	104.9645
Highest redemption price per unit	115.6685	120.5974	115.0375	111.2890	110.9130	111.2291
Lowest redemption price per unit	107.9139	106.1799	105.8140	106.0593	105.9604	104.9645
<b>RETURN ( % )</b>						
Total return	7.10%	13.28%	8.82%	4.98%	4.64%	6.12%
Income distribution	5.40%	12.00%	9.00%	5.50%	5.00%	5.25%
Capital growth	1.70%	1.28%	-0.18%	-0.52%	-0.36%	0.87%
<b>DISTRIBUTION</b>						
First Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Second Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Third Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Final dividend distribution (Rs)	5.40	12.00	9.00	5.50	5.00	5.25
Date of Income Distribution	18-06-2021	26-06-2020	27-06-2019	04-07-2018	20-06-2017	22-06-2016
Total dividend distribution for the year/ period (Rs)	5.40	12.00	9.00	5.50	5.00	5.25
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	7.10%	13.28%	8.82%	4.98%	4.64%	6.12%
Average annual return 2 year	10.15%	11.03%	6.88%	4.81%	5.39%	6.12%
Average annual return 3 year	9.70%	8.97%	6.13%	5.25%	7.69%	6.12%
Weighted average portfolio during (No. of days)	466	857	852	928	850	372
<b>PORTFOLIO COMPOSITION - (%)</b>						
<b>Percentage of Total Assets as at 30 June:</b>						
Bank Balances	16.16%	39.05%	34.38%	40.74%	26.29%	48.00%
TFCs	19.65%	27.22%	52.26%	39.92%	32.20%	10.00%
PIBs	16.98%	26.61%	0.00%	0.00%	0.00%	0.00%
Government Securities	0.00%	0.00%	0.00%	5.48%	0.00%	34.00%
Placement with Banks and DFIs	0.00%	0.00%	0.00%	8.29%	19.48%	4.00%
MTS / Spread Transaction	38.92%	0.00%	0.00%	2.83%	4.87%	0.00%
Commercial Paper	1.47%	3.59%	9.29%	0.00%	2.96%	0.00%
Others Including receivables	6.82%	3.53%	4.07%	2.75%	14%	4.00%

**Note:**

The Launch date of the Fund is March 15, 2007

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

Summary of Actual Proxy voted by CIS

HBL IF	Meetings	Resolutions	For	Against
Number	9	33	33	-
(%ages)		100%	100%	-

(h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Adamjee Insurnce Co Limited		16/03/2021 - 26/04/2021
Agha Steel Ind.Ltd		
AGP Limited		9-Jun-21
Aisha Steel Mills Ltd	24-Sep-20	
Allied Bank Limited	25-Mar-21	
Al Shaheer Corporation Ltd		
Amreli Steels Limited	27-Oct-20	6-May-21
Attock Cement Pakistan Ltd	22-Oct-20	
Attock Refinery Ltd	19-Oct-20	
Avanceon Limited	26-May-21	
Azgard Nine Ltd	28-Oct-20	
Bank Al-Falah Ltd	27/03/2020 09-03-2021	27-May-21
Bank Al-Habib Limited	25-03-2021,	
Bank of Punjab Ltd	30-03-2021,	
BankIslami Pakistan	30-Mar-21	11-Feb-21
Berger PaintsPakistan Ltd	27-Oct-20	
Bunnys Limited	28-Oct-20	21-06-2021,04-02-2021
Byco Petroleum Pakistan Ltd	22-Oct-20	26-04-2021
Cherat Cement Company Ltd.	27-Oct-20	
Clover Pakistan Limited	20-Jan-21	5-May-21
D G Khan Cement Co.Ltd.	28-Oct-20	
Engro Corporation Ltd		26-04-2021,
Engro Fertilizers Limited	30-03-2021,	
Engro Polymer & Chemicals Ltd	08-04-2021,	
Fauji Cement Company Limited	14-Oct-20	10-Jan-20
Fauji Fertilizer Bin Qasim Ltd	29-Mar-21	25-11-2020, 09-09-2020
Fauji Fertilizer Co Ltd	18-03-2021,	6-Nov-20
Faysal Bank Limited		29-Mar-21
Ferozsons Laboratories Limited	26-Oct-20	12/02/2021'06-07-2020
General Tyre & Rubber Co of Pakistan Ltd	28-Oct-20	20-Aug-20
Ghandhara Nissan Ltd.	28-Oct-20	
Ghandhara Industries Limited	28-Oct-20	10-Apr-21
Ghani Global Holdings Limited	28-Oct-20	05-09-2020
Ghani Value Glass Limited	21-Oct-20	9-Nov-20
GlaxoSmithKline Pakistan Ltd		27/04/2021,
Gul Ahmed Textile Mills Ltd	28-Oct-20	29-Jun-21
Habib Bank Ltd	26-Mar-21	
Hascol Petroleum Ltd	23-02-2021, 11-08-2020	08-09-2020
Highnoon Laboratories Limited	27-Apr-21	
Honda Atlas Cars (Pakistan) Ltd	14-07-2020, 29/06/2021,	27-Apr-21
Hub Power Company Ltd	24-Sep-20	
ICI Pakistan Ltd	29-09-2020,	30-Jun-21
IGI Holdings Limited	29-04-2021,	
IGI LIFE INSURANCE LIMITED	28-04-2021	
Indus Motor Company Limited	30-Sep-20	28-Oct-20
Interloop Limited	15/10/2020,	10-Dec-20
International Industries Ltd	30-Sep-20	
International Steels Limited	29-Sep-20	
Ittefaq Iron Industries Limited	28-Oct-20	
Hi-Tec Lubricants Limited	23/10/2020,	

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Jahangir Siddiqui & Co.	28-Apr-21	
K-Electric Limited	26/11/2020 ; 03-06-2020	
Kot Addu Power Company Ltd	28-Oct-20	24-Mar-21
Kohat Cement Limited	28-Oct-20	
Kohinoor Textile Mills Limited	27/10/2020,	23-Apr-20
Lotte Chemical Pakistan Ltd	21-04-2021,	17-06-2020
Lucky Cement Ltd	29-Sep-20	
Maple Leaf Cement Factory Ltd	27-Oct-20	
Mari Petroleum Company Ltd	29/09/2020,	24-Jun-21
MCB Bank Ltd	27-03-2021,	
Meezan Bank Limited	29-03-2021,	
Millat Tractors Ltd	26/10/2020,	
Mughal Iron & Steel Inds Ltd	28-Oct-20	19-Apr-21
National Bank of Pakistan Ltd	29-Mar-21	
National Foods Ltd	21/10/2020,	
National Refinery Ltd	22-Oct-20	
Netsol Technologies	23-Oct-20	
Nimir Resins Limited	21-10-2020	10-Jun-21
Nishat (Chunian) Ltd	28-Oct-20	16-Apr-21
Nishat Mills Ltd	28/10/2020,	15-Dec-20
Oil & Gas Development Co Ltd	28/10/2020,	17-Mar-21
Pak Elektron Ltd	29-Apr-21	
Pak Suzuki Motor Company Limited	22-Apr-21	29-Jan-21
Pakistan International Bulk Terminal Limited	22-Oct-20	
Pakistan National Shipping Corporation	26-Oct-20	
Pakistan Oilfields Ltd	19-Oct-20	
Pakistan Petroleum Ltd	26-Oct-20	23-Dec-20
Pakistan Refinery Limited	7-Oct-20	1-Sep-20
Pakistan State Oil Company Ltd	21-Oct-20	
PANTHER TYRES LIMITED		
Pioneer Cement Limited	28-Oct-20	
Sazgar Engineering Works Limited	27-Oct-20	
Service Industries Ltd	17-07-2020,	04-08-2020
Shell Pakistan Limited	21-04-2021	9-Dec-20
Sitara Chemical Industries Limited	26-Oct-20	
Sitara Peroxide Limited	24-Oct-20	
Standard Chartered Bank (Pakistan) Ltd	29-03-2021,	
Sui Northern Gas Pipeline Ltd	15-08-2020,	
Systems Limited	31-03-2021,	3-Dec-20
Tariq Glass Industries Ltd	28-Oct-20	2-Sep-20
thal Limited	22/10/2020,	
Thatta Cement Co. Ltd	26-Oct-20	
The Organic Meat Company Limited	27-Oct-20	
The Searle Company Ltd	28/10/2020,	28-06-2021
TPL Corp Limited	28-Oct-20	21/12/2020 10-06-2021
TPL Insurance Limited	22-Apr-21	21-12-2020
TPL Trakker Limited	26-Oct-20	
Treet Corporation Ltd	31-Oct-20	02/12/2020 01-07-2020
TRG Pakistan Ltd	27-Nov-20	
Tri-Pak Films		14-04-2021,
United Bank Limited	31-03-2021,	
Unity Foods Limited	23-Oct-20	22-Mar-21
Waves Singer Pakistan Limited	23-04-2021,	09/09/2020 11-08-2020

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shakra-e-Faisal  
Karachi - 74400, Pakistan,  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL INCOME FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Income Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 17, 2021

25/1





## INDEPENDENT AUDITOR'S REPORT

To the unit holders of HBL Income Fund

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Income Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and HBL Asset Management Limited (the Management Company) in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investment</b></p> <p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent a significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in equity (spread transactions) and debt securities (including government</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> <li>obtained understanding of relevant controls placed by the Management Company applicable to the balance;</li> <li>independently verified existence of investments from the Central Deposit Company (CDC) and</li> </ul>



S. No.	Key audit matter	How the matter was addressed in our audit
	<p>securities) which is the main driver of the Fund's performance.</p> <p>Considering the above factors the existence and valuation are significant areas during our audit due to which we have considered this as a Key Audit Matter.</p>	<p>Investor Portfolio Service (IPS) account statements;</p> <ul style="list-style-type: none"> <li>independently tested valuations directly with the prices quoted on Pakistan Stock Exchange (PSX) and those published on Mutual Fund Association of Pakistan (MUFAP) website respectively;</li> <li>performed test of details on sale and purchase of investments on a sample basis; and</li> <li>any differences identified during our testing that were over our acceptable threshold were investigated further.</li> </ul>

#### Information other than the financial statements and auditor's report thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management Company and Board of Directors for the financial statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company are responsible for overseeing the Fund's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance of Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other legal and regulatory requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

  
Chartered Accountants

Place: Karachi

Dated: September 27, 2021

**HBL Income Fund**  
**Statement of Assets and Liabilities**  
*As at June 30, 2021*

	Note	2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
<b>ASSETS</b>			
Bank balances	5	388,557	622,132
Investments	6	1,536,584	956,596
Receivable against margin trading system	7	413,685	-
Accrued mark-up	8	18,231	20,695
Advances, deposits, prepayments and other receivables	9	53,347	34,691
<b>Total assets</b>		<b>2,410,404</b>	<b>1,634,114</b>
<b>LIABILITIES</b>			
Payable to the Management Company	10	6,242	4,860
Payable to the Trustee	11	366	123
Payable to Securities and Exchange Commission of Pakistan	12	441	304
Dividend payable		4,491	8,858
Payable against purchase of investments		48,005	-
Accrued expenses and other liabilities	13	77,674	76,142
<b>Total liabilities</b>		<b>137,219</b>	<b>90,287</b>
<b>NET ASSETS</b>		<b>2,273,185</b>	<b>1,543,827</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,273,185</b>	<b>1,543,827</b>
<b>Contingencies and commitments</b>			
	14	----- Number of units -----	
<b>Number of units in issue</b>	15	<b>20,560,323</b>	<b>14,257,362</b>
		----- Rupees -----	
<b>Net assets value per unit</b>	4.3	<b>110.5617</b>	<b>108.2828</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

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

	Note	2021	2020
		----- Rupees in '000 -----	
<b>INCOME</b>			
Mark-up / return on investments	16	105,879	123,655
Mark-up on bank deposits	5.1	39,873	74,789
Mark-up on margin trading system	7	3,435	-
Net gain on sale of investments		16,960	17,608
Dividend income		12,480	643
Net unrealised gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.6	30,369	10,785
Unrealised loss on forward contracts		(6,242)	-
Other income		1,579	444
<b>Total income</b>		<b>204,333</b>	<b>227,924</b>
<b>EXPENSES</b>			
Remuneration of the Management Company	10	32,599	20,665
Remuneration of the Trustee	11	1,869	1,289
Annual fee of Securities and Exchange Commission of Pakistan	12	441	304
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.3	2,206	1,985
Selling and marketing expenses	10.4	8,822	7,478
Settlement and bank charges		8,929	1,571
Auditors' remuneration	17	374	430
Fee and subscription		318	339
<b>Total expenses</b>		<b>55,558</b>	<b>34,061</b>
<b>Net income from operating activities</b>		<b>148,775</b>	<b>193,863</b>
Provision for Sindh Workers' Welfare Fund	13.2	(2,976)	(3,877)
<b>Net income for the year before taxation</b>		<b>145,799</b>	<b>189,986</b>
Taxation	18	-	-
<b>Net income for the year after taxation</b>		<b>145,799</b>	<b>189,986</b>
<b>Allocation of net income for the year after taxation</b>			
Net income for the year after taxation		145,799	189,986
Income already paid on redemption of units		(48,796)	(41,269)
		97,003	148,717
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		33,328	20,632
- Excluding capital gains		63,674	128,085
		97,003	148,717
<b>Earnings per unit</b>	19		

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Income Fund**  
**Statement of Comprehensive Income**  
*For the year ended June 30, 2021*

	2021	2020
	----- Rupees in '000 -----	
Net income for the year after taxation	145,799	189,986
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>145,799</b>	<b>189,986</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

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

**HBL Income Fund**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2021

	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- Rupees in '000 -----					
<b>Net assets at beginning of the year</b>	1,400,100	143,727	1,543,827	1,388,862	121,881	1,510,743
Issuance 30,760,923 of units (2020: 13,161,233 units)						
- Capital value	3,357,274	-	3,357,274	1,396,583	-	1,396,583
- Element of income	95,109	-	95,109	73,038	-	73,038
Total proceed on issuance of units	3,452,383	-	3,452,383	1,469,621	-	1,469,621
Redemption of 24,457,962 units (2020: 21,101,023 units)						
- Capital value	(2,648,377)	-	(2,648,377)	(1,394,429)	-	(1,394,429)
- Element of income	(73,154)	(48,796)	(121,950)	(31,861)	(41,269)	(73,130)
Total payment on redemption of units	(2,721,531)	(48,796)	(2,770,327)	(1,426,290)	(41,269)	(1,467,559)
Total comprehensive income for year	-	145,799	145,799	-	189,986	189,986
Interim distribution for the year ended June 30, 2020 (cash distribution @ 12 per unit declared on June 29, 2020)	-	-	-	-	(126,871)	(126,871)
Interim distribution for the year ended June 30, 2021 (cash distribution @ 5.4 per unit declared on June 21, 2021)	-	(72,104)	(72,104)	-	-	-
Refund of capital	(26,393)	-	(26,393)	(32,093)	-	(32,093)
Net (loss) / income for the year less distribution	-	73,695	47,302	(32,093)	63,115	31,022
<b>Net assets at end of the year</b>	<b>2,130,952</b>	<b>168,626</b>	<b>2,273,185</b>	<b>1,400,100</b>	<b>143,727</b>	<b>1,543,827</b>
<b>Undistributed income brought forward comprising of:</b>						
- Realised		132,942			126,041	
- Unrealised		10,785			(4,160)	
		143,727			121,881	
<b>Accounting income available for distribution:</b>						
- Relating to capital gains		33,328			20,632	
- Excluding capital gains		63,674			128,085	
		97,003			148,717	
Distribution during the year		(72,104)			(126,871)	
Undistributed income carried forward		168,626			143,727	
<b>Undistributed income carried forward comprising of:</b>						
- Realised		138,257			132,942	
- Unrealised		30,369			10,785	
		168,626			143,727	
			--- Rupees ---		--- Rupees ---	
<b>Net assets value per unit at beginning of the year</b>			108.2828			106.1134
<b>Net assets value per unit at end of the year</b>			110.5617			108.2828

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

	Note	2021 ----- Rupees in '000 -----	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		145,799	189,986
<b>Adjustments for :</b>			
Mark-up on bank deposits		(39,873)	(74,789)
Mark-up / return on investments		(105,879)	(123,655)
Net gain on sale of investments		(16,960)	(17,608)
Dividend income		(12,480)	(643)
Net unrealized gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(30,369)	(10,785)
Provision for Sindh Workers' Welfare Fund		2,976	3,877
		<u>(56,786)</u>	<u>(33,617)</u>
<b>(Increase) / decrease in assets</b>			
Investments - net		(532,659)	79,963
Receivable against margin trading system		(413,685)	-
Advances, deposits, prepayments and other receivables		(12,767)	(4,052)
		<u>(959,111)</u>	<u>75,911</u>
<b>Increase / (decrease) in liabilities</b>			
Payable to the Management Company		1,382	1,806
Payable to the Trustee		243	(75)
Payable to Securities and Exchange Commission of Pakistan		137	(1,174)
Accrued expenses and other liabilities		(1,444)	9,622
Payable against purchase of investments		48,005	-
		<u>48,323</u>	<u>10,179</u>
Mark-up received on bank deposits		40,173	78,039
Mark-up received on investments		108,043	115,995
Dividend income received		6,591	643
		<u>(812,767)</u>	<u>247,150</u>
<b>Net cash (used in) / generated from operating activities</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Amount received on issuance of units		3,425,990	1,437,528
Payment against redemption of units		(2,770,327)	(1,467,559)
Cash dividend paid		(76,471)	(147,748)
		<u>579,192</u>	<u>(177,779)</u>
<b>Net cash generated from / (used in) financing activities</b>			
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>			
		<u>(233,575)</u>	<u>69,371</u>
Cash and cash equivalents at beginning of the year		622,132	552,761
<b>Cash and cash equivalents at end of the year</b>	5	<u><u>388,557</u></u>	<u><u>622,132</u></u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

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



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

**1.1** HBL Income Fund (the Fund) was established under a Trust Deed, dated September 06, 2006, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on July 25, 2006.

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

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

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

**1.5** JCR-VIS Credit Rating Agency has assigned an asset manager rating of 'AM2++' (stable outlook) to the Management Company and fund stability rating of A+(f) to the fund on December 31, 2020.

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

**1.7 COVID-19 impact**

The coronavirus (COVID-19) outbreak situation emerged last year in March 2020, has caused governments around the world to implement measures to help control its spread, including, smart lock-downs, travel bans, quarantines, social-distancing closures or reduced operations for non-essential businesses, governmental agencies, schools and other institutions and vaccination.

General economic activities in Pakistan was although affected but continued since then. Stock markets and financial institutions remained open throughout the year. Activities of the Fund were operation during the year as staff of the Management Company were working without any disruption either from office or online remotely.

The management of the Fund is closely monitoring the situation, and there has not been any material adverse impact on fiscal and economic fronts facing the country and therefore not materially affected the financial performance of the Fund.

**2. BASIS OF PREPARATION**

**2.1 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; 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, 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, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

## **2.2 Basis of measurement**

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

## **2.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency. All amounts have been rounded to the nearest thousands of Rupees, unless otherwise indicated.

## **2.4 Use of judgments and estimates**

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (i) Classification and valuation of financial instruments (notes 4.2)
- (ii) Provision (notes 4.8)

## **3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS**

### **3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021**

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

**Effective from accounting periods  
beginning on or after:**

Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Certain annual improvements have also been made to a number of IFRSs.	

**3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective**

**3.2.1** The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

**Effective from accounting periods  
beginning on or after:**

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.

January 01, 2023

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### **4.1 Cash and cash equivalents**

Cash comprises savings accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

##### **4.2 Financial assets and liabilities**

###### **4.2.1 Initial recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

###### **4.2.2 Classification and measurement**

###### **4.2.2.1 Financial assets**

There are three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVTOCI") and
- Fair value through profit or loss ("FVTPL").

Financial asset at amortised cost

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

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

#### **Financial asset at FVTOCI**

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

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

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

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

#### **Financial asset at FVTPL**

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

#### **Business model assessment**

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

#### **4.2.2.2 Financial liabilities**

The Fund classifies its financial liabilities in the following categories:

- Measured at amortized cost ("AC"), or
- Fair value through profit or loss ("FVTPL").

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

#### **4.2.3 Impairment of financial assets**

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. The Fund is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

#### **4.2.4 Fair value measurement principles and provision**

The fair value of financial instruments is determined as follows:

#### **Basis of valuation of debt securities**

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### **Basis of valuation of government securities**

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenor of the securities.

#### **Basis of valuation of equity securities**

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

#### **Basis of valuation of instruments at amortised cost**

Subsequent to initial recognition, financial assets classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

#### **4.2.5 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

#### **4.2.6 Offsetting of financial instruments**

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **4.3 Net asset value per unit**

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in issue at the year end.

#### **4.4 Spread transactions (ready-future transactions)**

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

#### **4.5 Securities under margin trading system**

Securities purchased under margin financing are included as 'receivable against Margin Trading System (MTS)' at the fair value of consideration given. All MTS transactions are accounted for on the settlement date. Income on MTS is calculated on outstanding balance at agreed rates and recorded in the income statement. Transaction costs are expensed in the income statement.

#### **4.6 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.7 Revenue recognition**

- Gain / (loss) arising on sale of investments are included in the 'income statement' on the date at which the sale transaction takes place.
- Unrealised gain / (loss) arising on remeasurement of investments classified as 'financial assets at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.
- Dividend income is recognized when the right to receive the dividend is established.
- Mark-up / return on bank deposits, investment in debt and government securities are recognised at effective profit rates based on a time proportion basis using the effective interest method.
- Profit on debt securities classified as non performing assets are recognised on receipt basis.

#### **4.8 Expenses**

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee to the SECP and selling and marketing expense) are recognised in the 'income statement' on an accrual basis.



#### **4.9 Taxation**

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders (excluding distribution made by issuance of bonus shares).

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.10 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.11 Derivatives**

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is premeasured to its fair value and the resultant gain or loss is recognised in the income statement.

#### **4.12 Distribution to the unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

#### **4.13 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

An equalisation account called the element of income / (loss) included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the fund.

	Note	2021 Rupees in '000	2020
<b>5. BANK BALANCES</b>			
Savings accounts	5.1	<b>388,557</b>	622,132

5.1 This includes balances of Rs. 92.728 million (2020: 20.735 million) with Habib Bank Limited (a related party) and these accounts carry profit at the rates of 6.20% (2020: 11.24%) respectively. Other PLS accounts of the Fund carry profit at the rates of 5.60% to 6.89% (2020: 10.99% to 12.73%) per annum.

	Note	2021 Rupees in '000	2020
<b>6. INVESTMENTS</b>			
<b>At Fair value through profit or loss</b>			
Term finance certificates and sukuk bonds - listed	6.1	<b>127,366</b>	159,768
Term finance certificates and sukuk bonds - unlisted	6.2	<b>361,975</b>	292,842
Government securities	6.3	<b>408,115</b>	444,311
Listed equity securities (spread transactions)	6.4	<b>527,978</b>	-
Commercial paper	6.5	<b>111,150</b>	59,675
		<b>1,536,584</b>	956,596

**6.1 Term finance certificates and sukuk bonds - listed**

Sector / Name of the investee company	Number of certificates			As at June 30, 2021	Market value / carrying value* as at June 30, 2021	Market value as a % of	
	As at July 1, 2020	Purchase during the year	Sold / matured during the year			Total investments	Net assets
- Rupees in '000 -							
<b>CHEMICALS</b>							
Dawood Hercules Chemical Limited - sukuks (note 6.1.3) **	940	-	940	-	-	0%	0%
	940	-	940	-	-		
<b>COMMERCIAL BANKS</b>							
JS Bank Limited (note 6.1.4)	1,264	-	-	1,264	127,366	8%	6%
	1,264	-	-	1,264	127,366		
<b>FINANCIAL SERVICES</b>							
Saudi Pak Leasing Company Limited (note 6.1.1) *	2,000	-	-	2,000	-	0%	0%
	2,000	-	-	2,000	-		
<b>TECHNOLOGY &amp; COMMUNICATION</b>							
Worldcall Telecom Limited (note 6.1.2) *	23,750	-	-	23,750	-	0%	0%
	23,750	-	-	23,750	-		
<b>Total as at June 30, 2021</b>	<b>27,954</b>	<b>-</b>	<b>940</b>	<b>27,014</b>	<b>127,366</b>		
<b>Carrying value of investments as at June 30, 2021</b>					<b>109,531</b>		
Market value of investments as at June 30, 2020					159,768		
Carrying value of investments as at June 30, 2020					174,611		

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

\*\* Related party due to common directorship.

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

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

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

- 6.1.2** Worldcall Telecom Limited TFC's were classified by MUFAP as non-performing on November 8, 2012 after default of instalment due on October 7, 2012 (earlier default on April 7, 2012) for the second time. Restructuring agreement was signed on December 26, 2012. Restructuring included extension of repayment period by 2 years, deferral of principal instalments till October 7, 2014 and payment of regular mark-up during the restructuring period. In accordance with Circular No. 33 of 2012 dated October 24, 2012, a provision of Rs. 47.767 million equivalent to 100% of the amount outstanding has been made out of which Rs. 7.576 has been received in 2019 leaving outstanding balance as at June 30, 2021 of Rs. 40.191 million.

- 6.1.3** The sukuks have face value of Rs. 100,000 each and are issued on November 16, 2017 carried interest rate at the rate of 3 months KIBOR plus 1%. The actual maturity of the sukuks were on November 16, 2022, however, were matured early during the year.

- 6.1.4** The TFCs have face value of Rs. 100,000 each and are issued on December 29, 2017 carried interest rate at the rate of 6 months KIBOR plus 1.4%. The actual maturity of the sukuks is on December 29, 2024.

## 6.2 Term finance certificates and sukuk bonds - unlisted

Sector / Name of the investee company	Number of certificates			Market value / carrying value* as at June 30, 2021	Market value as a % of	
	As at July 1, 2020	Purchase during the year	Sold / matured during the year		Total investments	Net assets
- Rupees in '000 -						
<b>CHEMICALS</b>						
Agritech Limited (note 6.2.1 & 6.2.3)	2,000	-	-	2,000	-	-
Agritech Limited - TFC 4th issue (note 6.2.1)	430	-	-	430	-	-
Ghani Gases Limited - sukuks	200	-	-	200	7,985	0.52%
	<b>2,630</b>	<b>-</b>	<b>-</b>	<b>2,630</b>	<b>7,985</b>	
<b>COMMERCIAL BANKS</b>						
Bank of Punjab	1,550	-	-	1,550	156,268	10.17%
JS Bank Limited	7,450	-	-	7,450	36,594	2.38%
Bank Al-Falah Limited	-	7,600	-	7,600	37,275	2.43%
	<b>9,000</b>	<b>7,600</b>	<b>-</b>	<b>16,600</b>	<b>230,137</b>	
<b>INVESTMENT COMPANIES</b>						
Jahangir Siddiqui & Company Limited	15,100	-	-	15,100	36,000	2.34%
Jahangir Siddiqui & Company Limited	10,000	-	-	10,000	39,740	2.59%
	<b>25,100</b>	<b>-</b>	<b>-</b>	<b>25,100</b>	<b>75,740</b>	
<b>TECHONOLY &amp; COMMUNICATION</b>						
TPL Tracker Limited - sukuks	-	47	-	47	48,113	3.13%
	<b>-</b>	<b>47</b>	<b>-</b>	<b>47</b>	<b>48,113</b>	
<b>OTHERS</b>						
New Allied Electronic Industries (Private) Limited-TFC (note 6.2.1)	15,100	-	-	15,100	-	0.00%
New Allied Electronic Industries (Private) Limited-sukuk (note 6.2.1)	10,000	-	-	10,000	-	0.00%
	<b>25,100</b>	<b>-</b>	<b>-</b>	<b>25,100</b>	<b>-</b>	
<b>Total</b>	<b>34,300</b>	<b>7,647</b>	<b>-</b>	<b>41,947</b>	<b>361,975</b>	
<b>Carrying Value of investments as at June 30, 2021</b>					<b>356,057</b>	
Market value of investments as at June 30, 2020					292,842	
Carrying value of investments as at June 30, 2020					297,355	

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

- 6.2.1** These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided.
- 6.2.2** The Term Finance Certificates and Sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the issuer.
- 6.2.3** Installment amounting to Rs. 1.998 million (2020: Rs. 1.998 million) became due for payment on TFCs and are reflected in note 9.

**6.2.4** Significant terms and conditions of performing term finance certificates and sukuk bonds outstanding as at June 30, 2021 are as follows:

Name of the investee company	Face value	Remaining principal	Mark-up rate (per annum)	Issue date	Maturity date
	----- Rupees -----				
Ghani Gasses Limited - sukuk	100,000	45,833	3 months KIBOR + 1%	02-Feb-17	02-Feb-24
Bank of Punjab	100,000	99,820	6 Month KIBOR + 1%	23-Dec-16	23-Dec-26
Bank Al Falah Limited	5,000	5,000	6 Months KIBOR + 0.75%	15-Jan-21	15-Jan-24
JS Bank Limited	5,000	4,993	6 Month KIBOR + 1.40%	14-Dec-16	14-Dec-23
Jahangir Siddiqui & Company Limited	5,000	4,000	6 Month KIBOR + 1.40%	06-Mar-18	06-Sep-23
Jahangir Siddiqui & Company Limited	5,000	2,375	6 Month KIBOR + 1.40%	18-Jul-17	18-Jul-23
TPL Trakker Limited - sukuk	1,000,000	1,000,000	3 Month KIBOR + 3%	30-Mar-21	30-Mar-26

6.3 Government securities	Note	2021	2020
		----- Rupees in '000 -----	
Pakistan investment bonds	6.3.1	408,115	444,311
Market treasury bills	6.3.2	-	-
		<b>408,115</b>	<b>444,311</b>

**6.3.1 Pakistan investment bonds**

Issue date	Tenure	Face value			Market value as at June 30, 2021	Market value as a % of		
		As at July 1, 2020	Purchases during the year	Sales / matured during the year		As at June 30, 2021	Total investments	Net assets
		----- Rupees in '000 -----						
September 19, 2019	3 years	87,500	-	87,500	-	-	-	
September 19, 2019	3 years	50,000	-	50,000	-	-	-	
September 19, 2019	3 years	100,000	-	100,000	-	-	-	
September 19, 2019	3 years	-	100,000	100,000	-	-	-	
September 19, 2019	3 years	-	100,000	100,000	-	-	-	
September 19, 2019	3 years	-	50,000	50,000	-	-	-	
September 19, 2019	3 years	-	150,000	150,000	-	-	-	
September 19, 2019	3 years	-	25,000	25,000	-	-	-	
September 19, 2019	3 years	-	25,000	25,000	-	-	-	
September 19, 2019	3 years	-	50,000	50,000	-	-	-	
September 19, 2019	3 years	-	50,000	50,000	-	-	-	
August 20, 2020	3 years	-	100,000	-	100,000	96,799	6.30%	4.26%
August 20, 2020	3 years	-	125,000	-	125,000	120,999	7.87%	5.32%
August 20, 2020	3 years	-	50,000	-	50,000	48,400	3.15%	2.13%
August 20, 2020	3 years	-	50,000	-	50,000	48,400	3.15%	2.13%
September 19, 2019	5 years	87,500	-	87,500	-	-	-	
September 19, 2019	5 years	50,000	-	50,000	-	-	-	
September 19, 2019	5 years	-	50,000	50,000	-	-	-	
September 19, 2019	5 years	-	50,000	50,000	-	-	-	
October 15, 2020	5 years	-	50,000	50,000	-	-	-	
October 15, 2020	5 years	-	100,000	-	100,000	93,517	6.09%	4.11%
September 19, 2020	10 years	50,000	-	50,000	-	-	-	
<b>Total as at June 30, 2021</b>		<b>425,000</b>	<b>1,125,000</b>	<b>1,125,000</b>	<b>425,000</b>	<b>408,115</b>	<b>26.56%</b>	<b>17.95%</b>
Total as at June 30, 2020		-	2,571,900	2,146,900	425,000	444,311	46.45%	28.78%
<b>Carrying value as at June 30, 2021</b>						<b>408,124</b>		
Carrying value as at June 30, 2020						414,170		

**6.3.1.1** The effective yield on Pakistan investment bonds is ranging from 7.0% to 7.5% per annum. The coupon rate on these investments is ranging from 7.0% to 7.5% per annum.

**6.3.2 Market treasury bill**

Issue date	Tenure	Face value		As at June 30, 2021	Market value as at June 30, 2021	Market value as a % of	
		As at July 1, 2020	Purchases during the year			Sales / Matured during the year	Total investments
----- Rupees in '000 -----							
July 2, 2020	3 months	-	75,000	75,000	-	-	-
July 16, 2020	3 months	-	75,000	75,000	-	-	-
October 8, 2020	3 months	-	300,000	300,000	-	-	-
October 8, 2020	3 months	-	50,000	50,000	-	-	-
October 8, 2020	3 months	-	450,000	450,000	-	-	-
October 8, 2020	3 months	-	50,000	50,000	-	-	-
October 8, 2020	3 months	-	250,000	250,000	-	-	-
October 22, 2020	3 months	-	100,000	100,000	-	-	-
October 22, 2020	3 months	-	100,000	100,000	-	-	-
January 14, 2021	3 months	-	100,000	100,000	-	-	-
January 14, 2021	3 months	-	200,000	200,000	-	-	-
December 31, 2020	3 months	-	700,000	700,000	-	-	-
January 14, 2021	3 months	-	300,000	300,000	-	-	-
January 14, 2021	3 months	-	110,000	110,000	-	-	-
March 25, 2021	3 months	-	1,640,000	1,640,000	-	-	-
February 25, 2021	3 months	-	400,000	400,000	-	-	-
February 25, 2021	3 months	-	1,050,000	1,050,000	-	-	-
April 8, 2021	3 months	-	200,000	200,000	-	-	-
May 20, 2021	3 months	-	585,000	585,000	-	-	-
March 11, 2021	3 months	-	500,000	500,000	-	-	-
March 11, 2021	3 months	-	300,000	300,000	-	-	-
March 11, 2021	3 months	-	200,000	200,000	-	-	-
April 8, 2021	3 months	-	300,000	300,000	-	-	-
February 25, 2021	3 months	-	600,000	600,000	-	-	-
July 2, 2020	6 months	-	75,000	75,000	-	-	-
July 16, 2020	6 months	-	75,000	75,000	-	-	-
September 24, 2020	6 months	-	100,000	100,000	-	-	-
February 25, 2021	6 months	-	49,000	49,000	-	-	-
August 1, 2019	12 months	-	200,000	200,000	-	-	-
July 2, 2020	12 months	-	100,000	100,000	-	-	-
September 26, 2019	12 months	-	200,000	200,000	-	-	-
August 29, 2019	12 months	-	275,000	275,000	-	-	-
September 12, 2019	12 months	-	300,000	300,000	-	-	-
September 26, 2019	12 months	-	300,000	300,000	-	-	-
October 10, 2019	12 months	-	500,000	500,000	-	-	-
October 24, 2019	12 months	-	140,000	140,000	-	-	-
<b>Total as at June 30, 2021</b>		-	<b>10,949,000</b>	<b>10,949,000</b>	-	-	-
Total as at June 30, 2020		-	7,875,000	7,875,000	-	-	-

**6.3.2.1 The effective yield on Pakistan investment bonds is ranging from 6.43% to 10.65% per annum**

## 6.4 Listed equity securities (spread transactions)

The movement in equity securities given below represents spread transactions entered into by the Fund. The Fund purchases equity securities in ready market and sells them in future market on the same day, resulting in spread income due to difference in ready and future stock prices. This way the Fund has no open exposure to the stock market. These securities (if any) at the period-end are valued at the period end ready rate while the future contracts (representing the derivatives) are valued at the period end future rate and the difference between the contracted rate and the future rate has been taken to the income statement.

Sectors / Companies	Holding at beginning of the year	Acquired during the year	Disposed during the year	Holding at end of the year	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments	Market value as a percentage of net assets	Paid up value of shares held as a percentage of total paid up capital of the Investee Company
	----- Number of shares -----			----- Rupees in '000 -----					
All equity shares have a par value of Rs. 10 each unless stated otherwise									
<b>CONSTRUCTION &amp; MATERIALS</b>									
D.G. Khan Cement Company Limited	-	576,500	576,500	-	-	-	-	-	-
Fauji Cement Company Limited	-	596,000	596,000	-	-	-	-	-	-
Cherat Cement Company Limited	-	160,000	160,000	-	-	-	-	-	-
Lucky Cement Limited	-	47,000	47,000	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	2,648,500	2,648,500	-	-	-	-	-	-
Pioneer Cement Limited	-	534,500	309,500	225,000	29,418	29,491	1.92%	1.30%	1.30%
<b>COMMERCIAL BANKS</b>									
Bank Al Falah Limited	-	64,500	64,500	-	-	-	-	-	-
Habib Bank Limited (Related parties)	-	132,500	132,500	-	-	-	-	-	-
National Bank of Pakistan Limited	-	1,500	1,500	-	-	-	-	-	-
United Bank Limited	-	20,000	20,000	-	-	-	-	-	-
<b>FERTILIZERS</b>									
Engro Corporation Limited	-	160,500	160,500	-	-	-	-	-	-
Engro Fertilizers Limited	-	352,000	352,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	1,136,500	1,011,500	125,000	3,369	3,301	0.21%	0.15%	0.03%
<b>CHEMICALS</b>									
Engro Polymer & Chemicals Limited	-	292,000	292,000	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	689,000	689,000	-	-	-	-	-	-
<b>REFINERY</b>									
Attock Refinery Limited	-	735,000	735,000	-	-	-	-	-	-
National Refinery Limited	-	652,000	652,000	-	-	-	-	-	-
Pakistan Refinery Limited	-	2,762,000	2,762,000	-	-	-	-	-	-
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Avanceon Limited	-	812,000	767,000	45,000	4,287	4,126	0.27%	0.18%	0.17%
TRG Pakistan Limited	-	8,248,500	6,923,500	1,325,000	215,820	220,387	14.34%	9.70%	3.96%
Netsol Technologies	-	1,565,500	1,504,500	61,000	10,171	10,369	0.67%	0.46%	1.13%
Hum Network Limited	-	14,209,000	12,742,500	1,466,500	11,989	11,761	0.77%	0.52%	1.27%
<b>PHARMACEUTICALS</b>									
Ferozsons Laboratories Limited	-	1,500	1,500	-	-	-	-	-	-
The Searle Company Limited	-	257,500	257,500	-	-	-	-	-	-
<b>CABLE AND ELECTRICAL GOODS</b>									
Pak Elektron Limited	-	2,733,000	2,733,000	-	-	-	-	-	-
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>									
Fauji Foods Limited	-	148,000	148,000	-	-	-	-	-	-
Unity Foods Limited	-	10,039,500	6,368,000	3,671,500	158,614	163,455	10.64%	7.19%	1.60%
Al Shaheer Corporation Limited	-	106,500	106,500	-	-	-	-	-	-
Treet Corporation Limited	-	1,012,000	-	1,012,000	51,336	50,084	3.26%	2.20%	2.94%
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
General Tyre & Rubber Co.	-	10,500	10,500	-	-	-	-	-	-
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Limited	-	899,000	799,000	100,000	8,076	7,967	0.52%	0.35%	0.06%
Kot Addu Power Company Limited	-	202,500	202,500	-	-	-	-	-	-
<b>TEXTILE COMPOSITE</b>									
Gul Ahmed Textile Mills Limited	-	123,000	123,000	-	-	-	-	-	-
Nishat (Chunian) Limited	-	31,500	31,500	-	-	-	-	-	-
Nishat Mills Limited	-	361,000	361,000	-	-	-	-	-	-
Azgard Nine Limited	-	8,320,000	8,234,500	85,500	2,980	2,898	0.19%	0.13%	0.06%
<b>OIL AND GAS MARKETING COMPANIES</b>									
Hascol Petroleum Limited	-	7,171,000	6,940,500	230,500	2,473	2,058	0.13%	0.09%	0.02%
Oil & Gas Development Company Limited	-	231,500	231,500	-	-	-	-	-	-
Pakistan State Oil Company Limited	-	398,000	398,000	-	-	-	-	-	-
Sui Northern Gas Pipeline Limited	-	348,000	348,000	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	92,500	42,500	50,000	703	665	0.04%	0.03%	0.01%
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Pakistan Oilfields Limited	-	27,000	27,000	-	-	-	-	-	-
Pakistan Petroleum Limited	-	823,000	823,000	-	-	-	-	-	-
<b>AUTOMOBILE ASSEMBLER</b>									
Pak Suzuki Motor Company Limited	-	104,500	104,500	-	-	-	-	-	-
Ghandhara Nissan Limited	-	6,000	6,000	-	-	-	-	-	-
Ghandhara Industries Limited	-	50,000	-	50,000	14,537	13,951	0.91%	0.61%	3.41%

Sectors / Companies	Holding at beginning of the year	Acquired during the year	Disposed during the year	Holding at end of the year	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments	Market value as a percentage of net assets	Paid up value of shares held as a percentage of total paid up capital of the Investee Company
	----- Number of shares -----			----- Rupees in '000 -----					
<b>TRANSPORT</b>									
Pakistan International Bulk Terminal Limited	-	5,241,500	5,241,500	-	-	-	-	-	-
<b>ENGINEERING</b>									
Amreli Steels Limited	-	426,500	426,500	-	-	-	-	-	-
International Steels Limited	-	689,500	689,500	-	-	-	-	-	-
International Industries Limited	-	91,500	91,500	-	-	-	-	-	-
Aisha Steel Mills Limited	-	12,500	12,500	-	-	-	-	-	-
<b>MISCELLANEOUS</b>									
Siddiqsons Tin Plate Limited	-	390,000	-	390,000	7,580	7,465	0.49%	0.33%	0.33%
<b>Investment as at June 30, 2021</b>	<b>-</b>	<b>76,743,500</b>	<b>67,906,500</b>	<b>8,837,000</b>	<b>521,353</b>	<b>527,978</b>			

## 6.5 Commercial papers

Particulars	Profit rate	Issue date	Maturity date	As at July 01, 2020	Placement during the year	Amortized during the year	Matured during the year	As at June 30, 2021	Carrying value as percentage of total investments	Carrying value as a percentage of net assets
				----- Rupees in '000 -----						
TPL Trakker Limited	15.90%	17-Jan-20	15-Jul-20	49,734	-	266	50,000	-	-	-
TPL Trakker Limited	15.84%	17-Jan-20	15-Jul-20	9,941	-	59	10,000	-	-	-
TPL Trakker Limited	10.37%	30-Jun-21	27-Dec-21	-	76,086	22	-	76,108	4.95%	3.35%
HUBCO Musharka Sukuk - Hybrid	10.62%	12-Nov-20	12-Nov-22	-	32,983	2,059	-	35,042	2.28%	1.54%
<b>Investment as at June 30, 2021</b>				<b>59,675</b>	<b>109,069</b>	<b>2,406</b>	<b>60,000</b>	<b>111,150</b>		

## 6.6 Net unrealised gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

	Note	2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
Market value of investments		1,536,584	956,596
Less: carrying value of investments before mark to market		(1,506,215)	(945,811)
	6.6.1	<b>30,369</b>	<b>10,785</b>
<b>6.6.1</b>			
- Term finance certificates and sukuk bonds - listed		17,835	(14,843)
- Term finance certificates and sukuk bonds - unlisted		5,918	(4,513)
- Government securities		(9)	30,141
- Listed equity securities (spread transactions)		6,625	-
		<b>30,369</b>	<b>10,785</b>

## 7. RECEIVABLE AGAINST MARGIN TRADING SYSTEM

These carry average mark-up rate of 12.28% (June 30, 2020: Nil) per annum and are matured at the option of finance subject to maximum period of 60 days.

	Note	2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
<b>8. ACCRUED MARK-UP</b>			
Mark-up accrued on bank deposits		2,042	2,342
Mark-up / return accrued on term finance certificates and sukuk bonds	8.1	4,797	7,135
Mark-up accrued on MTS		1,581	-
Mark-up accrued on government securities		9,811	11,218
		<b>18,231</b>	<b>20,695</b>

**8.1** This includes Nil (2020: Rs. 0.583 million) receivable from company under common directorship.



	Note	2021 ----- Rupees in '000 -----	2020
<b>9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Security deposit with National Clearing Company of Pakistan Limited		21,856	9,311
Security deposit with Central Depository Company of Pakistan Limited		100	100
Receivable against investments in term finance certificates	6.2.3	1,998	1,998
Dividend receivable		5,889	-
Advance tax		25,212	24,980
Prepaid expenses		290	300
		<u>55,345</u>	<u>36,689</u>
Less: Provision against overdue instalments of Term finance certificates		<u>(1,998)</u>	<u>(1,998)</u>
		<u><u>53,347</u></u>	<u><u>34,691</u></u>
	Note	2021 ----- Rupees in '000 -----	2020
<b>10. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration of the Management company	10.1	2,563	1,713
Sindh Sales Tax on remuneration of the Management Company	10.2	333	223
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.3	196	131
Selling and marketing expenses	10.4	2,653	1,635
Sales load		497	1,158
		<u>6,242</u>	<u>4,860</u>
<b>10.1</b>	As per the offering document of the Fund the maximum limit of management fee is 1.5% per annum of average annual net assets. During the year, management remuneration is charged by the Asset Management Company at the rate of 1.308% (2020: 0.60% to 1.308%) of average annual net assets of the Fund.		
<b>10.2</b>	The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2020: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.		
<b>10.3</b>	In accordance with Regulation 60 of the NBFC Regulations, the Management Company may charged expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). The expense charged by the Asset Management Company at the rate of 0.1% (2020: 0.1% to 0.3%) of average annual net assets of the fund.		
<b>10.4</b>	SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed cap of 0.4 percent (of average net assets, calculated on daily basis), on charging of selling and marketing expenses which are charged by Asset Management Companies to all categories of open-end mutual funds (except fund of funds).The selling and marketing expenses charged by the Asset Management Company at the rate of 0.4% (2020: 0.4% to 1.00%) of average annual net assets of the fund.		
	Note	2021 ----- Rupees in '000 -----	2020
<b>11. PAYABLE TO THE TRUSTEE</b>			
Remuneration of the Trustee	11.1	147	98
Sindh Sales Tax on remuneration of the Trustee	11.2	19	13
CDS charges		200	12
		<u>366</u>	<u>123</u>

**11.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified there in, based on the daily Net Asset Value (NAV) of the Fund.

CDC vide letter no CDC/CEO/L-112/06/2019 declared that the tariff structure for the money market schemes shall consists of actual custodial expense plus 0.065% per annum of Net Assets. Therefore trustee fee have been charged as 0.075% (2020: 0.075%) per annum of net assets calculated on daily basis.

The remuneration is paid to the trustee monthly in arrears.

**11.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2020: 13%) on the remuneration of the trustee through Sindh Sales Tax on Services Act, 2011.

**12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

**12.1** As per SRO 685(I)/2019 dated June 28, 2019, annual fee at the rate of 0.02% (2020: 0.02%) of the net assets of the fund has been charged during the year by Securities and Exchange Commission of Pakistan.

<b>13. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
		----- Rupees in '000 -----	
Federal excise Duty payable on Management Company's remuneration	13.1	27,578	27,578
Provision for Sindh Workers' Welfare Fund	13.2	31,380	28,405
Capital gain tax payable		822	1,250
Withholding tax payable		8,937	18,170
Auditors' remuneration		191	422
Brokerage payable		1,938	2
Unrealised loss on forward contracts		6,242	-
Other payables		586	315
		<b>77,674</b>	<b>76,142</b>

**13.1** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The Finance Act, 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ending June 30, 2021.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company, aggregating to Rs. 27.578 million. Had the provision not been made, the Net Asset Value per unit as at June 30, 2021 would have been higher by Rs. 1.3413 (2020: Rs. 1.9343) per unit.

- 13.2** The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 31.380 million for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 526 (2020: Rs. 0.1992) per unit.

## **14. CONTINGENCIES AND COMMITMENTS**

### **14.1 Commitment**

The commitment to sell equity securities at a future date under spread transaction amounting to Rs. 527.959 million (2020: Nil).

- 14.2** Except as disclose in note 14.1 there were no contingencies and commitments outstanding as at June 30, 2021 (June 30, 2020)

		2021	2020
		----- Number of units -----	
<b>15.</b>	<b>NUMBER OF UNITS IN ISSUE</b>		
	Total outstanding as of July 01	14,257,362	14,237,061
	Issued during the year	30,760,923	13,161,233
	Redeemed during the year	(24,457,962)	(13,140,932)
	Total units in issue as of June 30	<u>20,560,323</u>	<u>14,257,362</u>

		2021	2020
		----- Rupees in '000 -----	
<b>16.</b>	<b>MARK-UP / RETURN ON INVESTMENTS</b>		
	Term finance certificates and sukuk bonds	42,203	81,597
	Government securities	60,097	35,052
	Commercial paper	3,579	7,006
		<u>105,879</u>	<u>123,655</u>

		2021	2020
<b>17.</b>	<b>AUDITORS' REMUNERATION</b>		
	Statutory audit fee	285	285
	Half yearly review fee	89	89
	Out of pocket expenses	-	56
		<u>374</u>	<u>430</u>

**18. TAXATION**

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 if it has distributed not less than 90 percent of its accounting income (excluding capital gain realised or unrealised). The Fund has distributed such accounting income for the years ended June 30, 2021 and June 30, 2020 and therefore has not accrued and recorded taxation charge for the year. The Fund is also exempt from provision of Section 113 ( minimum tax) under clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

**19. EARNINGS PER UNIT**

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

**20. FINANCIAL INSTRUMENTS BY CATEGORY**

	2021		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Bank balances	388,557	-	388,557
Investments - Term finance certificates and sukuk bonds	-	489,341	489,341
Investments - Government securities	-	408,115	408,115
Investments - Listed equity securities (spread transactions)	-	527,978	527,978
Investments - Commercial paper	-	111,150	111,150
Receivable against margin trading system	413,685	-	413,685
Accrued mark-up	18,231	-	18,231
Deposits and other receivable	27,845	-	27,845
	<u>848,318</u>	<u>1,536,584</u>	<u>2,384,902</u>
<b>Financial liabilities</b>			
Payable to the Management Company	6,242	-	6,242
Payable to the Trustee	366	-	366
Dividend payable	4,491	-	4,491
Payable against purchase of investments	48,005	-	48,005
Accrued expenses and other liabilities	8,957	-	8,957
Net assets attributable to unit holders	2,273,185	-	2,273,185
	<u>2,341,246</u>	<u>-</u>	<u>2,341,246</u>
2020			
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Bank balances	622,132	-	622,132
Investments - Term finance certificates and sukuk bonds	-	452,610	452,610
Investments - Government securities	-	444,311	444,311
Investments - Commercial paper	-	59,675	59,675
Accrued mark-up	20,695	-	20,695
Deposits and other receivable	9,411	-	9,411
	<u>652,238</u>	<u>956,596</u>	<u>1,608,834</u>
<b>Financial liabilities</b>			
Payable to the Management Company	4,860	-	4,860
Payable to the Trustee	123	-	123
Dividend payable	8,858	-	8,858
Accrued expenses and other liabilities	739	-	739
Net assets attributable to unit holders	1,543,827	-	1,543,827
	<u>1,558,407</u>	<u>-</u>	<u>1,558,407</u>

**21. TRANSACTIONS / BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons / related parties comprise HBL Asset Management Limited (HBL-AML) being the Management Company of the fund', Habib Bank Limited being the Sponsor (holding 100% shares of HBL Asset Management Limited), Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other associated companies of HBL, HBL-AML and its subsidiaries, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and the directors of the connected persons.

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

Remuneration payable to the 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:

	2021	2020
	----- Rupees in '000 -----	
<b>21.1 Transactions during the year</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management remuneration	<u>32,599</u>	<u>20,665</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>2,206</u>	<u>1,985</u>
Selling and marketing expenses	<u>8,822</u>	<u>7,478</u>
<b>Habib Bank Limited - Sponsor</b>		
Dividend paid	<u>10,800</u>	<u>24,000</u>
Bank charges paid	<u>99</u>	<u>54</u>
Mark-up earned during the year	<u>4,926</u>	<u>9,586</u>
Mark-up received during the year	<u>40,173</u>	<u>7,812</u>
<b>MCBFSL Trustee - HBL Financial Planning Fund Strategic Allocation Plan - CIS Managed by the Management Company</b>		
Redemption of Nil units (2020: 745,068 units)	<u>-</u>	<u>81,178</u>
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - CIS Managed by the Management Company</b>		
Issue of 22,297 units (2020: 6,736 units)	<u>2,529</u>	<u>732</u>
Redemption of 265 units (2020: 16,575 units)	<u>30</u>	<u>1,910</u>
Refund of capital 628 units (2020: Nil units)	<u>69</u>	<u>-</u>
Dividend paid	<u>436</u>	<u>732</u>
<b>Pakistan Society For The Welfare Of Mentally Retarded Children Related party due to holding more than 10%</b>		
Issue of 1,468,877 units (2020: Nil units)	<u>163,142</u>	<u>-</u>
Refund of capital 25,202 units (2020: Nil units)	<u>2,780</u>	<u>-</u>
Dividend paid	<u>14,006</u>	<u>-</u>
<b>Directors and Executives of the Management Company and their relatives</b>		
Issue of 134,023 units (2020: 7,595 units)	<u>15,167</u>	<u>826</u>
Redemption of 107,447 units (2020: 5,298 units)	<u>12,219</u>	<u>567</u>
Dividend paid	<u>607</u>	<u>954</u>
Refund of capital 938 units (2020: Nil units)	<u>103</u>	<u>-</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee's remuneration including sales tax thereon	<u>1,869</u>	<u>1,289</u>
CDS charges	<u>565</u>	<u>38</u>

	2021	2020
	----- Rupees in '000 -----	
<b>CDC trustee - HBL Government Securities Fund</b>		
Sale of Bank Of Punjab - Term finance certificate	-	50,201
<b>CDC trustee - HBL Cash Fund</b>		
Sale of the Hub Power Company Limited - Sukuk certificate	-	183,000
<b>CDC trustee - HBL Islamic Asset Fund</b>		
Purchase of TPL Corporation Limited - commercial papers	-	19,844
<b>21.2 Balances outstanding as at year end:</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management remuneration payable	2,563	1,713
Sindh Sales tax on management remuneration payable	333	223
Allocation of expenses related to registrar services, accounting, operation and valuation services	196	131
Selling and marketing expenses payable	2,653	1,635
Sales load payable	497	1,158
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund: 2,000,000 units (2020: 2,000,000 units)	221,123	216,566
Bank balances	92,728	360,964
<b>The First Microfinance Bank - Associate</b>		
Bank balances	250,010	10
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - CIS Managed by the Management Company</b>		
Investment held in the Fund: 90,388 units (2020: 67,728 units)	9,993	7,334
<b>Pakistan Society For The Welfare Of Mentally Retarded Children Related party due to holding more than 10%</b>		
Investment held in the Fund: 2,720,706 units (2020: Nil units)	300,806	-
<b>Directors and Executives of the Management Company and their relatives</b>		
Investment held in the Fund: 114,476 units (2020: 86,951 units)	12,657	9,415
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee's remuneration payable	147	98
Sindh Sales Tax on Trustee's remuneration	19	13
Security deposit	100	100
CDC charges payable	12	12

**22. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER**

Details of members of the investment committee of the Fund are as follow:

	<b>Name</b>	<b>Designation</b>	<b>Qualification</b>	<b>Experience in years</b>
1	Mir Adil Rashid	Chief Executive Officer	BSc	22 + years
2	Muhammad Wamiq Sakrani	Acting Head of Fixed Income	MBA	11+ years
3	Raza Inam	Acting Head of Research	Bsc (Hons), CFA	8+ years
4	Karim Khawaja	Head of Risk	MBA, CMA	18 + years

**23. LIST OF TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

**Top brokers during the year ended June 30, 2021**

- 1 Invest One Markets Limited
- 2 Optimus Markets (Private) Limited
- 3 JS Global Capital Limited
- 4 Magenta Capital (Private) Limited
- 5 C & M Management (Private) Limited
- 6 Pearl Securities Limited
- 7 Icon Securities (Private) Limited
- 8 Currency Market Associates (Private) Limited
- 9 Arif Habib Limited
- 10 BMA Capital Management Limited

**Top brokers during the year ended June 30, 2020**

- 1 Invest One Markets Limited
- 2 Next Capital Limited
- 3 Paramount Capital (Private) Limited
- 4 Bright Capital (Private) Limited
- 5 JS Global Capital Limited
- 6 Arif Habib Limited
- 7 Magenta Capital (Private) Limited
- 8 Optimus Markets (Private) Limited
- 9 BIPL Securities Limited
- 10 Vector Capital (Private) Limited



**24. PATTERN OF UNIT HOLDING**

Category	----- As at June 30, 2021 -----			
	Number of Unit holders	Number of units held	Investment amount Rupees in '000	Percentage investment
Individuals	1085	12,467,639	1,378,444	60.64%
Foreign investor	1	1,631	180	0.01%
Associated companies	1	2,000,000	221,123	9.73%
Insurance companies	2	277,068	30,633	1.35%
Retirement funds	12	2,348,551	259,660	11.42%
Bank / DFI	1	0	0	0.00%
Trusts	6	3,212,693	355,201	15.63%
Others	4	252,741	27,944	1.23%
	<b>1112</b>	<b>20,560,323</b>	<b>2,273,185</b>	<b>100%</b>

Category	----- As at June 30, 2020 -----			
	Number of unit holders	Number of units held	Investment in amount Rupees in '000	Percentage investment
Individuals	951	8,752,160	947,709	61.39%
Foreign investors	3	124,545	13,486	0.87%
Associated company	1	2,000,000	216,566	14.03%
Insurance companies	4	1,298,114	140,563	9.10%
Retirement funds	4	258,992	28,044	1.82%
Trusts	5	1,368,799	148,217	9.60%
Others	5	454,752	49,242	3.19%
	<b>973</b>	<b>14,257,362</b>	<b>1,543,827</b>	<b>100%</b>

**25. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

Seven meetings of the Board of Directors were held on July 28 & 29, 2020, August 27, 2020, September 30, 2020, October 12, 2020, October 29, 2020, February 10, 2021 and April 30, 2021 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Mir Adil Rashid	7	7	-	-
2	Ms. Ava A. Cowasjee	7	7	-	-
3	Mr. Rayomond H. Kotwal	7	7	-	-
4	Mr. Rizwan Haider <sup>1</sup>	2	2	-	-
5	Mr. Shabbir Hussain Hashmi	7	7	-	-
6	Mr. Shahid Ghaffar	7	7	-	-
7	Mr. Muhammad Afaq Khan <sup>2</sup>	6	6	-	-
8	Mr .Abrar Ahmed Mir <sup>2</sup>	6	6	-	-
9	Mr .Tariq Masaud <sup>3</sup>	4	4	-	-

- 1 Resigned on September 18, 2020.
- 2 Appointed on July 29, 2020.
- 3 Appointed on September 22, 2020.

## **26. FINANCIAL RISK MANAGEMENT**

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in a portfolio of money market investments such as investment-grade debt securities, government securities, spread transactions, margin financing and in other money market instruments. These activities expose the Fund to a variety of financial risks: market risk, credit risk and liquidity risk.

### **26.1 Market risk**

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, interest rate risk and other price risk.

#### **26.1.1 Currency risk**

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

#### **26.1.2 Interest rate risk**

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

##### **a) Cash flow interest rate risk**

As at June 30, 2021, the Fund holds balance in savings account and KIBOR based interest bearing term finance certificates that expose the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2021, with all other variables held constant, the net assets and net income of the Fund would have been higher / lower by Rs. 8.78 million (2020: Rs. 10.75 million).

##### **b) Fair value interest rate risk**

As at June 30, 2021, the Fund held Pakistan Investment Bond that exposed the Fund to fair value interest rate risk. In case of 100 basis points increase in market rate on June 30, 2021, with all other variables held constant, the net assets and net income of the Fund for the year would have been lower by Rs. 0.85 million and in case of 100 basis point decrease in market rate on June 30, 2021, with all other variables held constant, the net assets and net income for the year would have been higher by Rs. 0.83 million. Further, MTS is also subject to interest rate risk but it is not carried at FVTPL, therefore, there is no impact on net income or net assets due to change in market interest rates.

The composition of the Fund's investment portfolio and rates announced by Financial Market Association and State Bank of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets and net income due to future movements in interest rates.

Yield / Interest rate sensitivity position for the balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

Yield / interest rate (%)	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
----- Rupees in '000 -----					
<b>June 30, 2021</b>					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	5.60% - 12.65%	388,557	388,557	-	-
Investments - Term finance certificates and sukuk bonds	KIBOR plus 0.75% - 3%	489,341	-	-	489,341
Investments - Government securities	7.00% - 7.50%	408,115	-	-	408,115
Investments - Listed equity securities (spread transactions)		527,978	-	-	527,978
Investments - Commercial paper	10.37% - 10.63%	111,150	-	76,108	35,042
Receivable against MTS	12.28%	413,685	413,685	-	-
Accrued mark-up		18,231	-	-	18,231
Deposits and other receivable		27,845	-	-	27,845
		<b>2,384,902</b>	<b>802,242</b>	<b>76,108</b>	<b>932,498</b>
					<b>574,054</b>
<b>Financial liabilities</b>					
Payable to the Management Company		6,242	-	-	6,242
Payable to the Trustee		366	-	-	366
Dividend payable		4,491	-	-	4,491
Payable against purchase of investments					48,005
Accrued expenses and other liabilities		8,957	-	-	8,957
Net assets attributable to unit holders		2,273,185	-	-	2,273,185
		<b>2,293,241</b>	<b>-</b>	<b>-</b>	<b>-</b>
					<b>2,341,246</b>
<b>On-balance sheet gap</b>		<b>91,661</b>	<b>802,242</b>	<b>76,108</b>	<b>932,498</b>
					<b>(1,767,192)</b>
<b>Off-balance sheet financial instruments</b>					
		-	-	-	-
<b>Off-balance sheet gap</b>					
		-	-	-	-

	Yield / interest rate (%)	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
----- Rupees in '000 -----						
June 30, 2021						
On-balance sheet financial instruments						
Financial assets						
Bank balances	10.28% - 13.75%	622,132	622,132	-	-	-
Investments - Term finance certificates and sukuk bonds	KIBOR plus 1% - 1.4%	452,610	-	452,610	-	-
Investments - Government securities	9.0% - 10.0%	444,311	-	-	444,311	-
Investments - Commercial paper	15.84% - 15.9%	59,675	59,675	-	-	-
Accrued mark-up		20,695	-	-	-	20,695
Deposits and other receivables		9,411	-	-	-	9,411
		<u>1,608,834</u>	<u>681,807</u>	<u>452,610</u>	<u>444,311</u>	<u>30,106</u>
Financial liabilities						
Payable to the Management Company		4,860	-	-	-	4,860
Payable to the Trustee		123	-	-	-	123
Dividend payable		8,858	-	-	-	8,858
Accrued expenses and other liabilities		739	-	-	-	739
Net assets attributable to unit holders		<u>1,543,827</u>	-	-	-	<u>1,543,827</u>
		<u>1,558,407</u>	-	-	-	<u>1,558,407</u>
On-balance sheet gap		<u>50,427</u>	<u>681,807</u>	<u>452,610</u>	<u>444,311</u>	<u>(1,528,301)</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

### 26.1.3 Other market price risk

The Fund is exposed to equity price risk i.e. the risk of unfavorable changes in the fair value of equity securities as a result of changes in the levels of Pakistan Stock Exchange Index and the value of individual shares, which arises from investments measured at fair value through income statement.

The management of the Fund monitors the proportion of equity securities in its investment portfolio based on market indices. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines or the requirements of NBFC regulations. The Fund manages those risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund with overall limit of 30% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations).

The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary objective of the Fund's investment strategy is to maximise investment returns.

Details of the Fund's investments in industrial / economic sectors are given in note 6.4.

### **Sensitivity analysis - Equity price risk**

All of the Fund's equity investments are listed on Pakistan Stock Exchange. For such investments classified as at fair value through profit or loss, a 5% increase or decrease in the fair values of the equity investments (spread transaction), would have increased or decreased the income statement and the unit holders' fund by Rs. 0.312 million. (2020: Nil).

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of PSX 100 Index.

## **26.2 Credit risk**

Credit risk is the risk of financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, receivable against MTS, accrued mark-up, deposits and other receivables and investment in debt securities. The investment in government securities is not exposed to credit risk.

The carrying amount of financial assets represents the maximum credit exposure.

### **Management of credit risk**

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer / counterparty is taken into account along with the financial background so as to minimise the risk of default.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Analysing credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit ratings.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

### Exposure to credit risk

The maximum exposure to credit risk as at reporting date was as follows:

	2021		2020	
	Balance as per the statement of asset and liabilities	Maximum exposure	Balance as per the statement of asset and liabilities	Maximum exposure
----- Rupees -----				
Bank balances	388,557	388,557	622,132	622,132
Investments	1,536,584	600,491	956,596	512,285
Receivable against margin trading system	413,685	413,685	-	-
Accrued mark-up	18,231	8,420	20,695	20,695
Deposits and other receivable	27,845	27,845	9,411	9,411
	<b>2,384,902</b>	<b>1,438,998</b>	<b>1,608,834</b>	<b>1,164,523</b>

Bank balances including accrued return on bank balances

The analysis below summarises the credit quality of the balances with Banks as at reporting date:

	2021	2020	2021	2020
	----- Rupees in '000 -----		----- % -----	
<b>Bank balances by rating category</b>				
A1+	140,373	624,362	35.94%	99.98%
A1	250,219	103	64.06%	0.02%
A3	8	-	0.00%	0.00%
P1	-	9	0.00%	0.00%
Total balance including profit due	<b>390,600</b>	<b>624,474</b>	<b>100%</b>	<b>100%</b>
<b>Term finance certificates / sukuk bonds by rating category</b>				
A+	212,305	146,078	42.96%	32.27%
A-	8,114	8,734	1.64%	1.93%
AA	156,558	50,194	31.68%	11.09%
AA-	-	151,876	0.00%	33.56%
AA+	78,314	95,728	15.85%	21.15%
AAA	38,847	-	7.86%	0.00%
Total balance including profit due	<b>494,138</b>	<b>452,610</b>	<b>100%</b>	<b>100%</b>
<b>Commercial paper</b>	<b>111,150</b>	<b>59,675</b>		
<b>Government securities including profit due</b>	<b>417,926</b>	<b>455,529</b>		
<b>Receivable against margin trading system including profit due</b>	<b>415,266</b>	<b>-</b>		
<b>Deposits and other receivable</b>	<b>27,845</b>	<b>34,691</b>		

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of the reporting date.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 is the carrying amount of the financial assets.

### **Concentration of credit risk**

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund mainly deals in equity securities which are primarily subject to price risk. The Fund's portfolio of other financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The Fund's portfolio exposed to credit risk primarily consists of bank deposits.

Past due and impaired assets and collaterals held

None of the financial assets are past due or impaired except for the investments stated in note 30 and are fully provided.

### **Settlement risk**

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

## **26.3 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is mainly exposed to the daily cash redemption requests on a regular basis. Units are redeemable at the holders' option based on the Fund's net asset value per unit, at the time of redemption, calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of 10% the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows		
		Total	Less than 1 month	Within 3 months
----- Rupees in '000 -----				
<b>June 30, 2021</b>				
<b>Financial liabilities</b>				
Payable to the Management Company	6,242	6,242	6,242	-
Payable to the Trustee	366	366	366	-
Dividend payable	4,491	4,491	4,491	-
Payable against purchase of investments	48,005	48,005	48,005	-
Accrued expenses and other liabilities	8,957	8,957	8,957	-
Net assets attributable to unit holders	2,273,185	2,273,185	2,273,185	-
	<b>2,341,246</b>	<b>2,341,246</b>	<b>2,341,246</b>	<b>-</b>
<b>June 30, 2020</b>				
<b>Financial liabilities</b>				
Payable to the Management Company	4,860	4,860	4,860	-
Payable to the Trustee	123	123	123	-
Dividend payable	8,858	8,858	8,858	-
Accrued expenses and other liabilities	739	739	739	-
Net assets attributable to unit holders	1,543,827	1,543,827	1,543,827	-
	<b>1,558,407</b>	<b>1,558,407</b>	<b>1,558,407</b>	<b>-</b>

#### UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g., yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

#### 28. 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.

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 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 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 or indirectly (level 2).
- Unobservable inputs for the asset or liability (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.

	June 30, 2021						
	Carrying amount			Fair value			
	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----							
<b>Financial assets measured at fair value</b>							
Investments -							
Term finance certificates and sukuk bonds - listed	127,366	-	127,366	127,366	-	-	127,366
Term finance certificates and sukuk bonds - unlisted	361,975	-	361,975	-	361,975	-	361,975
Government securities	408,115	-	408,115	-	408,115	-	408,115
Listed equity securities (spread transactions)	527,978	-	527,978	527,978	-	-	527,978
Commercial paper (note 28.2)	111,150	-	111,150	-	-	111,150	111,150
	<b>1,536,584</b>	<b>-</b>	<b>1,536,584</b>	<b>655,344</b>	<b>770,090</b>	<b>111,150</b>	<b>1,536,584</b>
<b>Financial assets not measured at fair value (note 28.1)</b>							
Bank balances	-	388,557	388,557	-	-	-	-
Receivable against margin trading system	-	413,685	413,685	-	-	-	-
Accrued mark-up	-	18,231	18,231	-	-	-	-
Deposits and other receivables	-	27,845	27,845	-	-	-	-
	-	<b>848,318</b>	<b>848,318</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>							
Unrealised loss on forward contracts	6,242	-	6,242	6,242	-	-	6,242
	<b>6,242</b>	<b>-</b>	<b>6,242</b>	<b>6,242</b>	<b>-</b>	<b>-</b>	<b>6,242</b>
<b>Financial liabilities not measured at fair value (note 28.1)</b>							
Payable to the Management Company	-	6,242	6,242	-	-	-	-
Payable to the Trustee	-	366	366	-	-	-	-
Dividend payable	-	4,491	4,491	-	-	-	-
Payable against purchase of investments	-	48,005	48,005	-	-	-	-
Accrued expenses and other liabilities	-	2,715	2,715	-	-	-	-
Net assets attributable to unit holders	-	<b>2,273,185</b>	<b>2,273,185</b>	-	-	-	-
	-	<b>61,819</b>	<b>61,819</b>	-	-	-	-

	June 30, 2020						
	Carrying amount			Fair value			
	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----							
Financial assets measured at fair value							
Investments							
Term finance certificates and sukuk bonds - listed	159,768	-	159,768	159,768	-	-	159,768
Term finance certificates and sukuk bonds - unlisted	292,842	-	292,842	-	292,842	-	292,842
Government securities	444,311	-	444,311	-	444,311	-	444,311
Commercial paper (note 28.2)	59,675	-	59,675	-	-	59,675	59,675
	956,596	-	956,596	159,768	737,153	59,675	956,596
Financial assets not measured at fair value (note 28.1)							
Bank balances	-	622,132	622,132	-	-	-	-
Accrued mark-up	-	20,695	20,695	-	-	-	-
Deposits and other receivables	-	9,411	9,411	-	-	-	-
	-	652,238	652,238	-	-	-	-
Financial liabilities not measured at fair value (note 28.1)							
Payable to the Management Company	-	4,860	4,860	-	-	-	-
Payable to the Trustee	-	123	123	-	-	-	-
Dividend payable	-	8,858	8,858	-	-	-	-
Accrued expenses and other liabilities	-	739	739	-	-	-	-
Net assets attributable to unit holders		1,543,827	1,543,827	-	-	-	-
	-	1,558,407	1,558,407	-	-	-	-

**28.1** 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.

**28.2** The valuation of commercial papers has been done based on amortisation of commercial paper to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.

**29. 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 year ended June 30, 2021 is 2.65% (2020: 2.51%) which includes 0.33% (2020: 0.45%) representing government levy and SECP fee.

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

The Securities and Exchange Commission of Pakistan vide Circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Income Fund (the Fund) as Income Scheme' in accordance with the said circular. As at June 30, 2021, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Name of non-complaint investment	Type of investment	Value of Investment before provision	Provision held (if any)	Value of investment after provision	Limit	% of net assets	% of gross assets
----- Rupees in '000 -----							
New Allied Electronics Industries (Private) Limited	TFC	19,025	19,025	-	-	0.84%	0.79%
New Allied Electronics Industries (Private) Limited	Sukuk	44,149	44,149	-	-	1.94%	1.83%
Agritech Limited	TFC	9,992	9,992	-	-	0.44%	0.41%
Saudi Pak Leasing Company Limited	TFC	5,550	5,550	-	-	0.24%	0.23%
Worldcall Telecom Limited	TFC	40,191	40,191	-	-	1.77%	1.67%

**31. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on August 26, 2021.

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

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

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

\_\_\_\_\_  
Director



**HBL Energy Fund**

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Energy Fund</b>
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited
<b>NAME OF AUDITORS</b>	BDO Ebrahim & Co. Chartered Accountants.
<b>NAME OF BANKERS</b>	MCB Bank Limited Habib Bank Limited Soneri Bank Limited JS Bank Limited

**Type and Category of Fund**

Equity / Open-end

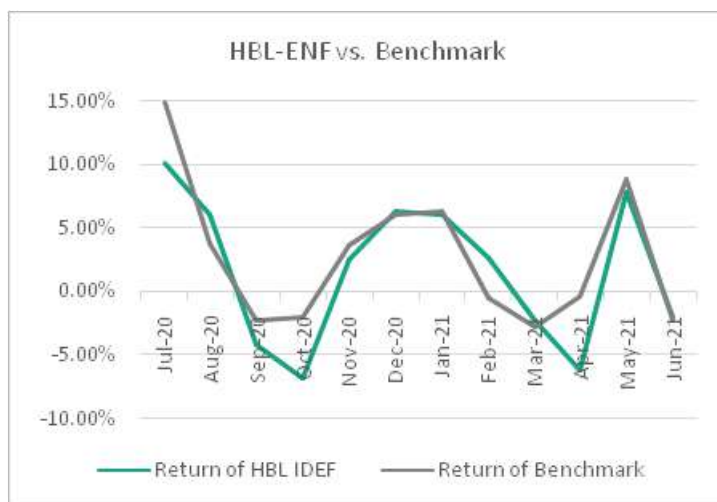
**Investment Objective and Accomplishment of Objective**

HBL Energy Fund (HBL ENF) is an open end equity fund. The objective of the Fund is to capture significant return from an actively managed portfolio by investing in listed equity securities of energy sector in Pakistan and in this respect the Fund has achieved its objective.

**Benchmark and Performance Comparison with Benchmark**

The Fund's benchmark is KSE-30 Total Return Index.

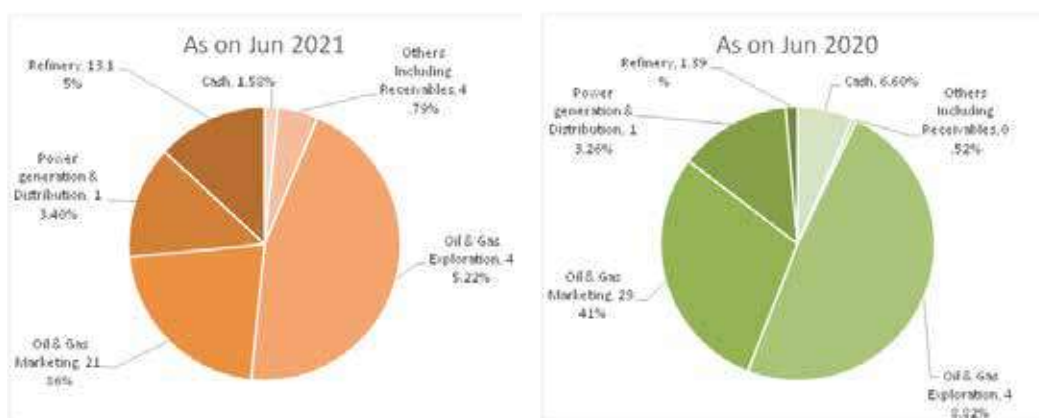
Month	Return of Fund	
	HBL-ENF	Benchmark
Jun-21	-2.07%	-2.31%
May-21	7.85%	8.78%
Apr-21	-6.22%	-0.36%
Mar-21	-2.32%	-2.80%
Feb-21	2.68%	-0.56%
Jan-21	6.09%	6.26%
Dec-20	6.31%	6.09%
Nov-20	2.48%	3.70%
Oct-20	-6.81%	-2.05%
Sep-20	-4.19%	-2.28%
Aug-20	6.07%	3.78%
Jul-20	10.10%	14.85%



**Strategies and Policies employed during the Year**

During the year under review, the Fund increased its exposure in equities from 93% on June 30, 2020 to 94% as on June 30, 2021. Further, sector-wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in refining sector was increased, while exposure in oil & gas exploration and oil & gas marketing was decreased.

**Asset Allocation**



**Significant Changes in Asset Allocation during the Year**

The following table shows a comparison of top sector wise allocation of equity investments in the Fund as on June 30, 2021 and June 30, 2020:

## Significant Changes in Asset Allocation during the Year

The following table shows a comparison of top sector wise allocation of equity investments in the Fund as on June 30, 2021 and June 30, 2020:

Sector Name	As on Jun 2021	As on Jun 2020
Cash	1.58%	6.60%
Others Including Receivables	4.79%	0.52%
Oil & Gas Exploration	45.22%	48.82%
Oil & Gas Marketing	21.86%	29.41%
Power generation & Distribution	13.40%	13.26%
Refinery	13.15%	1.39%
Total	100.00%	100.00%

## Fund Performance

The total income and net income of the Fund was Rs. 154.36 million and Rs. 114.41 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs. 11.9855 per unit as on June 30, 2021 as compared to Rs. 10.0106 per unit as on June 30, 2020, thereby giving a return of 19.73%. During the same year the benchmark KSE 30 index yielded a return of 36.49%. The size of Fund was Rs. 0.77 billion as on June 30, 2021 as compared to Rs. 0.57 billion at the start of the year.

## Market Review

The market sustained its bullish momentum in FY21 as the KSE-100 index recorded 12,934 points increase (+37.6%) during the period to close at 47,356 points. The stellar performance of the index can be attributed to 1) relative 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 strengthening currency and better current account position.

During the period construction linked industries (Cement, Steel, and Glass) rallied on the back of the monetary easing done by the SBP and government focus on construction sector. Technology sector also remained in limelight due to increasing focus on technology post Covid-19 pandemic. Banking Sector also rallied due to attractive valuations. On the flows side, foreigners were the net sellers during FY21 and sold shares of worth USD 387mn, compared to net selling of USD 285mn during same period last year.

Pakistan equities are likely to continue the positive momentum due to cheaper valuation (trading at a Forward P/E of 6.1x against peer average 15.7x) and improvement in the macroeconomic landscape. Market participants would closely follow trend of coronavirus cases and the ensuring macro numbers. Cyclical sectors (Cement, Steel) are expected to continue their rally due to Government's push towards Naya Pakistan Housing Scheme. Textile sector is also expected to garner investors' attention due to huge export potential. Technology sector would also remain in limelight due to rerating of the sector due to improved earnings outlook. We will maintain our strategic focus towards "bottom-up" approach and align exposure towards stocks with strong earnings potential.

## Distribution

The Board of Directors approved NIL distribution to the unit holders for the year ended June 30, 2021.

## Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Fund.

### Breakdown of Unit Holding by Size

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	82	1,770
101 – 500	40	10,761
501 – 1,000	3,116	2,461,064
100,1 – 10,000	1,091	3,328,016
10,001 – 100,000	199	6,025,985
100,001 – 500,000	41	9,015,679
500,001 – 1,000,000	3	2,172,463
1,000,001 – 5,000,000	4	8,669,481
5,000,001 and above	4	32,936,508
<b>Total</b>	<b>4,580</b>	<b>64,621,727</b>

### Unit Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.



**PERFORMANCE TABLE –  
HBL ENERGY FUND**  
As at June 30, 2021

	2021	2020	2019	2018	2017	2016
Net assets at the period end(Rs'000)	774,522	570,810	734,341	1,061,029	794,794	954,214
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	11.9855	10.0106	11.1201	14.6857	15.0359	12.0122
Offer	12.2564	10.2368	11.3714	15.0176	15.3757	12.3726
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	13.2351	14.3597	15.2319	16.6501	18.4426	12.9758
Lowest offer price per unit	10.3691	7.8038	10.8489	14.018	12.4268	10.7407
Highest redemption price per unit	12.9426	14.0423	14.8953	16.2821	18.0350	12.5979
Lowest redemption price per unit	10.1399	7.6313	10.6091	13.7082	12.0649	10.4279
<b>RETURN ( % )</b>						
Total return	19.73%	-9.98%	-24.28%	-2.33%	30.12%	-2.86%
Income distribution	0.00%	0.00%	0.00%	0.00%	0.60%	0.00%
Capital growth	19.73%	-9.98%	-24.28%	-2.33%	29.52%	-2.86%
<b>DISTRIBUTION</b>						
Final dividend distribution (Rs)	-	-	-	-	0.60	-
Date of Income Distribution	-	-	-	-	20-Jun-17	-
Total dividend distribution for the year/ period (Rs)	-	-	-	-	0.60	-
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	19.73%	-9.98%	-24.28%	-2.33%	30.12%	-2.86%
Average annual return 2 year	3.82%	-17.44%	-14.00%	12.73%	12.43%	2.52%
Average annual return 3 year	-6.55%	-12.68%	-1.27%	7.28%	11.00%	9.20%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	2%	7%	8%	9%	6%	8%
Stock / Equities	94%	93%	92%	90%	94%	92%
Others Including receivables	5%	1%	0%	1%	-	-

**Note:**

- The Launch date of the Fund is January 2006
- PICIC energy fund converted from closed end scheme to open end scheme effective from June 25, 2013

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

Summary of Actual Proxy voted by CIS

HBL EF	Meetings	Resolutions	For	Against
Number	3	7	7	-
(%ages)		100%	100%	-

AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Attock Refinery Ltd	19-Oct-20	
Byco Petroleum Pakistan Ltd	22-Oct-20	26-04-2021
Hascol Petroleum Ltd	23-02-2021, 11-08-2020	08-09-2020
Hub Power Company Ltd	24-Sep-20	
Hi-Tec Lubricants Limited	23/10/2020,	
K-Electric Limited	26/11/2020 ; 03-06-2020	
Kot Addu Power Company Ltd	28-Oct-20	24-Mar-21
Oil & Gas Development Co Ltd	28/10/2020,	17-Mar-21
Pak Elektron Ltd	29-Apr-21	
Pakistan Oilfields Ltd	19-Oct-20	
Pakistan Petroleum Ltd	26-Oct-20	23-Dec-20
Pakistan Refinery Limited	7-Oct-20	1-Sep-20
Pakistan State Oil Company Ltd	21-Oct-20	
Shell Pakistan Limited	21-04-2021	9-Dec-20
Sui Northern Gas Pipeline Ltd	15-08-2020,	

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

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Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ENERGY FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Energy Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 17, 2021





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Pakistan

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HBL ENERGY FUND

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Energy Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p>Existence and valuation of investments</p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2021, the investments held by the Fund comprised of listed equity securities which represent 94% of the total assets of the Fund as at the year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>We evaluated the design and implementation of key controls of investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li></ul>

S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. Further, the Fund is required to be compliant with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) with respect to investments.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We performed substantive audit procedures on year-end balance of investment portfolio including review of custodian's statement, and related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at June 30, 2021 and matching the valuation of investment with that appearing in the financial statements.</li> <li>We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance.</li> </ul>
2.	<p><b>Recognition, measurement and presentation of 'Element of Income'</b></p> <p>Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) stipulates the requirements for recognition, measurement and presentation of element of income.</p> <p>As per the NBFC Regulations, element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund.</p> <p>Furthermore, the NBFC Regulations also prescribes certain disclosure requirements with respect to presentation of element of income in the 'Statement of Movement in Unit Holders' Fund'.</p> <p>The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We reviewed the processes and controls implemented by the Fund relating to the production and review of system generated reports and manual workings for the purpose of calculations of element of income or loss and bifurcation of amount paid on redemption of units into "capital value" and "income already paid on units redeemed".</li> <li>We evaluated the accuracy of system generated reports and manual workings produced by the Fund to ensure that the data is consistent with source documents and the said workings are in compliance with all the statutory provisions relating to element of income or loss.</li> </ul>

S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>The Fund has to distribute not less than 90 percent of its accounting income for the year (excluding capital gains whether realized or unrealized). However, at the time of distribution, in order to maintain the same ex-dividend net asset value of all units outstanding on the date of distribution, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.</p> <p>Due to the complex calculations involved in determining the element of income, the related impact on financial statements and ensuring compliance with the NBFC Regulations, we considered recognition, measurement and presentation of 'Element of Income' as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the NBFC Regulations and assessed its implementation by the Fund.</li> <li>We evaluated the adequacy of disclosures with respect to element of income / loss along with the adequacy of disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' in accordance with the NBFC Regulations, the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.</li> </ul>

#### Information other than the financial statements and auditor's report thereon

The Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Management Company and its Board of Directors

The Management Company ("HBL Asset Management Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.



The Management Company is responsible for overseeing the Fund's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


**Report on other legal and regulatory requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 27 SEP 2021

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS



	Note	2021 ----- Rupees in '000 -----	2020
<b>ASSETS</b>			
Bank balances	5	13,030	39,502
Investments	6	772,110	556,251
Dividend and mark-up receivable	7	138	198
Receivable against sale of investment		36,357	-
Advances and deposits	8	2,996	2,969
<b>TOTAL ASSETS</b>		<b>824,631</b>	<b>598,920</b>
<b>LIABILITIES</b>			
Payable to the Management Company	9	3,992	2,773
Payable to the Trustee	10	157	110
Payable to Securities and Exchange Commission of Pakistan	11	157	137
Unclaimed dividend		5,382	5,388
Payable against redemption of units		17,660	-
Accrued expenses and other liabilities	12	22,760	19,701
<b>TOTAL LIABILITIES</b>		<b>50,108</b>	<b>28,109</b>
<b>NET ASSETS</b>		<b>774,523</b>	<b>570,811</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>774,523</b>	<b>570,811</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13	-----Number of units-----	
<b>Number of units in issue</b>	14	<b>64,621,727</b>	<b>57,020,563</b>
		-----Rupees-----	
<b>Net assets value per unit</b>		<b>11.9855</b>	<b>10.0106</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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

	2021	2020
Note	----- Rupees in '000 -----	
<b>INCOME</b>		
Capital gain / (loss) on sale of investment- net	101,571	(23,978)
Dividend income	34,332	18,576
Mark-up on bank deposits	2,667	6,955
	<u>138,570</u>	<u>1,553</u>
Unrealised appreciation / (diminution) on revaluation of investments classified as financial assets at 'fair value through profit or loss' - net	6.2	(50,705)
	<u>15,785</u>	<u>(49,152)</u>
	154,355	(49,152)
<b>EXPENSES</b>		
Remuneration of the Management Company	9.1	13,437
Sindh Sales Tax on remuneration of the Management Company	9.2	1,747
Remuneration of Trustee	10.1	1,373
Sindh Sales Tax on remuneration of the trustee	10.2	178
Annual fee to Securities and Exchange Commission of Pakistan	11.1	137
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	2,108
Selling and marketing expenses	9.4	5,637
Auditors' remuneration	15	443
Fee and subscription		28
Securities transaction costs and settlement charges		2,586
Bank charges		30
	<u>37,606</u>	<u>27,704</u>
Net income / (loss) for the year from operating activities	116,749	(76,856)
Provision for Sindh Workers' Welfare Fund	12.2	-
Net income / (loss) for the year before taxation	<u>114,414</u>	<u>(76,856)</u>
Taxation	16	-
Net income / (loss) for the year after taxation	<u>114,414</u>	<u>(76,856)</u>
<b>Allocation of net income for the year</b>		
Income already paid on redemption of units	34,192	-
Accounting income available for distribution:		
Relating to capital gains	80,222	-
Excluding capital gains	-	-
	<u>80,222</u>	<u>-</u>
	<u>114,414</u>	<u>-</u>
Earnings per unit	17	

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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

	2021	2020
	----- Rupees in '000 -----	
Net income / (loss) for the year after taxation	114,414	(76,856)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	<u>114,414</u>	<u>(76,856)</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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

**HBL Energy Fund**  
**Statement of Movement In Unit Holders' Fund**  
For the year ended June 30, 2021

	2021			2020		
	Capital value	Undistributed Income	Total	Capital value	Accumulated loss	Total
----- (Rupees in '000) -----						
<b>Net assets at beginning of the year</b>	633,476	(62,665)	570,811	720,151	14,191	734,342
<b>Issuance of 84,162,633 units (2020: 38,233,253 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	842,518	-	842,518	425,158	-	425,158
Element of income	126,465	-	126,465	13,442	-	13,442
<b>Total proceeds on issuance of units</b>	968,983	-	968,983	438,600	-	438,600
<b>Redemption of 76,561,469 units (2020: 47,250,218 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	(766,427)	-	(766,427)	(525,427)	-	(525,427)
Income already paid on redemption of units	-	(34,192)	(34,192)	-	-	-
Element of (loss) / income	(79,066)	-	(79,066)	152	-	152
<b>Total payments on redemption of units</b>	(845,493)	(34,192)	(879,685)	(525,275)	-	(525,275)
<b>Total comprehensive income / (loss) for the year</b>	-	114,414	114,414	-	(76,856)	(76,856)
<b>Net assets at end of the year</b>	756,966	17,557	774,523	633,476	(62,665)	570,811
<b>Undistributed (loss) / income brought forward</b>						
Realised (loss) / income		(11,960)			191,887	
Unrealised loss		(50,705)			(177,696)	
		(62,665)			14,191	
<b>Accounting income available for distribution</b>						
Relating to capital gains		80,222			-	
Excluding capital gains		-			-	
		80,222			-	
Total comprehensive (loss) / income for the year		-			(76,856)	
Undistributed income / (Accumulated loss) carried forward		17,557			(62,665)	
Undistributed Income / (Accumulated loss) carried forward						
Realised income / (loss)		1,772			(11,960)	
Unrealised income / (loss)		15,785			(50,705)	
		17,557			(62,665)	
		(Rupees)			(Rupees)	
<b>Net assets value per unit at beginning of the year</b>			10.0106			11.1201
<b>Net assets value per unit at end of the year</b>			11.9855			10.0106

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

	2021	2020
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit / (loss) for the year before taxation	114,414	(76,856)
Adjustments for:		
Capital (gain) / loss on sale of investments - net	(101,571)	23,978
Dividend income	(34,332)	(18,576)
Mark-up on bank deposits	(2,667)	(6,955)
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	(15,785)	50,705
	<u>(39,941)</u>	<u>(27,704)</u>
<b>Decrease / (increase) in assets</b>		
Investments - net	(98,503)	67,138
Receivable against sale of investment	(36,357)	-
Advances and deposits	(27)	(76)
	<u>(134,887)</u>	<u>67,062</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	1,219	463
Payable to the Trustee	47	(38)
Payable to Securities and Exchange Commission of Pakistan	20	(731)
Accrued expenses and other liabilities	3,058	(35)
	<u>4,344</u>	<u>(341)</u>
Cash (used in) / generated from operations	(170,484)	39,017
Dividend received	34,320	18,566
Mark-up received on bank deposits	2,739	7,447
	<u>37,059</u>	<u>26,013</u>
Net cash (used in) / generated from operating activities	(133,425)	65,030
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	968,983	438,600
Payment against redemption of units	(862,024)	(525,275)
Dividend paid	(6)	(1)
Net cash generated from / (used in) financing activities	106,953	(86,676)
Net decrease in cash and cash equivalents	(26,472)	(21,646)
Cash and cash equivalents at the beginning of the year	39,502	61,148
Cash and cash equivalents at end of the year	5 <u><u>13,030</u></u>	<u><u>39,502</u></u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, unless stated otherwise.

These financial statements have been prepared under accrual basis of accounting except for cash flow information.

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

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

### **2.4 Use of judgments and estimates**

The preparation of these financial statements in accordance with the accounting and reporting standards as applicable in Pakistan 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 accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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

**Classification and valuation of investments**

For details please refer notes 4.2.1.1 and 18 to these financial statements.

**Impairment of investment**

For details please refer notes 4.2.1.2 to these financial statements.

**Provision for taxation**

For details please refer notes 4.4 and 16 to these financial statements.

**Other assets**

Judgement is involved in assessing the realisability of other assets balances.

**3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021**

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after:</b>
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.



### 3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after:</b>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1** First Time Adoption of International Financial Reporting Standards
- IFRS 17** Insurance Contracts

### 4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

#### **4.1 Cash and cash equivalents**

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

#### **4.2 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **4.2.1 Financial assets**

###### **4.2.1.1 Classification and measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified and measured at: amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model on which a financial asset is managed and its contractual cash flow characteristics.

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

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

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

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

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

###### **Financial assets at FVTPL**

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

###### **Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.

###### **4.2.1.2 Impairment of financial assets**

The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly investment, advances and deposits, dividend and mark-up receivable and bank balances.

#### **4.2.1.3 Regular way contracts**

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### **4.2.1.4 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

#### **4.2.2 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### **4.2.3 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.3 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

#### **4.6 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.7 Element of income**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### **4.8 Net assets value per unit**

The net assets value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

#### **4.9 Revenue recognition**

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.
- Mark-up on bank deposits is recognised on a time apportionment basis using effective interest rate.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the Income Statement in the year in which they arise.

#### **4.10 Transactions with related parties / connected persons**

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

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

		2021	2020
	Note	-----Rupees in '000-----	
<b>5</b>	<b>BANK BALANCES</b>		
Cash at bank:			
In savings accounts	5.1	13,019	39,490
In current accounts		11	12
		13,030	39,502

**5.1** These accounts carry mark-up at rates ranging between 5% to 5.5% (2020: 7% to 14.05%) per annum. This includes an amount held in Habib Bank Limited and MCB Bank Limited (a related party) amounting to Rs. 0.4513 million (2020: Rs. 2.933 million) and Rs. 0.558 million (2020: Rs. 6.931 million) on which return is earned at 5% (2020: 7%) per annum and 5.5% (2020: 7%) per annum respectively.

		2021	2020
	Note	-----Rupees in '000-----	
<b>6</b>	<b>INVESTMENTS</b>		
Financial assets at fair value through profit or loss			
Listed equity securities	6.1	772,110	556,251

**6.1 Financial assets at fair value through profit or loss - Listed Equity Securities**

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

Name of the investee companies (Sector wise)	As at July 1, 2020	Purchases made during the year	Bonus issue	Sales made during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealized appreciation / (diminution) on re-measurement of investments	Market value as percentage of total investments	Market value as percentage of net assets	Par value as a percentage of issued capital of the investee company	-----Number of Shares-----		-----Rupees in 000-----	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>															
Mari Petroleum Company Limited	82,709	26,160	-	70,340	38,469	49,338	58,733	9,395	7.61%	7.58%	0.03%				
Oil and Gas Development Company Limited (6.1.1)	831,263	1,145,500	-	703,605	1,273,158	137,411	120,988	(16,423)	15.67%	15.62%	0.03%				
Pakistan Oilfields Limited	104,729	221,100	-	117,600	208,229	81,156	82,013	857	10.62%	10.59%	0.07%				
Pakistan Petroleum Limited (6.1.1)	723,332	1,173,000	-	616,000	1,280,332	120,520	111,171	(9,349)	14.40%	14.35%	0.06%				
	1,742,033	2,565,700	-	1,507,545	2,800,188	388,425	372,905	(15,520)	48.30%	48.15%					
<b>OIL &amp; GAS MARKETING COMPANIES</b>															
Attock Petroleum Limited	82,990	15,900	-	98,890	-	-	-	-	0.00%	0.00%	0.00%				
Haseco Petroleum Limited	1,230,000	4,615,500	-	5,845,500	-	-	-	-	0.00%	0.00%	0.00%				
Hi-tech Lubricants Limited	-	170,000	-	170,000	-	-	-	-	0.00%	0.00%	0.00%				
Pakistan State Oil Company Limited (6.1.2)	467,395	563,929	-	478,000	553,324	107,458	124,083	16,625	16.07%	16.02%	0.14%				
Shell Pakistan Limited	-	327,600	-	190,900	136,700	21,951	23,950	1,999	3.10%	3.09%	0.13%				
Sui Northern Gas Pipelines Limited	1,003,900	1,180,000	-	1,675,900	508,000	22,330	24,679	2,349	3.20%	3.19%	0.08%				
Sui Southern Gas Company Limited	404,500	569,500	-	404,500	569,500	8,172	7,574	(598)	0.98%	0.98%	0.00%				
	3,188,785	7,442,429	-	8,863,690	1,767,524	159,911	180,286	20,375	23.35%	23.28%					
<b>POWER GENERATION &amp; DISTRIBUTION</b>															
The Hub Power Company Limited	910,898	965,000	-	810,500	1,065,398	82,092	84,880	2,788	10.99%	10.96%	0.09%				
K-Electric Limited (Par value of Rs. 3.5 per share)	4,438,000	2,940,000	-	7,378,000	-	-	-	-	0.00%	0.00%	0.00%				
Kot Addu Power Company Limited	-	975,000	-	396,000	579,000	23,746	25,679	1,933	3.33%	3.32%	0.16%				
	5,348,898	4,880,000	-	8,584,500	1,644,398	105,838	110,559	4,721	14.32%	14.27%					
<b>REFINERY</b>															
Attock Refinery Limited	61,500	396,000	-	397,500	60,000	14,451	15,387	936	1.99%	1.99%	0.06%				
Byco Petroleum Pakistan Limited	-	3,531,000	-	2,831,000	700,000	8,360	8,127	(233)	1.05%	1.05%	0.01%				
National Refinery Limited	26,000	466,200	-	341,200	151,000	73,875	79,001	5,126	10.23%	10.20%	0.19%				
Pakistan Refinery Limited	-	4,493,500	-	4,256,000	237,500	5,465	5,845	380	0.76%	0.75%	0.04%				
	87,500	8,886,700	-	7,825,700	1,148,500	102,151	108,360	6,209	14.03%	13.99%					
As at June 30, 2021	10,367,216	23,774,889	-	26,781,435	7,380,670	756,325	772,110	15,785	100%	99.69%					
As at June 30, 2020	14,667,786	7,678,775	208,852	12,188,197	10,367,216	606,956	556,251	(50,705)	100%	97%					

**6.1.1** As at June 30, 2021, the Fund has pledged shares 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, of following companies

- Oil and Gas Development Company (300,000 shares having market value of Rs. 28.5090 million)
- Pakistan Petroleum Limited (200,000 shares having market value of Rs. 17.3660 million)
- Pakistan State Oil Limited (100,000 shares having market value of Rs. 22.4250 million)

**6.1.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honourable 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. 0.535 million at June 30, 2021 (2020: Rs. 0.337 million) and not yet deposited on CDC account of department of Income tax. The final outcome of the case is pending however, management is of the view that the decision will be in the favour and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgment on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically.

Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no 3rd party interest on bonus shares issued to the Funds in lieu of their investments be created in mean time. The matter is still pending at adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitution petition will be in favour of the CISs.

Finance Act, 2018 effective from July 01, 2018 has omitted Section 236M of the ITO, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold 5% of the bonus shares to be issued. Accordingly, post July 01, 2018 shares are not being withheld at the time of bonus issue.

	Note	2021 ----- Rupees in '000 -----	2020
<b>6.2</b>	<b>Net unrealized appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss' - net</b>		
	Market value of investments	772,110	556,251
	Less: Carrying value of investments	(756,325)	(606,956)
		15,785	(50,705)
<b>7</b>	<b>DIVIDEND AND MARK-UP RECEIVABLE</b>		
	Dividend receivable	57	45
	Mark-up receivable on saving accounts	81	153
		138	198

		2021	2020
	Note	----- Rupees in '000 -----	
<b>8</b>	<b>ADVANCES AND DEPOSITS</b>		
	Security deposits with:		
	National Clearing Company of Pakistan Limited	2,500	2,500
	Central Depository Company of Pakistan Limited	300	300
		<u>2,800</u>	<u>2,800</u>
	Advance tax	8.1 196	169
		<u>2,996</u>	<u>2,969</u>

**8.1** The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.

The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The management is confident that the same shall be refunded after filing refund application.

		2021	2020
	Note	----- Rupees in '000 -----	
<b>9</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>		
	Remuneration payable to the Management Company	9.1 1,361	951
	Sindh Sales Tax payable on Management Company's remuneration	9.2 177	124
	Allocation of fee and expenses related to registrar services, accounting, operation and valuation services	9.3 375	262
	Selling and marketing expenses payable	9.4 2,079	1,436
		<u>3,992</u>	<u>2,773</u>

**9.1** As per the amendment in regulation 61 of the NBFC regulation, the 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. The maximum limit disclosed in the Offering Document is 3% per annum of average annual net assets. During the year, the fee is being charged at the rate of 2% of the average annual net assets accordingly. The fee is payable monthly in arrears.

**9.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.

**9.3** As per Regulation 60(3)(s) of the amended NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate of 0.5500% of the average annual net assets accordingly.

**9.4** According to the amendment in NBFC regulations 2008, selling and marketing expenses is allowed on all categories of open end mutual funds, except fund of funds with no cap. During the year, the fee is being charged at the rate of 1.05% of the average annual net assets accordingly.

		2021	2020
	Note	----- Rupees in '000 -----	
<b>10</b>	<b>PAYABLE TO THE TRUSTEE</b>		
	Trustee fee payable	136	95
	Sindh Sales Tax payable on remuneration of Trustee	18	12
	CDS charges payable	3	3
		157	110

**10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee on monthly in arrears.

Earlier the tariff structure applicable to the Fund was as follows:

Up to Rs. 1 billion	Rs. 0.7 million or 0.20% per annum of net assets, whichever is higher
Over Rs. 1 billion	Rs. 2.0 million plus 0.10% per annum of net assets on amount exceeding Rs. 1 billion

CDC, vide its notification CDC/CEO/L-112/02/2019, dated June 27, 2019, has revised the rates of the Trustee fee. With effect from July 1, 2019, Trustee fee shall be charged by permanently eliminating the minimum fee component as mentioned in the offering documents. During the year, Management Company has charged the Trustee fee accordingly.

**10.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2019: 13%) on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011.

		2021	2020
	Note	----- Rupees in '000' -----	
<b>11</b>	<b>PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
	Annual fee payable	157	137

**11.1** As per Regulation 62 of the NBFC Regulations, an Asset Management Company managing a CIS, shall pay SECP an annual fee of 0.02% of the average annual net assets. During the year, Management Company has charged the fee accordingly. The fee is payable annually in arrears.

**12 ACCRUED EXPENSES AND OTHER LIABILITIES**

Provision for Federal Excise Duty	12.1	13,920	13,920
Provision for Sindh Workers' Welfare Fund	12.2	7,320	4,985
Withholding tax payable		462	79
Auditors' remuneration		443	292
Printing charges		-	35
Brokerage payable		306	118
Zakat payable		241	207
NCCPL charges payable		36	36
Others payable		32	29
		22,760	19,701



**12.1** The legal status of applicability of Federal Excise Duty is the same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020. However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 13.92 million (2020: Rs. 13.92 million). Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Re. 0.22 per unit (2020: Re. 0.24 per unit).

**12.2 Workers' Welfare Fund and Sindh Workers' Welfare Fund**

The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 7.320 million for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 0.113 (2020: Rs. 0.0874) per unit.

**13 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2021 (2020: Nil), other than those already disclosed in the financial statements.

**14 NUMBER OF UNITS IN ISSUE**

	2021 -----Number of units-----	2020
Total units in issue at the beginning of the year	57,020,563	66,037,528
Add: Units issued during the year	84,162,633	38,233,253
Less: Units redeemed during the year	(76,561,469)	(47,250,218)
Total units in issue at the end of the year	64,621,727	57,020,563

**15 AUDITORS' REMUNERATION**

	2021 ----- Rupees in '000' -----	2020
Annual audit fee	238	238
Fee for half yearly review	127	127
Other certifications and out of pocket expenses	78	78
	443	443

**16 TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of 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 year as the Management Company has distributed at least 90% of the Fund's accounting income, as reduced by the capital gains, whether realised or unrealised, for the year ended June 30, 2021, to its unit holders.

**17 EARNINGS PER UNIT**

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

**18 FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	As at June 30, 2021		
	At fair value through profit or loss	Amortized cost	Total
-----Rupees in '000-----			
<b>Financial assets</b>			
Bank balances	-	13,030	13,030
Investments	772,110	-	772,110
Dividend and mark-up receivable	-	138	138
Receivable against sale of investment	-	36,357	36,357
Deposits	-	2,800	2,800
	<u>772,110</u>	<u>52,325</u>	<u>824,435</u>

Particulars	As at June 30, 2021		
	At fair value through profit or loss	Amortized cost	Total
-----Rupees in '000-----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	3,815	3,815
Payable to Trustee	-	139	139
Unclaimed dividend	-	5,382	5,382
Accrued expenses and other liabilities	-	18,446	18,446
	<u>-</u>	<u>27,782</u>	<u>27,782</u>

Particulars	As at June 30, 2020		
	At fair value through profit or loss	Amortized cost	Total
-----Rupees in '000-----			
<b>Financial assets</b>			
Bank balances	-	39,502	39,502
Investments	556,251	-	556,251
Dividend and profit receivable	-	198	198
Deposits	-	2,800	2,800
	<u>556,251</u>	<u>42,500</u>	<u>598,751</u>

Particulars	As at June 30, 2020		
	At fair value through profit or loss	Amortized cost	Total
-----Rupees in '000-----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	2,649	2,649
Payable to Trustee	-	98	98
Accrued expenses and other liabilities	-	481	481
Unclaimed dividend	-	5,388	5,388
	-	<u>8,616</u>	<u>8,616</u>

## 19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

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

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

19.1 Transactions during the year	2021	2020
	----- Rupees in '000 -----	
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	15,711	13,437
Sindh Sales Tax on remuneration of the Management Company	2,042	1,747
Allocation of expenses related to registrar services, accounting, operation and valuation services	4,321	2,108
Selling and marketing expense	8,281	5,637
Issue of Nil (2020: 5,791,795) units	-	75,000
Redemption of Nil (2020: 7,989,572) units	-	99,941
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee	1,572	1,373
Sindh Sales Tax on remuneration of the trustee	204	178
CDS charges	106	61
Annual CDC charges	76	-

	2021	2020
	----- Rupees in '000 -----	
<b>Habib Bank Limited - Sponsor</b>		
Bank charges	37	11
Mark-up on bank deposits	224	251
<b>Directors and Executives of the Management Company</b>		
Issue of 702,714 (2020: 22,180) units	8,251	226
Redemption of 329,496 (2020: 22,180) units	3,872	247
<b>MCB Bank Limited- Connected person due to holding more than 10% units:</b>		
Bank charges paid	1	5
Markup on bank deposit	939	1,780
<b>Rohtas Associates Private Limited- Connected person due to holding more than 10% units:</b>		
Issue of 16,674,441 (2020: Nil) units	192,111	-
Redemption of 10,396,527 (2020: Nil) units	120,731	-
<b>19.1 Balance outstanding as at the year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration payable to the Management Company	1,361	951
Sindh Sales Tax payable on remuneration of the Management Company	177	124
Allocation of expenses related to registrar services, accounting, operation and valuation services	375	262
Selling and marketing expenses payable	2,079	1,436
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	136	95
Sindh Sales Tax payable on Trustee	16	11
Security deposit	300	300
CDS charges payable	3	3
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	451	2,933
Units held: 19,690,192 (2020: 19,690,192)	235,997	197,111
<b>Directors and Executives of the Management Company</b>		
Units held 403,276 (2020: Nil)	4,833	-
<b>MCB Bank Limited- Connected person due to holding more than 10% units:</b>		
Bank balance	558	16,943
Units held: 6,468,400 (2020: 6,468,400)	64,753	64,753
<b>Rohtas Associates Private Limited- Connected person due to holding more than 10% units:</b>		
Units held: 6,277,914 (2020: Nil)	75,244	-

## **20 FINANCIAL RISK MANAGEMENT**

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyze the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The fund preliminarily invest in a portfolio of equity securities. These Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### **20.1 Market risk**

Market risk is a risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, interest rate risk and price risk.

#### **20.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk.

#### **20.1.2 Interest rate risk**

Interest rate risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

##### **a) Cash flow interest rate risk**

The Fund is exposed to cash flow interest rate risk for balances in certain savings account, the interest rates on which range between 5.00% to 5.50% (2020: 7.00% to 14.05%) per annum.

The Fund's interest rate risk arises from the balances in savings accounts. In case of 100 basis points (decrease) / increase in interest rates on June 30, 2021 with all other variables held constant, the net assets for the year would have been higher / lower by Re. 0.13 million (2020: Re 0.70 million).

##### **b) Fair value interest rate risk**

Since the Fund currently does not have any fixed rate instruments that are impacted by market interest rates, therefore, it is not exposed to fair value interest rate risk.

Particulars	As at June 30, 2021					
	Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield/ interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Balances with banks	5-5.5	13,019	-	-	11	13,030
Investments						
Listed equity securities		-	-	-	772,110	772,110
Dividend and mark-up receivable		-	-	-	138	138
Receivable against sale of investment		-	-	-	36,357	36,357
Deposits		-	-	-	2,800	2,800
<b>Sub total</b>		13,019	-	-	811,416	824,435
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	3,815	3,815
Payable to the Trustee		-	-	-	139	139
Unclaimed dividend		-	-	-	5,382	5,382
Accrued expenses and other liabilities		-	-	-	18,446	18,446
<b>Sub total</b>		-	-	-	27,782	27,782
<b>On-balance sheet gap (a)</b>		13,019	-	-	783,634	796,653
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		13,019	-	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		13,019	-	-	-	-
<b>As at June 30, 2020</b>						
Particulars	Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield/ interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Balances with banks	7-14.05	39,490	-	-	12	39,502
Investments						
Listed equity securities		-	-	-	556,251	556,251
Dividend and profit receivable		-	-	-	198	198
Deposits		-	-	-	2,800	2,800
<b>Sub total</b>		39,490	-	-	559,261	598,751
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	2,649	2,649
Payable to the Trustee		-	-	-	98	98
Accrued expenses and other liabilities		-	-	-	481	481
Unclaimed dividend		-	-	-	5,388	5,388
<b>Sub total</b>		-	-	-	8,616	8,616
<b>On-balance sheet gap (a)</b>		39,490	-	-	550,645	590,135
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		39,490	-	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		39,490	-	-	-	-

### 20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of investments held by the Fund in listed equity securities classified on the Statement of Financial Position at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within eligible stocks. The Fund's constitutive document / NBFC Regulations, also limit individual equity securities to no more than 20% of net assets of the Fund, or issued capital of the investee company.

In case of 5% increase / decrease in price of all shares held by Fund at the year end, net loss for the year would decrease / increase by Rs 38.61 million (2020: Rs 27.81 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

### 20.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk mainly arises from saving with banks and financial institutions and credit exposure arising as a result of dividend receivable on equity securities.

#### Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protections. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC Rules and the regulations and the guidelines given by the SECP from time to time.

**20.2.1** The analysis below summarises the credit quality of the funds' bank balances as at June 30, 2021 and June 30, 2020.

Name of the bank	Balance as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
<b>Rupees in '000</b>			
<b>Current account</b>			
Habib Bank Limited	-	A-1	JCR-VIS
MCB Bank Limited	10	A-1+	PACRA
Habib Metropolitan Bank Limited	1	A-1+	PACRA
<b>Savings accounts</b>			
JS Bank Limited	1,409	A-1+	PACRA
MCB Bank Limited	11,122	A-1+	PACRA
Soneri Bank Limited	21	A-1+	PACRA
Habib Bank Limited	451	A-1	JCR-VIS
Zarai Taraqati Bank Limited	16	A-1+	JCR-VIS
	13,030		

Name of the bank	Balance as at June 30, 2020	Latest available published rating as at June 30, 2020	Rating agency
<b>Rupees in '000</b>			
<b>Current account</b>			
Habib Bank Limited	-	A-1+	JCR-VIS
MCB Bank Limited	10	A-1+	PACRA
Habib Metropolitan Bank Limited	2	A-1+	
<b>Savings accounts</b>			
JS Bank Limited	18,944	A-1+	PACRA
MCB Bank Limited	16,933	A-1+	PACRA
Soneri Bank Limited	665	A-1+	PACRA
Habib Bank Limited	2,933	A-1+	JCR-VIS
Zarai Taraqiati Bank Limited	15	A-1+	JCR-VIS
	<u>39,502</u>		

The maximum exposure to credit risk before considering any collateral as at June 30, 2021 and June 30, 2020 is the carrying amount of the financial assets other than investments in equity securities.

**20.2.2** The analysis below summarizes the credit quality of the Fund's credit exposure:

	<b>2021</b>	<b>2020</b>
	----- (Percentage) -----	
<b>Rating by rating category</b>		
A-1+	0.97	100.00
A-1	0.03	-

#### **Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.



### 20.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year, no borrowings was availed by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, no such instances were witnessed by the Fund during the current year .

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	As at June 30, 2021			
	Upto three months	Over three months and upto one year	Over one year	Total
<b>Financial liabilities</b>				
Payable to the Management Company	3,815	-	-	3,815
Payable to Trustee	139	-	-	139
Unclaimed dividend	5,382	-	-	5,382
Accrued expenses and other liabilities	18,446	-	-	18,446
	<u>27,782</u>	<u>-</u>	<u>-</u>	<u>27,782</u>

Particulars	As at June 30, 2020			
	Upto three months	Over three months and upto one year	Over one year	Total
<b>Financial liabilities</b>				
Payable to the Management Company	2,649	-	-	2,649
Payable to Trustee	98	-	-	98
Unclaimed dividend	5,388	-	-	5,388
Accrued expenses and other liabilities	446	35	-	481
	<u>8,581</u>	<u>35</u>	<u>-</u>	<u>8,616</u>

## **21 UNIT HOLDERS' FUND RISK MANAGEMENT**

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in the unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;
- Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

## **22 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. 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.

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), 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.

Particulars	Note	June 30, 2021						
		Carrying amount			Fair Value			
		At fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3	Total
		Rupees in '000						
<b>Financial assets measured at fair value</b>	22.1							
Listed equity securities		772,110	-	772,110	772,110	-	-	772,110
<b>Financial assets not measured at fair value</b>	22.2							
Bank balances		-	13,030	13,030				
Dividend and mark-up receivable		-	138	138				
Receivable against sale of investment		-	36,357	36,357				
Deposits		-	2,800	2,800				
		-	52,325	52,325				
<b>Financial liabilities not measured at fair value</b>	22.2							
Payable to the Management Company		-	3,815	3,815				
Payable to the Trustee		-	139	139				
Unclaimed dividend		-	5,382	5,382				
Accrued expenses and other liabilities		-	18,446	18,446				
		-	27,782	27,782				

Particulars	Note	June 30, 2020						
		Carrying amount			Fair Value			
		At fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3	Total
		Rupees in '000						
<b>Financial assets measured at fair value</b>	22.1							
Listed equity securities		556,251	-	556,251	556,251	-	-	556,251
<b>Financial assets not measured at fair value</b>	22.2							
Bank balances		-	39,502	39,502				
Dividend and mark-up receivable		-	198	198				
Deposits		-	2,800	2,800				
		-	42,500	42,500				
<b>Financial liabilities not measured at fair value</b>	22.2							
Payable to the Management Company		-	2,649	2,649				
Payable to the Trustee		-	98	98				
Unclaimed dividend		-	5,388	5,388				
Accrued expenses and other liabilities		-	481	481				
		-	8,616	8,616				

## 22.1 Valuation techniques

For level 1 investments at fair value through profit or loss - 'Investment in respect of equity securities, the Fund uses daily quotation rates which are taken from Pakistan Stock Exchange Limited at reporting date.

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

## 22.3 Transfers during the year

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

**23 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

**Top ten brokers during the year ended June 30, 2021**

- 1 Next Capital Limited
- 2 Multiline Securities Limited
- 3 JS Global Capital Limited
- 4 DJM Securities Limited
- 5 Intermarket Securities Limited
- 6 EFG Hermes Pakistan Limited
- 7 Arif Habib Limited
- 8 Taurus Securities Limited
- 9 Habib Metropolitan Financial Services Limited
- 10 AL Falah Securities (Private) Limited

**Top ten brokers during the year ended June 30, 2020**

- 1 EFG Hermes Pakistan Limited
- 2 AKD Securities Limited
- 3 Insight Securities (Private) Limited
- 4 AL Falah Securities (Private) Limited
- 5 DJM Securities Limited
- 6 JS Global Capital Limited
- 7 Habib Metropolitan Financial Services Limited
- 8 AL Habib Capital Markets (Private) Limited
- 9 Taurus Securities Limited
- 10 Nael Capital (Private) Limited

**24 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the investment committee of the Fund as on June 30, 2021 are as follows:

S.No.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	Bsc	22+
2	Adeel Abdul Wahab	Head of Equity	ACCA	13+
3	Raza Inam	Acting Head of Research	Bsc (Hons), CFA	8+
4	Karim Khawaja	Head of Risk	MBA, CMA	18+

**25 PATTERN OF UNIT HOLDING**

Pattern of unit holding as at June 30, 2021 is as follows:

## 25 PATTERN OF UNIT HOLDING

Pattern of unit holding as at June 30, 2021 is as follows:

Category	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
Individuals	4,532	19,690,192	235,996	30.47%
Associated Companies and Director	1	23,428,667	280,804	36.26%
Insurance Companies	3	1,463,965	17,546	2.27%
Banks and DFIs	2	6,469,719	77,543	10.01%
Retirement Funds	10	3,501,075	41,961	5.42%
Other Corporate	24	9,162,575	109,818	14.18%
NBFCs	2	3,162	38	0.00%
Trust	6	902,371	10,815	1.40%
	<b>4,580</b>	<b>64,621,727</b>	<b>774,523</b>	<b>100.00%</b>

Pattern of unit holding as at June 30, 2020 is as follows:

Category	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
Individuals	4,610	20,043,949	200,652	35.15%
Associated Companies and Director	1	19,690,192	197,111	34.53%
Insurance Companies	3	2,039,428	20,416	3.58%
Banks and DFIs	2	6,469,719	64,766	11.35%
Retirement Funds	11	5,089,836	50,951	8.93%
Other Corporate	23	2,781,906	27,849	4.88%
NBFCs	2	3,162	32	0.01%
Trust	6	902,371	9,033	1.58%
	<b>4,658</b>	<b>57,020,563</b>	<b>570,810</b>	<b>100.00%</b>

## 26 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

Seven meetings of the Board of Directors were held on July 28 & 29, 2020, August 27, 2020, September 30, 2020, October 12, 2020, October 29, 2020, February 10, 2021 and April 30, 2021 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Mir Adil Rashid	7	7	-	-
2	Ms. Ava A. Cowasjee	7	7	-	-
3	Mr. Rayomond H. Kotwal	7	7	-	-
4	Mr. Rizwan Haider *	2	2	-	-
5	Mr. Shabbir Hussain Hashmi	7	7	-	-
6	Mr. Shahid Ghaffar	7	7	-	-
7	Mr. Muhammad Afaq Khan **	6	6	-	-
8	Mr. Abrar Ahmed Mir **	6	6	-	-
9	Mr. Tariq Masaud ***	4	4	-	-

\* Resigned on September 18, 2020.

\*\* Appointed on July 29, 2020.

\*\*\* Appointed on September 22, 2020.

**27 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 year ended June 30, 2021 is 5.08% (2020: 4.03%) which includes 0.66% (2020: 0.34%) representing Government levy and SECP fee.

**28 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on August 26, 2021 by the Board of Directors of the Management Company.

**29 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

**30 GENERAL**

**30.1** Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

**30.2** 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 year ended June 30, 2021 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 / government 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.

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** Equity Fund

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Equity Fund</b>
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited
<b>NAME OF AUDITORS</b>	BDO Ebrahim & Co. Chartered Accountants.
<b>NAME OF BANKERS</b>	MCB Bank Limited Soneri Bank Limited JS Bank Limited Habib Bank Limited



**Type and Category of Fund**

Open end Equity Fund

**Investment Objective and Accomplishment of Objective**

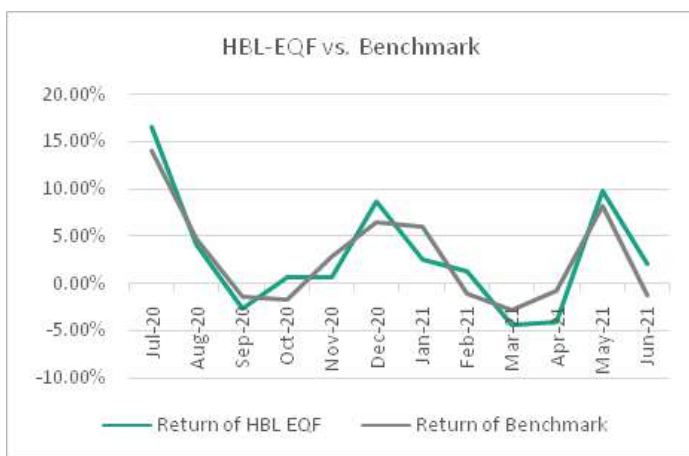
The fund objective is to provide its investors maximum risk adjusted returns over longer investment horizon by investing in a diversified equity portfolio that offers both capital gains and dividend income.

**Benchmark and Performance Comparison with Benchmark**

The Fund's benchmark is KSE 100 Index.

The comparison of the fund return with benchmark is given below:

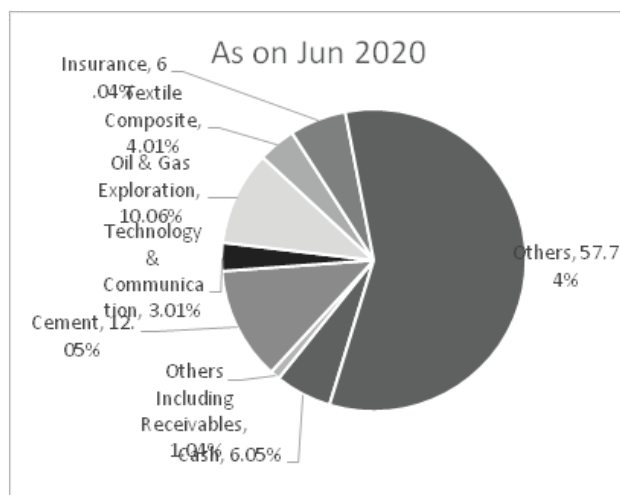
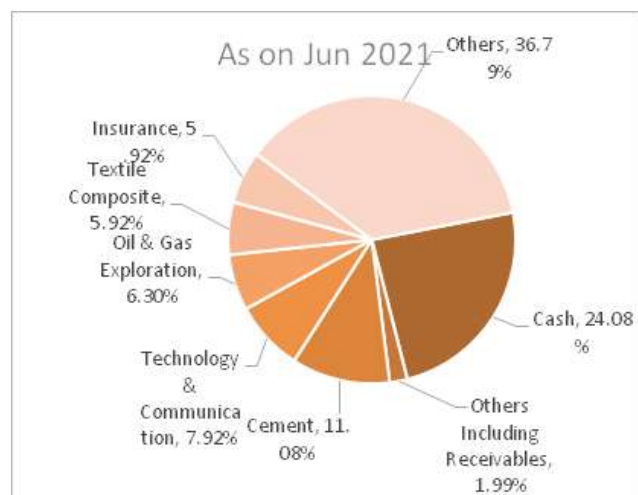
Month	Return of Fund	
	HBL -EQF	Benchmark
Jun-21	2.13%	-1.13%
May-21	9.88%	8.21%
Apr-21	-4.12%	-0.73%
Mar-21	-4.36%	-2.78%
Feb-21	1.29%	-1.12%
Jan-21	2.62%	6.01%
Dec-20	8.73%	6.54%
Nov-20	0.72%	2.96%
Oct-20	0.69%	-1.68%
Sep-20	-2.57%	-1.31%
Aug-20	4.08%	4.72%
Jul-20	16.61%	14.05%



**Strategies and Policies employed during the Year**

During the year under review, the Fund decreased its exposure in equity from 93% of total assets as on June 30, 2020 to 74% of total assets as on June 30, 2021. Furthermore, sector-wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in cements, Technology and pharmaceuticals was increased, while exposure in commercial banks and oil & gas exploration companies was decreased.

**Asset Allocation**



## Significant Changes in Asset Allocation during the Year

Following table shows comparison of sector wise allocation of equity investments of Fund as on June 30, 2021 and June 30, 2020:

Sector Name	As on Jun 2021	As on Jun 2020
Cash	24.08%	6.05%
Others Including Receivables	1.99%	1.04%
Cement	11.08%	12.05%
Technology & Communication	7.92%	3.01%
Oil & Gas Exploration	6.30%	10.06%
Textile Composite	5.92%	4.01%
Insurance	5.92%	6.04%
Others	36.8%	57.7%
Total	100.00%	100.00%

## Fund Performance

The total income and net income of the Fund was Rs. 315.34 million and Rs. 252.84 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs. 139.9454 per unit as on June 30, 2021 as compared to Rs. 100.3410 per unit as on June 30, 2020, thereby giving a return of 39.47%. During the year the benchmark KSE 100 index yielded a return of 37.58%. The size of Fund was Rs. 2.27 billion as on June 30, 2021 as compared to Rs. 0.42 billion at the start of the year.

## Review of Market invested in

The market sustained its bullish momentum in FY21 as the KSE-100 index recorded 12,934 points increase (+37.6%) during the period to close at 47,356 points. The stellar performance of the index can be attributed to 1) relative 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 strengthening currency and better current account position.

During the period construction linked industries (Cement, Steel, and Glass) rallied on the back of the monetary easing done by the SBP and government focus on construction sector. Technology sector also remained in limelight due to increasing focus on technology post Covid-19 pandemic. Banking Sector also rallied due to attractive valuations. On the flows side, foreigners were the net sellers during FY21 and sold shares of worth USD 387mn, compared to net selling of USD 285mn during same period last year.

Pakistan equities are likely to continue the positive momentum due to cheaper valuation (trading at a Forward P/E of 6.1x against peer average 15.7x) and improvement in the macroeconomic landscape. Market participants would closely follow trend of coronavirus cases and the ensuring macro numbers. Cyclical sectors (Cement, Steel) are expected to continue their rally due to Government's push towards Naya Pakistan Housing Scheme. Textile sector is also expected to garner investors' attention due to huge export potential. Technology sector would also remain in limelight due to rerating of the sector due to improved earnings outlook. We will maintain our strategic focus towards "bottom-up" approach and align exposure towards stocks with strong earnings potential.

## Distribution

The Board of Directors approved nil dividend distribution to the unit holders for the year ended June 30, 2021.

## Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.

#### Breakdown of Unit Holding by Size

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	74	2,319
101 – 500	68	18,932
501 – 1,000	39	28,532
100,1 – 10,000	150	576,202
10,001 – 100,000	79	2,498,766
100,001 – 500,000	20	4,616,893
500,001 – 1,000,000	3	1,901,677
1,000,001 – 5,000,000	3	6,579,908
5,000,001 and above	-	-
<b>Total</b>	<b>436</b>	<b>16,223,229</b>

#### Unit Splits

There were no unit splits during the year.

#### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

#### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –  
HBL EQUITY FUND**  
As at June 30, 2021

	2021	2020	2019	2018	2017	2016
<b>Net assets at the period end (Rs'000)</b>	422,752	245,597	294,168	468,825	173,508	269,694
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	100.3410	98.3868	110.4602	124.6444	107.2297	124.8151
Offer	102.6087	100.6103	112.9566	127.4574	110.4466	128.5596
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	122.8878	117.9947	127.4485	156.3552	143.4474	135.0221
Lowest offer price per unit	78.7581	93.3239	100.9806	111.0413	107.9068	104.7831
Highest redemption price per unit	120.1719	115.3870	124.6318	152.8997	139.2693	131.0894
Lowest redemption price per unit	77.0175	91.2614	98.7489	107.8071	104.7639	101.7312
<b>RETURN ( % )</b>						
Total return	7.61%	-15.46%	-11.38%	27.67%	6.71%	11.15%
Income distribution	0.15%	0.00%	0.00%	12.00%	26.50%	0.00%
Capital growth	7.46%	-15.46%	-11.38%	15.67%	-19.79%	11.15%
<b>DISTRIBUTION</b>						
Final dividend distribution (Rs)	0.15	-	-	12.00	26.50	-
Date of Income Distribution	26-Jun-20	-	-	22-Jun-17	24-Jun-16	-
Total dividend distribution for the year/ period (Rs)	0.15	-	-	12.00	26.50	-
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	7.61%	-15.46%	-11.38%	27.67%	6.71%	11.15%
Average annual return 2 year	-4.62%	-13.44%	6.37%	16.72%	8.91%	25.60%
Average annual return 3 year	-6.93%	-1.47%	6.48%	14.83%	18.96%	32.72%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	6.05%	11.01%	24.06%	10.84%	21%	19%
Stock / Equities	92.91%	84.89%	41.75%	88.35%	76%	68%
Others Including receivables	1.04%	4.10%	18.88%	0.81%	3%	13%

**Note:**

The Launch date of the Fund is September 26, 2011

**Disclaimer:**

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

## Summary of Actual Proxy voted by CIS

HBL EQF	Meetings	Resolutions	For	Against
Number	3	7	7	-
(%ages)		100%	100%	-

### (h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Adamjee Insurnce Co Limited		16/03/2021 - 26/04/2021
Agha Steel Ind.Ltd		
AGP Limited		9-Jun-21
Aisha Steel Mills Ltd	24-Sep-20	
Allied Bank Limited	25-Mar-21	
Al Shaheer Corporation Ltd		
Amreli Steels Limited	27-Oct-20	6-May-21
Attock Cement Pakistan Ltd	22-Oct-20	
Attock Refinery Ltd	19-Oct-20	
Avanceon Limited	26-May-21	
Azgard Nine Ltd	28-Oct-20	
Bank Al-Falah Ltd	27/03/2020 09-03-2021	27-May-21
Bank Al-Habib Limited	25-03-2021,	
Bank of Punjab Ltd	30-03-2021,	
BankIslami Pakistan	30-Mar-21	11-Feb-21
Berger PaintsPakistan Ltd	27-Oct-20	
Bunnys Limited	28-Oct-20	21-06-2021,04-02-2021
Byco Petroleum Pakistan Ltd	22-Oct-20	26-04-2021
Cherat Cement Company Ltd.	27-Oct-20	
Clover Pakistan Limited	20-Jan-21	5-May-21
D G Khan Cement Co.Ltd.	28-Oct-20	
Engro Corporation Ltd		26-04-2021,
Engro Fertilizers Limited	30-03-2021,	
Engro Polymer & Chemicals Ltd	08-04-2021,	
Fauji Cement Company Limited	14-Oct-20	10-Jan-20
Fauji Fertilizer Bin Qasim Ltd	29-Mar-21	25-11-2020, 09-09-2020
Fauji Fertilizer Co Ltd	18-03-2021,	6-Nov-20
Faysal Bank Limited		29-Mar-21
Ferozsons Laboratories Limited	26-Oct-20	12/02/2021'06-07-2020
General Tyre & Rubber Co of Pakistan Ltd	28-Oct-20	20-Aug-20
Ghandhara Nissan Ltd.	28-Oct-20	
Ghandhara Industries Limited	28-Oct-20	10-Apr-21
Ghani Global Holdings Limited	28-Oct-20	05-09-2020
Ghani Value Glass Limited	21-Oct-20	9-Nov-20
GlaxoSmithKline Pakistan Ltd		27/04/2021,
Gul Ahmed Textile Mills Ltd	28-Oct-20	29-Jun-21
Habib Bank Ltd	26-Mar-21	
Hascol Petroleum Ltd	23-02-2021, 11-08-2020	08-09-2020
Highnoon Laboratories Limited	27-Apr-21	
Honda Atlas Cars (Pakistan) Ltd	14-07-2020, 29/06/2021,	27-Apr-21
Hub Power Company Ltd	24-Sep-20	
ICI Pakistan Ltd	29-09-2020,	30-Jun-21
IGI Holdings Limited	29-04-2021,	
IGI LIFE INSURANCE LIMITED	28-04-2021	
Indus Motor Company Limited	30-Sep-20	28-Oct-20
Interloop Limited	15/10/2020,	10-Dec-20
International Industries Ltd	30-Sep-20	
International Steels Limited	29-Sep-20	
Ittefaq Iron Industries Limited	28-Oct-20	

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Hi-Tec Lubricants Limited	23/10/2020,	
Jahangir Siddiqui & Co.	28-Apr-21	
K-Electric Limited	26/11/2020 ; 03-06-2020	
Kot Addu Power Company Ltd	28-Oct-20	24-Mar-21
Kohat Cement Limited	28-Oct-20	
Kohinoor Textile Mills Limited	27/10/2020,	23-Apr-20
Lotte Chemical Pakistan Ltd	21-04-2021,	17-06-2020
Lucky Cement Ltd	29-Sep-20	
Maple Leaf Cement Factory Ltd	27-Oct-20	
Mari Petroleum Company Ltd	29/09/2020,	24-Jun-21
MCB Bank Ltd	27-03-2021,	
Meezan Bank Limited	29-03-2021,	
Millat Tractors Ltd	26/10/2020,	
Mughal Iron & Steel Inds Ltd	28-Oct-20	19-Apr-21
National Bank of Pakistan Ltd	29-Mar-21	
National Foods Ltd	21/10/2020,	
National Refinery Ltd	22-Oct-20	
Netsol Technologies	23-Oct-20	
Nimir Resins Limited	21-10-2020	10-Jun-21
Nishat (Chunian) Ltd	28-Oct-20	16-Apr-21
Nishat Mills Ltd	28/10/2020,	15-Dec-20
Oil & Gas Development Co Ltd	28/10/2020,	17-Mar-21
Pak Elektron Ltd	29-Apr-21	
Pak Suzuki Motor Company Limited	22-Apr-21	29-Jan-21
Pakistan International Bulk Terminal Limited	22-Oct-20	Pakistan National Shipping Corporation
26-Oct-20		
Pakistan Oilfields Ltd	19-Oct-20	
Pakistan Petroleum Ltd	26-Oct-20	23-Dec-20
Pakistan Refinery Limited	7-Oct-20	1-Sep-20
Pakistan State Oil Company Ltd	21-Oct-20	
PANTHER TYRES LIMITED		
Pioneer Cement Limited	28-Oct-20	
Sazgar Engineering Works Limited	27-Oct-20	
Service Industries Ltd	17-07-2020,	04-08-2020
Shell Pakistan Limited	21-04-2021	9-Dec-20
Sitara Chemical Industries Limited	26-Oct-20	
Sitara Peroxide Limited	24-Oct-20	
Standard Chartered Bank (Pakistan) Ltd	29-03-2021,	
Sui Northern Gas Pipeline Ltd	15-08-2020,	
Systems Limited	31-03-2021,	3-Dec-20
Tariq Glass Industries Ltd	28-Oct-20	2-Sep-20
thal Limited	22/10/2020,	
Thatta Cement Co. Ltd	26-Oct-20	
The Organic Meat Company Limited	27-Oct-20	
The Searle Company Ltd	28/10/2020,	28-06-2021
TPL Corp Limited	28-Oct-20	21/12/2020 10-06-2021
TPL Insurance Limited	22-Apr-21	21-12-2020
TPL Trakker Limited	26-Oct-20	
Treet Corporation Ltd	31-Oct-20	02/12/2020 01-07-2020
TRG Pakistan Ltd	27-Nov-20	
Tri-Pak Films		14-04-2021,
United Bank Limited	31-03-2021,	
Unity Foods Limited	23-Oct-20	22-Mar-21
Waves Singer Pakistan Limited	23-04-2021,	09/09/2020 11-08-2020

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**  
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S.M.C.H.S., Main Shahra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL EQUITY FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Equity Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 17, 2021

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## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HBL EQUITY FUND

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Equity Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p>Existence and valuation of investments</p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2021, the investments held by the Fund comprised of listed equity securities which represent 75% of the total assets of the Fund as at the year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>We evaluated the design and implementation of key controls of investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li></ul>



S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. Further, the Fund is required to be compliant with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) with respect to investments.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We performed substantive audit procedures on year-end balance of investment portfolio including review of custodian's statement, and related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at June 30, 2021 and matching the valuation of investment with that appearing in the financial statements.</li> <li>We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance.</li> </ul>
2.	<p><b>Recognition, measurement and presentation of 'Element of Income'</b></p> <p>Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) stipulates the requirements for recognition, measurement and presentation of element of income.</p> <p>As per the NBFC Regulations, element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund.</p> <p>Furthermore, the NBFC Regulations also prescribes certain disclosure requirements with respect to presentation of element of income in the 'Statement of Movement in Unit Holders' Fund'.</p> <p>The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We reviewed the processes and controls implemented by the Fund relating to the production and review of system generated reports and manual workings for the purpose of calculations of element of income or loss and bifurcation of amount paid on redemption of units into "capital value" and "income already paid on units redeemed".</li> <li>We evaluated the accuracy of system generated reports and manual workings produced by the Fund to ensure that the data is consistent with source documents and the said workings are in compliance with all the statutory provisions relating to element of income or loss.</li> </ul>



S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed.</p> <p>The Fund has to distribute not less than 90 percent of its accounting income for the year (excluding capital gains whether realized or unrealized). However, at the time of distribution, in order to maintain the same ex-dividend net asset value of all units outstanding on the date of distribution, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.</p> <p>Due to the complex calculations involved in determining the element of income, the related impact on financial statements and ensuring compliance with the NBFC Regulations, we considered recognition, measurement and presentation of 'Element of Income' as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the NBFC Regulations and assessed its implementation by the Fund.</li> <li>We evaluated the adequacy of disclosures with respect to element of income / loss along with the adequacy of disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' in accordance with the NBFC Regulations, the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.</li> </ul>

**Information other than the financial statements and auditor's report thereon**

The Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



#### Responsibilities of the Management Company and its Board of Directors

The Management Company ("HBL Asset Management Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Management Company is responsible for overseeing the Fund's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


#### Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 27 SEP 2021

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

	2021	2020
Note	----- Rupees in '000 -----	
<b>ASSETS</b>		
Bank balances	701,869	26,474
Investments	2,155,293	406,330
Dividend and mark-up receivable	6,105	166
Receivable against sale of investments - net	-	1,657
Advances and deposits	2,805	2,804
Advance for purchase of investment	8,563	-
<b>TOTAL ASSETS</b>	<b>2,874,635</b>	<b>437,431</b>
<b>LIABILITIES</b>		
Payable to the Management Company	4,579	1,786
Payable to the Trustee	257	84
Payable to Securities and Exchange Commission of Pakistan	236	60
Payable against redemption of units	25,080	2,112
Dividend payable	-	214
Payable against purchase of investments - net	554,112	-
Accrued expenses and other liabilities	20,005	10,423
<b>TOTAL LIABILITIES</b>	<b>604,269</b>	<b>14,679</b>
<b>NET ASSETS</b>	<b>2,270,366</b>	<b>422,752</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<b>2,270,366</b>	<b>422,752</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	-----Number of units-----	
<b>Number of units in issue</b>	<b>16,223,229</b>	<b>4,213,147</b>
	-----Rupees-----	
<b>Net assets value per unit</b>	<b>139.9454</b>	<b>100.3410</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

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

	Note	2021 ----- Rupees in '000 -----	2020
<b>INCOME</b>			
Capital gain on sale of investments - net		223,235	26,853
Dividend income		33,919	13,059
Mark-up on bank deposits		2,725	3,501
		<u>259,879</u>	<u>43,413</u>
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6.2	55,462	(13,921)
		<u>315,341</u>	<u>29,492</u>
<b>EXPENSES</b>			
Remuneration of the Management Company	10.1	23,557	5,897
Sindh Sales Tax on remuneration of the Management Company	10.2	3,062	766
Remuneration of Trustee	11.1	2,050	600
Sindh Sales Tax on remuneration of the trustee	11.2	267	78
Annual fee to Securities and Exchange Commission of Pakistan	12.1	236	60
Allocation of fee and expenses related to registrar services, accounting, operation and valuation services	10.3	4,735	918
Selling and marketing expenses	10.4	5,987	2,493
Auditors' remuneration	16	444	463
Fees and subscriptions		28	27
Securities transaction costs and settlement charges		16,871	4,691
Bank charges		108	24
		<u>57,345</u>	<u>16,017</u>
Net income for the year from operating activities		257,996	13,475
Provision for Sindh Workers' Welfare Fund	13.2	(5,160)	(269)
Net income for the year before taxation		252,836	13,206
Taxation	17	-	-
Net income for the year after taxation		<u>252,836</u>	<u>13,206</u>
<b>Allocation of net income for the year</b>			
Income already paid on redemption of units		99,839	570
Accounting income available for distribution:			
Relating to capital gain		152,997	12,421
Excluding capital (loss) / gain		-	215
		<u>152,997</u>	<u>12,636</u>
		<u>252,836</u>	<u>13,206</u>
Earnings per unit	18		

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

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

	2021	2020
	----- Rupees in '000 -----	
Net income for the year after taxation	252,836	13,206
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>252,836</u>	<u>13,206</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

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

**HBL EQUITY FUND**  
**Statement of Movement in Unitholders' Fund**  
For the year ended June 30, 2021

	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- Rupees in '000 -----						
Net assets at beginning of the year	412,122	10,630	422,752	247,193	(1,596)	245,597
<b>Issuance of 29,442,451 units (2020: 6,631,438 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	2,954,285	-	2,954,285	619,260	-	619,260
Element of income	875,974	-	875,974	56,731	-	56,731
<b>Total proceeds on issuance of units</b>	<b>3,830,259</b>	<b>-</b>	<b>3,830,259</b>	<b>675,991</b>	<b>-</b>	<b>675,991</b>
<b>Redemption of 17,432,369 units (2020: 5,048,177 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	(1,749,182)	-	(1,749,182)	(471,406)	-	(471,406)
Income already paid on units redeemed	-	(99,839)	(99,839)	-	(570)	(570)
Element of loss	(386,460)	-	(386,460)	(39,438)	-	(39,438)
<b>Total payments on redemption of units</b>	<b>(2,135,642)</b>	<b>(99,839)</b>	<b>(2,235,481)</b>	<b>(510,844)</b>	<b>(570)</b>	<b>(511,414)</b>
Total comprehensive income for the year	-	252,836	252,836	-	13,206	13,206
<b>Interim distribution of Rs. 0.15 per unit declared on June 26, 2020 as cash dividend</b>						
Refund of capital	-	-	-	(218)	-	(218)
Distribution during the year	-	-	-	-	(410)	(410)
	-	252,836	252,836	(218)	12,796	12,578
<b>Net assets at end of the year</b>	<b>2,106,739</b>	<b>163,627</b>	<b>2,270,366</b>	<b>412,122</b>	<b>10,630</b>	<b>422,752</b>
<b>Accumulated undistributed income / (loss) brought forward</b>						
Realised income		24,551			29,469	
Unrealised loss		(13,921)			(31,065)	
		10,630			(1,596)	
<b>Accounting income available for distribution</b>						
Relating to capital gain		152,997			12,421	
Excluding capital (loss) / gain		-			215.00	
		152,997			12,636	
Interim distribution of Rs. 0.15 per unit declared on June 26, 2020 as cash dividend		-			(410)	
		163,627			10,630	
<b>Undistributed income / Accumulated (loss) carried forward</b>						
Realised income		108,165			24,551	
Unrealised gain / (loss)		55,462			(13,921)	
		163,627			10,630	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the year			100.3410			93.3868
Net assets value per unit at end of the year			139.9454			100.3410

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



	2021	2020
Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	252,836	13,206
Adjustments for:		
Capital gain on sale of investments - net	(223,235)	(26,853)
Dividend income	(33,919)	(13,059)
Mark-up on bank deposits	(2,725)	(3,501)
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at 'fair value	(55,462)	13,921
	<u>(62,505)</u>	<u>(16,286)</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	(1,470,266)	(175,617)
Advances and deposits	(1)	(13)
Advance for purchase of investment	(8,563)	-
Receivable against sale of investments - net	1,657	4,355
	<u>(1,477,173)</u>	<u>(171,275)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	2,794	1,040
Payable to the Trustee	173	14
Payable to Securities and Exchange Commission of Pakistan	176	(215)
Payable against purchase of investments - net	554,112	-
Accrued expenses and other liabilities	9,582	1,413
	<u>566,837</u>	<u>2,252</u>
Cash used in operations	<u>(972,841)</u>	<u>(185,309)</u>
Dividend received	28,156	13,742
Mark-up received on bank deposits	2,549	3,608
	<u>30,705</u>	<u>17,350</u>
Net cash used in operating activities	<u>(942,136)</u>	<u>(167,959)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	3,830,259	675,991
Payment against redemption of units	(2,212,514)	(509,384)
Dividend paid	(214)	(414)
Net cash generated from financing activities	<u>1,617,531</u>	<u>166,193</u>
Net Increase / (decrease) in cash and cash equivalents during the year	675,395	(1,765)
Cash and cash equivalents at the beginning of the year	26,474	28,239
Cash and cash equivalents at the end of the year	<u>5</u> <u>701,869</u>	<u>26,474</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

**2.1.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as 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
- NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed.

Where 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 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**

These financial statements have been prepared under the historical cost convention, unless otherwise stated.

These financial statements have been prepared under accrual basis of accounting except for cash flow information.

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

**2.4 Use of judgments and estimates**

The preparation of these financial statements in accordance with the accounting and reporting standards as applicable in Pakistan 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 accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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

**Classification and valuation of investment**

For details please refer notes 4.2.1.1 and 19 to these financial statements.

**Impairment of investment**

For details please refer note 4.2.1.2 to these financial statements.

**Provision for taxation**

For details please refer notes 4.4 and 16 to these financial statements.

**Other assets**

Judgement is involved in assessing the realisability of other assets balances.

**3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021**

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

**Effective date  
(annual periods  
beginning on or after)**

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covide - 19 related rent concessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Certain annual improvements have also been made to a number of IFRSs.	

**3.2 New accounting standards, amendments and interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

**Effective date  
(annual periods  
beginning on or after)**

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covide - 19 related rent concessions	April 01, 2021
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

#### **4 SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

##### **4.1 Cash and cash equivalents**

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

##### **4.2 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

###### **4.2.1 Financial assets**

###### **4.2.1.1 Classification and measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified and measured at: amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model on which a financial asset is managed and its contractual cash flow characteristics.

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

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

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

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

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

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.

#### **4.2.1.2 Impairment of financial assets**

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

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly investment, advances and deposits, dividend and mark-up receivable and bank balances.

#### **4.2.1.3 Regular way contracts**

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### **4.2.1.4 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

#### **4.2.2 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### **4.2.3 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.3 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

#### **4.6 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.7 Element of income**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### **4.8 Net assets value per unit**

The net assets value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

#### **4.9 Revenue recognition**

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.
- Mark up on bank deposits is recognised on a time apportionment basis using effective rate.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

#### **4.10 Transactions with related parties / connected persons**

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

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

5	BANK BALANCES	Note	2021	2020
			----- Rupees in '000 -----	
	Cash at bank			
	In savings accounts	5.1	701,366	26,210
	In current accounts		503	264
			<u>701,869</u>	<u>26,474</u>

5.1 These accounts carry mark-up range from 5.00% to 7.00% (2020: 7.00% to 14.05%) per annum. This includes an amount held with Habib Bank Limited (a related party) amounting to Rs. 50.79 million (2020: Rs. 13.744 million) on which return is earned at 5.60% (2020: 7.00%) per annum.

## 6 INVESTMENTS

Financial assets at fair value through profit or loss

Listed equity securities	6.1	<u>2,155,293</u>	<u>406,330</u>
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### 6.1 Financial assets at fair value through profit or loss - Listed equity securities

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

Name of the investee companies (Sector wise)	As at July 1, 2020	Purchases made during the year	Bonus / right issues	Sales made during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution) on re- measurement of investments	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				Rupees in 000						
<b>Automobile Assembler</b>											
Honda Atlas cars Limited	42,300	101,100	-	143,400	-	-	-	-	0.00%	0.00%	0.00%
Pak Suzuki Motor Company Limited	30,000	188,500	-	218,500	-	-	-	-	0.00%	0.00%	0.00%
Sagar Engineering Works Limited	150,900	40,000	-	190,900	-	-	-	-	0.00%	0.00%	0.00%
Indus Motor Company Limited	-	57,400	-	57,400	-	-	-	-	0.00%	0.00%	0.00%
Millat Tractors Limited	-	10,000	-	10,000	-	-	-	-	0.00%	0.00%	0.00%
Ghandhara Nissan Limited	-	116,000	-	116,000	-	-	-	-	0.00%	0.00%	0.00%
	223,200	513,000	-	736,200	-	-	-	-	0.00%	0.00%	0.00%
<b>Automobile Parts and Accessories</b>											
General Tyre & Rubber Company of Pakistan Limited	-	1,543,500	-	456,500	1,087,000	97,308	95,471	(1,837)	4.43%	4.21%	0.89%
Panther Tyres Limited	-	874,682	-	210,000	664,682	45,416	45,949	533	2.13%	2.02%	0.47%
	-	2,418,182	-	666,500	1,751,682	142,724	141,420	(1,304)	6.56%	6.23%	1.37%
<b>Cement</b>											
DG Khan Cement Limited	100,000	923,000	-	942,000	81,000	9,490	9,552	62	0.44%	0.42%	0.02%
Lucky Cement Limited (6.1.1)	55,200	112,900	-	77,000	91,100	70,743	78,659	7,916	3.65%	3.46%	0.03%
Maple Leaf Cement Factory Limited	385,000	907,700	-	772,500	520,200	21,743	24,439	2,696	1.13%	1.08%	0.05%
Chehal Cement Company Limited	100,000	30,000	-	122,000	8,000	1,455	1,419	(36)	0.07%	0.06%	0.00%
Attock Cement Pakistan Limited	-	979,100	-	107,000	872,100	151,949	156,821	4,872	7.28%	6.91%	0.63%
Thatta Cement Company Limited	-	3,480,000	-	2,116,000	1,364,000	27,369	28,276	907	1.31%	1.25%	1.37%
Pioneer Cement Limited	-	716,000	-	354,500	161,500	20,326	21,168	841	0.98%	0.93%	0.07%
Kohat Cement Limited	-	12,000	-	12,000	12,000	2,523	2,478	(45)	0.11%	0.11%	0.01%
	640,200	7,160,700	-	4,691,000	3,109,900	305,598	322,812	17,213	14.97%	14.22%	2.18%
<b>Chemical</b>											
ICI Pakistan Limited	41,800	1,500	-	43,300	-	-	-	-	0.00%	0.00%	0.00%
Sitara Peroxide Limited	576,000	-	-	576,000	-	-	-	-	0.00%	0.00%	0.00%
Ghani Global Holdings Limited	125,000	1,892,000	1,100,000	3,117,000	-	-	-	-	0.00%	0.00%	0.00%
Berger Paints Pakistan Limited	-	56,000	-	56,000	-	-	-	-	0.00%	0.00%	0.00%
Lotte Chemical Pakistan Limited	-	2,319,000	-	2,319,000	-	-	-	-	0.00%	0.00%	0.00%
Engro Polymer & Chemicals Limited (6.1.1)	-	590,000	-	590,000	-	-	-	-	0.00%	0.00%	0.00%
Nimir Resins Limited	-	6,714,000	-	4,180,500	2,533,500	53,049	51,050	(1,999)	2.37%	2.25%	1.79%
	742,800	11,572,500	1,100,000	10,881,800	2,533,500	53,049	51,050	(1,999)	2.37%	2.25%	1.79%
<b>Commercial Banks</b>											
Bank of Punjab	989,000	-	-	989,000	-	-	-	-	0.00%	0.00%	0.00%
National Bank of Pakistan	309,000	-	-	309,000	-	-	-	-	0.00%	0.00%	0.00%
Bank Al-Falah Limited	243,050	64,000	-	307,050	-	-	-	-	0.00%	0.00%	0.00%
Faysal Bank Limited (6.1.2)	1,800	622,500	-	622,860	1,440	30	24	(6)	0.00%	0.00%	0.00%
MCB Bank Limited	-	134,000	-	86,000	48,000	7,355	7,672	317	0.36%	0.34%	0.00%
Unit8 Bank Limited	-	857,590	-	632,590	225,000	27,457	27,495	38	1.28%	1.21%	0.02%
Habib Bank Limited*	-	508,000	-	508,000	-	-	-	-	0.00%	0.00%	0.00%
Standard Chartered Bank (Pakistan) Limited	889,500	3,092,000	-	63,000	3,918,500	123,618	132,759	9,140	6.16%	5.85%	0.10%
	2,432,350	5,278,090	-	3,517,500	4,192,940	158,460	167,950	9,489	7.80%	7.40%	0.12%
<b>Engineering</b>											
International Steels Limited	-	716,000	-	302,500	413,500	36,526	38,625	2,100	1.79%	1.70%	0.10%
Amreeki Steel Limited	187,500	340,000	-	471,500	56,000	2,433	2,433	-	0.11%	0.11%	0.02%
Mughal Iron & Steel Industries Limited	221,500	473,440	-	402,000	292,940	25,069	30,583	5,514	1.42%	1.35%	0.10%
Ittefaq Iron Industries Limited	-	1,642,500	-	1,642,500	-	-	-	-	0.00%	0.00%	0.00%
Aisha Steel Mills Limited	-	1,834,500	-	1,088,000	746,500	18,069	18,595	526	0.86%	0.82%	0.10%
International Industries Limited	-	139,000	-	31,900	107,100	22,712	22,600	(112)	1.05%	1.00%	0.08%
Agha Steel Indus Limited	-	1,366,500	-	289,000	1,077,500	37,655	36,344	(1,311)	1.69%	1.60%	0.15%
Mughal Iron & Steel Inds Limited -LOR	-	43,440	-	43,440	-	-	-	-	0.00%	0.00%	0.00%
	409,000	6,555,380	-	4,270,840	2,693,540	142,464	149,180	6,717	6.92%	6.58%	0.58%



Name of the investee companies (Sector wise)	As at July 1, 2020	Purchases made during the year	Bonus / right issues	Sales made during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution) on re- measurement of investments	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		Rupees in 000	
<b>Fertilizers</b>															
Engro Corporation Limited	79,630	354,400	-	154,130	279,900	85,934	82,461	(3,473)	3.83%	3.63%	0.05%				
Fauji Fertilizer Bin Qasim Limited	-	4,097,000	-	4,097,000	-	-	-	-	0.00%	0.00%	0.00%				
Engro Fertilizers Limited	-	147,993	-	147,993	73,000	7,776	7,745	(31)	0.00%	0.00%	0.00%				
Fauji Fertilizer Company Limited	-	759,128	-	686,128	-	-	-	-	0.36%	0.34%	0.01%				
	79,630	5,358,521	-	5,085,251	352,900	93,710	90,206	(3,504)	4.19%	3.97%	0.05%				
<b>Oil and Gas Exploration Companies</b>															
Pakistan Oilfields Limited	23,000	20,500	-	33,000	10,500	4,130	5	0.19%	0.18%	0.00%					
Oil & Gas Development Company Limited (6.1.1)	109,416	1,362,000	-	622,700	848,716	88,661	80,653	(8,007)	3.74%	3.55%	0.02%				
Pakistan Petroleum Limited (6.1.1)	137,500	1,236,800	-	394,500	979,800	89,429	85,076	(4,353)	3.95%	3.75%	0.04%				
Mari Petroleum Company Limited	9,764	16,000	-	16,764	9,000	13,415	13,720	305	0.64%	0.60%	0.01%				
	279,680	2,635,300	-	1,066,964	1,848,016	195,635	183,585	(12,050)	9%	8%	0.07%				
<b>Oil and Gas Marketing Companies</b>															
Pakistan State Oil Company Limited (6.1.1) (6.1.2)	98,131	393,500	-	96,300	395,331	85,216	88,653	3,437	4.11%	3.90%	0.08%				
Sui Northern Gas Pipeline Limited	-	300,000	-	300,000	-	-	-	-	0.00%	0.00%	0.00%				
Hascol Petroleum Limited	1,192,000	1,910,000	-	3,102,000	-	-	-	-	0.00%	0.00%	0.00%				
	1,290,131	2,603,500	-	3,498,300	395,331	85,216	88,653	3,437	4.11%	3.90%	0.08%				
<b>Pharmaceuticals</b>															
The Searle Company Limited (6.1.2)	49,874	25,000	-	74,600	274	69	66	(3)	0.00%	0.00%	0.00%				
GlaxoSmithKline Pakistan Limited	70,100	-	-	70,100	-	-	-	-	0.00%	0.00%	0.00%				
AGP Limited	38,500	78,000	-	116,500	-	-	-	-	0.00%	0.00%	0.00%				
Highnoon Laboratories Limited	32,465	2,500	-	34,965	-	-	-	-	0.00%	0.00%	0.00%				
	190,939	105,500	-	296,165	274	69	66	(3)	0.00%	0.00%	0.00%				
<b>Power Generations and Distribution</b>															
Hub Power Company Limited	-	524,751	-	384,751	140,000	11,087	11,154	67	0.52%	0.49%	0.01%				
K-Electric Limited**	-	500,000	-	500,000	-	-	-	-	0.00%	0.00%	0.00%				
Kot Addu Power Company Limited	-	200,000	-	200,000	-	-	-	-	0.00%	0.00%	0.00%				
	-	1,224,751	-	1,084,751	140,000	11,087	11,154	67	0.52%	0.49%	0.01%				
<b>Technology and Communication</b>															
Systems Limited (6.1.2)	69,238	78,500	233	66,900	81,071	42,287	45,418	3,130	2.11%	2.00%	0.06%				
Avanceon Limited	-	804,000	-	594,000	210,000	19,977	19,253	(725)	0.89%	0.85%	0.08%				
TRG Pakistan Limited	-	2,109,500	-	1,878,500	231,000	39,932	38,422	(1,510)	1.78%	1.69%	0.04%				
TPL Corp Limited	-	9,501,500	-	9,501,500	-	-	-	-	0.00%	0.00%	0.00%				
TPL Tracker Limited	-	6,470,500	-	1,250,000	5,220,500	72,440	91,411	18,971	4.24%	4.03%	2.79%				
Netsol Technologies	-	776,000	-	637,000	139,000	23,936	23,627	(308)	1.10%	1.04%	0.15%				
WorldCall Telecom Limited	-	3,700,000	-	2,000,000	1,700,000	6,442	6,732	290	0.31%	0.30%	0.09%				
Pakistan Telecommunication Company Limited	-	827,000	-	327,000	500,000	6,000	5,920	(80)	0.27%	0.26%	0.01%				
	69,238	24,267,000	233	16,254,900	8,081,571	211,014	230,783	19,768	10.70%	10.17%	3.23%				
<b>Textile Composite</b>															
Nishat Mills Limited	-	338,000	-	338,000	-	-	-	-	0.00%	0.00%	0.00%				
Gul Ahmed Textile Mills Limited (6.1.2)	591,000	1,328,000	59,800	1,341,000	637,800	29,811	32,355	2,544	1.50%	1.43%	0.12%				
Interloop Limited	936	870,500	-	547,936	323,500	23,092	22,655	(437)	1.05%	1.00%	0.04%				
Nishat (Chunian) Limited	-	2,389,500	-	2,299,500	90,000	4,529	4,526	(3)	0.21%	0.20%	0.04%				
Agard Nine Limited	-	5,207,500	-	1,879,000	3,328,500	108,343	112,803	4,460	5.23%	4.97%	0.69%				
	591,936	10,133,500	59,800	6,405,436	4,379,800	165,774	172,339	6,565	7.99%	7.60%	0.88%				
<b>Glass and Ceramics</b>															
Tariq Glass Industries Limited	207,000	307,000	-	514,000	-	-	-	-	0.00%	0.00%	0.00%				
Ghani Value Glass Limited	-	289,500	-	289,500	-	-	-	-	0.00%	0.00%	0.00%				
	207,000	596,500	-	803,500	-	-	-	-	0%	0%	-				
<b>Vanaspati and Allied Industries</b>															
Unity Foods Limited	379,500	10,489,800	189,826	9,500,326	1,558,800	69,389	69,398	9	3.22%	3.06%	0.16%				
	379,500	10,489,800	189,826	9,500,326	1,558,800	69,389	69,398	9	3%	3%	0%				
<b>Insurance</b>															
TPL Insurance Limited	100,000	397,500	-	497,500	16,630	16,630	19,472	2,842	0.90%	0.86%	0.42%				
IGI Holdings Limited	129,000	500,200	-	20,000	609,200	112,418	117,917	5,499	5.47%	5.19%	0.43%				
IGI Life Insurance Limited	-	749,500	-	749,500	36,654	36,654	35,324	(1,330)	1.64%	1.56%	0.44%				
	229,000	1,647,200	-	20,000	1,856,200	165,702	172,713	7,011	8.01%	7.61%	1.29%				

Name of the investee companies (Sector wise)	As at July 1, 2020	Purchases made during the year	Bonus / right issues	Sales made during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution) on re- measurement of investments	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		Rupees in 000	
<b>Inv.Bank/ Inv./Cos./Securities COS</b>															
Jahangir Siddiqui & Company Limited	-	1,599,000	-	1,599,000	-	-	-	-	0.00%	0.00%	0.00%				
EFG Hermes Pakistan Limited	-	100,000	-	4,500	95,500	2,121	2,555	434	0.12%	0.11%	0.48%				
	-	1,699,000	-	1,603,500	95,500	2,121	2,555	434	0.12%	0.11%	0.48%				
<b>Cable &amp; Electrical Goods</b>															
Pak Elektron Limited	-	2,283,000	-	1,249,000	1,034,000	39,223	36,252	(2,971)	1.68%	1.60%	0.21%				
Waves Singer Pakistan Limited	-	4,093,000	-	2,410,000	1,683,000	45,589	45,879	290	2.13%	2.02%	0.60%				
	-	6,376,000	-	3,659,000	2,717,000	84,812	82,131	(2,681)	3.81%	3.62%	0.81%				
<b>Leather &amp; Tanneries</b>															
Service Industries Limited	-	19,000	-	19,000	-	-	-	-	0.00%	0.00%	0.00%				
	-	19,000	-	19,000	-	-	-	-	0.00%	0.00%	0.00%				
<b>Refinery</b>															
Attock Refinery Limited (6.1.1)	-	567,200	-	561,500	5,700	1,426	1,462	36	0.07%	0.06%	0.01%				
National Refinery Limited	-	359,700	-	184,500	175,200	86,762	91,663	4,901	4.25%	4.04%	0.22%				
Pakistan Refinery Limited	-	2,702,500	-	2,702,500	-	-	-	-	0.00%	0.00%	0.00%				
Byco Petroleum Pakistan Limited	-	2,685,000	-	2,685,000	-	-	-	-	0.00%	0.00%	0.00%				
	-	6,314,400	-	6,133,500	180,900	88,188	93,125	4,937	4.32%	4.10%	0.23%				
<b>Food &amp; Personal Care Products</b>															
Treet Corporation Limited	-	1,857,500	-	1,857,500	-	-	-	-	0.00%	0.00%	0.00%				
Al Shaheer Corporation Limited	-	500,000	-	500,000	-	-	-	-	0.00%	0.00%	0.00%				
Clover Pakistan Limited	-	412,500	-	30,000	382,500	33,138	24,840	(8,298)	1.15%	1.09%	1.23%				
National Foods Limited	-	83,000	-	83,000	-	-	-	-	0.00%	0.00%	0.00%				
Fauji Foods Limited	-	3,690,500	-	3,666,000	24,500	441	442	1	0.02%	0.02%	0.00%				
Bunnys Limited	-	801,500	141,900	943,400	-	-	-	-	0.00%	0.00%	0.00%				
The Organic Meat Company Limited	-	5,438,300	-	4,273,500	1,164,800	38,581	42,795	4,214	1.99%	1.88%	1.04%				
	-	12,783,300	141,900	11,353,400	1,571,800	72,160	68,077	(4,083)	3.16%	2.99%	2.27%				
<b>Miscellaneous</b>															
Pace (Pakistan) Limited	-	4,649,000	-	4,649,000	-	-	-	-	0.00%	0.00%	0.00%				
TPL Properties Limited	-	2,929,500	-	1,000,000	1,929,500	52,660	58,097	5,437	2.70%	2.56%	0.59%				
	-	7,578,500	-	5,649,000	1,929,500	52,660	58,097	5,437	3%	3%	1%				
<b>As at June 30, 2021</b>	7,764,604	127,329,624	1,491,759	97,196,833	39,389,154	2,099,831	2,155,293	55,462	100%	95%					
<b>As at June 30, 2020</b>	3,412,341	25,075,006	41,153	20,763,896	7,764,604	420,251	406,330	(13,921)	100%	96%					

\*

**6.1.1** As at June 30, 2021 the Fund has pledged shares 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, of following companies

- Pakistan Petroleum Limited (70,000 shares having market value of Rs. 6.08 million)
- Engro Corporation Limited (200,000 shares having market value of Rs. 58.92 million)
- Lucky Cement Limited (20,000 shares having market value of Rs. 17.27 million)
- Pakistan State Oil Company Limited (200,000 shares having market value of Rs. 44.85 million)
- Attock Cement Pakistan Limited (100,000 shares having market value of Rs. 17.98 million)
- Oil and Gas Development Company Limited (100,000 shares having market value of Rs. 9.5 million)

**6.1.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable 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. 1.58 million at June 30, 2021 (2020: Rs. 0.53 million) and not yet deposited on CDC account of department of Income tax. The final outcome of the case is pending however, 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.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgment on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically.

Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honorable High Court of Sindh has issued notices to the relevant parties and has ordered that no 3rd party interest on bonus shares issued to the Funds in lieu of their investments be created in mean time. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitution petition will be in favor of the CISs.

Finance Act, 2018 effective from July 01, 2018 has omitted Section 236M of the ITO, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold 5% of the bonus shares to be issued. Accordingly, post July 01, 2018, shares are not being withheld at the time of bonus issue.

<b>6.2</b>	<b>Net unrealised appreciation /(diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
			<b>----- Rupees in '000 -----</b>	
	Market value of investments		2,155,293	406,330
	Less: Carrying value of investments		2,099,831	420,251
			<u>55,462</u>	<u>(13,921)</u>

		2021	2020
	Note	----- Rupees in '000 -----	-----
<b>7</b>	<b>DIVIDEND AND MARK-UP RECEIVABLE</b>		
	Dividend receivable	5,786	23
	Mark-up receivable on savings accounts	319	143
		<u>6,105</u>	<u>166</u>
<b>8</b>	<b>ADVANCES AND DEPOSITS</b>		
	Security deposits with:		
	National Clearing Company of Pakistan Limited	2,500	2,500
	Central Depository Company of Pakistan Limited	100	100
		<u>2,600</u>	<u>2,600</u>
	Advance tax	8.1 205	204
		<u>2,805</u>	<u>2,804</u>
<b>8.1</b>	The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.		
	The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The management is confident that the same shall be refunded after filing refund application.		
<b>9</b>	<b>ADVANCE FOR PURCHASE OF INVESTMENT</b>	2021	2020
		----- Rupees in '000 -----	-----
	Advance for purchase of investment	9.1 <u>8,563</u>	<u>-</u>
<b>9.1</b>	This represents the advance paid for participation in the book building process of Pakistan Aluminium Beverage Cans Limited.		
<b>10</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>	2021	2020
		----- Rupees in '000 -----	-----
	Remuneration payable to the Management Company	10.1 2,818	700
	Sindh Sales Tax Payable on Management Company's remuneration	10.2 366	91
	Allocation of fee and expenses related to registrar services, accounting, operation and valuation services	10.3 473	144
	Selling and Marketing expenses payable	10.4 -	843
	Sales load payable	922	8
		<u>4,579</u>	<u>1,786</u>
<b>10.1</b>	As per the regulation 61 of the NBFC regulation, the 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. The maximum limit disclosed in the offering document is 3% per annum of average annual net assets. During the year, the fee is being charged at the rate of 2% of the average annual net assets accordingly. The fee is payable monthly in arrears		
<b>10.2</b>	The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2020: 13 %) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.		
<b>10.3</b>	As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses related to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate of 0.411% of the average annual net assets accordingly.		

**10.4** As per Regulation 60(3)(v) of the NBFC Regulations, selling and marketing expense maybe charged for all categories of funds, except fund of funds. During the year, the average fee is being charged at the rate of 0.042% of the average annual net assets accordingly.

<b>11</b>	<b>PAYABLE TO THE TRUSTEE</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
			<b>----- Rupees in '000 -----</b>	
	Trustee fee payable	11.1	223	70
	Sindh Sales Tax payable on Trustee Fee	11.2	29	9
	CDS charges payable		5	5
			<u>257</u>	<u>84</u>

**11.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of the Trust Deed as per the tariff specified therein, based on the average net assets of the Fund. The fee is paid to the Trustee on monthly basis in arrears.

Earlier the tariff structure applicable to the Fund was as follows:

Upto Rs. 1 billion	Rs. 0.7 million or 0.20% per annum of net assets value whichever is higher
Over Rs. 1 billion	Rs. 2.0 million plus 0.10% per annum of net assets value exceeding Rs. 1,000 million

CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, has revised the rates of the Trustee fee, with effect from July 1, 2019, according to which, Trustee fee shall be charged by permanently eliminating the minimum fee component as mentioned in the offering documents. During the year, Management Company has charged the Trustee fee accordingly.

**11.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011.

<b>12</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
			<b>----- Rupees in '000 -----</b>	
	Annual fee payable	12.1	<u>236</u>	<u>60</u>

**12.1** As per Regulation 62 of the NBFC Regulations, an Asset Management Company managing a CIS, shall pay SECP an annual fee of 0.02% of the average annual net assets. During the year, Management Company has charged the fee accordingly. The fee is payable annually in arrears.

<b>13</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
			<b>----- Rupees in '000 -----</b>	
	Provision for Federal Excise Duty	13.1	5,685	5,685
	Provision for Sindh Workers' Welfare Fund	13.2	8,197	3,037
	Withholding tax payable		1,268	494
	Auditors' remuneration		440	282
	Printing and other charges		56	112
	Brokerage payable		4,291	729
	Other payables		68	84
			<u>20,005</u>	<u>10,423</u>

**13.1** The legal status of applicability of Federal Excise Duty is the same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020. However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 5.685 million (2020: Rs. 5.685 million). Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Re. 0.3504 per unit (2020: Re. 1.349 per unit).

**13.2 Workers' Welfare Fund and Sindh Workers' Welfare Fund**

The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 8.197 million for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 0.505 (2020: Rs. 0.720) per unit.

**14 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2021 (2020: Nil) other than those already disclosed in the financial statements.

**15 NUMBER OF UNITS IN ISSUE**

	2021	2020
	-----Number of units-----	
Total units in issue at the beginning of the year	4,213,147	2,629,886
Add: Units issued during the year	29,442,451	6,631,438
Less: Units redeemed during the year	<u>(17,432,369)</u>	<u>(5,048,177)</u>
Total units in issue at the end of the year	<u>16,223,229</u>	<u>4,213,147</u>

**16 AUDITORS' REMUNERATION**

Annual audit fee	240	291
Fee for half yearly review	135	135
Other certifications and out of pocket expenses	<u>69</u>	<u>37</u>
	<u>444</u>	<u>463</u>

**17 TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of 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 year as the Management Company has distributed atleast 90% of the Fund's accounting income, as reduced by the capital gains, whether realised or unrealised, for the year ended June 30, 2021, to its unit holders.

**18 EARNINGS PER UNIT**

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

**19 FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	As at June 30, 2021		
	At Fair value through profit or loss	Amortised cost	Total

----- Rupees in '000 -----

**Financial assets**

Bank balances	-	701,869	701,869
Investments	2,155,293	-	2,155,293
Dividend and mark-up receivable	-	6,105	6,105
Deposits	-	2,600	2,600
Advance for purchase of investment	-	8,563	8,563
	<u>2,155,293</u>	<u>719,137</u>	<u>2,874,430</u>

**Financial liabilities**

Payable to the Management Company	-	4,213	4,213
Payable to the Trustee	-	228	228
Payable against redemption of units	-	25,080	25,080
Payable against sale of investments - net	-	554,112	554,112
Accrued expenses and other liabilities	-	4,803	4,803
	<u>-</u>	<u>588,436</u>	<u>588,436</u>

Particulars	As at June 30, 2020		
	At Fair value through profit or loss	Amortised cost	Total

----- Rupees in '000 -----

**Financial assets**

Bank balances	-	26,474	26,474
Investments	406,330	-	406,330
Dividend and mark-up receivable	-	166	166
Receivables against sale of investments - net	-	1,657	1,657
Deposits	-	2,600	2,600
	<u>406,330</u>	<u>30,897</u>	<u>437,227</u>

**Financial liabilities**

Payable to the Management Company	-	1,695	1,695
Payable to the Trustee	-	75	75
Payable against redemption of units	-	2,112	2,112
Dividend payable	-	214	214
Accrued expenses and other liabilities	-	1,138	1,138
	<u>-</u>	<u>5,234</u>	<u>5,234</u>

**20 TRANSACTIONS AND BALANCES WITH 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 and officers of the management company of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

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

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

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

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

	2021	2020
	----- Rupees in '000 -----	
<b>20.1 Transactions during the year</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	23,557	5,897
Sindh Sales Tax on remuneration of the Management Company	3,062	766
Allocation of expenses related to registrar services, accounting, operation and valuation services	4,735	918
Sales load	3,459	21
Selling and marketing expenses	5,987	2,493
Issue of 813,119 units (2020: 3,123,255) units	103,000	324,482
Redemption of 1,045,460 units (2020: 2,943,696) units	135,000	296,513
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	2,050	600
Sindh Sales Tax on remuneration of the Trustee	267	78
Central Depository service charges	361	93
<b>Habib Bank Limited - Sponsor</b>		
Dividend income	-	252
Bank charges	107	18
Mark-up on bank deposits	623	612
Issue of 3,594,808 units (2020: NIL) units	500,000	-
<b>Directors and Executives of the Management Company</b>		
Issue of 197,197 units (2020: 45,731) units	25,000	4,492
Redemption of 1,212,769 units (2020: 15,868) units	26,620	1,493
Dividend paid	-	1

	2021	2020
	----- Rupees in '000 -----	
<b>Data Steel Pipes Industries (Private) Limited - Connected person due to holding more than 10% units</b>		
Issue of 3,159,753 units (2020: Nil) units	402,536	-
Redemption of 1,595,241 units (2020: Nil) units	203,153	-
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - Under Common Management</b>		
Issue of 349,765 units (2020: Nil units)	45,011	-
Redemption of 18,828 units (2020: Nil units)	2,597	-
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Under Common Management</b>		
Issue of 84,785 units (2020: Nil units)	10,976	-
Redemption of 110,416 units (2020: Nil units)	1,350	-
<b>20.2 Balances outstanding as at year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration payable to the Management Company	2,818	700
Sindh Sales Tax on remuneration of the Management Company	366	91
Allocation of expenses related to registrar services, accounting, operation and valuation services	473	144
Sales load payable	922	8
Selling and marketing expense payable	-	843
Units held: 345,975 units (2020: 578,317) units	48,418	58,029
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	252	79
Security deposit	100	100
CDS charges payable	5	5
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	51,292	14,008
Units held: 3,594,808 units (2020: Nil) Units	503,077	-
<b>Directors and Executives of the Management Company</b>		
Units held: 21,893 units (2020: 30,472 units)	3,064	3,058
<b>Data Steel Pipelines (Private) Limited - Connected person due to holding more than 10% unit</b>		
Units held: 1,564,512 units (2020: Nil) Units	218,946	-
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - Under Common Management</b>		
Unit Held: 330,938 units (2020: Nil) Units	46,313	-
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Under Common Management</b>		
Unit Held: 74,369 units (2020: Nil) Units	10,408	-



## **21 FINANCIAL RISK MANAGEMENT**

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The fund preliminarily invest in a portfolio of equity securities. These Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### **21.1 Market risk**

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risks; currency risk, interest rate risk and price risk.

#### **21.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk.

#### **21.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

##### **a) Cash flow interest rate risk**

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 5.00% to 7.00% (2020: 7.00% to 14.05%) per annum.

The Fund's interest rate risk arises from the balances in savings accounts. In case of 100 basis points increase / decrease in interest rates on June 30, 2021 with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 0.0272 million (2020: Rs 0.035 million).

##### **b) Fair value interest rate risk**

The Fund currently does not have any fixed rate instruments and therefore, it is not exposed to fair value interest rate risk.

----- As at June 30, 2021 -----						
Particulars	Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield/ interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
		----- Rupees in '000 -----				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Balances with banks	5.00 - 7.00	701,366	-	-	503	701,869
Investments						
Listed equity securities		-	-	-	2,155,293	2,155,293
Dividend and mark-up receivable		-	-	-	6,105	6,105
Advance for purchase of investment		-	-	-	8,563	8,563
Deposits		-	-	-	2,600	2,600
<b>Sub total</b>		<b>701,366</b>	<b>-</b>	<b>-</b>	<b>2,173,064</b>	<b>2,874,430</b>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	4,213	4,213
Payable to the Trustee		-	-	-	228	228
Payable against redemption of units		-	-	-	25,080	25,080
Payable against sale of investments - net		-	-	-	554,112	554,112
Accrued expenses and other liabilities		-	-	-	4,803	4,803
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>588,436</b>	<b>588,436</b>
<b>On-balance sheet gap (a)</b>		<b>701,366</b>	<b>-</b>	<b>-</b>	<b>1,584,628</b>	<b>2,285,994</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<b>701,366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>701,366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

----- As at June 30, 2020 -----						
Particulars	Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield/ interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
		----- Rupees in '000 -----				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Balances with banks	7.00%-14.05%	26,210	-	-	264	26,474
Investments						
Listed equity securities		-	-	-	406,330	406,330
Dividend and mark-up receivable		-	-	-	166	166
Deposits		-	-	-	2,600	2,600
Receivables against sale of investments - net		-	-	-	1,657	1,657
<b>Sub total</b>		<b>26,210</b>	<b>-</b>	<b>-</b>	<b>411,017</b>	<b>437,227</b>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	1,695	1,695
Payable to the Trustee		-	-	-	75	75
Payable against redemption of units		-	-	-	2,112	2,112
Accrued expenses and other liabilities		-	-	-	1,138	1,138
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>5,020</b>	<b>5,020</b>
<b>On-balance sheet gap (a)</b>		<b>26,210</b>	<b>-</b>	<b>-</b>	<b>405,998</b>	<b>432,207</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<b>26,210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>26,210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 21.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of investments held by the Fund in listed equity securities classified as Financial Asset at 'fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within eligible stocks. The Fund's constitutive document and NBFC Regulations also limit investment in individual equity securities of not more than 10% of net assets of the Fund or issued capital of the investee company.

In case of 5% increase / (decrease) in price of all shares held by Fund at the year end, net loss for the year would decrease/ increase by Rs 107.76 million (2020: Rs 20.16 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

### 21.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk preliminary attributable to bank balances and credit exposure arising as a result of dividend receivable on equity securities.

#### Management of credit risk

For banks the Fund keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protections. All transactions in listed securities are settled / paid for delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

21.2.1 The analysis below summarises the credit quality of the funds' bank balances as at June 30, 2021 and June 30, 2020.

Name of the bank	Balance as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
<b>Rupees in '000</b>			
<b>Balances with banks by rating category:</b>			
MCB Bank Limited	769	A-1+	PACRA
Habib Bank Limited	51,292	A-1+	JCR - VIS
JS Bank Limited	649,433	A-1+	PACRA
Soneri Bank Limited	375	A-1+	PACRA
	701,869		

Name of the bank	Balance as at June 30, 2020	Latest available published rating as at June 30, 2020	Rating agency
<b>Rupees in '000</b>			
<b>Balances with banks by rating category:</b>			
MCB Bank Limited	781	A-1+	PACRA
Habib Bank Limited	14,008	A-1+	JCR - VIS
JS Bank Limited	11,626	A-1+	PACRA
Soneri Bank Limited	59	A-1+	PACRA
	26,474		

The maximum exposure to credit risk as at June 30, 2021 and June 30, 2020 is the carrying amount of the financial assets other than investments in equity securities.

**21.2.2** The analysis below summarizes the credit quality of the Fund’s credit exposure:

	2021	2020
	----- (Percentage) -----	
<b>Rating by rating category</b>		
A-1+	100.00	100.00

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

**21.3 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemption, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation. It's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year no borrowing was availed by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, no such instances were witnessed by the Fund during the current year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	As at June 30, 2021			
	Up to three months	Over three months and up to one year	Over one year	Total
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	4,213	-	-	4,213
Payable to the Trustee	228	-	-	228
Payable against redemption of units	25,080	-	-	25,080
Payable against sale of investments - net	554,112	-	-	554,112
Accrued expenses and other liabilities	4,747	56	-	4,803
	<u>588,380</u>	<u>56</u>	<u>-</u>	<u>588,436</u>

Particulars	As at June 30, 2020			
	Up to three months	Over three months and up to one year	Over one year	Total
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	1,695	-	-	1,695
Payable to the Trustee	75	-	-	75
Payable against redemption of units	2,112	-	-	2,112
Dividend payable	102	-	-	102
Accrued expenses and other liabilities	1,026	112	-	1,138
	<u>5,010</u>	<u>112</u>	<u>-</u>	<u>5,122</u>

## 22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in the unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;
- Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

## 23 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 value and the fair values 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.

As per the requirements of IFRS 13 ( Fair Value Measurement), 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.

Particulars	June 30, 2021						
	Carrying amount			Fair Value			
	Fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
	Rupees in '000						
<b>Financial assets measured at fair value</b>	<b>Note 23.1</b>						
Listed equity securities	2,155,293	-	2,155,293	2,155,293	-	-	2,155,293
	<u>2,155,293</u>	<u>-</u>	<u>2,155,293</u>	<u>2,155,293</u>	<u>-</u>	<u>-</u>	<u>2,155,293</u>
<b>Financial assets not measured at fair value</b>	<b>Note 23.2</b>						
Bank balances	-	701,869	701,869				
Dividend and mark-up receivable	-	6,105	6,105				
Deposits	-	2,600	2,600				
Advance for purchase of investment	-	8,563	8,563				
	<u>-</u>	<u>719,137</u>	<u>719,137</u>				
<b>Financial liabilities not measured at fair value</b>	<b>Note 23.2</b>						
Payable to the Management Company	-	4,213	4,213				
Payable to the Trustee	-	228	228				
Payable against redemption of units	-	25,080	25,080				
Payable against purchase of investments - net	-	554,112	554,112				
Accrued expenses and other liabilities	-	4,803	4,803				
	<u>-</u>	<u>588,436</u>	<u>588,436</u>				

Particulars	June 30, 2020						
	Carrying amount			Fair Value			
	Fair value through profit and loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
	Rupees in '000						
<b>Financial assets measured at fair value</b>	<b>Note 23.1</b>						
Listed equity securities	406,330	-	406,330	406,330	-	-	406,330
	<u>406,330</u>	<u>-</u>	<u>406,330</u>	<u>406,330</u>	<u>-</u>	<u>-</u>	<u>406,330</u>
<b>Financial assets not measured at fair value</b>	<b>Note 23.2</b>						
Bank balances	-	26,474	26,474				
Dividend and mark-up receivable	-	166	166				
Receivable against sale of investments	-	1,657	1,657				
Deposits	-	2,600	2,600				
	<u>-</u>	<u>30,897</u>	<u>30,897</u>				
<b>Financial liabilities not measured at fair value</b>	<b>Note 23.2</b>						
Payable to the Management Company	-	1,695	1,695				
Payable to the Trustee	-	75	75				
Payable against redemption of units	-	2,112	2,112				
Dividend payable	-	214	214				
Accrued expenses and other liabilities	-	1,138	1,138				
	<u>-</u>	<u>5,234</u>	<u>5,234</u>				

**23.1 Valuation techniques**

For level 1 investments at fair value through profit or loss' - 'Investment in respect of equity securities, the Fund uses daily quotation rates which are taken from Pakistan Stock Exchange Limited at the reporting date.

**23.2** The Fund has not disclosed the fair values of 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.

**23.3 Transfers during the year**

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

**24 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

**Top ten brokers during the year ended June 30, 2021**

- 1 AKD Securities Limited
- 2 Cedar Capital (Private) Limited
- 3 WE Financial Services Limited
- 4 Intermarket Securities Limited
- 5 Next Capital Limited
- 6 Ismail Iqbal Securities (Private) Limited
- 7 BIPL Securities Limited
- 8 Fortune Securities Limited
- 9 Shajar Capital Pakistan (Private) Limited
- 10 AL Falah Securities (Private) Limited

**Top ten brokers during the year ended June 30, 2020**

- 1 AKD Securities Limited
- 2 WE Financial Services Limited
- 3 IGI Finex Securities Limited
- 4 Next Capital Limited
- 5 JS Global Capital Limited
- 6 AL Falah Securities (Private) Limited
- 7 BMA Capital Management Limited
- 8 Nael Capital (Private) Limited
- 9 BIPL Securities Limited
- 10 Taurus Securities Limited

**25 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the Investment Committee of the Fund as on June 30, 2021 are as follows:

S.No.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	Bsc	22+
2	Adeel Abdul Wahab	Head of Equity	ACCA	13+
3	Raza Inam	Acting Head of Research	Bsc (Hons), CFA	8+
4	Karim Khawaja	Head of Risk	MBA, CMA	18+

**26 PATTERN OF UNIT HOLDING**

Pattern of unit holding as at June 30, 2021 is as follows:

Category	----- As at June 30, 2021 -----			
	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
Individuals	416	4,573,930	640,098	28.19%
Associated Company and Director	2	3,940,782	551,494	24.29%
Retirement Funds	5	447,561	62,634	2.76%
Insurance Companies	5	2,447,392	342,501	15.09%
Trust	6	3,244,838	454,100	20.00%
Other Corporate	2	1,568,726	219,539	9.67%
<b>Total</b>	<b>436</b>	<b>16,223,229</b>	<b>2,270,366</b>	<b>100.00%</b>

Pattern of unit holding as at June 30, 2020 was as follows:

Category	----- As at June 30, 2020 -----			
	Number of unitholders	Number of units held	Investment amount	Percentage
Rupees in '000				
Individuals	182	1,095,857	109,960	26.01%
Associated Company	1	578,316	58,029	13.73%
Retirement Funds	4	252,630	25,349	6.00%
Banks	1	1,022,050	102,553	24.26%
Insurance Companies	1	505,761	50,749	12.00%
Trust	3	758,533	76,112	18.00%
<b>Total</b>	<b>192</b>	<b>4,213,147</b>	<b>422,752</b>	<b>100.00%</b>

**27 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS**

Seven meetings of the Board of Directors were held on July 28 & 29, 2020, August 27, 2020, September 30, 2020, October 12, 2020, October 29, 2020, February 10, 2021 and April 30, 2021 respectively. Information in respect of the attendance by the Directors in the meetings is given below

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
1 Mr. Mir Adil Rashid	7	7	0	-
2 Ms. Ava A. Cowasjee	7	7	0	-
3 Mr. Rayomond H. Kotwal	7	7	0	-
4 Mr. Rizwan Haider *	2	2	0	-
5 Mr. Shabbir Hussain Hashmi	7	7	0	-
6 Mr. Shahid Ghaffar	7	7	0	-
7 Mr. Muhammad Afaq Khan**	6	6	0	-
8 Mr. Abrar Ahmed Mir **	6	6	0	-
9 Mr. Tariq Masaud ***	4	4	0	-

\* Resigned on September 18, 2020.

\*\* Appointed on July 29, 2020.

\*\*\* Appointed on September 22, 2020.



**28 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 HBL Equity Fund for the year ended June 30, 2021 is 5.40% (2020: 5.43%) which includes 0.90% (2020: 0.55%) representing Government levy and SECP fee.

**29 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 26, 2021 by the Board of Directors of the Management Company.

**30 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

**31 GENERAL**

**31.1** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**31.2** 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 year ended June 30, 2021 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 / government 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.

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 Government Securities Fund**

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Government Securities Fund</b>
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited
<b>NAME OF AUDITORS</b>	BDO Ebrahim & Co. Chartered Accountants.
<b>NAME OF BANKERS</b>	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Allied Bank Limited JS Bank Limited Samba Bank Limited Zarai Taraqiati Bank Limited MCB Bank Limited Soneri Bank Limited United Bank Limited Sindh Bank limited NRSP Microfinance Bank Limited

**Type and Category of Fund**

Open end Sovereign Income Fund

**Investment Objective and Accomplishment of Objective**

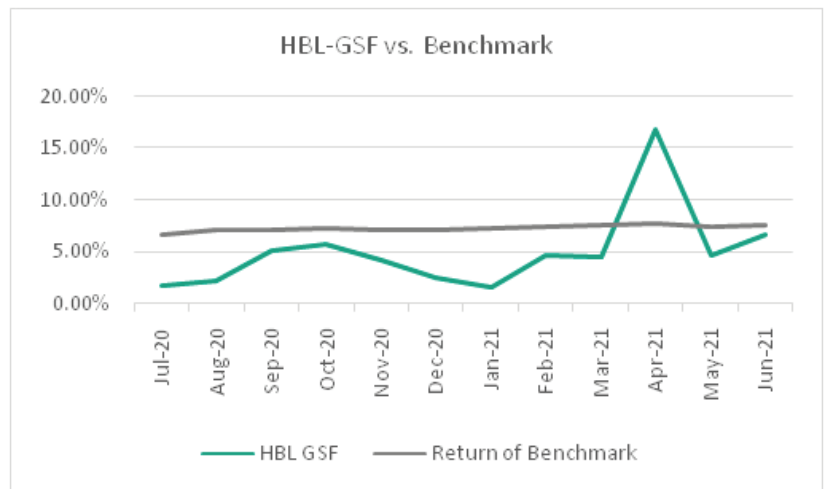
The investment objective of the Fund is to provide consistent returns to its investors through active investments in a blend of short, medium and long term securities issued and / or guaranteed by Government of Pakistan. The Fund will aim to provide superior risk adjusted returns through active duration and liquidity management tools. The investment objective is achieved.

**Benchmark and Performance Comparison with Benchmark**

The Fund's benchmark is average Six (6) month PKRV Rates.

The comparison of the fund return with benchmark is given below:

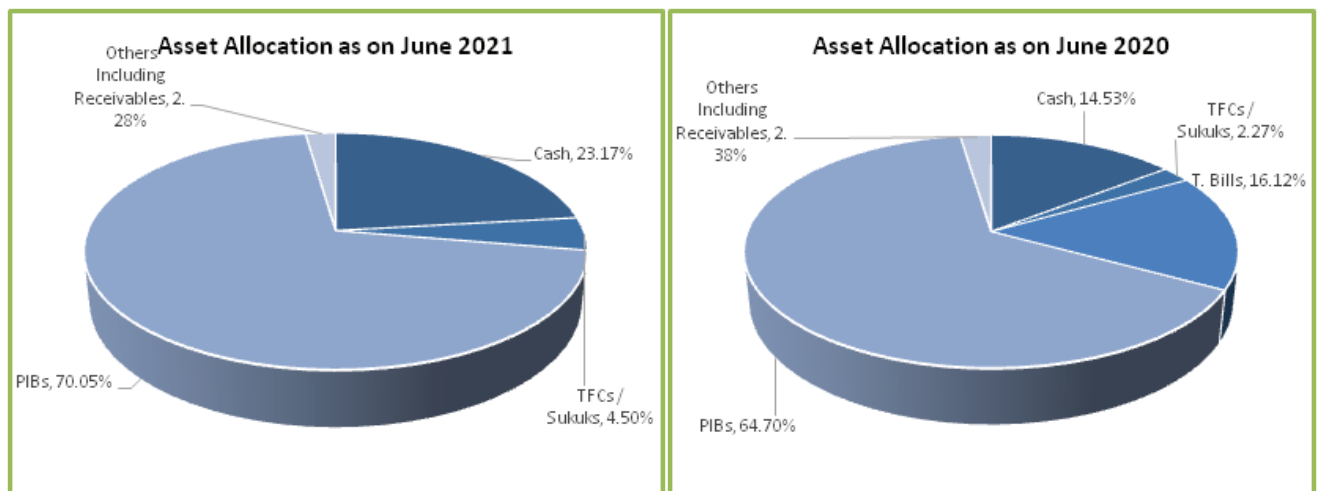
Month	HBL-GSF	Benchmark
Jun-21	6.57%	7.54%
May-21	4.69%	7.51%
Apr-21	16.83%	7.78%
Mar-21	4.55%	7.66%
Feb-21	4.56%	7.43%
Jan-21	1.54%	7.25%
Dec-20	2.53%	7.18%
Nov-20	4.16%	7.19%
Oct-20	5.75%	7.21%
Sep-20	5.16%	7.16%
Aug-20	2.15%	7.10%
Jul-20	1.75%	6.61%



**Strategies and Policies employed during the Year**

During the year, the fund was majorly invested in Government Securities (T-Bills and PIBs) of various tenors. HBL Government Securities Fund posted an annualized return (YTD) of 5.10% compared to peer's average of 5.19% in FY21. During the year, our focus was to take only long term holding in both fixed and floating rate PIBs to augment returns for the investors in stable interest rate environment. As per the policy, HBL GSF maintained more than 70% (monthly average) exposure in government securities and remaining exposure in Cash at banks and TFCs. Further, bank deposits were maintained only with the high rated banks.

**Asset Allocation**



## Significant Changes in Asset Allocation during the Year

During the year under review, HBL Government Securities Fund maintained minimum exposure of 70% on a monthly basis in T-bills and PIBs as per the regulatory requirement. However, towards the Fiscal Year end exposure in Fixed and Floating rate PIBs was increased. Due to above changes in asset allocation, weighted average time to maturity increased to 1,509 days as compared to 1,337 day in June 2020. Going forward, we will shift some exposure from Fixed Rate PIBs to T-bills to maintain returns and outperform the benchmark.

## Fund Performance

The total income and net income of the Fund was Rs. 127.09 million and Rs. 82.17 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs. 112.5377 per unit as on June 30, 2021 as compared to Rs. 112.2745 per unit as on June 30, 2020, after incorporating dividend of Rs. 5.45 per unit, thereby giving an annualized return of 5.10%. During the same year the benchmark (6 Month PKRV Rates) return was 7.28%. The size of Fund was Rs. 1.07 billion as on June 30, 2021 as compared to Rs. 3.51 billion at the start of the year.

## Money Market Review

The Central bank maintained the interest rates in the period after a cumulative 625 bps decrease in interest rates in 2HFY20 in response to the Covid-19 pandemic. At the start of the 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.

Yields across all the tenors changed between +11bps to +146 bps during FY21 due to a general market consensus that the monetary easing cycle is over and we may witness some hike in interest rate in FY22. Secondary market yields of 3, 5 and 10-year PIBs increased by 146, 138 and 125 bps respectively while yields of 3, 6 and 12 month T-Bills increased in tandem by 19, 48 and 76 bps respectively during the period. The cut-off yields in the last T-Bill Auction were 7.31% and 7.58% for 3M and 6M tenor whereas the cut offs in the last PIB Auction were 8.69%, 9.20% and 9.84% for the 3Y, 5Y, and 10Y tenor.

During FY21, Government largely managed its borrowing requirement through commercial banks. Government borrowed PKR 2,955bn from scheduled banks compared to borrowing of PKR 2,305bn during same period last year. Meanwhile, Government borrowing from SBP declined by PKR 1,268bn during the period against decline in borrowing of PKR 153bn 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 May-21, SBP maintained status quo in the interest rates. Going forward, we feel that the monetary easing has taken place and we are at the bottom of the interest rate cycle. Due to the ongoing fourth wave of Covid-19 we expect the government to maintain status quo in the SBP policy rate for the next few months to support the recovery of the economy. The central bank has given its forward looking guidance to maintain mildly positive interest rates when economy return to full capacity. Thus we expect any future increase in the policy rate to be measured and gradual.

## Distribution

The Fund has distributed cash dividend up-to Rs. 5.45 per unit for the year ended June 30, 2021.

## Significant Changes in the State of Affairs

There were no significant changes in state of affairs of the Fund.

#### Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	300	7,005
101 – 500	114	25,098
501 – 1,000	45	31,853
1,001 – 10,000	232	1,025,355
10,001 – 100,000	183	5,510,089
100,001 – 500,000	12	2,362,382
500,001 – 1,000,000	1	555,167
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
<b>Total</b>	<b>887</b>	<b>9,516,949</b>

#### Unit Splits

There were no unit splits during the year.

#### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

#### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage house.

**PERFORMANCE TABLE –  
HBL GOVERNMENT SECURITIES FUND**  
As at June 30, 2021

	2021	2020	2019	2018	2017	2016
Net assets at the period end(Rs'000)	1,071,015	3,508,887	2,116,284	313,637	1,369,950	2,114,271
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Class C Units						
Redemption	112.5377	112.2745	105.8419	110.4244	105.4266	105.2098
Offer - Class C	112.5377	112.2745	105.8419	110.4244	105.4265	105.2098
Offer - Class D	112.5377	112.2745	108.2339	112.2961	107.2135	106.5249
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit - Class C	117.7051	123.1555	115.393	110.4244	112.4052	110.7623
Lowest offer price per unit - Class C	112.1511	105.9108	105.7493	105.4759	105.2610	102.9154
Highest offer price per unit - Class D	120.3652	125.9388	117.9627	112.2482	112.6839	112.1468
Lowest offer price per unit - Class D	114.1581	108.3044	107.5855	107.2637	106.5768	104.2018
Highest redemption price per unit	117.7051	123.1555	115.3557	110.4244	110.8057	110.7623
Lowest redemption price per unit	112.1511	105.9108	105.7219	105.4759	105.2610	102.9154
<b>RETURN ( % )</b>						
Total return	5.10%	16.02%	9.35%	4.74%	5.54%	7.85%
Income distribution	5.45%	10.60%	9.70%	4.75%	5.60%	5.85%
Capital growth	-0.35%	5.42%	-0.35%	-0.01%	-0.06%	2.00%
<b>DISTRIBUTION</b>						
First Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Second Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Third Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Fourth Interim dividend distribution (Rs)	-	-	-	-	-	5.85
Date of Income Distribution						30-Jun-16
Final dividend distribution (Rs)	5.45	10.60	9.70	4.75	5.60	-
Date of Income Distribution	18-Jun-21	26-Jun-19	25-Jun-19	04-Jul-18	19-Jun-17	
Total dividend distribution for the year/ period (Rs)	5.45	10.60	9.70	4.75	5.60	5.85
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	5.10%	16.02%	9.35%	4.74%	5.54%	7.85%
Average annual return 2 year	10.43%	12.64%	7.02%	5.14%	6.70%	9.80%
Average annual return 3 year	10.07%	9.94%	6.52%	6.04%	8.36%	9.46%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	23.17%	14.53%	63.60%	98.68%	32.35%	45.00%
T-Bills	0.00%	16.12%	31.09%	0.00%	2.05%	3.00%
Placement with Banks and DFIs	0.00%	0.00%	0.00%	0.00%	13.32%	10.00%
PIBs	70.05%	64.70%	0.00%	0.00%	49.46%	18.00%
Commercial Papers	0.00%	0.00%	3.14%	0.00%	0.00%	0.00%
Corporate Sukuks / TFCs	4.50%	2.27%	1.36%	0.00%	0.00%	11.00%
MTS / Spread Transactions	0.00%	0.00%	0.00%	0.02%	2.07%	12.00%
Others Including receivables	2.28%	2.38%	0.81%	1.30%	0.75%	1.00%
Weighted average portfolio during (No. of days)	1,509	1,337	1	1	714	406

**Note:**

The Launch date of the Fund is July 25, 2010

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL GOVERNMENT SECURITIES FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Government Securities Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 17, 2021









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## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HBL GOVERNMENT SECURITIES FUND

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Government Securities Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p><b>Existence and valuation of investments</b></p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2021, the investments held by the Fund comprised of debt instruments which represent 75% of the total assets of the Fund as at the year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>We evaluated the design and implementation of key controls of investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li></ul>

S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. Further, the Fund is required to be compliant with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) with respect to investments.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We performed substantive audit procedures on year-end balance of investment portfolio including review of custodian's statement, and related reconciliations and re-performance of debt instruments valuations on the basis of prices at the Mutual Fund Association of Pakistan (MUFAP) as at June 30, 2020 and matching the valuation of investment with that appearing in the financial statements.</li> <li>We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance.</li> </ul>
2.	<p><b>Recognition, measurement and presentation of 'Element of Income'</b></p> <p>Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) stipulates the requirements for recognition, measurement and presentation of element of income.</p> <p>As per the NBFC Regulations, element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund. Furthermore, the NBFC Regulations also prescribes certain disclosure requirements with respect to presentation of element of income in the 'Statement of Movement in Unit Holders' Fund'.</p> <p>The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We reviewed the processes and controls implemented by the Fund relating to the production and review of system generated reports and manual workings for the purpose of calculations of element of income or loss and bifurcation of amount paid on redemption of units into "capital value" and "income already paid on units redeemed".</li> <li>We evaluated the accuracy of system generated reports and manual workings produced by the Fund to ensure that the data is consistent with source documents and the said workings are in compliance with all the statutory provisions relating to element of income or loss.</li> <li>We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the provisions of the NBFC Regulations.</li> </ul>



S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>The Fund has to distribute not less than 90 percent of its accounting income for the year (excluding capital gains whether realized or unrealized). However, at the time of distribution, in order to maintain the same ex-dividend net asset value of all units outstanding on the date of distribution, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.</p> <p>Due to the complex calculations involved in determining the element of income, the related impact on financial statements and ensuring compliance with the NBFC Regulations, we considered recognition, measurement and presentation of 'Element of Income' as a key audit matter.</p>	<p>We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the NBFC Regulations and assessed its implementation by the Fund.</p> <ul style="list-style-type: none"> <li>We evaluated the adequacy of disclosures with respect to element of income / loss along with the adequacy of disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' in accordance with the NBFC Regulations, the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.</li> </ul>

#### Information other than the financial statements and auditor's report thereon

The Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Management Company and its Board of Directors

The Management Company ("HBL Asset Management Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Management Company is responsible for overseeing the Fund's financial reporting process.



#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

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BDO Ebrahim & Co. Chartered Accountants

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



We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


**Report on other legal and regulatory requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 27 SEP 2021

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

**HBL Government Securities Fund**  
**Statement of Assets and Liabilities**  
*As at June 30, 2021*

	Note	2021 ----- Rupees in '000 -----	2020
<b>ASSETS</b>			
Bank balances	5	259,770	523,734
Investments	6	835,699	2,994,984
Profit / mark-up receivable	7	23,771	83,265
Advances, deposits, prepayments and other receivables	8	1,769	2,279
<b>TOTAL ASSETS</b>		<b>1,121,009</b>	<b>3,604,262</b>
<b>LIABILITIES</b>			
Payable to the Management Company	9	3,240	14,233
Payable to the Trustee	10	72	233
Payable to Securities and Exchange Commission of Pakistan	11	390	690
Dividend payable		-	32
Accrued expenses and other liabilities	12	46,292	80,188
<b>TOTAL LIABILITIES</b>		<b>49,994</b>	<b>95,376</b>
<b>NET ASSETS</b>		<b>1,071,015</b>	<b>3,508,886</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,071,015</b>	<b>3,508,886</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13	-----Number of units-----	
<b>Number of units in issue</b>	14	<b>9,516,949</b>	<b>31,252,745</b>
		-----Rupees-----	
<b>Net assets value per unit</b>		<b>112.5377</b>	<b>112.2745</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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

# HBL Government Securities Fund

## Income Statement

For the year ended June 30, 2021

	Note	2021 ----- Rupees in '000 -----	2020
<b>Income</b>			
Capital (loss) / gain on sale of investments - net		(32,404)	81,783
Income from Government securities		134,860	266,261
Income from term finance certificates and corporate sukuk bonds		5,082	16,167
Income from commercial papers		-	677
Profit / mark-up on bank deposits		17,805	123,929
		<u>125,343</u>	<u>488,817</u>
Unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6.2	1,745	119,956
		<u>127,088</u>	<u>608,773</u>
<b>Expenses</b>			
Remuneration of the Management Company	9.1	24,395	41,009
Sindh Sales Tax on remuneration of the Management Company	9.2	3,171	5,331
Remuneration of the Trustee	10.1	1,269	2,242
Sindh Sales Tax on remuneration of the Trustee	10.2	165	291
Annual fee to Securities and Exchange Commission of Pakistan	11.1	390	690
Allocation of fee and expenses related to registrar services, accounting, operation and valuation services	9.3	4,333	7,880
Selling and marketing expense	9.4	7,806	15,901
Auditors' remuneration	15	419	444
Fee and subscription		303	301
Securities transaction costs and settlement charges		813	2,144
Bank charges		180	938
		<u>43,244</u>	<u>77,171</u>
Net income for the year from operating activities		83,844	531,602
Provision for Sindh Workers' Welfare Fund	12.2	(1,677)	(10,632)
Net income for the year before taxation		82,167	520,970
Taxation	16	-	-
Net income for the year after taxation		<u>82,167</u>	<u>520,970</u>
<b>Allocation of net income for the year</b>			
Income already paid on redemption of units		37,698	210,079
Accounting income available for distribution:			
Relating to capital (loss) / gain		-	113,979
Excluding capital gain		44,469	196,912
		<u>44,469</u>	<u>310,891</u>
		<u>82,167</u>	<u>520,970</u>
Earnings per unit	17		

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

	2021	2020
	----- Rupees in '000 -----	
Net income for the year	82,167	520,970
Other comprehensive income	-	-
Total comprehensive income for the year	<u>82,167</u>	<u>520,970</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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



**HBL Government Securities Fund**  
**Statement of Movement In Unit Holders' Fund**  
 For the year ended June 30, 2021

	2021			2020		
	Capital	Undistributed	Total	Capital	Undistributed	Total
Rupees in '000						
Net assets at beginning of the year	3,314,588	194,298	3,508,886	2,041,657	74,625	2,116,282
Issuance of 13,787,907 units (2020: 64,035,257 units)						
Capital value (at net asset value per unit at the beginning of the year)	1,548,030	-	1,548,030	6,810,950	-	6,810,950
Element of income	37,932	-	37,932	506,531	-	506,531
<b>Total proceeds on issuance of units</b>	<b>1,585,962</b>	<b>-</b>	<b>1,585,962</b>	<b>7,317,481</b>	<b>-</b>	<b>7,317,481</b>
Redemption of 35,523,703 units (2020: 52,777,267 units)						
Capital value (at net asset value per unit at the beginning of the year)	(3,988,406)		(3,988,406)	(5,603,812)		(5,603,812)
Income already paid on redemption of units		(37,698)	(37,698)		(210,079)	(210,079)
Element of loss	(30,060)		(30,060)	(335,979)		(335,979)
<b>Total payments on redemption of units</b>	<b>(4,018,466)</b>	<b>(37,698)</b>	<b>(4,056,164)</b>	<b>(5,939,791)</b>	<b>(210,079)</b>	<b>(6,149,870)</b>
Total comprehensive income for the year	-	82,167	82,167	-	520,970	520,970
<b>Interim distribution</b>						
Rs 5.40 per unit declared on June 20, 2021 as cash dividend						
Refund of capital	(5,547)	-	(5,547)	-	-	-
Distribution during the year	-	(44,289)	(44,289)	-	-	-
Rs 10.60 per unit declared on June 26, 2020 as cash dividend						
Refund of capital	-	-	-	(104,759)	-	(104,759)
Distribution during the year	-	-	-	-	(191,218)	(191,218)
	(5,547)	37,878	32,331	(104,759)	329,752	224,993
<b>Net assets at end of the year</b>	<b>876,537</b>	<b>194,478</b>	<b>1,071,015</b>	<b>3,314,588</b>	<b>194,298</b>	<b>3,508,886</b>
<b>Undistributed income brought forward</b>						
Realised income		74,342			74,572	
Unrealised income		119,956			53	
		194,298			74,625	
<b>Accounting income available for distribution</b>						
Relating to capital (loss) / gain		-			113,979	
Excluding capital gain		44,469			196,912	
		44,469			310,891	
<b>Distributions during the year:</b>						
Interim distribution of Rs 5.40 per unit declared on June 20, 2021 as cash dividend		(44,289)			-	
Interim distribution of Rs 10.60 per unit declared on June 26, 2020 as cash dividend		-			(191,218)	
		(44,289)			(191,218)	
Undistributed income carried forward		194,478			194,298	
<b>Undistributed income carried forward</b>						
Realised income		192,733			74,342	
Unrealised income		1,745			119,956	
		194,478			194,298	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			112.2745			105.8419
Net assets value per unit at end of the year			112.5377			112.2745

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Government Securities Fund**  
**Statement of Cash Flows**  
For the year ended June 30, 2021

	2021	2020
Note	-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	82,167	520,970
Adjustments for:		
Capital loss / (gain) on sale of investments - net	32,404	(81,783)
Income from Government securities	(134,860)	(266,261)
Income from term finance certificates and corporate sukuk bonds	(5,082)	(16,167)
Income from commercial papers	-	(677)
Profit / mark-up on bank deposits	(17,805)	(123,929)
Unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	(1,745)	(119,956)
	<u>(44,921)</u>	<u>(87,803)</u>
<b>Decrease / (increase) in assets</b>		
Investments - net	<u>2,151,946</u>	<u>(2,556,022)</u>
Advances, deposits, prepayments and other receivables	<u>510</u>	<u>(561)</u>
	2,152,456	(2,556,583)
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	<u>(10,993)</u>	<u>3,904</u>
Payable to the Trustee	<u>(161)</u>	<u>9</u>
Payable to Securities and Exchange Commission of Pakistan	<u>(300)</u>	<u>20</u>
Accrued expenses and other liabilities	<u>(33,896)</u>	<u>48,447</u>
	<u>(45,350)</u>	<u>52,380</u>
Cash generated from / (used in) operations	2,062,185	(2,592,006)
Income received from Government securities	<u>169,192</u>	<u>93,718</u>
Income received from term finance certificates and corporate sukuk bonds	<u>6,146</u>	<u>16,246</u>
Profit / mark-up received on bank deposits	<u>18,581</u>	<u>142,347</u>
	<u>193,919</u>	<u>252,311</u>
Net cash generated from / (used in) operating activities	2,256,104	(2,339,695)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	<u>1,585,962</u>	<u>7,317,481</u>
Payment against redemption of units	<u>(4,056,164)</u>	<u>(6,170,644)</u>
Dividend paid	<u>(49,866)</u>	<u>(296,947)</u>
Net cash (used in) / generated from financing activities	<u>(2,520,068)</u>	<u>849,890</u>
Net decrease in cash and cash equivalents	(263,964)	(1,489,805)
Cash and cash equivalents at the beginning of the year	523,734	2,013,539
Cash and cash equivalents at end of the year	5 <u>259,770</u>	<u>523,734</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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

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

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

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

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

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

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

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

JCR-VIS Credit Rating company has assigned a management quality rating of 'AM2++' (AM Two Plus) to the HBL Asset Management Limited and assigned stability rating of AA(f) to the Fund as at December 31, 2020 respectively.

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

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, unless otherwise stated.

These financial statements have been prepared under accrual basis of accounting except for cash flow information.

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

**2.4 Use of judgments and estimates**

The preparation of these financial statements in accordance with the accounting and reporting standards as applicable in Pakistan 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 accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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

**Classification and valuation of investment**

For details please refer notes 4.2.1.1 and 18 to these financial statements.

**Impairment of investment**

For details please refer note 4.2.1.2 to these financial statements.

**Provision for taxation**

For details please refer notes 4.4 and 16 to these financial statements.

**Other assets**

Judgement is involved in assessing the realisability of other assets balances.

**3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021**

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

**Effective date  
 (annual periods  
 beginning on or after)**

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.

January 01, 2020

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covide - 19 related rent concessions	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Certain annual improvements have also been made to a number of IFRSs.	

### **3.2 New accounting standards, amendments and interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)"	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covide - 19 related rent concessions	April 01, 2021
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

#### **4 SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

##### **4.1 Cash and cash equivalents**

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

##### **4.2 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

###### **4.2.1 Financial assets**

###### **4.2.1.1 Classification and measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified and measured at: amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

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

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

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

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

**Financial assets at amortised cost** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.

#### **4.2.1.2 Impairment of financial assets**

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

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly Investments, deposits, advances, other receivables, profit/mark-up receivable and bank balances.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012 dated October 24, 2012 in relation to impairment of debt securities.

#### **4.2.1.3 Regular way contracts**

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### **4.2.1.4 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

#### **4.2.2 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### **4.2.3 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.3 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

#### **4.6 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.7 Element of income**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### **4.8 Net assets value per unit**

The net assets value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

#### **4.9 Revenue recognition**

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Mark-up / profit / return on Government securities, bank profits and investment in debt securities are recognized at a time apportionment basis using the effective interest method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.



**4.10 Transactions with related parties / connected persons**

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

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

		<b>2021</b>	<b>2020</b>						
		----- Rupees in '000 -----							
<b>5</b>	<b>BANK BALANCES</b>	<b>Note</b>							
	Cash at bank								
	In savings accounts	5.1	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"></td> <td style="text-align: right; border-bottom: 1px solid black;">259,770</td> <td style="text-align: right; border-bottom: 1px solid black;">523,734</td> </tr> </table>		259,770	523,734			
	259,770	523,734							
<b>5.1</b>	These accounts carry mark-up at rates ranging between 5.60% to 7.85% (2020: 6.00% to 14.50%) per annum. This includes an amount held by a related party (Habib Bank Limited) amounting to Rs. 255.116 million (2020: Rs. 282.377 million) on which return is earned at rate ranging between 5.75% to 7.85% (2020: 6.53% to 14.50%) per annum.								
<b>6</b>	<b>INVESTMENTS</b>	<b>Note</b>							
	Financial assets								
	At fair value through profit or loss	6.1	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"></td> <td style="text-align: right; border-bottom: 1px solid black;">835,699</td> <td style="text-align: right; border-bottom: 1px solid black;">2,994,984</td> </tr> </table>		835,699	2,994,984			
	835,699	2,994,984							
<b>6.1</b>	<b>Financial assets at fair value through profit or loss</b>								
	Government securities								
	Market Treasury Bills	6.1.1	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"></td> <td style="text-align: right;">-</td> <td style="text-align: right;">581,032</td> </tr> </table>		-	581,032			
	-	581,032							
	Pakistan Investment Bonds	6.1.2	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"></td> <td style="text-align: right; border-bottom: 1px solid black;">785,290</td> <td style="text-align: right; border-bottom: 1px solid black;">2,332,126</td> </tr> <tr> <td></td> <td style="text-align: right;">785,290</td> <td style="text-align: right;">2,913,158</td> </tr> </table>		785,290	2,332,126		785,290	2,913,158
	785,290	2,332,126							
	785,290	2,913,158							
	Term Finance Certificates	6.1.3	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"></td> <td style="text-align: right; border-bottom: 1px solid black;">50,409</td> <td style="text-align: right; border-bottom: 1px solid black;">81,826</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">835,699</td> <td style="text-align: right; border-bottom: 3px double black;">2,994,984</td> </tr> </table>		50,409	81,826		835,699	2,994,984
	50,409	81,826							
	835,699	2,994,984							

**6.1.1 Financial assets at fair value through profit or loss**  
**- Market Treasury Bills**

Issue date	Tenure	Face value				Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchases during the year	Sales / matured during the year	As at June 30, 2021					
-----Rupees in '000-----										
August 29, 2019	12 Months	-	225,000	225,000	-	-	-	-	-	-
August 29, 2019	12 Months	-	150,000	150,000	-	-	-	-	-	-
December 19, 2019	12 Months	-	250,000	250,000	-	-	-	-	-	-
December 19, 2019	12 Months	-	25,000	25,000	-	-	-	-	-	-
December 19, 2019	12 Months	-	125,000	125,000	-	-	-	-	-	-
January 30, 2020	6 Months	100,000	-	100,000	-	-	-	-	-	-
January 30, 2020	6 Months	-	275,000	275,000	-	-	-	-	-	-
March 12, 2020	6 Months	250,000	-	250,000	-	-	-	-	-	-
March 12, 2020	12 Months	250,000	-	250,000	-	-	-	-	-	-
July 2, 2020	3 Months	-	75,000	75,000	-	-	-	-	-	-
July 2, 2020	6 Months	-	75,000	75,000	-	-	-	-	-	-
July 2, 2020	12 Months	-	100,000	100,000	-	-	-	-	-	-
July 16, 2020	12 Months	-	100,000	100,000	-	-	-	-	-	-
July 16, 2020	6 Months	-	75,000	75,000	-	-	-	-	-	-
July 16, 2020	6 Months	-	250,000	250,000	-	-	-	-	-	-
July 16, 2020	3 Months	-	75,000	75,000	-	-	-	-	-	-
July 16, 2020	6 Months	-	250,000	250,000	-	-	-	-	-	-
August 27, 2020	3 Months	-	100,000	100,000	-	-	-	-	-	-
September 10, 2020	3 Months	-	100,000	100,000	-	-	-	-	-	-
October 8, 2020	3 Months	-	75,000	75,000	-	-	-	-	-	-
October 8, 2020	3 Months	-	25,000	25,000	-	-	-	-	-	-
November 16, 2020	3 Months	-	109,000	109,000	-	-	-	-	-	-
November 19, 2020	3 Months	-	300,000	300,000	-	-	-	-	-	-
December 3, 2020	3 Months	-	300,000	300,000	-	-	-	-	-	-
December 3, 2020	3 Months	-	225,000	225,000	-	-	-	-	-	-
December 3, 2020	3 Months	-	175,000	175,000	-	-	-	-	-	-
December 17, 2020	3 Months	-	250,000	250,000	-	-	-	-	-	-
December 17, 2020	3 Months	-	250,000	250,000	-	-	-	-	-	-
December 17, 2020	3 Months	-	500,000	500,000	-	-	-	-	-	-
December 31, 2020	3 Months	-	550,000	550,000	-	-	-	-	-	-
January 14, 2021	3 Months	-	100,000	100,000	-	-	-	-	-	-
February 11, 2021	3 Months	-	300,000	300,000	-	-	-	-	-	-
February 25, 2021	6 Months	-	150,000	150,000	-	-	-	-	-	-
February 25, 2021	6 Months	-	250,000	250,000	-	-	-	-	-	-
February 25, 2021	3 Months	-	100,000	100,000	-	-	-	-	-	-
March 25, 2021	6 Months	-	215,000	215,000	-	-	-	-	-	-
April 22, 2021	6 Months	-	150,000	150,000	-	-	-	-	-	-
April 22, 2021	6 Months	-	300,000	300,000	-	-	-	-	-	-
May 25, 2021	3 Months	-	300,000	300,000	-	-	-	-	-	-
<b>Total - as at June 30, 2021</b>		<b>600,000</b>	<b>6,874,000</b>	<b>7,474,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0.00%</b>	
<b>Total - as at June 30, 2020</b>		<b>1,000,000</b>	<b>48,209,000</b>	<b>48,609,000</b>	<b>600,000</b>	<b>569,032</b>	<b>581,032</b>	<b>12,000</b>	<b>16.56%</b>	<b>19.40%</b>

**6.1.1.1** As at June 30, 2021, Market Treasury Bills (T-bills) had a face value of Rs. Nil (2020: Rs. 600 million) carrying effective yield ranging between Nil (2020: 7.05% to 7.10%), per annum.

**6.1.2 Financial assets at fair value through profit or loss**  
**- Pakistan Investment Bonds (Non-Floating)**

Issue date	Tenure	Face value				Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchases during the year	Sales during the year	As at June 30, 2021					
-----Rupees in '000-----										
September 19, 2019	3 Years	953,000	491,900	1,444,900	-	-	-	-	-	-
September 19, 2019	5 Years	462,500	325,000	787,500	-	-	-	-	-	-
September 19, 2019	10 Years	50,000	-	50,000	-	-	-	-	-	-
August 20, 2020	3 Years	-	1,175,000	850,000	325,000	314,862	314,598	(264)	29.37%	37.64%
October 15, 2020	5 Years	-	300,000	200,000	100,000	92,090	93,517	1,427	8.73%	11.19%
<b>Total - as at June 30, 2021</b>		<b>1,465,500</b>	<b>2,291,900</b>	<b>3,332,400</b>	<b>425,000</b>	<b>406,952</b>	<b>408,115</b>	<b>1,163</b>	<b>38.11%</b>	<b>48.83%</b>
<b>Total - as at June 30, 2020</b>		<b>100</b>	<b>9,823,500</b>	<b>8,358,100</b>	<b>1,465,500</b>	<b>1,406,199</b>	<b>1,525,326</b>	<b>119,127</b>	<b>43.47%</b>	<b>50.93%</b>

**6.1.2.1** As at June 30, 2021, Pakistan Investment Bonds (PIBs) had a face value of Rs. 425 million (2020: Rs. 1465.5 million) carrying effective yield ranging between 9.79% to 8.51% per annum (2020: 7.36% to 8.62%), per annum.

- Pakistan Investment Bonds (Floating)

Issue date	Tenure	Face value				Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised (diminution) on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchases during the year	Sales during the year	As at June 30, 2021					
-----Rupees in '000-----										
August 22, 2019	10 Years	800,000	-	425,000	375,000	378,029	377,175	(854)	35.22%	45.13%
<b>Total - as at June 30, 2021</b>		<b>800,000</b>	<b>-</b>	<b>425,000</b>	<b>375,000</b>	<b>378,029</b>	<b>377,175</b>	<b>(854)</b>	<b>35.22%</b>	<b>45.13%</b>
<b>Total - as at June 30, 2020</b>		<b>-</b>	<b>1,800,000</b>	<b>1,000,000</b>	<b>800,000</b>	<b>816,230</b>	<b>806,800</b>	<b>(9,430)</b>	<b>22.99%</b>	<b>26.94%</b>

**6.1.2.2** As at June 30, 2021, Pakistan Investment Bonds (PIBs) had a face value of Rs. 375 million (2020: Rs. 800 million) carrying effective yield ranging of 8.07% (2020: 8.61%), per annum.

**6.1.3** Financial assets at fair value through profit or loss  
 - Term Finance Certificates

Name of the investee company	As at July 1, 2020	Purchases during the year	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution) on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total investments
----- Units ----- (Rupees in '000) -----									
Term Finance Certificates - unlisted									
The Bank of Punjab	500	-	-	500	48,973	50,409	1,436	4.71%	6.03%
Askari Bank Limited	7,000	-	7,000	-	-	-	-	0.00%	0.00%
<b>Total - as at June 30, 2021</b>	<b>7,500</b>	<b>-</b>	<b>7,000</b>	<b>500</b>	<b>48,973</b>	<b>50,409</b>	<b>1,436</b>	<b>5%</b>	<b>6.03%</b>
<b>Total - as at June 30, 2020</b>	<b>7,100</b>	<b>1,500</b>	<b>1,100</b>	<b>7,500</b>	<b>83,567</b>	<b>81,826</b>	<b>(1,741)</b>	<b>2.04%</b>	<b>2.73%</b>

**6.1.3.1** These Term Finance Certificates carry mark-up at the rate ranging between 8.35% to 12.20% (2020: 8.68% to 12.45%), per annum.

**6.1.3.2** Significant terms and conditions of Term Finance Certificates as at June 30, 2021 are as follows:

Name of the investee company	Remaining principal (per certificate)	Mark-up rate (per annum)	Issue date
Term Finance Certificates - unlisted			
Bank of Punjab	49,910	6 months KIBOR + 1.00%	December 23, 2016

**2021**                      **2020**  
**Note**                      ----- Rupees in '000 -----

**6.2** **Net unrealized appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss'**

Market value of investments	835,699	2,994,984
less: Carrying value of investments	<u>(833,954)</u>	<u>(2,875,028)</u>
	<u>1,745</u>	<u>119,956</u>

**7 PROFIT / MARK-UP RECEIVABLE**

Profit / mark-up receivable on:

Bank deposits	7.1	2,712	3,488
Pakistan Investment Bonds		20,964	78,618
Term Finance Certificates		95	1,159
		<u>23,771</u>	<u>83,265</u>

7.1 This includes Rs. 0.957 million (2020: Rs. 0.614 million) receivable from Habib Bank Limited, which is a related party.

8	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2021 ----- Rupees in '000 -----	2020
	Security deposits with:			
	Central Depository Company of Pakistan Limited		100	100
	National Clearing Company of Pakistan limited		250	767
			<u>350</u>	<u>867</u>
	Prepaid expenses	8.1	216	209
	Advance tax	8.2	391	391
	Receivable against conversion in of units		812	812
			<u>1,769</u>	<u>2,279</u>

8.1 This includes prepaid expenses recognized in respect of rating fee.

8.2 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 151 and 233 of ITO 2001.

The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same shall be refunded after filing refund application.

9	PAYABLE TO THE MANAGEMENT COMPANY	Note	2021 ----- Rupees in '000 -----	2020
	Remuneration payable to the Management Company	9.1	1,132	3,945
	Sindh Sales Tax on Management Company's remuneration	9.2	147	513
	Sales load payable		420	4,476
	Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	201	701
	Selling and marketing expense payable	9.4	1,340	4,598
			<u>3,240</u>	<u>14,233</u>

9.1 As per the regulation 61 of the NBFC regulations, 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. The maximum limit disclosed in the Offering Document is 1.5% per annum of average annual net assets. During the year, the fee is being charged at the rate of 1.25% pf the average annual net assets accordingly. The fee is payable monthly in arrears.

9.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

9.3 As per Regulation 60(3)(s) of NBFC Regulations, fees and expenses related to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate of 0.222% of the average annual net assets accordingly.

9.4 As per Regulation 60(3)(v) of NBFC Regulations, selling and marketing expense may be charged for all categories of funds except fund of funds. During the year, the fee is being charged at the rate of 0.4% of the average annual net assets accordingly.

	Note	2021 ----- Rupees in '000 -----	2020
<b>10</b>	<b>PAYABLE TO THE TRUSTEE</b>		
	10.1	59	205
	10.2	8	27
		<u>5</u>	<u>1</u>
		<u>72</u>	<u>233</u>

**10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed, as per the tariff specified therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

Earlier, the tariff structure applicable to the Fund was as follows:

Up to Rs. 1,000 million	0.15% p.a. of net assets
Rs. 1,000 million to Rs. 10,000 million	Rs. 1.5 million plus 0.075% p.a. of net assets exceeding Rs. 1 billion
Over Rs. 10,000 million	Rs. 8.25 million plus 0.06% p.a. of net assets exceeding Rs. 10 billion

CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, has revised the rates of the Trustee fee, with effect from July 1, 2019, according to which, Trustee fee shall be charged at the rate of 0.065% of the average annual net assets of the Fund. During the year, the fee is being charged at the rate of 0.065% of the average annual net assets of the Fund.

**10.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

	Note	2021 ----- Rupees in '000 -----	2020
<b>11</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
	11.1	<u>390</u>	<u>690</u>

**11.1** As per Regulation 62 of NBFC Regulations, An Asset Management Company managing a CIS shall pay SECP an annual fee of 0.02% of the average annual net assets. During the year, Management Company has charged the fee accordingly. The fee is payable annually in arrears.

	Note	2021 ----- Rupees in '000 -----	2020
<b>12</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	12.1	15,531	15,531
	12.2	19,958	18,280
		9,677	44,835
		446	281
		75	142
		103	611
		452	452
		50	56
		<u>46,292</u>	<u>80,188</u>

**12.1** The legal status of applicability of Federal Excise Duty is the same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020. However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 15.531 million (2020: Rs. 15.531 million). Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Re. 1.6319 per unit (2020: Re. 0.04969 per unit).

## 12.2 Workers' Welfare Fund and Sindh Workers' Welfare Fund

The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 19.958 million for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 2.0971 (2020: Rs. 0.586) per unit.

## 13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2021 (2020: Nil).

	2021	2020
<b>14</b>	<b>---Number of Units---</b>	
<b>NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year	31,252,745	19,994,755
Add: Units issued	13,787,907	64,035,257
Less: Units redeemed	(35,523,703)	(52,777,267)
Total units in issue at the end of the year	<u>9,516,949</u>	<u>31,252,745</u>
	<b>2021</b>	<b>2020</b>
<b>15</b>	<b>----- Rupees in '000 -----</b>	
<b>AUDITORS' REMUNERATION</b>		
Annual audit fee	240	240
Fee for half yearly review	135	135
Other certifications and out of pocket expenses	44	69
	<u>419</u>	<u>444</u>

## 16 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of 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 year, as the Management Company has distributed at least 90% of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 17 EARNINGS PER UNIT

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

**18 FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	As at June 30, 2021		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial assets</b>			
Bank balances	-	259,770	259,770
Investments			
Pakistan Investment Bonds	785,290	-	785,290
Term Finance Certificates	50,409	-	50,409
Profit / mark-up receivable	-	23,771	23,771
Deposits and other receivables	-	1,162	1,162
	<u>835,699</u>	<u>284,703</u>	<u>1,120,402</u>

Particulars	As at June 30, 2021		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	3,093	3,093
Payable to the Trustee	-	64	64
Accrued expenses and other liabilities	-	666	666
	<u>-</u>	<u>3,823</u>	<u>3,823</u>

Particulars	As at June 30, 2020		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial assets</b>			
Bank balances	-	523,734	523,734
Investments			
Market Treasury Bills	581,032	-	581,032
Pakistan Investment Bonds	2,332,126	-	2,332,126
Term Finance Certificates	81,826	-	81,826
Profit / mark-up receivable	-	83,265	83,265
Deposits and other receivables	-	1,679	1,679
	<u>2,994,984</u>	<u>608,678</u>	<u>3,603,662</u>

Particulars	As at June 30, 2020		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	13,720	13,720
Payable to the Trustee	-	182	182
Dividend payable	-	32	32
Accrued expenses and other liabilities	-	1,076	1,076
	<u>-</u>	<u>15,010</u>	<u>15,010</u>

**19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

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

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

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

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

	<b>2021</b>	<b>2020</b>
	----- Rupees in '000 -----	
<b>19.1 Transactions during the year</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of Management Company	24,395	41,009
Sindh Sales Tax on remuneration of the Management Company	3,171	5,331
Sales load	8,884	24,789
Allocation of expenses related to registrar services, accounting, operation and valuation services	4,333	7,880
Selling and marketing expense	7,806	15,901
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	1,269	2,242
Sindh Sales Tax on remuneration of the Trustee	165	291
CDC service charges	18	50
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	165	837
Profit / mark-up on deposits accounts	2,986	13,350
<b>Director and Executives of the Management Company</b>		
Issue of 8,499 (2020: 43,189) units	960	4,903
Redemption of 21,069 (2020: 57,121) units	2,361	6,584
Dividend paid	1	4
<b>MCBFSL HBL Financial Planning Fund Strategic Allocation Plan - Fund under common management</b>		
Issue of Nil (2020: 345,994) units	-	36,967
Redemption of Nil (2020: 658,073) units	-	72,496
<b>CDC Trustee - HBL Income Fund</b>		
Purchase of Bank of Punjab - Term Finance Certificate	-	50,201



	2021	2020
	----- Rupees in '000 -----	
<b>MCBFSL HBL Financial Planning Fund Special Income Plan - Fund under common management</b>		
Issue of Nil (2020: 1,330,506) units	-	145,394
Redemption of 1,279,309 (2020: 51,197) units	144,994	5,917
Dividend paid	-	9,451
<b>Jubilee Life Insurance Company Limited - Associated Company due to common Directorship</b>		
Sale of GOP Ijarah sukuk	-	50,000
<b>19.2 Balance outstanding as at the year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration payable to the Management Company	1,132	3,945
Sindh Sales Tax payable on Management Company's remuneration	147	513
Sales load payable	420	4,476
Allocation of expenses related to registrar services, accounting, operation and valuation services	201	701
Selling and marketing expense payable	1,340	4,598
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	59	205
Sindh Sales Tax payable on Trustee Remuneration	8	27
CDC charges payable	5	1
Security deposit held	100	100
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	255,116	282,377
Profit / mark-up receivable	957	614
<b>Director and Executives of the Management Company</b>		
Units held: 270 (2020: 12,839)	30	1,441
<b>MCBFSL Trustee HBL Financial Planning Fund Special Income Plan - under common management</b>		
Units held: Nil (2020: 1,279,309)	-	143,634

## 20 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in a portfolio of investments such as Government securities, spread transactions and in other money market instruments. These activities expose the Fund to a variety of financial risks, such as market risk, credit risk and liquidity risk.

## **20.1 Market risk**

Market risk is a risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, interest rate risk and price risk.

### **20.1.1 Currency risk**

Currency risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk.

### **20.1.2 Interest rate risk**

Interest rate risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

#### **a) Cash flow interest rate risk**

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 5.60% to 7.85% per annum, and against investments in Pakistan Investment Bonds and Term Finance Certificates, the interest rate on which range between 8.07% to 8.51% and 8.35% to 12.20% respectively.

In case of 100 basis points increase / decrease in interest rates on June 30, 2021, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 11.097 million (2020: Rs. 28.741 million).

#### **b) Fair value interest rate risk**

The Fund's investment in Market Treasury Bills, Pakistan Investment Bonds and Term Finance Certificates exposes it to fair value interest rate risk.

In case of 100 basis points increase / decrease in interest rates on June 30, 2021, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 8.357 million.. (2020: 29.950 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

Particulars	As at June 30, 2021					Total
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	----- Rupees in '000 -----				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5.60 - 7.85	259,770	-	-	-	259,770
Investments						
Pakistan Investment Bonds - floating	8.07%	-	-	377,175	-	377,175
Pakistan Investment Bonds - non floating	8.51%-9.79%	-	-	408,115	-	408,115
Term Finance Certificates and Corporate Sukuk Bonds	12.20 - 8.35	-	-	50,409	-	50,409
Profit / mark-up receivable		-	-	-	23,771	23,771
Deposits and other receivables		-	-	-	1,162	1,162
<b>Sub total</b>		259,770	-	835,699	24,933	1,120,402
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	3,093	3,093
Payable to the Trustee		-	-	-	64	64
Accrued expenses and other liabilities		-	-	-	666	666
<b>Sub total</b>		-	-	-	3,823	3,823
<b>On-balance sheet gap (a)</b>		259,770	-	835,699	21,110	1,116,579
<b>Off-balance sheet financial instruments</b>						
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		259,770	-	835,699	21,110	1,116,579
<b>Cumulative interest rate sensitivity gap</b>		259,770	-	835,699		

Particulars	As at June 30, 2020					Total
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	----- Rupees in '000 -----				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	6 - 8.85	523,734	-	-	-	523,734
Investments						
Market Treasury Bills	7.05 - 7.10	246,596	334,436	-	-	581,032
Pakistan Investment Bonds	7.36 - 8.62	-	-	2,332,126	-	2,332,126
Term Finance Certificates and Corporate Sukuk Bonds	8.68 - 12.45	-	-	81,826	-	81,826
Profit / mark-up receivable		-	-	-	83,265	83,265
Deposits and other receivables		-	-	-	1,679	1,679
<b>Sub total</b>		770,330	334,436	2,413,952	84,944	3,603,662
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	13,720	13,720
Payable to the Trustee		-	-	-	182	182
Dividend payable		-	-	-	33	33
Accrued expenses and other liabilities		-	-	-	1,076	1,076
<b>Sub total</b>		-	-	-	15,011	15,011
<b>On-balance sheet gap (a)</b>		770,330	334,436	2,413,952	69,933	3,588,651
<b>Off-balance sheet financial instruments</b>						
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		770,330	334,436	2,413,952	69,933	3,588,651
<b>Cumulative interest rate sensitivity gap</b>		770,330	334,436	2,413,952		

### 20.1.3 Price risk

Price risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Fund does not hold any security which exposes the Fund to price risk.

**20.2 Credit risk**

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to investment in debt securities such as Term Finance Certificate and bank balances. Bank balances are maintained with balance with a reasonably high credit rating. The risk of default is considered minimal due to inherent systematic measures taken therein.

**20.2.1** The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2021 and June 30, 2020:

Name of Banks	Balances held as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
<b>Rupees in '000</b>			
<b>Balances with banks by rating category</b>			
Allied Bank Limited	11	A-1+	PACRA
Bank Al Falah Limited	29	AA+	PACRA
Habib Metro Bank Limited	10	A-1+	PACRA
JS Bank Limited	398	A-1+	PACRA
Zarai Taraqiati Bank Limited	8	A-1+	JCR-VIS
Samba Bank Limited	13	A-1	JCR-VIS
Sindh Bank Limited	11	A-1	JCR-VIS
Soneri Bank Limited	1,071	A-1+	PACRA
MCB Bank Limited	3,093	A-1+	PACRA
Habib Bank Limited	255,117	A-1	JCR-VIS
Faysal Bank limited	1	A-1+	JCR-VIS
Dubai Islamic Bank limited	8	A-1+	JCR-VIS
	259,770		
<b>Investments by rating category</b>			
Term finance certificates - unlisted			
Bank of Punjab	50,409	AA	PACRA
<b>Total</b>	310,179		

Name of Banks	Balances held by the Fund as at June 30, 2020	Latest available published rating as at June 30, 2020	Rating agency
---------------	--	--	------------------

-----Rupees in '000-----

**Balances with banks by rating category**

Allied Bank Limited	225,441	A-1+	PACRA
Bank Al Falah Limited	27	A-1+	JCR-VIS
Habib Metro Bank Limited	38	A-1+	PACRA
JS Bank Limited	11,253	A-1+	PACRA
Zarai Taraqiati Bank Limited	92	A-1+	JCR-VIS
Samba Bank Limited	11	A-1	JCR-VIS
Sindh Bank Limited	11	A-1	JCR-VIS
NRSP Bank Limited	-	A-1	JCR-VIS
United Bank Limited	-	A-1+	JCR-VIS
Soneri Bank Limited	320	A-1+	PACRA
MCB Bank Limited	4,155	A-1+	PACRA
Habib Bank Limited	282,377	A-1+	JCR-VIS
Bank Al Habib Limited	-	A-1+	PACRA
Faysal Bank Limited	2	A-1+	JCR-VIS
Dubai Islamic Bank Limited	7	A-1+	JCR-VIS

**Investments by rating category**

Term finance certificates - unlisted

Bank of Punjab	48,992	AA-	PACRA
Askari Bank Limited	32,834	AA-	PACRA
	81,826		
	605,560		

**20.2.2** The analysis below summarizes the credit quality of the Fund's credit exposure:

Rating by rating category	2021	2020
	----- (Percentage) -----	
A-1+	1.77	100.00
A-1	98.22	-
AA+	0.01	

### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in Government securities and bank balances, while the remaining transactions are entered into with diverse credit-worthy counterparties, thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

### 20.3 Liquidity risk

Liquidity risk is a risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year, no borrowings were made by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	As at June 30, 2021			
	Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	3,093	-	-	3,093
Payable to the Trustee	64	-	-	64
Accrued expenses and other liabilities	666	-	-	666
	<u>3,823</u>	<u>-</u>	<u>-</u>	<u>3,823</u>

Particulars	As at June 30, 2020			
	Upto three months	More than three months and upto one	More than one year	Total
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	13,720	-	-	13,720
Payable to the Trustee	182	-	-	182
Dividend payable	32	-	-	32
Accrued expenses and other liabilities	1,076	-	-	1,076
	<u>15,010</u>	<u>-</u>	<u>-</u>	<u>15,010</u>

## 21 UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;
- Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

## 22 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the 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.

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), 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.

Particulars	Note	June 30, 2021						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortized cost	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>								
Pakistan Investment Bonds	22.1	785,290	-	785,290	-	785,290	-	785,290
Term Finance Certificates		50,409	-	50,409	-	50,409	-	50,409
		<u>835,699</u>	<u>-</u>	<u>835,699</u>	<u>-</u>	<u>835,699</u>	<u>-</u>	<u>835,699</u>
<b>Financial assets not measured at fair value</b>								
Bank balances	22.2	-	259,770	259,770				
Profit / mark-up receivable		-	23,771	23,771				
Deposits and other receivables		-	1,162	1,162				
		<u>-</u>	<u>284,703</u>	<u>284,703</u>				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	22.2	-	3,093	3,093				
Payable to the Trustee		-	64	64				
Accrued expenses and other liabilities		-	666	666				
		<u>-</u>	<u>3,823</u>	<u>3,823</u>				

Particulars	Note	June 30, 2020						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortized cost	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>								
Market Treasury Bills	22.1	581,032	-	581,032	-	581,032	-	581,032
Pakistan Investment Bonds		2,332,126	-	2,332,126	-	2,332,126	-	2,332,126
Term Finance Certificates		81,826	-	81,826	-	81,826	-	81,826
		<u>2,994,984</u>	<u>-</u>	<u>2,994,984</u>	<u>-</u>	<u>2,994,984</u>	<u>-</u>	<u>2,994,984</u>
<b>Financial assets not measured at fair value</b>								
Bank balances	22.2	-	523,734	523,734				
Profit / mark-up receivable		-	83,265	83,265				
Deposits and other receivables		-	1,679	1,679				
		<u>-</u>	<u>608,678</u>	<u>608,678</u>				
<b>Financial liabilities not measured at fair value</b>								
Payable to the Management Company	22.2	-	13,720	13,720				
Payable to the Trustee		-	182	182				
Dividend payable		-	32	32				
Accrued expenses and other liabilities		-	1,076	1,076				
		<u>-</u>	<u>1,017,541</u>	<u>15,010</u>				



**22.1 Valuation techniques**

For level 2 investments at fair value through profit or loss - investment in respect of Treasury Bills, and Pakistan Investment Bonds, Fund uses the rates which are derived from PKRV and PKFRV rates at reporting date per certificate multiplied by the number of certificates held as at year end and for investment in respect of Term Finance Certificates, Fund uses the rates prescribed by MUFAP.

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

**22.3 Transfers during the year**

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

**23 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

**Top ten brokers during the year ended June 30, 2021**

- 1 Optimus Markets (Private) Ltd
- 2 Pearl Securities Limited
- 3 Invest One Markets Ltd
- 4 JS Global Capital Limited
- 5 C & M Management (Private) Ltd
- 6 Arif Habib Limited
- 7 Vector Capital (Private) Ltd
- 8 Magenta Capital (Private) Ltd
- 9 Currency Market Associates (Private) Ltd
- 10 BIPL Securities Limited

**Top ten brokers during the year ended June 30, 2020**

- 1 Invest One Markets Limited
- 2 Bright Capital (Private) Limited
- 3 Optimus Markets (Private) Limited
- 4 Pearl Securities Limited
- 5 Arif Habib Limited
- 6 Paramount Capital (Private) Limited
- 7 Vector Capital (Private) Limited
- 8 Magenta Capital (Private) Limited
- 9 JS Global Capital Limited
- 10 Next Capital Limited

**24 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the Investment Committee of the Fund as on June 30, 2021 are as follows:

S. no.	Name	Designation	Qualifications	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	Bsc	22+
2	Muhammad Wamiq Sakrani	Head of Fixed Income	MBA	11+
3	Raza Inam	Acting Head of Research	Bsc (Hons), CFA	8+
4	Karim Khawaja	Head of Risk	MBA, CMA	18+

**25 PATTERN OF UNITHOLDING**

Category	----- As at June 30, 2021 -----			
	No. of unit holders	Number of units held	Investment amount	Percentage
	Rupees in '000			
Individuals	870	8,006,927	901,081	84.13%
Retirement Funds	9	388,481	43,719	4.08%
Trust	3	95,016	10,693	1.00%
Other Corporate	5	1,026,525	115,523	10.79%
	887	9,516,949	1,071,016	100.00%

Category	----- As at June 30, 2020 -----			
	No. of unit holders	Number of units held	Investment amount	Percentage
	Rupees in '000			
Individuals	1338	24,096,532	2,705,426	77.10%
Insurance Companies	1	222,809	25,016	0.71%
Retirement Funds	14	734,383	82,452	2.35%
Trust	10	4,766,774	535,187	15.25%
Other Corporate	9	1,432,247	160,805	4.58%
	1,372	31,252,745	3,508,886	100%

**26 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

Seven meetings of the Board of Directors were held on July 28 & 29, 2020, August 27, 2020, September 30, 2020, October 12, 2020, October 29, 2020, February 10, 2021 and April 30, 2021 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Mir Adil Rashid	7	7	-	-
2	Ms. Ava A. Cowasjee	7	7	-	-
3	Mr. Rayomond H. Kotwal	7	7	-	-
4	Mr. Rizwan Haider *	2	2	-	-
5	Mr. Shabbir Hussain Hashmi	7	7	-	-
6	Mr. Shahid Ghaffar	7	7	-	-
7	Mr. Muhammad Afaq Khan **	6	6	-	-
8	Mr .Abrar Ahmed Mir **	6	6	-	-
9	Mr .Tariq Masaud ***	4	4	-	-

\* Resigned on September 18, 2020.

\*\* Appointed on July 29, 2020.

\*\*\* Appointed on September 22, 2020.

**27 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 year ended June 30, 2021 is 2.30% (2020: 2.55%) which includes 0.28% (2020: 0.50%) representing Government levy and SECP fee.

**28 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 26, 2021 by the Board of Directors of the Management Company.

**29 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

**30 GENERAL**

**30.1** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

**30.2** 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 year ended June 30, 2021 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 / government 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.

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** Stock Fund

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL</b> Stock Fund
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited
<b>NAME OF AUDITORS</b>	Yousuf Adil, Chartered Accountants.
<b>NAME OF BANKERS</b>	Habib Bank Limited Allied Bank Limited MCB Bank Limited JS Bank Limited

**Type and Category of Fund**

**Open end Equity Fund**

**Investment Objective and Accomplishment of Objective**

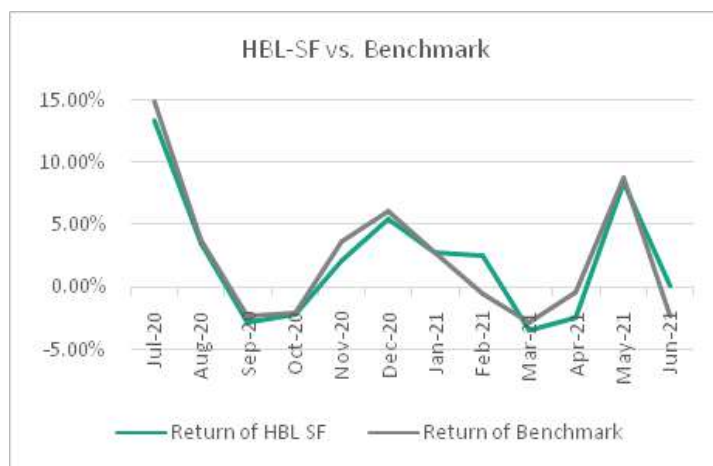
The investment objective of the Fund is to provide long term capital growth by investing primarily in a diversified pool of equities and equity related instruments. The objective of the Fund has been achieved.

**Benchmark and Performance Comparison with Benchmark**

KSE30 (Total Return) Index

The comparison of the fund return with benchmark is given below:

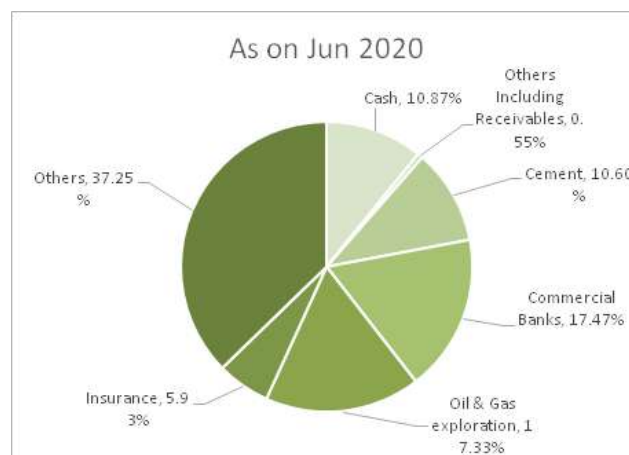
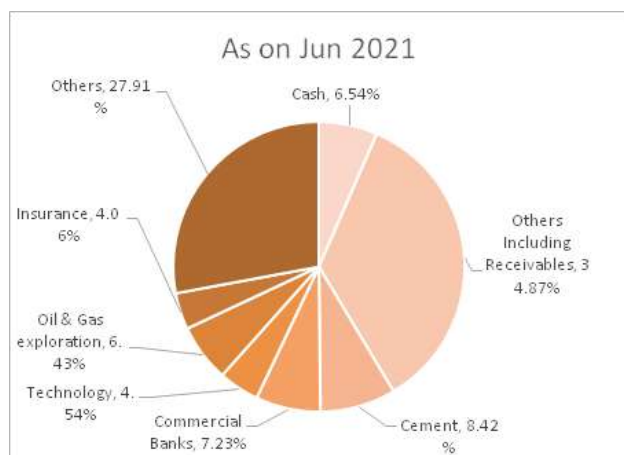
Month	Return of Fund	
	HBL-SF	Benchmark
Jun-21	0.12%	-2.31%
May-21	8.46%	8.78%
Apr-21	-2.45%	-0.36%
Mar-21	-3.44%	-2.80%
Feb-21	2.56%	-0.56%
Jan-21	2.74%	2.74%
Dec-20	5.49%	6.09%
Nov-20	2.19%	3.70%
Oct-20	-2.15%	-2.05%
Sep-20	-2.78%	-2.28%
Aug-20	3.61%	3.78%
Jul-20	13.37%	14.85%



**Strategies and Policies employed during the Year**

During the year under review, the Fund decreased its exposure in equity from 89% of total assets as on June 30, 2020 to 59% of total assets as on June 30, 2021. Furthermore, sector wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. However, due to a substantial redemption, exposures were reduced in all sectors.

**Allocation**



## Significant Changes in Asset Allocation during the Year

Following table shows comparison of sector wise allocation of equity investments of Fund as on June 30, 2021 and June 30, 2020:

Sector Name	As on Jun 2021	As on Jun 2020
Cash	6.54%	10.87%
Others Including Receivables	34.87%	0.55%
Cement	8.42%	10.60%
Commercial Banks	7.23%	17.47%
Technology	4.54%	0.00%
Oil & Gas exploration	6.43%	17.33%
Insurance	4.06%	5.93%
Others	27.9%	37.3%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Fund Performance

The total income and net income of the Fund was Rs. 586.35 million and Rs. 483.53 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs112.1020 per unit as on June 30, 2021 as compared to Rs86.3419 per unit as on June 30, 2020, thereby giving a return of 29.83%. During the same year the benchmark KSE 30 index yielded a return of 36.49%. The size of Fund was Rs0.95 billion as on June 30, 2021 as compared to Rs. 1.84 billion at the start of the year.

## Market Review

The market sustained its bullish momentum in FY21 as the KSE-100 index recorded 12,934 points increase (+37.6%) during the period to close at 47,356 points. The stellar performance of the index can be attributed to 1) relative 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 strengthening currency and better current account position.

During the period construction linked industries (Cement, Steel, and Glass) rallied on the back of the monetary easing done by the SBP and government focus on construction sector. Technology sector also remained in limelight due to increasing focus on technology post Covid-19 pandemic. Banking Sector also rallied due to attractive valuations. On the flows side, foreigners were the net sellers during FY21 and sold shares of worth USD 387mn, compared to net selling of USD 285mn during same period last year.

Pakistan equities are likely to continue the positive momentum due to cheaper valuation (trading at a Forward P/E of 6.1x against peer average 15.7x) and improvement in the macroeconomic landscape. Market participants would closely follow trend of coronavirus cases and the ensuring macro numbers. Cyclical sectors (Cement, Steel) are expected to continue their rally due to Government's push towards Naya Pakistan Housing Scheme. Textile sector is also expected to garner investors' attention due to huge export potential. Technology sector would also remain in limelight due to rerating of the sector due to improved earnings outlook. We will maintain our strategic focus towards "bottom-up" approach and align exposure towards stocks with strong earnings potential.

## Distribution

The Board of Directors approved NIL distribution to the unit holders for the year ended June 30, 2021.

## Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.



### Breakdown of Unit Holding by Size

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	106	4,953
101 – 500	72	19,932
501 – 1,000	30	24,002
1,001 – 10,000	99	348,602
10,001 – 100,000	55	1,437,740
100,001 – 500,000	3	362,235
500,001 – 1,000,000	1	552,702
1,000,001 – 5,000,000	2	5,736,251
5,000,001 and above	-	-
<b>Total</b>	<b>368</b>	<b>8,486,417</b>

#### Unit Splits

There were no unit splits during the year.

#### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

#### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –**  
**HBL STOCK FUND**  
*As at June 30, 2021*

	2021	2020	2019	2018	2017	2016
Net assets at the period end (Rs'000)	951,345	1,840,743	2,146,517	5,958,370	6,354,672	4,519,241
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	112.1020	86.3419	89.7221	107.0620	121.4498	103.6764
Offer	115.2689	88.7811	92.2567	110.0865	124.8822	107.1039
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	117.1157	116.9356	114.7399	124.9877	149.3050	112.7096
Lowest offer price per unit	90.2495	72.4474	90.1337	98.8279	107.4647	92.6803
Highest redemption price per unit	113.8981	113.7229	111.5876	121.5538	145.2030	109.1027
Lowest redemption price per unit	87.7700	70.4570	87.6574	96.1127	104.5122	89.7143
<b>RETURN ( % )</b>						
Total return	29.83%	-3.77%	-16.20%	-11.85%	23.89%	2.43%
Income distribution	0.00%	0.00%	0.00%	0.00%	7.00%	1.50%
Capital growth	29.83%	-3.77%	-16.20%	-11.85%	16.89%	0.93%
<b>DISTRIBUTION</b>						
Final dividend distribution (Rs)	-	-	-	-	7.00	1.50
Date of Income Distribution	-	-	-	-	20-Jun-17	27-Jun-16
Total dividend distribution for the year/ period (Rs)	-	-	-	-	7.00	1.50
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	29.83%	-3.77%	-16.20%	-11.85%	23.89%	2.43%
Average annual return 2 year	11.77%	-10.20%	-14.05%	4.51%	12.67%	-
Average annual return 3 year	1.54%	-10.75%	-2.91%	3.82%	11.15%	-
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	7%	11%	11%	10%	8%	1%
Stock / Equities	59%	89%	88%	89%	87%	95%
Placement with Banks and DFIs	0%	0%	0%	0%	0%	4%
Others Including Receivables	35%	1%	2%	1%	6%	0%

**Note:**

The Launch date of the Fund is August 31, 2007

**Disclaimer:**

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

# PROXY VOTING DISCLOSURE

## Summary of Actual Proxy voted by CIS

HBL SF	Meetings	Resolutions	For	Against
Number	7	16	16	-
(%ages)		100%	100%	-

(h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Adamjee Insurance Co Ltd		(26-4-21) (16-3-21)
AGP Limited	(26-04-202)	(02/04/2021)(09-06-2021)
Aisha Steel Mills Ltd	28-10-20	
Amreli Steels Limited	27-10-20	06-05-21
Attock Cement Pakistan Ltd	22-10-20	
Attock Refinery Ltd	19-10-20	
Avanceon Limited	26-05-21	12-01-21
Azgard Nine Ltd	28-10-20	03-04-21
Bank Al-Falah Ltd	09-03-21	27-05-21
Bank Al-Habib Limited	25-03-21	
Bank of Punjab Ltd	30-03-21	
BankIslami Pakistan Limited	30-03-21	11-02-21
Cherat Cement Company Ltd.	27-10-20	
Clover Pakistan Limited	20-01-2021	05-05-21
D G Khan Cement Co.Ltd.	28-10-20	
Engro Corporation Ltd	26-04-21	
Engro Fertilizers Limited	30-03-21	
Engro Polymer & Chemicals Ltd	08-04-21	
Fauji Fertilizer Bin Qasim Ltd	29-03-21	(09/09/2020)(25-11-2020)
Fauji Fertilizer Co Ltd	18-03-21	06-11-20
Fauji Foods Limited	25-03-21	
Faysal Bank Limited	29-03-21	
General Tyre & Rubber Co of Pakistan Ltd	28-10-20	20-08-20
GlaxoSmithKline Pakistan Ltd	27-04-21	
Gul Ahmed Textile Mills Ltd	28-10-20	29-06-21
Habib Bank Ltd	26-03-21	
Hascol Petroleum Ltd	11-08-20	(08/09/2020)(23-02-2021)
Highnoon Laboratories Limited	27-04-21	
Hub Power Company Ltd	24-09-20	
IGI Holdings Limited	29-04-21	
IGI LIFE INSURANCE LIMITED	28-04-21	
Interloop Limited	15-10-20	10-12-20
International Industries Ltd	30-09-20	
International Steels Limited	29-09-20	
K-Electric Limited	26-11-20	
Kohat Cement Ltd	28-10-20	
Lucky Cement Ltd	29-09-20	
Maple Leaf Cement Factory Ltd	27-10-20	
Mari Petroleum Company Ltd	29-09-20	24-06-21
MCB Bank Ltd	27-03-21	
Mughal Iron & Steel Inds Ltd	28-10-20	19-04-21
National Bank of Pakistan Ltd	29-03-21	27-07-2020
National Refinery Ltd	22-10-20	
Netsol Technologies	23-10-20	
Nimir Resins Limited	21-10-20	10-06-21
Nishat (Chunian) Ltd		16-04-21
Nishat Mills Ltd	28-10-20	15-12-20
Oil & Gas Development Co Ltd	28-10-20	17-03-21
Pak Elektron Ltd	29-04-21	
Pak Suzuki Motor Company Limited	22-04-21	29-01-2021
Pakistan National Shipping Corp Ltd	26-10-20	
Pakistan Oilfields Ltd	19-10-20	
Pakistan Petroleum Ltd	26-10-20	23-12-20
Pakistan State Oil Company Ltd	21-10-20	
Pioneer Cement Limited	28-10-20	
Sitara Chemical Industries Limited	26-10-20	
Standard Chartered Bank (Pakistan) Ltd	29-03-21	
Sui Northern Gas Pipeline Ltd	15-08-20	
Systems Limited	31-03-2021	03-12-20
Tariq Glass Industries Ltd		02-09-20
Thal Limited	22-10-20	
The Organic Meat Company Limited	27-10-20	
The Searle Company Ltd	28-10-20	28-06-21
TPL Insurance Limited	22-04-21	21-12-20
TPL Properties Ltd	27-10-20	
TPL Trakker Limited	26-10-20	
TRG Pakistan Ltd	27-11-20	
United Bank Limited	31-03-21	
Unity Foods Limited	23-10-20	22-03-21
Waves Singer Pakistan Limited	(23-04-2021)	(11/08/2020)(09-09-2020)
WorldCall Telecom Ltd	30-07-20	

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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S.M.C.H.S., Main Shahra-e-Faisal  
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Fax: (92-21) 34326021 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL STOCK FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Stock Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 17, 2021

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## INDEPENDENT AUDITOR'S REPORT

To the unit holders of HBL Stock Fund

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Stock Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and HBL Asset Management Limited (the Management Company) in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investment</b></p> <p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent a significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in listed equity securities; which is the main driver of the Fund's performance.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> <li>obtained understanding of relevant controls placed by the Management Company applicable to the balance;</li> <li>independently verified existence of investments from the Central Deposit Company (CDC) account statement;</li> </ul>



S. No.	Key audit matter	How the matter was addressed in our audit
	Considering the above factors the valuation and existence are significant areas during our audit due to which we have considered this as a Key Audit Matter.	<ul style="list-style-type: none"> <li>independently tested the valuations directly with the prices quoted on Pakistan Stock Exchange Limited (PSX);</li> <li>performed test of details on sale and purchase of investments on a sample basis; and</li> <li>any differences identified during our testing that were over our acceptable threshold were investigated further.</li> </ul>

#### Information other than the financial statements and auditor's report thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management Company and Board of Directors for the financial statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company are responsible for overseeing the Fund's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance of Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

  
Chartered Accountants

Place: Karachi

Dated: September 27, 2021

**HBL Stock Fund**  
**Statement of Assets and Liabilities**  
*As at June 30, 2021*

	Note	2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
<b>ASSETS</b>			
Bank balances	5	102,568	209,661
Investments	6	919,590	1,708,222
Dividend receivable and accrued mark-up	7	3,623	2,587
Receivable against sale of investments		532,832	5,415
Advances and deposits	8	10,451	2,992
<b>Total assets</b>		<b>1,569,064</b>	<b>1,928,877</b>
<b>LIABILITIES</b>			
Payable to the Management Company	9	7,655	8,994
Payable to the Trustee	10	228	263
Payable to Securities and Exchange Commission of Pakistan	11	400	417
Payable against purchase of investments		23,548	4,106
Accrued expenses and other liabilities	12	585,888	74,353
<b>Total liabilities</b>		<b>617,719</b>	<b>88,133</b>
<b>NET ASSETS</b>		<b>951,345</b>	<b>1,840,744</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>951,345</b>	<b>1,840,744</b>
<b>Contingencies and commitments</b>	13	----- Number of units -----	
<b>Number of units in issue</b>	17	<b>8,486,417</b>	<b>21,319,246</b>
<b>Net assets value per unit</b>	4.6	<b>112.1020</b>	<b>86.3419</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

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

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

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



	Note	2021 ----- Rupees in '000 -----	2020 -----
<b>INCOME</b>			
Dividend income		87,193	97,133
Mark-up on bank deposits	5.1	8,788	27,395
Mark-up on government securities		-	281
Net gain on sale of investments		410,730	13,513
Net unrealised gain / (loss) on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	6.2	79,637	(131,531)
		<b>586,348</b>	6,791
<b>EXPENSES</b>			
Remuneration of the Management Company	9.1 & 9.2	45,201	46,167
Remuneration of the Trustee	10.1 & 10.2	3,390	3,491
Annual fee to Securities and Exchange Commission of Pakistan	11	400	417
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	11,000	6,471
Selling and marketing expenses	9.3	21,001	17,191
Securities transaction costs		9,217	6,469
Auditors' remuneration	14	638	638
Settlement and bank charges		842	963
Fee and subscription		1,258	868
		<b>92,947</b>	82,675
<b>Net income / (loss) from operating activities</b>		<b>493,401</b>	(75,884)
Provision for Sindh Workers' Welfare Fund	12.2	(9,868)	-
<b>Net income / (loss) for the year before taxation</b>		<b>483,533</b>	(75,884)
Taxation	15	-	-
<b>Net income / (loss) for the year after taxation</b>		<b>483,533</b>	(75,884)
<b>Allocation of income for the year</b>			
Net income for the year after taxation		483,533	-
Income already paid on redemption of units		(285,849)	-
		197,684	-
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		197,684	-
- Excluding capital gains		-	-
		197,684	-
		483,533	-
<b>Earnings per unit</b>	16		

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Stock Fund**  
**Statement of Comprehensive Income**  
*For the year ended June 30, 2021*

	2021	2020
	----- Rupees in '000 -----	
<b>Net income / (loss) for the year after taxation</b>	<b>483,533</b>	<b>(75,884)</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b>483,533</b>	<b>(75,884)</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

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

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

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

**HBL Stock Fund**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2021

	2021			2020		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
----- Rupees in '000 -----						
<b>Net assets at beginning of the year</b>	2,925,074	(1,084,330)	1,840,744	3,154,963	(1,008,446)	2,146,517
Issuance of 6,229,003 units (2020: 10,299,192 units)						
- Capital value	537,824	-	537,824	924,065	-	924,065
- Element of income	102,959	-	102,959	37,513	-	37,513
Total proceeds on issuance of units	640,783	-	640,783	961,578	-	961,578
Redemption of 19,061,833 units (2020: 12,904,008 units)						
- Capital value	(1,645,835)	-	(1,645,835)	(1,157,775)	-	(1,157,775)
- Element of income	(82,031)	(285,849)	(367,880)	(33,692)	-	(33,692)
Total payment on redemption of units	(1,727,866)	(285,849)	(2,013,715)	(1,191,467)	-	(1,191,467)
Total comprehensive income / (loss) for the year	-	483,533	483,533	-	(75,884)	(75,884)
<b>Net assets at end of the year</b>	1,837,990	(886,646)	951,345	2,925,074	(1,084,330)	1,840,744
<b>Accumulated loss brought forward comprising of:</b>						
- Realised		(952,799)			(1,008,446)	
- Unrealised		(131,531)			-	
		(1,084,330)			(1,008,446)	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		197,684			-	
- Excluding capital gains		-			-	
		197,684			-	
Total comprehensive loss for the year		-			(75,884)	
<b>Accumulated loss carried forward</b>		(886,646)			(1,084,330)	
<b>Accumulated loss carried forward comprising of:</b>						
- Realised		(966,283)			(952,799)	
- Unrealised		79,637			(131,531)	
		(886,646)			(1,084,330)	
			----Rupees----			----Rupees----
<b>Net assets value per unit at beginning of the year</b>			86.3419			89.7221
<b>Net assets value per unit at end of the year</b>			112.1020			86.3419

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

	2021	2020
Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the year before taxation	483,533	(75,884)
<b>Adjustments for:</b>		
Mark-up on bank deposits	(8,788)	(27,395)
Dividend income	(87,193)	(97,133)
Mark-up on government securities	-	(281)
Net gain on sale of investments	(410,730)	(13,513)
Net unrealised (gain) / loss on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	(79,637)	131,531
Provision for Sindh Workers' Welfare Fund	9,868	-
	<u>(92,947)</u>	<u>(82,675)</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	1,278,999	140,918
Advances and deposits	(7,459)	37
Receivable against sale of investments	(527,417)	30,607
	<u>744,123</u>	<u>171,562</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(1,339)	1,870
Payable to the Trustee	(35)	(39)
Payable to Securities and Exchange Commission of Pakistan	(17)	(3,764)
Payable against purchase of investments	19,442	(9,497)
Accrued expenses and other liabilities	501,667	(503)
	<u>519,718</u>	<u>(11,933)</u>
	<u>1,170,894</u>	<u>76,954</u>
Mark-up received on bank deposits	9,549	28,924
Dividend received	85,396	97,356
Mark-up received on government securities	-	281
	<u>1,265,839</u>	<u>203,515</u>
<b>Net cash generated from operating activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issuance of units	640,783	961,578
Payments against redemption of units	(2,013,715)	(1,191,467)
<b>Net cash used in financing activities</b>	<u>(1,372,932)</u>	<u>(229,889)</u>
<b>Net decrease in cash and cash equivalents during the year</b>	<u>(107,093)</u>	<u>(26,374)</u>
Cash and cash equivalents at beginning of the year	<u>209,661</u>	<u>236,034</u>
<b>Cash and cash equivalents at end of the year</b>	<u>102,568</u>	<u>209,661</u>

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The annexed notes from 1 to 29 form an integral part of these financial statements.

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

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

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

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

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

HBL Stock Fund 'the Fund' was established under a Trust Deed, dated August 09, 2007, executed between HBL Asset Management Limited (the Management Company) and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on August 21, 2007.

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 is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from August 29, 2007 to August 31, 2007.

The principal activity of the Fund is to provide long-term capital growth by investing primarily in a diversified pool of equities and equities related instruments.

JCR-VIS Credit Rating Agency has assigned an asset manager rating of 'AM2++' (stable outlook) 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.

### **Covid Impact**

The coronavirus (COVID-19) outbreak situation emerged last year in March 2020, has caused governments around the world to implement measures to help control its spread, including, smart lock-downs, travel bans, quarantines, social-distancing closures or reduced operations for non-essential businesses, governmental agencies, schools and other institutions and vaccination.

General economic activities in Pakistan was although affected but continued since then. Stock markets and financial institutions remained open throughout the year. Activities of the Fund were operation during the year as staff of the Management Company were working without any disruption either from office or online remotely.

The management of the Fund is closely monitoring the situation, and there has not been any material adverse impact on fiscal and economic fronts facing the country and therefore not materially affected the financial performance of the Fund.

## **2. BASIS OF PREPARATION**

### **2.1 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; 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, 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, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.1** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2020.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

**2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All amounts have been rounded off to the nearest of thousand, unless otherwise indicated.

**2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (i) Classification and valuation of financial assets (note 4.2)
- (i) Provisions (note 4.4)

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS**

- 3.1** New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Interest rate benchmark - phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Accounting policies set out below have been applied consistently to all the periods presented in these financial statements.

##### **4.1 Cash and cash equivalents**

Cash comprises current and saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

## **4.2 Financial assets and liabilities**

### **4.2.1 Initial recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

### **4.2.2 Classification and measurement**

#### **4.2.2.1 Financial assets**

There are three principal classification categories for financial assets:

- Measured at amortized cost (“AC”),
- Fair value through other comprehensive income (“FVTOCI”) and
- Fair value through profit or loss (“FVTPL”).

Financial asset at amortised cost

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

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

#### **Financial asset at FVTOCI**

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL

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

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

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.



#### **Financial asset at FVTPL**

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

#### **4.2.3 Business model assessment**

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

#### **4.2.2.2 Financial liabilities**

The Company classifies its financial liabilities in the following categories:

- Measured at amortized cost ("AC"), or
- Fair value through profit or loss ("FVTPL").

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

#### **4.2.3 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

#### **4.2.4 Impairment of financial assets**

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. IFRS 9, the Fund is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

#### **4.2.5 Fair value measurement principles and provision**

The fair value of financial instruments is determined as follows:

Basis of valuation of equity securities

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

Basis of valuation of instruments at amortised cost

Subsequent to initial recognition, financial instruments classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial instruments carried at amortised cost are derecognised or impaired, and through the amortisation process.

#### **4.2.6 Derecognition**

##### **Financial assets**

The Fund derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

##### **Financial liabilities**

The Fund derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired.

#### **4.2.7 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.3 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.4 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.5 Taxation**

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders (excluding distribution made by issuance of bonus units).

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.6 Net assets value per unit**

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in issue at the year end.

#### **4.7 Distribution to the unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

#### **4.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

An equalisation account called the element of income / (loss) included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the fund.

#### **4.9 Revenue recognition**

- Gain / (loss) arising on sale of investments are included in the 'income statement' on the date at which the sale transaction takes place.
- Unrealised gain / (loss) arising on remeasurement of investments classified as financial assets 'at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.
- Dividend income is recognized when the right to receive the dividend is established.

- Mark up / return on bank balances and government securities are recognised at effective profit rates based on a time proportion basis using the effective interest method.

#### 4.10 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP, and selling and marketing expense) are recognised in the 'income statement' on an accrual basis.

	Note	2021 ----- Rupees in '000 -----	2020
<b>5. BANK BALANCES</b>			
Savings accounts	5.1	102,550	209,637
Current account		18	24
		<u>102,568</u>	<u>209,661</u>

- 5.1 This includes balances of Rs. 66.714 million (2020: 57.932 million) with Habib Bank Limited (a related party). These accounts carry mark-up at the rates of 5% (2020: 6.56%) per annum. Other PLS accounts of the Fund carry profit at the rates of 5% to 7.4% (2020: 6.31% to 14.05%) per annum.

	Note	2021 ----- Rupees in '000 -----	2020
<b>6. INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
- Listed equity securities	6.1	<u>919,590</u>	<u>1,708,222</u>

#### 6.1 Listed equity securities

Sectors / Name of the investee companies	----- Number of shares -----					Market value as at June 30, 2021 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2020	Acquired during the year	Bonus / rights issue during the year	Disposed during the year	As at June 30, 2021		Total investments	Net assets	
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise									
<b>TEXTILE COMPOSITE</b>									
Nishat Mills Limited	445,200	65,000	-	510,200	-	-	-	-	-
Nishat (Chunian) Limited	-	773,000	-	583,000	190,000	9,555	1.04%	1.00%	0.08%
Gul Ahmed Textile Mills Limited	913,500	99,000	57,300	790,000	279,800	14,194	1.54%	1.49%	0.05%
Azgard Nine Limited	-	2,645,000	-	1,751,000	894,000	30,298	3.29%	3.18%	0.18%
Interloop Limited	425,250	43,000	-	330,000	138,250	9,682	1.05%	1.02%	0.02%
	<u>1,783,950</u>	<u>3,625,000</u>	<u>57,300</u>	<u>3,964,200</u>	<u>1,502,050</u>	<u>63,729</u>			
<b>CEMENT</b>									
Attock Cement Pakistan Limited	-	374,000	-	165,000	209,000	37,582	4.09%	3.95%	0.15%
Cherat Cement Company Limited	314,000	1,500	-	263,000	52,500	9,312	1.01%	0.98%	0.03%
D G Khan Cement Company Limited	-	545,400	-	472,500	72,900	8,596	0.93%	0.90%	0.02%
Kohat Cement Limited	189,000	2,000	-	149,600	41,400	8,549	0.93%	0.90%	0.02%
Lucky Cement Limited (note 6.1.1)	266,150	9,000	-	213,000	62,150	53,663	5.84%	5.64%	0.02%
Maple Leaf Cement Factory Limited	1,083,000	75,000	-	1,009,000	149,000	7,000	0.76%	0.74%	0.01%
Pioneer Cement Limited	-	266,000	-	209,500	56,500	7,405	0.81%	0.78%	0.02%
Fauji Cement Company Limited	-	200,000	-	200,000	-	-	-	-	-
	<u>1,852,150</u>	<u>1,472,900</u>	<u>-</u>	<u>2,681,600</u>	<u>643,450</u>	<u>132,107</u>			
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Limited (note 6.1.1)	1,134,863	58,500	-	780,805	412,558	32,868	3.57%	3.45%	0.03%
K-Electric Limited (Par value Rs. 3.5 / share)	4,393,000	-	-	4,393,000	-	-	-	-	-
	<u>5,527,863</u>	<u>58,500</u>	<u>-</u>	<u>5,173,805</u>	<u>412,558</u>	<u>32,868</u>			
<b>ENGINEERING</b>									
Agha Steel Industry Limited	-	556,000	-	268,000	288,000	9,714	1.06%	1.02%	0.05%
Aisha Steel Mills Limited	-	3,000,000	-	2,421,000	579,000	14,423	1.57%	1.52%	0.08%
Amreli Steels Limited	-	226,000	-	116,000	110,000	4,778	0.52%	0.50%	0.04%
International Industries Limited	92,600	73,500	-	120,600	45,500	9,601	1.04%	1.01%	0.03%
International Steels Limited	387,000	540,000	-	773,599	153,401	14,329	1.56%	1.51%	0.04%
Mughal Iron & Steel Industries Limited (note 6.1.1)	18,165	377,120	-	305,000	90,285	9,426	1.02%	0.99%	0.03%
Mughal Iron & Steel Industries Limited LOR	-	48,026	-	48,026	-	-	-	-	-
	<u>497,765</u>	<u>4,820,646</u>	<u>-</u>	<u>4,052,225</u>	<u>1,266,186</u>	<u>62,271</u>			

# HBL Stock Fund

## Notes to the financial statements

For the year ended June 30, 2021

Sectors / Name of the investee companies	Number of shares					Market value as at June 30, 2021 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2020	Acquired during the year	Bonus / rights issue during the year	Disposed during the year	As at June 30, 2021		Total investments	Net assets	
<b>AUTOMOBILE ASSEMBLER</b>									
Honda Atlas Cars (Pakistan) Limited	-	66,500	-	66,500	-	-	-	-	-
Indus Motor Company Limited	-	9,500	-	9,500	-	-	-	-	-
Millat Tractors Limited	-	10,000	-	10,000	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	153,500	-	132,400	21,100	7,500	0.82%	0.79%	0.03%
Sazgar Engineering Works Limited	-	25,000	-	25,000	-	-	-	-	-
	-	<b>264,500</b>	-	<b>243,400</b>	<b>21,100</b>	<b>7,500</b>			
<b>TRANSPORT</b>									
Pakistan National Shipping Corporation Limited	<b>136,500</b>	-	-	<b>136,500</b>	-	-	-	-	-
<b>PHARMACEUTICALS</b>									
The Searle Company Limited	96,181	-	-	88,848	7,333	1,779	0.19%	0.19%	0.0031%
The Searle Company Limited - LOR	-	3,880	-	3,880	-	-	-	-	-
GlaxoSmithKline Pakistan Limited	129,900	-	-	129,900	-	-	-	-	-
AGP Limited	219,500	128,000	-	347,500	-	-	-	-	-
Ferozsons Laboratories Limited	-	43,000	2,600	45,600	-	-	-	-	-
Highnoon Laboratories Limited	79,750	500	-	80,250	-	-	-	-	-
	<b>525,331</b>	<b>175,380</b>	<b>2,600</b>	<b>695,978</b>	<b>7,333</b>	<b>1,779</b>			
<b>GLASS &amp; CERAMICS</b>									
Tariq Glass Industries Limited	<b>126,000</b>	<b>238,000</b>	<b>50,250</b>	<b>414,250</b>	-	-	-	-	-
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited (note 6.1.1)	99,489	-	-	82,420	17,069	26,020	2.83%	2.74%	0.01%
Oil & Gas Development Company Limited (note 6.1.1)	1,201,800	100,000	-	958,500	343,300	32,624	3.55%	3.43%	0.01%
Pakistan Oilfields Limited	26,000	27,500	-	35,500	18,000	7,089	0.77%	0.75%	0.01%
Pakistan Petroleum Limited (note 6.1.1)	820,374	285,145	-	700,000	405,519	35,211	3.83%	3.70%	0.01%
	<b>2,147,663</b>	<b>412,645</b>	-	<b>1,776,420</b>	<b>783,888</b>	<b>100,944</b>			
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Pakistan State Oil Company Limited (note 6.1.1)	358,241	87,500	-	307,000	138,741	31,113	3.38%	3.27%	0.03%
Sui Northern Gas Pipeline Limited	820,400	-	-	820,400	-	-	-	-	-
Hascol Petroleum Limited	200,000	600,000	-	800,000	-	-	-	-	-
	<b>1,378,641</b>	<b>687,500</b>	-	<b>1,927,400</b>	<b>138,741</b>	<b>31,113</b>			
<b>COMMERCIAL BANKS</b>									
Faysal Bank Limited	26,018	-	-	-	26,018	442	0.05%	0.05%	0.00%
Habib Bank Limited (note 6.1.1)	400,419	329,000	-	620,915	108,504	13,278	1.44%	1.40%	0.01%
MCB Bank Limited (note 6.1.1)	270,200	87,220	-	248,456	108,964	17,416	1.89%	1.83%	0.01%
Standard Chartered Bank (Pakistan) Limited	278,500	2,323,500	-	1,500,000	1,102,000	37,336	4.06%	3.92%	0.03%
United Bank Limited (note 6.1.1)	550,900	986,210	-	1,169,895	367,215	44,874	4.88%	4.72%	0.03%
Bank of Punjab Limited	6,249,500	-	-	6,249,500	-	-	-	-	-
National Bank of Pakistan Limited	878,000	85,000	-	963,000	-	-	-	-	-
Bank Al-Falah Limited (note 6.1.1)	2,607,980	-	-	2,607,980	-	-	-	-	-
Bank Al-Habib Limited	345,604	-	-	345,604	-	-	-	-	-
BankIslami Pakistan Limited	918,500	-	-	918,500	-	-	-	-	-
	<b>12,525,621</b>	<b>3,810,930</b>	-	<b>14,623,850</b>	<b>1,712,701</b>	<b>113,344</b>			
<b>FERTILIZER</b>									
Engro Corporationation Limited (note 6.1.1)	322,450	255,000	-	480,950	96,500	28,430	3.09%	2.99%	0.0025%
Fauji Fertilizer Bin Qasim Limited	-	1,485,500	-	1,142,500	343,000	9,059	0.99%	0.95%	0.03%
Engro Fertilizers Limited (note 6.1.1)	460,568	12,000	-	472,568	-	-	-	-	-
Fauji Fertilizer Company Limited	515,000	396,500	-	778,716	132,784	14,088	1.53%	1.48%	0.01%
	<b>1,298,018</b>	<b>2,149,000</b>	-	<b>2,874,734</b>	<b>572,284</b>	<b>51,577</b>			
<b>LEATHER AND TANNERIES</b>									
Service Industries Limited	-	12,200	-	12,200	-	-	0.00%	0.00%	0.0000%
<b>CHEMICAL</b>									
Nimir Resins Limited (Par value Rs. 5 / share)	-	1,003,500	-	270,000	733,500	14,780	1.61%	1.55%	0.66%
Lotte Chemical Pakistan Limited	-	720,000	-	720,000	-	-	-	-	-
ICI Pakistan Limited	-	14,000	-	14,000	-	-	-	-	-
Ghani Global Holdings Limited	-	742,000	-	742,000	-	-	-	-	-
Engro Polymer & Chemicals Limited	1,236,079	244,000	-	1,480,079	-	-	-	-	-
Sitara Peroxide Limited	-	456,000	-	456,000	-	-	-	-	-
Sitara Chemical Industries Limited	105,700	3,000	-	108,700	-	-	-	-	-
	<b>1,341,779</b>	<b>3,182,500</b>	-	<b>3,790,779</b>	<b>733,500</b>	<b>14,780</b>			
<b>AUTOMOBILE PARTS &amp; ACCESSOR</b>									
General Tyre & Rubber Co of Pakistan Limited	-	608,000	-	323,000	285,000	25,032	2.72%	2.63%	0.20%
Panther Tyres Limited	-	291,811	-	150,000	141,811	9,803	1.07%	1.03%	0.10%
Thal Limited (Par value Rs. 5 / share)	143,300	-	-	143,300	-	-	-	-	-
	<b>143,300</b>	<b>899,811</b>	-	<b>616,300</b>	<b>426,811</b>	<b>34,835</b>			
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Avanceon Limited	-	385,000	-	334,000	51,000	4,676	0.51%	0.49%	0.02%
Netsol Technologies Limited	-	268,500	-	192,500	76,000	12,919	1.40%	1.36%	0.08%
Pakistan Telecommunication Company Limited	-	275,000	-	275,000	-	-	-	-	-
Systems Limited	-	33,100	-	16,000	17,100	9,580	1.04%	1.01%	0.01%
TPL Trakker Limited	-	3,128,000	-	1,400,000	1,728,000	30,257	3.29%	3.18%	0.92%
TRG Pakistan Limited	-	762,000	-	703,000	59,000	9,813	1.07%	1.03%	0.01%
WorldCall Telecom Limited	-	2,000,000	-	1,000,000	1,000,000	3,960	0.43%	0.42%	0.06%
TPL Corporation Limited	-	5,657,500	-	5,657,500	-	-	-	-	-
	-	<b>12,509,100</b>	-	<b>9,578,000</b>	<b>2,931,100</b>	<b>71,205</b>			
<b>INSURANCE</b>									
IGI Holdings Limited	407,600	63,500	-	272,000	199,100	38,538	4.19%	4.05%	0.14%
Adamjee Insurance Company Limited	791,000	-	-	791,000	-	-	-	-	-
IGI Life Insurance Limited	-	315,500	-	115,000	200,500	9,450	1.03%	0.99%	0.12%
TPL Insurance Limited	654,000	-	-	252,000	402,000	15,734	1.71%	1.65%	0.16%
	<b>1,852,600</b>	<b>379,000</b>	-	<b>1,430,000</b>	<b>801,600</b>	<b>63,722</b>			

Sectors / Name of the investee companies	Number of shares					Market value as at June 30, 2021 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2020	Acquired during the year	Bonus / rights issue during the year	Disposed during the year	As at June 30, 2021		Total investments	Net assets	
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Elektron Limited	-	1,217,000	-	814,000	403,000	14,129	1.54%	1.49%	0.08%
Waves Singer Pakistan Limited	-	1,767,000	-	1,407,000	360,000	9,814	1.07%	1.03%	0.13%
	-	<b>2,984,000</b>	-	<b>2,221,000</b>	<b>763,000</b>	<b>23,943</b>			
<b>MISCELLANEOUS</b>									
TPL Properties Limited	-	750,000	-	285,000	465,000	14,001	1.52%	1.47%	0.14%
Tri-Pack Films Limited	-	19,500	-	19,500	-	-	-	-	-
Pace (Pakistan) Limited	-	1,470,000	-	1,470,000	-	-	-	-	-
	-	<b>2,239,500</b>	-	<b>1,774,500</b>	<b>465,000</b>	<b>14,001</b>			
<b>REFINERY</b>									
Attock Refinery Limited	-	227,500	-	180,500	47,000	12,053	1.31%	1.27%	0.04%
Pakistan Refinery Limited	-	1,891,500	-	1,891,500	-	-	-	-	-
National Refinery Limited	-	266,000	-	210,000	56,000	29,299	3.19%	3.08%	0.07%
	-	<b>2,385,000</b>	-	<b>2,282,000</b>	<b>103,000</b>	<b>41,352</b>			
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>									
Clover Pakistan Limited	-	160,000	-	84,000	76,000	4,935	0.54%	0.52%	0.24%
Fauji Foods Limited	-	2,131,000	-	2,124,000	7,000	126	0.01%	0.01%	0.00%
Unity Foods Limited	-	8,741,000	-	7,974,600	766,400	34,120	3.71%	3.59%	0.08%
The Organic Meat Company Limited	-	5,663,272	-	5,137,000	526,272	19,335	2.10%	2.03%	0.37%
National Foods Limited (par value Rs. 5 / share)	-	94,000	-	94,000	-	-	-	-	-
	-	<b>16,789,272</b>	-	<b>15,413,600</b>	<b>1,375,672</b>	<b>58,517</b>			
<b>Total as at June 30, 2021</b>	<b>31,137,181</b>	<b>59,095,384</b>	<b>110,150</b>	<b>75,682,741</b>	<b>14,659,974</b>	<b>919,590</b>			
Total as at June 30, 2020	30,298,156	33,542,268	255,063	32,958,306	31,137,181	1,708,222			
Carrying value as at June 30, 2021						<b>839,953</b>			
Carrying value as at June 30, 2020						1,839,753			

**6.1.1** Investments include 410,000 shares of The Hub Power Company Limited, 57,300 shares of Lucky Cement Limited, 15,500 shares of Mari Petroleum Limited, 102,000 shares of MCB Bank Limited, 50,000 shares of Mughal Iron and Steel Industries Limited, 333,000 shares of Oil & Gas Development Company, 376,000 shares of Pakistan Petroleum Limited, 80,000 shares of Pakistan State Oil Company Limited and 300,000 shares of United Bank Limited (2020: 500,000 shares of Bank Al-falah Limited, 200,000 shares of Engro Fertilizers Limited, 260,000 shares of Engro Corporation Limited, 380,000 shares of Habib Bank Limited, 350,000 shares of The Hub Power Company Limited, 80,000 shares of Lucky Cement Limited, 35,000 shares of Mari Petroleum Company Limited and 200,000 shares of MCB Bank Limited) having market value of Rs. 32.665 million, Rs. 49.475 million, Rs. 23.628 million, Rs. 16.303 million, Rs. 5.220 million, Rs. 31.645 million, Rs. 32.648 million, Rs. 17.940 million and Rs. 36.660 million (June 30, 2020: Rs. 16.785 million, Rs. 12.056 million, Rs. 76.159 million, Rs. 36.811 million, Rs. 25.375 million, Rs. 36.926 million, Rs. 43.283 million and Rs. 32.414 million), respectively, that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

**6.1.2** Finance Act, 2014 brought amendments to the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption available to mutual funds under clause 99 of Part I and clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having fair market value of Rs. 4.903 million at June 30, 2021 (June 30, 2020: Rs. 3.10 million million) and not yet deposited on CDC account of department of Income tax. Management Company 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 Fund's investments at year end.

Further, Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 therefore, bonus shares, subsequent to this amendment, issued to the Fund were not withheld by the investee companies.

		2021	2020
		----- Rupees in '000 -----	
<b>6.2</b>	<b>Net unrealised gain / (loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>		
	Market value of investments	919,590	1,708,222
	Less: carrying value of investments before mark to market	<u>(839,953)</u>	<u>(1,839,753)</u>
		<u>79,637</u>	<u>(131,531)</u>
<b>7.</b>	<b>DIVIDEND RECEIVABLE AND ACCRUED MARK-UP</b>		
	Dividend receivable	3,161	1,364
	Accrued mark-up on bank deposits	<u>462</u>	<u>1,223</u>
		<u>3,623</u>	<u>2,587</u>
<b>8.</b>	<b>ADVANCES AND DEPOSITS</b>		
	Security deposit with:		
	- National Clearing Company of Pakistan Limited	2,500	2,500
	- Central Depository Company of Pakistan Limited	100	100
	Advance tax	511	392
	Advance against IPO subscription	8.1 7,340	-
	Advance against subscription of Term Finance Certificates (TFC)	8.2 <u>25,000</u>	<u>25,000</u>
		<u>35,451</u>	<u>27,992</u>
	Less: Provision in respect of advance against subscription of term finance certificates	27 <u>25,000</u>	<u>25,000</u>
		<u>10,451</u>	<u>2,992</u>

**8.1** This represents advance paid against the participation of the Fund in the book building process of Pakistan Aluminum Beverage Cans Limited.

**8.2** The Fund had subscribed towards the term finance certificates of Dewan Cement Limited as Pre-IPO investor on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering has been carried out by the issuer till June 30, 2021. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at June 30, 2021, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management Company.

		2021	2020
		----- Rupees in '000 -----	
<b>9.</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>		
	Remuneration of the Management Company	9.1 2,401	3,025
	Sindh Sales Tax on remuneration of the Management Company	9.2 312	393
	Sales load	12	259
	Selling and marketing expenses	9.3 4,270	4,485
	Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4 <u>660</u>	<u>832</u>
		<u>7,655</u>	<u>8,994</u>

**9.1** 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 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets of the Fund. The management fee expense charged by the asset Management Company at 2% (2020: 1.7% to 2%) during the year.

**9.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.



**9.3** SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed cap of 0.4 percent (of average net assets, calculated on daily basis), on charging of selling and marketing expenses which are charged by Asset Management Companies to all categories of open-end mutual funds (except fund of funds). The selling and marketing expenses charged by the asset Management Company at the rate 1.05% (2020: 0.4% to 1.05%) of average annual net assets of the fund.

**9.4** In accordance with Regulation 60 of the NBFC Regulations, the Management Company has charged expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). The expense charged by the asset Management Company at the rate of 0.55% (2020: 0.1% to 0.55%) of average annual net assets of the fund.

	Note	2021 ----- Rupees in '000 -----	2020
<b>10. PAYABLE TO THE TRUSTEE</b>			
Remuneration of the Trustee	10.1	202	233
Sindh Sales Tax on remuneration of the Trustee	10.2	26	30
		<b>228</b>	<b>263</b>

**10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund is as follows:

Amount of funds under management [Average Net Assets Value (NAV)]	Tariff per annum
Up to Rs. 1,000 million	0.20% per annum of NAV
Exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% of NAV, exceeding Rs. 1,000 million

**10.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

**11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

**11.1** As per SRO 685(I)/2019 dated June 28, 2019, annual fee at the rate of 0.02% (2020: 0.02%) of the net assets of the fund has been charged during the year by Securities and Exchange Commission of Pakistan.

	Note	2021 ----- Rupees in '000 -----	2020
<b>12. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Federal Excise Duty payable on Management Company's remuneration	12.1	37,838	37,838
Provision for Sindh Workers' Welfare Fund	12.2	44,249	34,381
Withholding tax payable		762	807
Auditors' remuneration		924	478
Payable to brokers		1,279	138
Redemption payable		500,000	-
Others		836	711
		<b>585,888</b>	<b>74,353</b>

**12.1** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 30, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The finance act 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ended June 30, 2021.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company has made a provision on FED on remuneration of the Management Company with effect from June 13, 2013 till June 30, 2016, aggregating to Rs. 37.838 million. Had the provision not been made, the Net Asset Value per unit as at June 30, 2021 would have been higher by Rs. 4.459 (June 30, 2020: Rs. 1.775) per unit.

**12.2** The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 44.249 million for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 5.214 (2020: Rs. 1.613) per unit.

**13. CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

**14. AUDITORS' REMUNERATION**

	2021	2020
	----- Rupees in '000 -----	
Annual audit fee	520	520
Fee for half yearly review	84	84
Out of pocket	34	34
	<u>638</u>	<u>638</u>

**15. TAXATION**

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 if it has distributed not less than 90 percent of its accounting income (excluding capital gains realised or unrealised). The Fund has not distributed any amount for the year ended June 30, 2021 being whole of the accounting income pertaining to capital gains (realised or unrealised) and therefore has not accrued and recorded taxation charge for the year. The Fund is also exempt from provision of Section 113 (minimum tax) under clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. Hence, no provision with respect to taxation has been recognized in these financial statements.

**16. EARNINGS PER UNIT**

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

**17. NUMBER OF UNITS IN ISSUE**

	2021	2020
	----- Number of units -----	
Total outstanding as of July 01	21,319,246	23,924,062
Add: Issued during the year	6,229,003	10,299,192
Less: Redeemed during the year	(19,061,833)	(12,904,008)
Total units in issue as of June 30	<u>8,486,417</u>	<u>21,319,246</u>

**18. FINANCIAL INSTRUMENTS BY CATEGORY**

	2021		
	At fair value through profit or loss	At amortised cost	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Bank balances	-	102,568	102,568
Investment - listed equity securities	919,590	-	919,590
Dividend receivable and accrued mark-up	-	3,623	3,623
Receivable against sale of investments	-	532,832	532,832
Advances and deposits	-	9,940	9,940
	<b>919,590</b>	<b>648,963</b>	<b>1,568,553</b>
<b>Financial liabilities</b>			
Payable to the Management Company	-	7,655	7,655
Payable to the Trustee	-	228	228
Payable against purchase of investments	-	23,548	23,548
Accrued expenses and other liabilities	-	503,039	503,039
Net assets attributable to redeemable unit	-	951,345	951,345
	<b>-</b>	<b>1,485,815</b>	<b>1,485,815</b>
2020			
	At fair value through profit or loss	At amortised cost	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Bank balances	-	209,661	209,661
Investment - listed equity securities	1,708,222	-	1,708,222
Dividend receivable and accrued markup	-	2,587	2,587
Receivable against sale of Investments	-	5,415	5,415
Deposits	-	2,600	2,600
	<b>1,708,222</b>	<b>220,263</b>	<b>1,928,485</b>
<b>Financial liabilities</b>			
Payable to the Management Company	-	8,994	8,994
Payable to the Trustee	-	263	263
Payable against purchase of investments	-	4,106	4,106
Accrued expenses and other liabilities	-	1,327	1,327
Net assets attributable to redeemable units	-	1,840,744	1,840,744
	<b>-</b>	<b>1,855,434</b>	<b>1,855,434</b>

**19. TRANSACTIONS/BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons / related parties include HBL Asset Management Limited (HBL-AML) being the Management Company of the Fund, Habib Bank Limited (HBL) being the Sponsor (holding 100% shares of HBL Asset Management Limited), Central Depository Company of Pakistan Limited being the Trustee of the Fund, other associated companies of HBL, HBL-AML and its subsidiaries, 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 terms.

Remuneration payable to the Management Company and Trustee is determined in accordance with the provisions of the Non-Banking Financial Company 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:

	2021	2020
	----- Rupees in '000 -----	
<b>19.1 Transactions during the year</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management Fee including sales tax thereon	45,201	46,167
Selling and marketing expenses	21,001	17,191
Allocation of expenses related to registrar services, accounting, operation and valuation services	11,000	6,471
Issue of 102,631 units (2020: 1,944,438 units)	11,000	200,000
Redemption of 102,631 units (2020: 1,944,438 units)	11,611	195,017
Dividend income earned	1,592	3,374
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	20	19
Mark-up earned during the year	3,546	2,832
Redemption of units 4,484,590 (2020: Nil units)	500,000	195,017
<b>HBL Employee Provident Fund Trust</b>		
Redemption of 7,125,389 units (2020: Nil units)	751,121	-
<b>HBL Equity Fund - Associate</b>		
Sale of equity securities	497,593	-
<b>Directors and Executives of the Management Company and their relatives</b>		
Issue of 2,544 units (2020: 10,176 units)	250	1,026
Redemption of 5,044 units (2020: 10,318 units)	524	1,092
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - Associate</b>		
Issue of 522 units (2020: 195,769 units)	51	16,500
Redemption of 326,476 units (2020: 337,880 units)	34,672	29,451
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Associate</b>		
Issue of 285,263 units (2020: 224,516 units)	29,575	20,319
Redemption of 414,440 units (2020: 237,103 units)	42,659	21,821
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration including sales tax thereon	3,390	3,491

	2021	2020
	----- Rupees in '000 -----	
<b>19.2 Balances outstanding as at year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management remuneration payable	2,401	3,025
Sindh Sales Tax on management remuneration payable	312	393
Sales load payable	12	259
Selling and marketing expenses	4,270	4,485
Allocation of expenses related to registrar services, accounting, operation and valuation services	660	832
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund: 4,131,628 units (2020: 8,616,219 units)	463,164	743,941
Bank balances	66,713	57,932
Payable against redemption	497,593	-
Accrued mark-up on bank deposits	274	270
<b>Bank Al Habib Limited - CP due to 10% units</b>		
Investment held in the Fund: 1,604,623 units (2020: Nil units)	179,881	-
<b>HBL Employee Provident Fund Trust</b>		
Investment held in the Fund: Nil units (2020: 7,125,389 units)	-	615,220
<b>Directors and Executives of the Management Company and their relatives</b>		
Investment held in the Fund: 1,579 units (2020: 4,727 units)	177	408
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - Associate</b>		
Investment held in the Fund : Nil units (2020: 325,954 units)	-	28,143
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Associate</b>		
Investment held in the Fund : Nil units (2020: 129,177 units)	-	11,153
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee's remuneration payable	202	233
Sindh Sales tax payable on Trustee remuneration	26	30
Security deposit	100	100

## 20. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in a portfolio of equity investments and government securities.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

## **20.1 Market risk**

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, interest rate risk and other price risk.

### **20.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

### **20.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

#### **a) Cash flow interest rate risk**

The Fund holds balances in savings bank accounts as at June 30, 2021, that could expose the Fund to cash flow interest rate risk. The net income for the year would have increased / (decreased) by Rs. 1.03 million (2020: Rs. 2.10 million) had the interest rates on savings accounts with the banks increased / (decreased) by 100 basis points.

#### **b) Fair value interest rate risk**

The Fund does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect net income for the year.

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

As at June 30, 2021					
Yield / interest rate	Total	Exposed to yield / interest rate risk			Not exposed to Yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
%	----- Rupees in '000 -----				
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	5% to 7.4%	102,568	102,568	-	-
Investment - listed equity securities		919,590	-	-	919,590
Dividend receivable and accrued mark-up		3,623	-	-	3,623
Receivable against sale of investment		532,832	-	-	532,832
Advances and deposits		9,940	-	-	9,940
		<u>1,568,553</u>	<u>102,568</u>	<u>-</u>	<u>1,465,985</u>
<b>Financial liabilities</b>					
Payable to the Management		7,655	-	-	7,655
Payable to the Trustee		228	-	-	228
Payable against purchase of		23,548	-	-	23,548
Accrued expenses and other		503,039	-	-	503,039
Net assets attributable to redeemable unit		951,345	-	-	951,345
		<u>1,485,815</u>	<u>-</u>	<u>-</u>	<u>1,485,815</u>
<b>On-balance sheet gap</b>		<u>82,738</u>	<u>102,568</u>	<u>-</u>	<u>(19,830)</u>
<b>Off-balance sheet financial instruments</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Off-balance sheet gap</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at June 30, 2020					
Yield / interest rate	Total	Exposed to yield / interest rate risk			Not exposed to Yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
%	----- Rupees in '000 -----				
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	6.31% to 14.05%	209,661	209,661	-	-
Investment - listed equity securities		1,708,222	-	-	1,708,222
Dividend receivable and accrued mark-up		2,587	-	-	2,587
Receivable against sale of investment		5,415	-	-	5,415
Deposits		2,600	-	-	2,600
		<u>1,928,485</u>	<u>209,661</u>	<u>-</u>	<u>1,718,824</u>
<b>Financial liabilities</b>					
Payable to the Management		8,994	-	-	8,994
Payable to the Trustee		263	-	-	263
Payable against purchase of		4,106	-	-	4,106
Accrued expenses and other		1,327	-	-	1,327
Net assets attributable to redeemable units		1,840,744	-	-	1,840,744
		<u>1,855,434</u>	<u>-</u>	<u>-</u>	<u>1,855,434</u>
<b>On-balance sheet gap</b>		<u>73,051</u>	<u>209,661</u>	<u>-</u>	<u>(136,610)</u>
<b>Off-balance sheet financial instruments</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Off-balance sheet gap</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



### **20.1.3 Other market price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund's equity securities are primarily exposed to equity price risk because of investments held and classified by the Fund on the statement of assets and liabilities as 'FVTPL'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Fund's constitutive documents. The Fund's constitutive documents / NBFC Regulations also limit investment in individual equity securities to not more than 15% of its net assets, or 15% of the issued capital of the investee company and the sector exposure limit to 35% of net assets.

In case of 5% increase / decrease in the fair value of the Fund's equity securities on June 30, 2020, net assets of the Fund would increase / decrease by Rs. 45.980 million (2020: Rs. 85.411 million).

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of PSX 100 Index.

### **20.2 Credit risk**

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk mainly arises from bank balances, dividend receivable, accrued mark-up, receivables against sale of investments, advances and deposits.

#### **Management of credit risk**

For banks and financial institutions, the Fund keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protections. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

The analysis below summarises the credit quality of the bank balances and accrued interest thereon:

Name of the bank	Balance as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
------------------	-----------------------------	---	---------------

----- Rs. In 000' -----

**Savings accounts**

Soneri Bank Limited	9	AA-	PACRA
Zarai Taraqeeqati Bank Limited	147	AAA	JCR-VIS
JS Bank Limited	35,738	AA-	PACRA
MCB Bank Limited	19	AAA	PACRA
Habib Bank Limited	66,988	AAA	JCR-VIS
Allied Bank Limited	111	AAA	PACRA

**Current accounts**

Habib Metropolitan Bank	2	AA+	PACRA
Allied Bank Limited	5	AAA	PACRA
MCB Bank Limited	11	AAA	PACRA

103,030

Name of the bank	Balance as at June 30, 2020	Latest available published rating as at June 30, 2020	Rating agency
------------------	-----------------------------	---	---------------

----- Rs. In 000' -----

**Savings accounts**

Soneri Bank Limited	810	AA-	PACRA
Zarai Taraqeeqati Bank Limited	140	AAA	JCR-VIS
JS Bank Limited	150,711	AA-	PACRA
MCB Bank Limited	893	AAA	PACRA
Habib Bank Limited	58,202	AAA	JCR-VIS
Allied Bank Limited	105	AAA	PACRA

**Current accounts**

Habib Metropolitan Bank	2	AA+	PACRA
Allied Bank Limited	10	AAA	PACRA
MCB Bank Limited	11	AAA	PACRA

210,884

2021 2020

Other exposure to credit risks are as follows:

----- Rupees in 000' -----

Dividend receivable	<u>3,161</u>	<u>1,364</u>
Advances and deposits	<u>9,940</u>	<u>2,600</u>
Receivable against sale of investments	<u>532,832</u>	<u>5,415</u>

The maximum exposure to credit risk before considering any collateral as at June 30, 2021 and June 30, 2020 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk. None of these assets are 'impaired' nor 'past due but not impaired'.

### 20.2.1 Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

The Fund's major bank balance is held with two Bank. Management believes that such bank is a reputed institution.

	2021		2020	
	Rupees in 000'	%	Rupees in 000'	%
Commercial banks (including profit due)	103,030	16%	210,884	96%
National Clearing Company of Pakistan Limited - security deposit	2,500	0%	2,500	1%
Central Depository Company of Pakistan Limited - security deposit	100	0%	100	0%
National Clearing Company of Pakistan Limited - receivable against sale of investments	532,832	82%	5,415	2%
Dividend receivable	3,161	0%	1,364	1%
Advance against IPO subscription	7,340	1%	-	0%
	<b>648,963</b>	<b>100%</b>	<b>220,263</b>	<b>100%</b>

### Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

### 20.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen % of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year no borrowings were made by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, no such instances were witnessed by the Fund during the current year .

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current year .

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Carrying Value	Total	Less than 1 month	Within 3 months
----- Rupees in '000 -----				
<b>June 30, 2021</b>				
<b>Financial liabilities</b>				
Payable to the Management Company	7,655	-	7,655	-
Payable to the Trustee	228	-	228	-
Payable against purchase of investments	23,548	-	23,548	-
Accrued expenses and other liabilities	503,039	-	503,039	-
	<b>534,470</b>	<b>-</b>	<b>534,470</b>	<b>-</b>
Net assets attributable to redeemable units	<b>951,345</b>	<b>951,345</b>	<b>951,345</b>	<b>-</b>
<b>June 30, 2020</b>				
<b>Financial liabilities</b>				
Payable to the Management Company	8,994	-	8,994	-
Payable to the Trustee	263	-	263	-
Payable against purchase of investments	4,106	-	4,106	-
Accrued expenses and other liabilities	1,327	-	1,327	-
	<b>14,690</b>	<b>-</b>	<b>14,690</b>	<b>-</b>
Net assets attributable to redeemable units	<b>1,840,744</b>	<b>1,840,744</b>	<b>1,840,744</b>	<b>-</b>

Above financial liabilities do not carry any mark-up and are unsecured.

## 21. 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 are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

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

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

- 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 or indirectly (level 2).

- Unobservable inputs for the asset or liability (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.

		June 30, 2021				
		Carrying amount			Fair value	
	At fair value through profit or loss	At amortised cost	Total	Level 1	Total	
<b>Note</b>		----- Rupees in '000 -----				
<b>Financial assets measured at fair value</b>						
Investments - Listed equity securities	919,590	-	919,590	919,590	919,590	
	919,590	-	919,590	919,590	919,590	
<b>Financial assets not measured at fair value</b>						
	21.1					
Bank balances	-	102,568	102,568			
Dividend receivable and accrued mark-up	-	3,623	3,623			
Receivable against sale of investments	-	532,832	532,832			
Advances and deposits	-	9,940	9,940			
	-	648,963	648,963			
<b>Financial liabilities not measured at fair value</b>						
	21.1					
Payable to the Management Company	-	7,655	7,655			
Payable to the Trustee	-	228	228			
Payable against purchase of investments	-	23,548	23,548			
Accrued expenses and other liabilities	-	503,039	503,039			
Net assets attributable to redeemable unit	-	951,345	951,345			
	-	1,485,815	1,485,815			
		June 30, 2020				
		Carrying amount			Fair value	
	At fair value through profit or loss	At amortised cost	Total	Level 1	Total	
<b>Note</b>		----- (Rupees in '000) -----				
<b>Financial assets measured at fair value</b>						
Investments - Listed equity securities	1,708,222	-	1,708,222	1,708,222	1,708,222	
	1,708,222	-	1,708,222	1,708,222	1,708,222	
<b>Financial assets not measured at fair value</b>						
	21.1					
Bank balances	-	209,661	209,661			
Dividend receivable and accrued mark-up	-	2,587	2,587			
Receivable against sale of investments	-	5,415	5,415			
Deposits	-	2,600	2,600			
	-	220,263	220,263			
<b>Financial liabilities not measured at fair value</b>						
	21.1					
Payable to the Management Company	-	8,994	8,994			
Payable to the Trustee	-	263	263			
Payable against purchase of investments	-	4,106	4,106			
Accrued expenses and other liabilities	-	1,327	1,327			
Net assets attributable to redeemable unit	-	1,840,744	1,840,744			
	-	1,855,434	1,855,434			

**21.1** 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.

**21.2 Transfers during the year**

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

**22. UNIT HOLDERS' FUND RISK MANAGEMENT**

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders' fund risk management is carried out by the Management Company through following steps:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g., yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

**23. LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

**Top ten brokers during the year ended June 30, 2021**

- 1 Intermarket Securities Limited**
- 2 WE Financial Services Limited**
- 3 BMA Capital Management Limited**
- 4 Taurus Securities Limited**
- 5 AKD Securities Limited**
- 6 Cedar Capital (Private) Limited**
- 7 EFG Hermes Pakistan Limited**
- 8 Habib Metropolitan Financial Services Limited**
- 9 JS Global Capital Limited**
- 10 DJM Securities Limited**

Top ten brokers during the year ended June 30, 2020

- 1 JS Global Capital Limited
- 2 Intermarket Securities Limited
- 3 Aba Ali Habib Securities (Private) Limited
- 4 DJM Securities (Private) Limited
- 5 Habib Metropolitan Financial Services Limited
- 6 EFG Hermes Pakistan Limited
- 7 IGI Finex Securities Limited
- 8 Insight Securities (Private) Limited
- 9 AL Falah Securities (Private) Limited
- 10 BMA Capital Management Limited

**24. PARTICULARS OF THE INVESTMENT COMMITTEE**

Details of members of the Investment Committee of the Fund as on June 30, 2021 are as follows:

S.No	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	22+ years
2	Adeel Abdul Wahab	Head of Equity	ACCA	13+ years
3	Raza Inam	Acting Head of Research	Bsc (Hons), CFA	8+ years
4	Karim Khawaja	Head of Risk	MBA, CMA	18+ years

**25. PATTERN OF UNIT HOLDING**

	----- As at June 30, 2021 -----			
	Number of unit holders	Number of units held	Investment amount --Rupees in '000--	Percentage investment
Associated company	1	4,131,628	463,164	48.69%
Insurance companies	2	128,792	14,438	1.52%
Bank/DFI	1	1,604,623	179,880	18.91%
Retirement funds	2	98,865	11,083	1.16%
Other corporate	2	51,298	5,751	0.60%
Individuals	360	2,471,211	277,028	29.12%
	<b>368</b>	<b>8,486,417</b>	<b>951,344</b>	<b>100%</b>
	----- As at June 30, 2020 -----			
	Number of unit holders	Number of units held	Investment amount -- Rupees in '000 --	Percentage investment
Associated companies	2	15,741,608	1,359,160	73.84%
Trust	2	455,131	39,298	2.13%
Banks/DFI	1	1,604,623	138,546	7.53%
Retirement funds	2	94,118	8,126	0.44%
Other corporate	3	234,653	20,260	1.10%
Individuals	371	3,189,113	275,354	14.96%
	<b>381</b>	<b>21,319,246</b>	<b>1,840,744</b>	<b>100%</b>

**26. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

Seven meetings of the Board of Directors were held on July 28 & 29, 2020, August 27, 2020, September 30, 2020, October 12, 2020, October 29, 2020, February 10, 2021 and April 30, 2021 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

Name of director	Number of meetings			Meeting not attended
	Held	Attended	Leave granted	
1 Mr. Mir Adil Rashid	7	7	-	-
2 Ms. Ava A. Cowasjee	7	7	-	-
3 Mr. Rayomond H. Kotwal	7	7	-	-
4 Mr. Rizwan Haider <sup>1</sup>	2	2	-	-
5 Mr. Shabbir Hussain Hashmi	7	7	-	-
6 Mr. Shahid Ghaffar	7	7	-	-
7 Mr. Muhammad Afaq Khan <sup>2</sup>	6	6	-	-
8 Mr. Abrar Ahmed Mir <sup>2</sup>	6	6	-	-
9 Mr. Tariq Masaud <sup>3</sup>	4	4	-	-

<sup>1</sup> Resigned on September 18, 2020.

<sup>2</sup> Appointed on July 29, 2020.

<sup>3</sup> Appointed on September 22, 2020.

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

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Stock Fund (the Fund) as 'Equity Scheme' in accordance with the said circular. As at June 30, 2021, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Name of non-complaint investment	Type of investment	Value of Investment before provision	Provision held (if any)	Value of investment after provision	% of Gross assets
----- Rupees in '000 -----					
Dewan Cement Limited	TFC	25,000	25,000	-	

**28. 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 year ended June 30, 2021 is 5.14% (2020: 3.96%), which includes 0.79% (2020: 0.29%) representing Sindh Worker's Welfare Fund, government levy and SECP fee.

**29. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 26, 2021 by the Board of Directors of the Management Company.

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

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

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

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





**HBL** Cash Fund

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Cash Fund</b>
<b>NAME OF AUDITORS</b>	<b>BDO Ebrahim &amp; Co. Chartered Accountants.</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Faysal Bank Limited Allied Bank Limited MCB Bank Limited United Bank Limited Samba Bank Limited Zarai Taraqiati Bank Limited JS Bank Limited Sindh Bank Limited</b>
<b>FUND RATING</b>	<b>'AA(f)' (JCR-VIS)</b>

**Type and Category of Fund**

Open end Money Market Fund

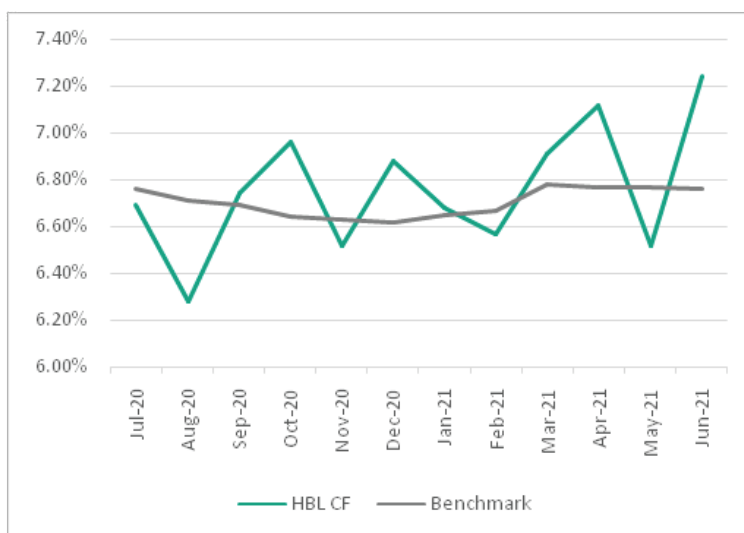
**Investment Objective and Accomplishment of Objective**

The investment objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity. The Fund will aim to maximize returns through efficient utilization of investment and liquidity management tools. The investment objective is achieved.

**Benchmark and Performance Comparison with Benchmark**

The Fund's benchmark is 70% (3Month PKRV) + 30% (3Month Avg. Deposit Rate of 3 AA rated Banks) as per MUFAP. The comparison of the fund return with benchmark is given below:

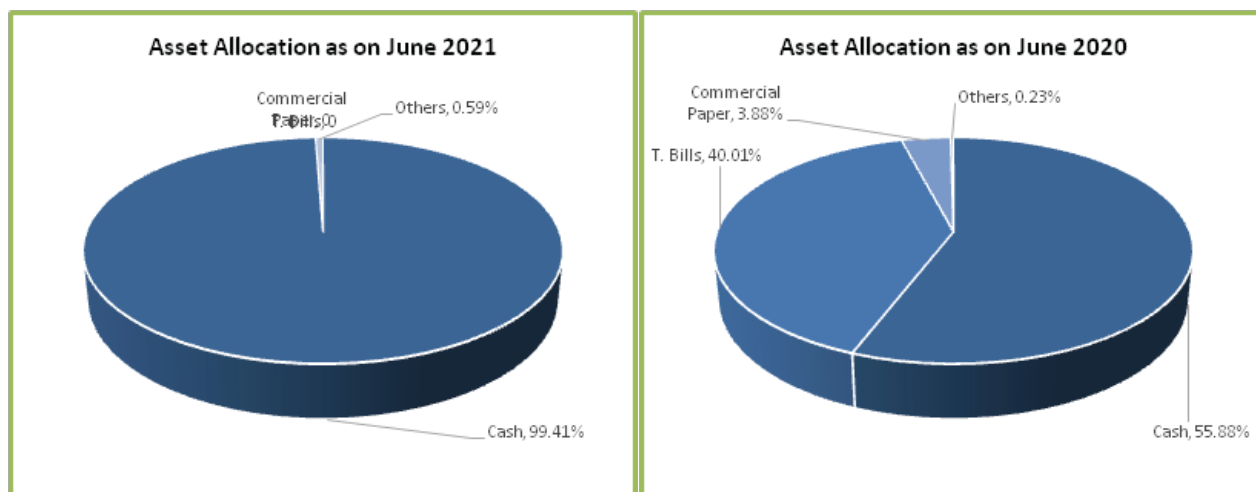
Month	HBL-CF	Benchmark
Jun-21	7.24%	6.76%
May-21	6.52%	6.77%
Apr-21	7.12%	6.77%
Mar-21	6.91%	6.78%
Feb-21	6.57%	6.67%
Jan-21	6.68%	6.65%
Dec-20	6.88%	6.62%
Nov-20	6.52%	6.63%
Oct-20	6.96%	6.64%
Sep-20	6.74%	6.69%
Aug-20	6.28%	6.71%
Jul-20	6.69%	6.76%



**Strategies and Policies employed during the Year**

During the year, the fund was majorly invested in Government Securities of 3 and 6months tenors. HBL Cash Fund posted an annualized return (YTD) of 6.97% compared to peer's average of 6.77% in FY21. In line with the investment policy of the Fund, the Fund continued to hold major investments in the form of short maturity T-Bills and placements with Commercial Banks and DFIs in Daily Product Accounts and LOPs, besides commercial paper. During quarter, Calendar and Fiscal year ends, better opportunities were offered in Bank Deposits which assisted the Fund Manager in optimizing Fund returns.

**Asset Allocation**



## Significant Changes in Asset Allocation during the Year

No major changes were made in asset allocation during the year due to nature of the fund. The investment in Government Securities was trimmed and the exposure was diverted towards Bank Deposits in June 2021. At the end of the year, 99.41% of the assets were deployed in Cash at Bank as they were offering better returns.

## Fund Performance

The total income and net income of the Fund was Rs. 1.87 billion and Rs. 1.71 billion respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs 101.2227 per unit as on June 30, 2021 as compared to Rs 101.1599 per unit as on June 30, 2020, after incorporating dividend of Rs. 6.7754 per unit, thereby giving an annualized return of 6.97%. During the year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 6.71%. The size of Fund was Rs 26.54 billion as on June 30, 2021 as compared to Rs. 17.97 billion at the start of the year.

## Market Review

The Central bank maintained the interest rates in the period after a cumulative 625 bps decrease in interest rates in 2HFY20 in response to the Covid-19 pandemic. At the start of the 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.

Yields across all the tenors changed between +11bps to +146 bps during FY21 due to a general market consensus that the monetary easing cycle is over and we may witness some hike in interest rate in FY22. Secondary market yields of 3, 5 and 10-year PIBs increased by 146, 138 and 125 bps respectively while yields of 3, 6 and 12 month T-Bills increased in tandem by 19, 48 and 76 bps respectively during the period. The cut-off yields in the last T-Bill Auction were 7.31% and 7.58% for 3M and 6M tenor whereas the cut offs in the last PIB Auction were 8.69%, 9.20% and 9.84% for the 3Y, 5Y, and 10Y tenor.

During FY21, Government largely managed its borrowing requirement through commercial banks. Government borrowed PKR 2,955bn from scheduled banks compared to borrowing of PKR 2,305bn during same period last year. Meanwhile, Government borrowing from SBP declined by PKR 1,268bn during the period against decline in borrowing of PKR 153bn 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 May-21, SBP maintained status quo in the interest rates. Going forward, we feel that the monetary easing has taken place and we are at the bottom of the interest rate cycle. Due to the ongoing fourth wave of Covid-19 we expect the government to maintain status quo in the SBP policy rate for the next few months to support the recovery of the economy. The central bank has given its forward looking guidance to maintain mildly positive interest rates when economy return to full capacity. Thus we expect any future increase in the policy rate to be measured and gradual.

## Distribution

The Fund has distributed cash dividend up-to Rs. 6.7754 per unit for the year ended June 30, 2021.

## Significant Changes in the State of Affairs

There were no significant changes in state of affairs of the Fund.

#### Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	463	10,489
101 – 500	180	35,662
501 – 1,000	64	43,762
1,001 – 10,000	377	1,743,324
10,001 – 100,000	322	10,630,065
100,001 – 500,000	80	17,985,203
500,001 – 1,000,000	15	11,603,809
1,000,001 – 5,000,000	30	68,474,205
5,000,001 and more	13	151,661,788
<b>Total</b>	<b>1,544</b>	<b>262,188,307</b>

#### Unit Splits

There were no unit splits during the year.

#### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

#### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –**  
**HBL CASH FUND**  
*As at June 30, 2021*

	2021	2020	2019	2018	2017	2016
Net assets at the period end (Rs'000)	26,539,411	17,975,752	8,808,923	12,039,734	5,954,130	2,103,956
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	101.2227	101.1599	100.8886	106.0021	100.4888	100.5696
Offer - Class C	101.2227	101.1599	100.8886	106.0021	100.4888	100.5696
Offer - Class D	102.3665	102.3030	102.0286	107.1999	101.6243	101.5753
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit - Class C	102.5866	-	104.3893	106.0021	106.0546	106.1453
Lowest offer price per unit - Class C	101.1599	-	100.7521	100.5287	100.3862	100.3425
Highest offer price per unit - Class D	102.5866	-	105.5689	107.1999	107.2530	107.2068
Lowest offer price per unit - Class D	101.1599	-	101.8906	101.6647	101.5206	101.3459
Highest redemption price per unit	101.1599	-	104.3893	106.0021	106.0546	106.1453
Lowest redemption price per unit	101.8332	-	100.7521	100.5287	100.3862	100.3425
<b>RETURN ( % )</b>						
Total return	6.97%	12.86%	8.89%	5.49%	7.18%	6.06%
Income distribution	6.78%	12.00%	8.53%	5.25%	7.15%	5.87%
Capital growth	0.19%	0.86%	0.36%	0.24%	0.03%	0.19%
<b>DISTRIBUTION</b>						
Date of Income Distribution				-	-	-
Income Distribution (Rs. Per unit)				-	-	-
Date of Income Distribution	6-Aug-20	01-Aug-19		-	-	-
Income Distribution (Rs. Per unit)	0.7298	1.1585		-	-	-
Date of Income Distribution	03-Sep-20	02-Sep-19		-	-	-
Income Distribution (Rs. Per unit)	0.4954	1.0317		-	-	-
Date of Income Distribution	01-Oct-20	01-Oct-19		-	-	-
Income Distribution (Rs. Per unit)	0.5295	1.0471		-	-	-
Date of Income Distribution	05-Nov-20	03-Nov-19		-	-	-
Income Distribution (Re. Per unit)	0.6651	1.1689		-	-	-
Date of Income Distribution	03-Dec-20	02-Dec-19	28-Dec-18	-	-	-
Income Distribution (Rs. Per unit)	0.5039	0.9464	3.50	-	-	-
Date of Income Distribution	01-Jan-21	01-Jan-20	29-Jan-19	-	-	-
Income Distribution (Re. Per unit)	0.5420	1.0760	0.9751	-	-	-
Date of Income Distribution	03-Feb-21	03-Feb-20	27-Feb-19	-	-	-
Income Distribution (Re. Per unit)	0.6441	1.1608	0.7372	-	-	-
Date of Income Distribution	04-Mar-21	02-Mar-20	28-Mar-19	-	-	-
Income Distribution (Re. Per unit)	0.5084	0.9473	0.7532	-	-	-
Date of Income Distribution	01-Apr-21	02-Apr-20	29-Apr-19	-	-	-
Income Distribution (Re. Per unit)	0.5453	1.2980	0.8571	-	-	-
Date of Income Distribution	05-May-21	07-May-20	31-May-19	-	-	-
Income Distribution (Re. Per unit)	0.6281	1.2349	0.9532	-	-	-
Date of Income Distribution	03-Jun-21	04-Jun-20	27-Jun-19	-	-	24-Jun-16
Income Distribution (Rs. Per unit)	0.5590	0.6173	0.75	-	-	5.85
Date of Income Distribution	24-Jun-21	18-Jun-20		04-Jul-18	20-Jun-17	26-Aug-16
Income Distribution (Re. Per unit)	0.4248	0.3172		5.25	7.15	0.02
Total dividend distribution for the year/ period (Rs)	6.7754	12.0041	8.5258	5.25	7.15	5.87
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	6.97%	12.86%	8.89%	5.49%	7.18%	6.06%
Average annual return 2 year	9.88%	10.86%	7.17%	6.32%	6.62%	8.27%
Average annual return 3 year	9.54%	9.04%	7.17%	6.24%	7.90%	8.30%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Net Assets as at 30 June:						
Bank Balances	99.41%	55.88%	71.60%	81.03%	90.86%	75%
T-Bills	0.00%	40.01%	9.98%	0.00%	0.00%	5%
Placement with Banks and DFIs	0.00%	0.00%	4.05%	18.61%	7.50%	20%
Commercial Paper	0.00%	3.88%	13.26%	0.00%	1.35%	0%
Corporate Sukuks / TFCs	0.00%	0.00%	0.00%	0.00%	0.00%	0%
MTS / Spread Transactions	0.00%	0.00%	0.00%	0.00%	0.00%	0%
Others Including receivables	0.59%	0.23%	1.11%	0.36%	0.29%	0%
Weighted average portfolio during (No. of days)	1.00	60.00	16.00	6.00	16.00	24

Note:

The Launch date of the Fund is December 13, 2010

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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Tel: (92-21) 111-111-500  
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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL CASH FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Cash Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 17, 2021

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HBL CASH FUND**

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of HBL Cash Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p><b>Recognition, measurement and presentation of 'Element of Income'</b></p> <p>Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) stipulates the requirements for recognition, measurement and presentation of element of income.</p> <p>As per the NBFC Regulations, element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We reviewed the processes and controls implemented by the Fund relating to the production and review of system generated reports and manual workings for the purpose of calculations of element of income or loss and bifurcation of amount paid on redemption of units into "capital value" and "income already paid on units redeemed".</li> </ul>



S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>Furthermore, the NBFC Regulations also prescribes certain disclosure requirements with respect to presentation of element of income in the 'Statement of Movement in Unit Holders' Fund'.</p> <p>The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed.</p> <p>The Fund has to distribute not less than 90 percent of its accounting income for the year (excluding capital gains whether realized or unrealized). However, at the time of distribution, in order to maintain the same ex-dividend net asset value of all units outstanding on the date of distribution, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.</p> <p>Due to the complex calculations involved in determining the element of income, the related impact on financial statements and ensuring compliance with the NBFC Regulations, we considered recognition, measurement and presentation of 'Element of Income' as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We evaluated the accuracy of system generated reports and manual workings produced by the Fund to ensure that the data is consistent with source documents and the said workings are in compliance with all the statutory provisions relating to element of income or loss.</li> <li>We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the NBFC Regulations and assessed its implementation by the Fund.</li> <li>We evaluated the adequacy of disclosures with respect to element of income / loss along with the adequacy of disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' in accordance with the NBFC Regulations, the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.</li> </ul>

**Information other than the financial statements and auditor's report thereon**

The Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



#### **Responsibilities of the Management Company and its Board of Directors**

The Management Company ("HBL Asset Management Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Management Company is responsible for overseeing the Fund's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


#### Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 27 SEP 2021

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
<b>ASSETS</b>			
Bank balances	5	26,522,253	13,602,521
Investments	6	-	10,689,434
Profit / mark-up receivable	7	156,410	47,645
Advances, deposits and prepayments	8	1,221	1,183
<b>TOTAL ASSETS</b>		<b>26,679,884</b>	<b>24,340,783</b>
<b>LIABILITIES</b>			
Payable to the Management Company	9	7,856	5,544
Payable to the Trustee	10	1,547	989
Payable to Securities and Exchange Commission of Pakistan	11	5,067	2,462
Payable against purchase of investments - net		-	6,279,629
Accrued expenses and other liabilities	12	126,003	80,374
<b>TOTAL LIABILITIES</b>		<b>140,473</b>	<b>6,368,998</b>
<b>NET ASSETS</b>		<b>26,539,411</b>	<b>17,971,785</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>26,539,411</b>	<b>17,971,785</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13	----- (Number of Units) -----	
Number of units in issue	14	262,188,307	177,657,203
		----- (Rupees) -----	
Net assets value per unit		101.2227	101.1599

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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

	2021	2020
Note	----- (Rupees in '000) -----	-----
<b>Income</b>		
Capital (loss) / gain on sale of investments - net	(3,146)	39,249
Income from Government securities	1,101,277	676,016
Income from money market transactions and placements	76,309	194,199
Income from corporate sukuk bonds	1,182	15,089
Mark-up on bank deposits	695,862	661,031
	<u>1,871,484</u>	<u>1,585,584</u>
Unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6.3 -	10,946
	<u>1,871,484</u>	<u>1,596,530</u>
<b>Expenses</b>		
Remuneration of the Management Company	9.1 75,274	54,063
Sindh Sales Tax on remuneration of the Management Company	9.2 9,786	7,028
Remuneration of the Trustee	10.1 16,467	8,000
Sindh Sales Tax on remuneration of the Trustee	10.3 2,141	1,040
Annual fee to Securities and Exchange Commission of Pakistan	11.1 5,067	2,462
Allocation of fees and expenses related to registrar services, accounting, operation and valuation services	9.3 6,026	11,188
Selling and marketing expenses	9.4 6,026	6,218
Auditors' remuneration	15 414	446
Fees and subscription	287	351
Securities transaction costs and settlement charges	715	1,617
Bank charges	914	571
Printing charges	52	30
	<u>123,169</u>	<u>93,014</u>
<b>Net income for the year from operating activities</b>	<u>1,748,315</u>	<u>1,503,516</u>
Provision for Sindh Workers' Welfare Funds	12.2 (34,966)	(30,070)
<b>Net income for the year before taxation</b>	<u>1,713,349</u>	<u>1,473,446</u>
Taxation	16 -	-
<b>Net income for the year</b>	<u><u>1,713,349</u></u>	<u><u>1,473,446</u></u>
<b>Allocation of net income for the year</b>		
Income already paid on redemption of units	109,249	70,668
Accounting income available for distribution:		
Relating to capital gains	-	50,195
Excluding capital gains	1,604,100	1,352,583
	<u>1,604,100</u>	<u>1,402,778</u>
	<u><u>1,713,349</u></u>	<u><u>1,473,446</u></u>
Earnings per unit	17	

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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

**HBL Cash Fund**  
**Statement of Comprehensive Income**  
*For the year ended June 30, 2021*

	2021 ----- (Rupees in '000) -----	2020 -----
Net income for the year	1,713,349	1,473,446
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,713,349</u>	<u>1,473,446</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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

# HBL Cash Fund

## Statement of Movement in Unit Holders' Fund

For the year ended June 30, 2021

	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
<b>Net assets at beginning of the year</b>	17,880,077	91,709	17,971,786	8,764,853	44,070	8,808,923
<b>Issuance of 523,627,783 units (2020: 314,753,601 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	52,970,141	-	52,970,141	31,755,040	-	31,755,040
Element of income	139,112	-	139,112	119,343	-	119,343
<b>Total proceeds on issuance of units</b>	53,109,253	-	53,109,253	31,874,383	-	31,874,383
<b>Redemption of 439,096,679 units (2020: 224,409,792 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	(44,418,980)	-	(44,418,980)	(22,640,383)	-	(22,640,383)
Income already paid on redemption of units	-	(109,249)	(109,249)	-	(70,668)	(70,668)
Element of loss	(14,296)	-	(14,296)	(12,993)	-	(12,993)
<b>Total payments on redemption of units</b>	(44,433,277)	(109,249)	(44,542,525)	(22,653,376)	(70,668)	(22,724,044)
<b>Total comprehensive income for the year</b>	-	1,713,349	1,713,349	-	1,473,446	1,473,446
<b>Rs. 1.1585 per unit declared on August 02, 2019 as cash dividend</b>						
Refund of capital	-	-	-	(10,589)	-	(10,589)
Distribution during the year	-	-	-	-	(95,237)	(95,237)
<b>Rs. 1.0137 per unit declared on September 03, 2019 as cash dividend</b>						
Refund of capital	-	-	-	(961)	-	(961)
Distribution during the year	-	-	-	-	(94,473)	(94,473)
<b>Rs. 1.0471 per unit declared on October 02, 2019 as cash dividend</b>						
Refund of capital	-	-	-	(4,030)	-	(4,030)
Distribution during the year	-	-	-	-	(96,321)	(96,321)
<b>Rs. 1.1689 per unit declared on November 04, 2019 as cash dividend</b>						
Refund of capital	-	-	-	(5,371)	-	(5,371)
Distribution during the year	-	-	-	-	(111,020)	(111,020)
<b>Rs. 0.9464 per unit declared on December 03, 2019 as cash dividend</b>						
Refund of capital	-	-	-	(5,373)	-	(5,373)
Distribution during the year	-	-	-	-	(99,595)	(99,595)
<b>Rs. 1.076 per unit declared on January 02, 2020 as cash dividend</b>						
Refund of capital	-	-	-	(4,000)	-	(4,000)
Distribution during the year	-	-	-	-	(106,883)	(106,883)
<b>Rs. 1.1608 per unit declared on February 04, 2020 as cash dividend</b>						
Refund of capital	-	-	-	(7,784)	-	(7,784)
Distribution during the year	-	-	-	-	(129,346)	(129,346)
<b>Rs. 0.9473 per unit declared on March 04, 2020 as cash dividend</b>						
Refund of capital	-	-	-	(9,542)	-	(9,542)
Distribution during the year	-	-	-	-	(115,097)	(115,097)
<b>Rs. 1.298 per unit declared on April 03, 2020 as cash dividend</b>						
Refund of capital	-	-	-	(15,306)	-	(15,306)
Distribution during the year	-	-	-	-	(178,161)	(178,161)
<b>Rs. 1.2349 per unit declared on May 08, 2020 as cash dividend</b>						
Refund of capital	-	-	-	(20,894)	-	(20,894)
Distribution during the year	-	-	-	-	(198,773)	(198,773)
<b>Rs. 0.6173 per unit declared on June 05, 2020 as cash dividend</b>						
Refund of capital	-	-	-	(19,486)	-	(19,486)
Distribution during the year	-	-	-	-	(81,836)	(81,836)
<b>Rs. 0.3172 per unit declared on June 19, 2020 as cash dividend</b>						
Refund of capital	-	-	-	(2,447)	-	(2,447)
Distribution during the year	-	-	-	-	(48,397)	(48,397)
<b>Rs. 0.7298 per unit declared on August 07, 2020 as cash dividend</b>						
Refund of capital	(8,203)	-	(8,203)	-	-	-
Distribution during the year	-	(138,045)	(138,045)	-	-	-
<b>Rs. 0.4954 per unit declared on September 04, 2020 as cash dividend</b>						
Refund of capital	(25,191)	-	(25,191)	-	-	-
Distribution during the year	-	(84,019)	(84,019)	-	-	-
<b>Rs. 0.5295 per unit declared on October 02, 2020 as cash dividend</b>						
Refund of capital	(7,305)	-	(7,305)	-	-	-
Distribution during the year	-	(115,476)	(115,476)	-	-	-
<b>Rs. 0.6651 per unit declared on November 06, 2020 as cash dividend</b>						
Refund of capital	(9,922)	-	(9,922)	-	-	-
Distribution during the year	-	(159,887)	(159,887)	-	-	-
<b>Rs. 0.5039 per unit declared on December 04, 2020 as cash dividend</b>						
Refund of capital	(2,811)	-	(2,811)	-	-	-
Distribution during the year	-	(128,760)	(128,760)	-	-	-
<b>Rs. 0.5420 per unit declared on January 01, 2021 as cash dividend</b>						
Refund of capital	(10,681)	-	(10,681)	-	-	-
Distribution during the year	-	(139,094)	(139,094)	-	-	-
<b>Rs. 0.6441 per unit declared on February 04, 2021 as cash dividend</b>						
Refund of capital	(22,783)	-	(22,783)	-	-	-
Distribution during the year	-	(162,909)	(162,909)	-	-	-
<b>Rs. 0.5084 per unit declared on March 05, 2021 as cash dividend</b>						
Refund of capital	(3,077)	-	(3,077)	-	-	-
Distribution during the year	-	(144,545)	(144,545)	-	-	-
<b>Rs. 0.5453 per unit declared on April 02, 2021 as cash dividend</b>						
Refund of capital	(9,048)	-	(9,048)	-	-	-
Distribution during the year	-	(157,317)	(157,317)	-	-	-
<b>Rs. 0.6281 per unit declared on May 05, 2021 as cash dividend</b>						
Refund of capital	(4,417)	-	(4,417)	-	-	-
Distribution during the year	-	(144,775)	(144,775)	-	-	-
<b>Rs. 0.5590 per unit declared on June 04, 2021 as cash dividend</b>						
Refund of capital	(15,216)	-	(15,216)	-	-	-
Distribution during the year	-	(110,021)	(110,021)	-	-	-
<b>Rs. 0.4248 per unit declared on June 25, 2021 as cash dividend</b>						
Refund of capital	(5,560)	-	(5,560)	-	-	-
Distribution during the year	-	(103,389)	(103,389)	-	-	-
	(124,214)	125,112	898	(105,783)	118,307	12,524
<b>Net assets at end of the year</b>	26,431,839	107,572	26,539,411	17,880,077	91,709	17,971,786

**HBL Cash Fund**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2021

	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
<b>Undistributed income brought forward</b>						
Realised income		80,763			44,070	
Unrealised income		10,946			-	
		91,709			44,070	
<b>Accounting income available for distribution</b>						
Relating to capital (loss) / gain		-			50,195	
Excluding capital gains		1,604,100			1,352,583	
		1,604,100			1,402,778	
<b>Distributions during the year:</b>						
Interim distribution of Rs. 1.1585 per unit declared on August 02, 2019 as cash dividend		-			(95,237)	
Interim distribution of Rs. 1.0317 per unit declared on September 03, 2019 as cash dividend		-			(94,473)	
Interim distribution of Rs. 1.0471 per unit declared on October 02, 2019 as cash dividend		-			(96,321)	
Interim distribution of Rs. 1.1689 per unit declared on November 04, 2019 as cash dividend		-			(111,020)	
Interim distribution of Rs. 0.9464 per unit declared on December 03, 2019 as cash dividend		-			(99,595)	
Interim distribution of Rs. 1.076 per unit declared on January 02, 2020 as cash dividend		-			(106,883)	
Interim distribution of Rs. 1.1608 per unit declared on February 04, 2020 as cash dividend		-			(129,346)	
Interim distribution of Rs. 0.9473 per unit declared on March 04, 2020 as cash dividend		-			(115,097)	
Interim distribution of Rs. 1.298 per unit declared on April 03, 2020 as cash dividend		-			(178,161)	
Interim distribution of Rs. 1.2349 per unit declared on May 08, 2020 as cash dividend		-			(198,773)	
Interim distribution of Rs. 0.6173 per unit declared on June 05, 2020 as cash dividend		-			(81,836)	
Interim distribution of Rs. 0.3172 per unit declared on June 19, 2020 as cash dividend		-			(48,397)	
Interim distribution of Rs. 0.7298 per unit declared on August 07, 2020 as cash dividend		(138,045)			-	
Interim distribution overs. 0.4954 per unit declared on September 04, 2020 as cash dividend		(84,019)			-	
Interim distribution of Rs. 0.5295 per unit declared on October 02, 2020 as cash dividend		(115,476)			-	
Interim distribution of Rs. 0.6651 per unit declared on November 06, 2020 as cash dividend		(159,887)			-	
Interim distribution of Rs. 0.5039 per unit declared on December 04, 2020 as cash dividend		(128,760)			-	
Interim distribution of Rs. 0.5420 per unit declared on January 01, 2021 as cash dividend		(139,094)			-	
Interim distribution of Rs. 0.6441 per unit declared on February 04, 2021 as cash dividend		(162,909)			-	
Interim distribution of Rs. 0.5084 per unit declared on March 05, 2021 as cash dividend		(144,545)			-	
Interim distribution of Rs. 0.5453 per unit declared on April 02, 2021 as cash dividend		(157,317)			-	
Interim distribution of Rs. 0.6281 per unit declared on May 05, 2021 as cash dividend		(144,775)			-	
Interim distribution of Rs. 0.5590 per unit declared on June 04, 2021 as cash dividend		(110,021)			-	
Interim distribution of Rs. 0.4248 per unit declared on June 25, 2021 as cash dividend		(103,389)			-	
		(1,588,237)			(1,355,139)	
Undistributed income carried forward		107,572			91,709	
<b>Undistributed income carried forward</b>						
Realised income		107,572			80,763	
Unrealised income		-			10,946	
		107,572			91,709	
<b>Net assets value per unit at beginning of the year</b>			101.1599			100.8886
<b>Net assets value per unit at end of the year</b>			101.2227			101.1599

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



	2021	2020
Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	1,713,349	1,473,446
Adjustments for:		
Capital (gain) / loss on sale of investment - net	3,146	(39,249)
Income from Government securities	(1,101,277)	(676,016)
Income from money market transactions and placements	(76,309)	(194,199)
Income from corporate sukuk bonds	(1,182)	(15,089)
Mark-up on bank deposits	(695,862)	(661,031)
Unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	-	(10,946)
	(158,135)	(123,084)
<b>Decrease / (increase) in assets</b>		
Investments - net	4,406,659	(2,592,891)
Advances, deposits and prepayments	(38)	2,201
	4,406,621	(2,590,690)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	2,312	(1,843)
Payable to the Trustee	558	180
Payable to Securities and Exchange Commission of Pakistan	2,605	(6,425)
Accrued expenses and other liabilities	45,629	25,197
	51,104	17,109
Cash generated from / (used in) operations	4,299,590	(2,696,665)
Income received from Government securities	1,101,277	657,082
Income received from money market placement	76,309	161,965
Income received from corporate sukuk bonds	1,182	15,089
Mark-up received on bank deposits	587,097	711,394
	1,765,865	1,545,530
Net cash generated from / (used in) operating activities	6,065,455	(1,151,135)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	53,109,253	31,874,383
Payments against redemption of units	(44,542,525)	(22,724,044)
Dividend paid	(1,712,451)	(1,461,060)
Net cash generated from financing activities	6,854,277	7,689,279
Net increase in cash and cash equivalents during the year	12,919,732	6,538,144
Cash and cash equivalents at the beginning of the year	13,602,521	7,064,377
Cash and cash equivalents at the end of the year	5 26,522,253	13,602,521

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

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

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

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

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

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

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

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) 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 is an open-ended money market scheme and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from December 11, 2010 to December 13, 2010. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

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

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

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2++' (AM Two Plus Plus) to the Management Company and a stability rating of AA+(f) to the Fund as at December 31, 2020 and December 31, 2020, respectively.

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

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

## **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, unless otherwise stated.

These financial statements have been prepared under accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

## **2.4 Use of judgments and estimates**

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan 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 accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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

### **Classification and valuation of investment**

For details please refer notes 4.2.1.1 and 18 to these financial statements.

### **Impairment of investment**

For details please refer note 4.2.1.2 to these financial statements.

### **Provision for taxation**

For details please refer notes 4.4 and 16 to these financial statements.

### **Other assets**

Judgement is involved in assessing the realisability of other assets balances.

## **3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

### **3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021**

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

**Effective for accounting periods  
beginning on or after:**

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Certain annual improvements have also been made to a number of IFRSs.	

**3.2 New accounting standards, amendments and interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Funds's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

**Effective for accounting periods  
beginning on or after:**

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

**Effective for accounting periods  
 beginning on or after:**

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use January 01, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

**4 SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

**4.1 Cash and cash equivalents**

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost / nominal amount.

**4.2 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**4.2.1 Financial assets**

**4.2.1.1 Classification and measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified and measured at amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

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

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

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

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

**Financial assets at amortised cost** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income.

#### **4.2.1.2 Impairment of financial assets**

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

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly trade debts, deposits, loans, advances, other receivables and bank balances.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012 dated October 24, 2012 in relation to impairment of debt securities.

#### **4.2.1.3 Regular way contracts**

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### **4.2.1.4 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

#### **4.2.2 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### **4.2.3 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.3 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

#### **4.6 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### 4.7 Element of income

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### 4.8 Net assets value per unit

The net assets value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

#### 4.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Mark-up / return on Government securities, bank profits and investment in debt securities are recognized at a time apportionment basis using the effective interest method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

#### 4.10 Transactions with related parties / connected persons

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

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

5	BANK BALANCES	Note	2021 ----- Rupees in '000 -----	2020
	In current account		7	4,000,007
	In saving accounts	5.1	26,522,246	9,602,514
			<u>26,522,253</u>	<u>13,602,521</u>

5.1 These accounts carry mark-up at rates ranging between 4.00% to 8.85% (2020: 5.00% and 14.50%) per annum. This includes a balance held by a related party (Habib Bank Limited) amounting to Rs. 22,716.150 million (2020: Rs. 7,083.668 million) on which return is earned at rate ranging between 4.50% to 7.85% (2020: 5.50% to 14.50%) per annum.



6	INVESTMENTS	Note	2021	2020
			----- Rupees in '000 -----	
	Financial assets			
	At fair value through profit or loss	6.1	-	9,742,269
	At amortised cost	6.2	-	947,165
			<u>-</u>	<u>10,689,434</u>
<b>6.1</b>	<b>Financial assets at fair value through profit or loss</b>			
	Market Treasury Bills	6.1.1	-	9,742,269
	Corporate Sukuk Bonds	6.1.2	-	-
			<u>-</u>	<u>9,742,269</u>

**6.1.1 Financial assets at fair value through profit or loss - Market Treasury Bills**

Issue date	Tenure	Face value				Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation on re-measurement of investment	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchases made during the year	Sales / matured during the year	As at June 30, 2021					
----- Rupees in '000 -----										
March 26, 2019	1 year	-	2,000,000	2,000,000	-	-	-	-	-	-
August 1, 2019	1 year	-	750,000	750,000	-	-	-	-	-	-
August 29, 2019	1 year	-	1,900,000	1,900,000	-	-	-	-	-	-
September 12, 2019	1 year	1,000,000	7,350,000	8,350,000	-	-	-	-	-	-
September 26, 2019	1 year	-	3,200,000	3,200,000	-	-	-	-	-	-
October 10, 2019	1 year	300,000	-	300,000	-	-	-	-	-	-
October 10, 2019	1 year	2,200,000	8,200,000	10,400,000	-	-	-	-	-	-
October 24, 2019	1 year	-	250,000	250,000	-	-	-	-	-	-
December 5, 2019	1 year	533,000	-	533,000	-	-	-	-	-	-
December 19, 2019	1 year	-	16,800,000	16,800,000	-	-	-	-	-	-
January 30, 2020	1 year	100,000	150,000	250,000	-	-	-	-	-	-
February 27, 2020	1 year	-	20,850,000	20,850,000	-	-	-	-	-	-
March 12, 2020	1 year	250,000	2,550,000	2,800,000	-	-	-	-	-	-
March 26, 2020	1 year	550,000	12,900,000	13,450,000	-	-	-	-	-	-
April 9, 2020	1 year	1,375,000	1,925,000	3,300,000	-	-	-	-	-	-
April 23, 2020	1 year	-	1,987,000	1,987,000	-	-	-	-	-	-
May 7, 2020	1 year	750,000	-	750,000	-	-	-	-	-	-
May 7, 2020	3 months	500,000	-	500,000	-	-	-	-	-	-
May 7, 2020	6 months	2,375,000	-	2,375,000	-	-	-	-	-	-
May 21, 2020	1 year	-	5,200,000	5,200,000	-	-	-	-	-	-
June 4, 2020	1 year	-	1,325,000	1,325,000	-	-	-	-	-	-
June 18, 2020	1 year	-	125,000	125,000	-	-	-	-	-	-
July 2, 2020	3 months	-	75,000	75,000	-	-	-	-	-	-
July 2, 2020	1 year	-	75,000	75,000	-	-	-	-	-	-
July 16, 2020	1 year	-	325,000	325,000	-	-	-	-	-	-
July 16, 2020	3 months	-	3,175,000	3,175,000	-	-	-	-	-	-
August 27, 2020	3 months	-	730,000	730,000	-	-	-	-	-	-
August 27, 2020	1 year	-	3,100,000	3,100,000	-	-	-	-	-	-
September 10, 2020	3 months	-	500,000	500,000	-	-	-	-	-	-
September 10, 2020	1 year	-	300,000	300,000	-	-	-	-	-	-
September 24, 2020	3 months	-	250,000	250,000	-	-	-	-	-	-
September 24, 2020	1 year	-	4,300,000	4,300,000	-	-	-	-	-	-
October 8, 2020	3 months	-	9,510,000	9,510,000	-	-	-	-	-	-
October 22, 2020	3 months	-	13,288,000	13,288,000	-	-	-	-	-	-
November 5, 2020	3 months	-	2,600,000	2,600,000	-	-	-	-	-	-
November 19, 2020	3 months	-	4,940,000	4,940,000	-	-	-	-	-	-
December 3, 2020	3 months	-	480,000	480,000	-	-	-	-	-	-
December 17, 2020	3 months	-	1,400,000	1,400,000	-	-	-	-	-	-
December 31, 2020	3 months	-	530,000	530,000	-	-	-	-	-	-
January 14, 2021	3 months	-	7,370,000	7,370,000	-	-	-	-	-	-
January 25, 2021	6 months	-	976,000	976,000	-	-	-	-	-	-
January 28, 2021	3 months	-	2,300,000	2,300,000	-	-	-	-	-	-
February 11, 2021	3 months	-	500,000	500,000	-	-	-	-	-	-
February 25, 2021	3 months	-	9,382,000	9,382,000	-	-	-	-	-	-
March 11, 2021	3 months	-	2,650,000	2,650,000	-	-	-	-	-	-
March 25, 2021	3 months	-	22,695,000	22,695,000	-	-	-	-	-	-
March 25, 2021	1 year	-	200,000	200,000	-	-	-	-	-	-

Issue date	Tenure	Face value				Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation on re-measurement of investment	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchases made during the year	Sales / matured during the year	As at June 30, 2021					
-----Rupees in '000-----										
March 25, 2021	6 months	-	800,000	800,000	-	-	-	-	-	-
April 8, 2021	1 year	-	3,500,000	3,500,000	-	-	-	-	-	-
April 22, 2021	3 months	-	17,512,000	17,512,000	-	-	-	-	-	-
April 22, 2021	1 year	-	1,755,000	1,755,000	-	-	-	-	-	-
May 6, 2021	1 year	-	500,000	500,000	-	-	-	-	-	-
May 6, 2021	3 months	-	2,645,000	2,645,000	-	-	-	-	-	-
May 6, 2021	6 months	-	170,000	170,000	-	-	-	-	-	-
May 20, 2021	3 months	-	350,000	350,000	-	-	-	-	-	-
<b>Total - as at June 30, 2021</b>		-	<b>206,345,000</b>	<b>216,278,000</b>	-	-	-	-	<b>0%</b>	<b>0%</b>
<b>Total - as at June 30, 2020</b>		<b>1,000,000</b>	<b>138,946,215</b>	<b>130,012,485</b>	<b>9,933,730</b>	<b>9,731,323</b>	<b>9,742,269</b>	<b>10,946</b>	<b>54%</b>	<b>91%</b>

Name of investee company	Tenure	Face value				Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation on re-measurement of investment	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2020	Purchases made during the year	Matured during the year	As at June 30, 2021					
-----Rupees in '000-----										
Hub Power Sukuk	6 Months	-	450,000	450,000	-	-	-	-	-	-
<b>Total - as at June 30, 2021</b>		-	<b>450,000</b>	<b>450,000</b>	-	-	-	-	-	-
<b>Total - as at June 30, 2020</b>		-	<b>283,000</b>	<b>283,000</b>	-	-	-	-	-	-

**Note** **2021** **2020**  
----- Rupees in '000 -----

## 6.2 Financial assets at amortised cost

Commercial papers	6.2.1	-	947,166
		-	947,166

### 6.2.1 Financial assets at amortised cost - Commercial paper

Name of investee company	Maturity date	As at July 1, 2020	Placement made during the year	Income accrued	Matured / sold during the year	As at June 30, 2021	Percentage of net assets	Percentage of total of investments
----- (Rupees in '000) -----								
K Electric Limited	August 14, 2020	375,548	-	6,452	382,000	-	0%	0%
K Electric Limited	August 26, 2020	132,105	-	2,895	135,000	-	0%	0%
K Electric Limited	September 10, 2020	100,390	-	2,610	103,000	-	0%	0%
K Electric Limited	October 6, 2020	339,123	-	10,227	349,350	-	0%	0%
K Electric Limited	August 10, 2021	-	316,507	7,119	323,626	-	0%	0%
<b>Total - as at June 30, 2021</b>		<b>947,166</b>	<b>316,507</b>	<b>29,304</b>	<b>1,292,976</b>	<b>-</b>	<b>1%</b>	<b>0%</b>
<b>Total - as at June 30, 2020</b>		<b>1,308,874</b>	<b>1,355,484</b>	<b>92,808</b>	<b>1,810,000</b>	<b>947,166</b>	<b>6%</b>	<b>9%</b>

<b>6.3</b>	<b>Net unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss</b>		<b>2021</b>	<b>2020</b>
			----- Rupees in '000 -----	
	Market value of investments		-	9,742,269
	Less: Carrying value of investments		-	(9,731,323)
			<u>-</u>	<u>10,946</u>

<b>7</b>	<b>PROFIT / MARK-UP RECEIVABLE</b>			
	Profit / mark-up receivable on			
	Bank deposits	7.1	<u>156,410</u>	<u>47,645</u>

**7.1** These include a balance held by a related party (Habib Bank Limited) amounting to Rs. 143,973 million (2020: Rs. 25.169 million).

<b>8</b>	<b>ADVANCES, DEPOSITS AND PREPAYMENTS</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
			----- Rupees in '000 -----	
	Security deposits with Central Depository Company of Pakistan Limited		100	100
	Prepaid rating fee		106	72
	Advance tax	8.1	<u>1,015</u>	<u>1,011</u>
			<u>1,221</u>	<u>1,183</u>

**8.1** The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.

The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same shall be refunded after filing refund application.

		2021	2020
	Note	----- Rupees in '000 -----	
<b>9</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>		
	Remuneration payable to the Management Company	5,593	4,038
	Sindh Sales Tax payable on Management Company's remuneration	727	525
	Allocation of fees and expenses related to registrar services, accounting, operation and valuation services	219	337
	Sales load payable	4	133
	Selling and marketing expense payable	1,313	511
		7,856	5,544

**9.1** As per the regulation 61 of the NBFC regulations, 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. The maximum limit disclosed in the Offering Document is 1.5% per annum of average annual net assets. During the year, the fee is being charged at the rate of 0.2% to 0.3% of the average annual net assets accordingly. The fee is payable monthly in arrears.

**9.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2020: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

**9.3** As per Regulation 60(3)(s) of NBFC Regulations, fees and expenses related to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate of 0% to 0.025% of the average annual net assets accordingly.

**9.4** As per Regulation 60(3)(v) of NBFC Regulations, selling and marketing expense may be charged for all categories of funds except fund of funds. During the year, the fee is being charged at the rate of 0% to 0.025% of the average annual net assets accordingly.

		2021	2020
	Note	----- Rupees in '000 -----	
<b>10</b>	<b>PAYABLE TO THE TRUSTEE</b>		
	Trustee fee payable	1,370	875
	Sindh Sales Tax payable on remuneration of the Trustee	177	114
		1,547	989

**10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

**10.2** Earlier, the tariff structure applicable to the Fund was as follows:

Up to Rs. 1 billion	0.15% p.a. of net assets
Exceeding Rs. 1 billion up to Rs. 10 billion	Rs. 1.5 million plus 0.075% p.a. of net assets exceeding Rs. 1 billion
Over Rs. 10 billion	Rs. 8.25 million plus 0.06% p.a. of net assets exceeding Rs. 10 billion

CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, has revised the rates of the Trustee fee, with effect from July 1, 2019, according to which, Trustee fee shall be charged at the rate of 0.065% of the average annual net assets of the Fund. During the year, the fee is being charged at the rate of 0.065% of the average annual net assets of the Fund.

- 10.3** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

<b>11</b>	<b>PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>	<b>2021</b> ----- Rupees in '000 -----	<b>2020</b> ----- Rupees in '000 -----
	Annual fee payable	11.1	5,067	2,462

- 11.1** As per Regulation 62 of NBFC Regulations, An Asset Management Company managing a CIS shall pay SECP an annual fee of 0.02% of the average annual net assets. During the year, Management Company has charged the fee accordingly. The fee is payable annually in arrears.

<b>12</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>2021</b> ----- Rupees in '000 -----	<b>2020</b> ----- Rupees in '000 -----
	Provision for Federal Excise Duty	12.1	7,528	7,528
	Provision for Sindh Workers' Welfare Fund	12.2	98,533	63,567
	Withholding tax payable		19,044	8,254
	Sales load-payable		313	253
	Auditors' remuneration		443	313
	Brokerage payable		8	408
	Other charges payable		63	-
	Zakat payable		71	51
			126,003	80,374

- 12.1** The legal status of applicability of Federal Excise Duty is the same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020. However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 7.528 million (2020: Rs. 7.528 million). Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Re. 0.0287 per unit (2020: Re. 0.0424 per unit).

**12.2 Workers' Welfare Fund and Sindh Workers' Welfare Fund**

The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 98.533 million for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 0.38 (2020: Rs. 0.36) per unit.

**13 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2021 (2020: Nil).

	2021	2020
	----Number of Units----	
<b>14 NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year	177,657,203	87,313,394
Add: Units issued during the year	523,627,783	314,753,601
Less: Units redeemed during the year	(439,096,679)	(224,409,792)
Total units in issue at the end of the year	<u>262,188,307</u>	<u>177,657,203</u>

**15 AUDITORS' REMUNERATION**

Annual audit fee	220	220
Fee for half yearly review	110	110
Other certifications and out of pocket expenses	84	116
	<u>414</u>	<u>446</u>

**16 TAXATION**

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

**17 EARNINGS PER UNIT**

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

**18 FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	----- As at June 30, 2021 -----		
	At fair value through profit or loss	Amortised cost	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Bank balances	-	26,522,253	26,522,253
Profit / mark-up receivable	-	156,410	156,410
Deposits	-	100	100
	<u>-</u>	<u>26,678,763</u>	<u>26,678,763</u>

Particulars	As at June 30, 2021		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	7,129	7,129
Payable to the Trustee	-	1,212	1,212
Accrued expenses and other liabilities	-	764	764
	-	9,105	9,105

Particulars	As at June 30, 2020		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial assets</b>			
Bank balances	-	13,602,521	13,602,521
Investments			
Market treasury bills	9,742,269	-	9,742,269
Commercial paper	-	947,166	947,166
Profit / mark-up receivable	-	47,645	47,645
Deposits	-	100	100
	9,742,269	14,597,432	24,339,701

Particulars	As at June 30, 2020		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	5,019	5,019
Payable to the Trustee	-	774	774
Payable against purchase of investments	-	6,279,629	6,279,629
Accrued expenses and other liabilities	-	974	974
	-	6,286,396	6,286,396

## 19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

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

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

	2021	2020
	----- Rupees in '000 -----	
<b>19.1 Transactions during the year</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	75,274	54,063
Sindh Sales Tax on remuneration of the Management Company	9,786	7,028
Sales load	6,824	133
Allocation of expenses related to registrar services, accounting, operation and valuation services	6,026	11,188
Selling and marketing expense	6,026	6,218
Issue of 8,864,225 (2020: 13,118,419) units	899,626	1,330,382
Redemption of 8,469,462 (2020: 13,438,048) units	859,101	1,362,751
Dividend paid	5,958	10,560
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	16,467	8,000
Sindh Sales Tax on remuneration of the Trustee	2,141	1,040
CDC service charges	52	770
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	859	397
Profit / mark-up on savings accounts	502,509	172,349
Sales load	-	253
<b>Directors and Executives of the Management Company</b>		
Issuance of 514,221 units (2020: 42,387 units)	52,169	4,288
Redemption of 438,410 units (2020: 27,604 units)	44,457	2,805
Dividend paid	849	47
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - Fund under common management</b>		
Issuance of 22,102 units (2020: 88,518 units)	2,236	8,955
Redemption of 192,202 units (2020: 405,595 units)	19,483	41,144
Dividend paid	685	3,130
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Fund under common management</b>		
Issuance of 8 units (2020: 158,389 units)	1	16,019
Redemption of NIL units (2020: 158,273 units)	-	16,038
Dividend paid	1	2
<b>MCBFSL Trustee HBL Financial Planning Fund Special Income Plan - Fund under common management</b>		
Issuance of 1,401,835 units (2020: 47,154 units)	142,367	4,795
Redemption of 530,806 units (2020: 47,154 units)	53,863	4,780
Dividend paid	4,946	157



	2021	2020
	----- Rupees in '000 -----	
<b>MCBFSL Trustee HBL Financial Planning Fund Strategic Allocation Plan - Fund under common management</b>		
Issuance of Nil units (2020: 5,435 units)	-	548
Redemption of Nil units (2020: 182,477 units)	-	18,456
Dividend paid	-	548
<b>Fauji Fertilizers Company Limited - Connected person due to holding of more than 10% units</b>		
Issuance of 160,988,277 units (2020: 62,771,647 units)	16,328,711	6,363,683
Redemption of 168,542,505 units (2020: 45,198,960 units)	17,096,285	4,564,668
Dividend paid	338,299	292,100
<b>CDC Trustee HBL Islamic Money Market Fund - Fund under common management</b>		
Sale of Commercial Paper	199,489	-
<b>First Micro Finance bank Limited - Fund under common management</b>		
Sale of Treasury Bills	247,219	-
<b>CDC Trustee HBL Income Fund - Fund under common management</b>		
Purchase of Hub Power Company Limited Corporate sukuk bonds	-	187,022
<b>CDC Trustee HBL Islamic Money Market Fund - Fund under common management</b>		
Purchase of Hub Power Company Limited Corporate sukuk bonds	-	101,404
Purchase of K-Electric Limited Corporate sukuk bonds	-	29,188
<b>19.2 Balances outstanding as at the year end</b>		
<b>HBL Asset Management Limited</b>		
Remuneration payable to the Management Company	5,593	4,038
Sindh Sales Tax payable on Management Company's remuneration	727	525
Allocation of expenses related to registrar services, accounting, operation and valuation services	219	337
Sales load payable	4.08	133
Selling and marketing expense payable	1,313	511
Units held: 394,763 (2020: Nil)	39,959	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	1,547	989
Security deposit held	100	100

	2021	2020
	----- Rupees in '000 -----	
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	22,716,150	7,083,668
Profit / mark-up receivable	143,973	25,169
Sales load payable	313	253
<b>Directors and Executives of the Management Company</b>		
Units held: 107,551 (2020: 34,450)	10,887	3,485
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - Fund under common management</b>		
Units held: 14,992 (2020: 185,093)	1,518	18,724
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Fund under common management</b>		
Units held: 124 (2020: 116)	13	12
<b>MCBFSL Trustee HBL Financial Planning Fund Special Income Plan - Fund under common management</b>		
Units held: 871,029 (2020: Nil)	88,168	-
<b>Fauji Fertilizers Company Limited - Connected person due to holding of more than 10% units</b>		
Units held: 30,242,777 (2020: 37,797,004)	3,061,256	3,823,542

## 20 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in a portfolio of money market securities such as Market Treasury Bills, Commercial Paper, Letter of Placements and in other money market instruments. These activities are exposed to a variety of financial risks; namely, market risks, credit risks and liquidity risks.

### 20.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, interest rate risk and price risk.

### **20.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as its full transactions are carried out in Pakistani Rupees.

### **20.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

#### **a) Cash flow interest rate risks**

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 4.00% to 8.85% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2021, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 26,522 million (2020: Rs. 13,603 million).

#### **b) Fair value interest rate risks**

The Fund's investment in Market Treasury Bills and Commercial paper exposes it to fair value interest rate risk.

In case of 100 basis points increase in rates announced by the Financial Market Association of Pakistan on June 30, 2021, with all other variables held constant, the net income for the year and the net assets would be lower by Rs. NIL (2020: 106.894 million). In case of 100 basis points decrease in rates announced by the Financial Market Association on June 30, 2021, with all other variables held constant, the net income for the year and the net assets would be higher by Rs. NIL (2020: 106.894 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-statement of financial position financial instruments is based on the earlier of contractual repricing or maturity date and for off-statement of financial position instruments is based on the settlement date.

Particulars	As at June 30, 2021					
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	4.00 - 8.85	26,522,246	-	-	7	26,522,253
Investments						
Profit / mark-up receivable		-	-	-	156,410	156,410
Deposits		-	-	-	100	100
<b>Sub total</b>		<b>26,522,246</b>	<b>-</b>	<b>-</b>	<b>156,517</b>	<b>26,678,763</b>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	7,129	7,129
Payable to the Trustee		-	-	-	1,212	1,212
Accrued expenses and other liabilities		-	-	-	764	764
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>9,105</b>	<b>9,105</b>
<b>On-balance sheet gap (a)</b>		<b>26,522,246</b>	<b>-</b>	<b>-</b>	<b>147,412</b>	<b>26,669,658</b>
<b>Off-balance sheet financial instruments</b>						
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<b>26,522,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>26,522,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Particulars	As at June 30, 2020					
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
		Rupees in '000				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5 - 14.5	13,602,521	-	-	-	13,602,521
Investments						
Market Treasury Bills	7.07 - 8.35	9,742,269	-	-	-	9,742,269
Commercial Paper	11.76 - 14.13	947,166	-	-	-	947,166
Profit / mark-up receivable		-	-	-	47,645	47,645
Deposits		-	-	-	100	100
<b>Sub total</b>		<b>24,291,956</b>	<b>-</b>	<b>-</b>	<b>47,745</b>	<b>24,339,701</b>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	5,019	5,019
Payable to the Trustee		-	-	-	774	774
Payable against purchase of investments		-	-	-	6,279,629	6,279,629
Accrued expenses and other liabilities		-	-	-	974	974
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,286,396</b>	<b>6,286,396</b>
<b>On-balance sheet gap (a)</b>		<b>24,291,956</b>	<b>-</b>	<b>-</b>	<b>(6,238,651)</b>	<b>18,053,305</b>
<b>Off-balance sheet financial instruments</b>						
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<b>24,291,956</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>24,291,956</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Fund does not hold any security which exposes the Fund to price risk.

### 20.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in debt securities, loans and receivables and bank balances. Risks attributable to investments in Market Treasury Bills is limited as these are guaranteed by the Federal Government while bank balances are maintained with banks with a reasonably high credit rating. The risk of default is considered minimal due to interest systematic measures taken therein.

**20.2.1** The analysis below summarises the credit quality of the Fund's bank balances and Investments as at June 30, 2021 and June 30, 2020:

Name of bank / institutions	Balances held by the Fund as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
<b>Balances with banks by rating category</b>			
	(Rupees in '000)		
Bank Alfalah Limited	65	A-1+	JCR-VIS
Bank Al Habib Limited	5	A-1+	PACRA
Habib Metro Bank Limited	98	A-1+	PACRA
Habib Bank Limited	22,716,150	A-1+	JCR-VIS
Allied Bank Limited	3,800,125	A-1+	PACRA
Dubai Islamic Bank Limited	45	A-1+	JCR-VIS
Samba Bank Limited	10	A-1	JCR-VIS
Zarai Taraqiati Bank Limited	45	A-1+	JCR-VIS
MCB Bank Limited	4,813	A-1+	PACRA
Sindh Bank Limited	19	A-1	JCR-VIS
Faysal Bank Limited	342	A-1+	JCR-VIS
Soneri Bank	536	A-1+	PACRA
	26,522,253		

Name of bank / institutions	Balances held by the Fund as at June 30, 2020	Latest available published rating as at June 30, 2020	Rating agency
-----------------------------	---	---	---------------

(Rupees in '000)

**Balances with banks by rating category**

Bank Alfalah Limited	349	A-1+	JCR-VIS
Bank Al Habib Limited	5	A-1+	PACRA
Habib Metro Bank Limited	917	A-1+	PACRA
Habib Bank Limited	7,083,668	A-1+	JCR-VIS
Allied Bank Limited	6,512,557	A-1+	PACRA
Dubai Islamic Bank Limited	81	A-1+	JCR-VIS
Samba Bank Limited	10	A-1	JCR-VIS
Zarai Taraqiati Bank Limited	43	A-1+	JCR-VIS
MCB Bank Limited	4,554	A-1+	PACRA
Sindh Bank Limited	18	A-1	JCR-VIS
Faysal Bank Limited	319	A-1+	JCR-VIS
	<u>13,602,521</u>		

**Commercial Paper**

K Electric Limited	<u>947,166</u>	A-1+	PACRA
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**20.2.2** The analysis below summarizes the credit quality of the Fund's credit exposure:

Rating by rating category	2021	2020
	----- (Percentage) -----	
A-1+	100.00	100.00
A-1	-	-

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

**20.3 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year, no borrowing was made by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	----- As at June 30, 2021 -----			
	Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	7,129	-	-	7,129
Payable to the Trustee	1,212	-	-	1,212
Accrued expenses and other liabilities	764	-	-	764
	<u>9,105</u>	<u>-</u>	<u>-</u>	<u>9,105</u>

Particulars	----- As at June 30, 2020 -----			
	Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	5,019	-	-	5,019
Payable to the Trustee	774	-	-	774
Payable against purchase of investments	6,279,629	-	-	6,279,629
Accrued expenses and other liabilities	974	-	-	974
	<u>6,286,396</u>	<u>-</u>	<u>-</u>	<u>6,286,396</u>

## 21 UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;
- Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

## **22 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 and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

The fair value of financial assets and liabilities traded in active markets 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.

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), 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 :

Particulars	June 30, 2021						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Note ----- (Rupees in '000) -----						
<b>Financial assets measured at fair value</b>	22.1						
Market Treasury Bills		-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>	22.1						
Bank balances		-	26,522,253	26,522,253			
Profit / mark-up receivable		-	156,410	156,410			
Deposits		-	100	100			
		-	26,678,763	26,678,763			
<b>Financial liabilities not measured at fair value</b>	22.1						
Payable to the Management Company		-	7,129	7,129			
Payable to the Trustee		-	1,212	1,212			
Accrued expenses and other liabilities		-	764	764			
		-	9,105	9,105			

Particulars	June 30, 2020						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Note ----- (Rupees in '000) -----						
<b>Financial assets not measured at fair value</b>							
Market Treasury Bills		9,742,269	-	9,742,269	-	9,742,269	-
<b>Financial assets not measured at fair value</b>	22.1						
Bank balances		-	13,602,521	13,602,521			
Investments							
Commercial Paper		-	947,166	947,166			
Profit / mark-up receivable		-	47,645	47,645			
Deposits		-	100	100			
		-	14,597,432	14,597,432			
<b>Financial liabilities not measured at fair value</b>	22.1						
Payable to the Management Company		-	5,019	5,019			
Payable to the Trustee		-	774	774			
Payable against purchase of investments		-	6,279,629	6,279,629			
Accrued expenses and other liabilities		-	974	974			
		-	6,286,396	6,286,396			

**22.1** 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.

**22.2 Transfers during the year**

No transfer were made between various levels of fair value hierarchy during the year.

**23 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

Top ten brokers during the year ended June 30, 2021

- 1 Arif Habib Limited
- 2 Paramount Capital (Private) Limited
- 3 Invest One Markets Limited
- 4 Pearl Securities Limited
- 5 Optimus Markets (Private) Limited
- 6 Icon Securities (Private) Limited
- 7 Magenta Capital (Private) Limited
- 8 C & M Management (Private) Limited
- 9 JS Global Capital Limited
- 10 Bright Capital (Private) Limited

Top ten brokers during the year ended June 30, 2020

- 1 Invest One Markets Limited
- 2 Paramount Capital (Private) Limited
- 3 Bright Capital (Private) Limited
- 4 Optimus Markets (Private) Limited
- 5 JS Global Capital Limited
- 6 Magenta Capital (Private) Limited
- 7 BMA Capital Management Limited
- 8 Currency Market Associates (Private) Limited
- 9 Arif Habib Limited
- 10 BIPL Securities Limited

**24 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the Investment Committee of the Fund as on June 30, 2021 are as follows:

S.no	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	21+
2	Muhammad Wamiq Sakrani	Acting Head of Fixed Income	MBA	10+
3	Raza Inam	Acting Head of Research	Bsc (Hons), CFA	7+
4	Karim Khawaja	Head of Risk	MBA, CMA	17+

**25 PATTERN OF UNITHOLDING**

Category	As at June 30, 2021			
	Number of unit holders	Number of units held	Investment amount	Percentage
			Rupees in '000	
Associated Companies	1	394,763	39,962	0.15%
Trust	6	2,216,785	224,389	0.85%
Insurance Companies	4	1,536,662	155,545	0.59%
Retirement Funds	34	10,324,305	1,045,054	3.94%
Other Corporate	82	220,620,693	22,331,822	84.15%
Individuals	1417	27,095,099	2,742,639	10.33%
		<b>262,188,307</b>	<b>26,539,411</b>	<b>100.00%</b>

Category	As at June 30, 2020			
	Number of unit holders	Number of units held	Investment amount	Percentage
			Rupees in '000	
Individuals	1263	22,736,956	2,301,496	12.80%
Insurance Companies	5	347,706	35,196	0.20%
Retirement Funds	29	4,795,267	485,390	2.70%
Trust	7	510,659	51,690	0.29%
Others Corporate	57	149,266,615	15,109,170	84.02%
		<u>177,657,203</u>	<u>17,982,942</u>	<u>100.00%</u>

## 26 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Seven meetings of the Board of Directors were held on July 28 & 29, 2020, August 27, 2020, September 30, 2020, October 12, 2020, October 29, 2020, February 10, 2021 and April 30, 2021 respectively. Information in respect of the attendance by the Directors in the meetings is given below

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave	
1 Mr. Mir Adil Rashid	7	7	-	-
2 Ms. Ava A. Cowasjee	7	7	-	-
3 Mr. Rayomond H. Kotwal	7	7	-	-
4 Mr. Rizwan Haider *	2	2	-	-
5 Mr. Shabbir Hussain Hashmi	7	7	-	-
6 Mr. Shahid Ghaffar	7	7	-	-
7 Mr. Muhammad Afaq Khan**	6	6	-	-
8 Mr .Abrar Ahmed Mir **	6	6	-	-
9 Mr .Tariq Masaud ***	4	4	-	-

\* Resigned on September 18, 2020.

\*\* Appointed on July 29, 2020.

\*\*\* Appointed on September 22, 2020.

## 27 TOTAL EXPENSE RATIO

In accordance with the Directive 23 of 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended June 30, 2021 is 0.62% (2020: 1%) which includes 0.20% (2020: 0.33%) representing Government Levy and SECP fee.

## 28 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 26, 2021 by the Board of Directors of the Management Company.

## 29 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

**30 GENERAL**

**30.1** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

**30.2** 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 year ended June 30, 2021 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 / government 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.

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** Multi Asset Fund

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Multi Asset Fund</b>
<b>NAME OF AUDITORS</b>	<b>KPMG Taseer Hadi &amp; Co., Chartered Accountants.</b>
<b>NAME OF TRUSTEE</b>	<b>Central Depository Company of Pakistan Limited</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited Allied Bank Limited JS Bank Limited MCB Bank Limited Zarai Tarakiyati Bank Limited Sindh Bank Limited Soneri Bank Limited</b>

**Type and Category of Fund**

**Open end Balanced Fund**

**Investment Objective and Accomplishment of Objective**

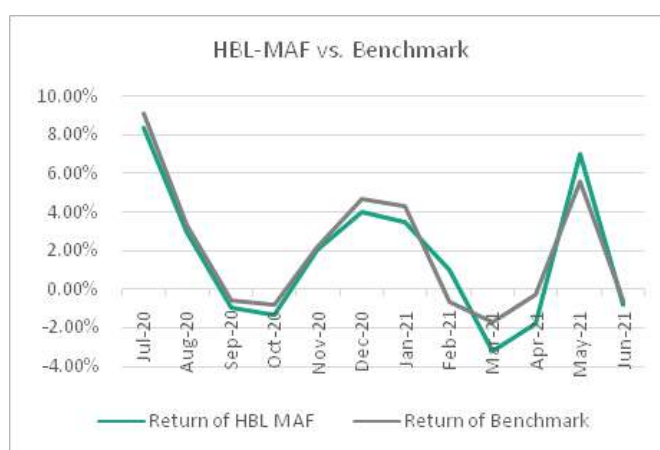
The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes such as equity, equity-related instruments, fixed-income securities, continuous funding system, derivatives, money market instruments, etc.

**Benchmark and Performance Comparison with Benchmark**

The Fund's benchmark is weighted average daily return of KSE100 and 6M average PKRV rates based on the actual proportion of investment in Equity and Fixed Income/Money Market component.

The comparison of the fund return with benchmark is given below:

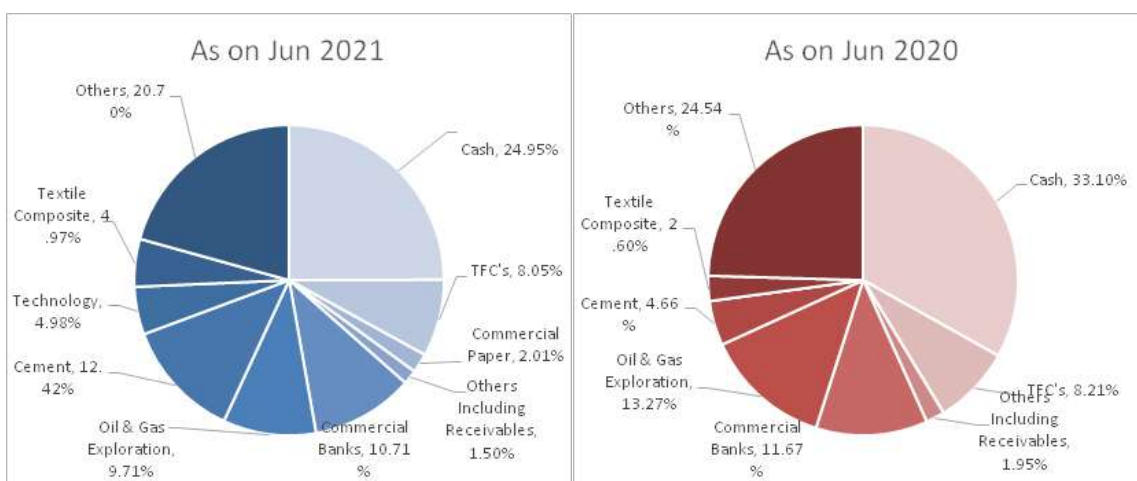
Month	Return of Fund	
	HBL -MAF	Benchmark
Jun-21	-0.77%	-0.58%
May-21	6.95%	5.56%
Apr-21	-1.78%	-0.25%
Mar-21	-3.18%	-1.68%
Feb-21	0.98%	-0.62%
Jan-21	3.47%	4.28%
Dec-20	4.00%	4.69%
Nov-20	2.06%	2.22%
Oct-20	-1.34%	-0.80%
Sep-20	-0.94%	-0.58%
Aug-20	2.95%	3.35%
Jul-20	8.33%	9.11%



**Strategies and Policies employed during the Year**

During the year under review, the Fund has increased its exposure in equity securities from 57% as on June 30, 2020 to 63% as on June 30, 2021. Furthermore, sector wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in cements and pharmaceuticals was increased, while exposure in fertilizers and commercial banks was decreased. The Fund gradually decreased its exposure in TFCs, while increasing exposure in Commercial Papers.

**Asset Allocation**



## Significant Changes in Asset Allocation during the Year

Following table shows comparison of sector wise allocation of equity investments of Fund as on June 30, 2021 and June 30, 2020:

Sector Name	As on Jun 2021	As on Jun 2020
Cash	24.95%	33.10%
TFC's	8.05%	8.21%
Commercial Paper	2.01%	0.00%
Others Including Receivables	1.50%	1.95%
Commercial Banks	10.71%	11.67%
Oil & Gas Exploration	9.71%	13.27%
Cement	12.42%	4.66%
Technology	4.98%	0.00%
Textile Composite	4.97%	2.60%
Others	20.7%	24.5%
Total	100.00%	100.00%

## Fund Performance

The total income and net income of the Fund was Rs. 49.79 million and Rs. 40.75 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Fund was Rs112.7464 per unit as on June 30, 2021 as compared to Rs94.0814 per unit as on June 30, 2020, after incorporating dividend of Rs. 2.05 per unit, thereby giving a return of 21.99%. During the same year the benchmark index (Weighted average daily return KSE 100 and 6 Month PKRV rates) yielded a return of 26.94%. The size of Fund was Rs 0.20 billion as on June 30, 2021 as compared to Rs. 0.19 billion at the start of the year.

## Review of Market invested in

### Money Market Review

The Central bank maintained the interest rates in the period after a cumulative 625 bps decrease in interest rates in 2HFY20 in response to the Covid-19 pandemic. At the start of the 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.

Yields across all the tenors changed between +11bps to +146 bps during FY21 due to a general market consensus that the monetary easing cycle is over and we may witness some hike in interest rate in FY22. Secondary market yields of 3, 5 and 10-year PIBs increased by 146, 138 and 125 bps respectively while yields of 3, 6 and 12 month T-Bills increased in tandem by 19, 48 and 76 bps respectively during the period. The cut-off yields in the last T-Bill Auction were 7.31% and 7.58% for 3M and 6M tenor whereas the cut offs in the last PIB Auction were 8.69%, 9.20% and 9.84% for the 3Y, 5Y, and 10Y tenor.

During FY21, Government largely managed its borrowing requirement through commercial banks. Government borrowed PKR 2,955bn from scheduled banks compared to borrowing of PKR 2,305bn during same period last year. Meanwhile, Government borrowing from SBP declined by PKR 1,268bn during the period against decline in borrowing of PKR 153bn 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 May-21, SBP maintained status quo in the interest rates. Going forward, we feel that the monetary easing has taken place and we are at the bottom of the interest rate cycle. Due to the ongoing fourth wave of Covid-19 we expect the government to maintain status quo in the SBP policy rate for the next few months to support the recovery of the economy. The central bank has given its forward looking guidance to maintain mildly positive interest rates when economy return to full capacity. Thus we expect any future increase in the policy rate to be measured and gradual.

### Stock Market Review

The market sustained its bullish momentum in FY21 as the KSE-100 index recorded 12,934 points increase (+37.6%) during the period to close at 47,356 points. The stellar performance of the index can be attributed to 1) relative 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 strengthening currency and better current account position.



During the period construction linked industries (Cement, Steel, and Glass) rallied on the back of the monetary easing done by the SBP and government focus on construction sector. Technology sector also remained in limelight due to increasing focus on technology post Covid-19 pandemic. Banking Sector also rallied due to attractive valuations. On the flows side, foreigners were the net sellers during FY21 and sold shares of worth USD 387mn, compared to net selling of USD 285mn during same period last year.

Pakistan equities are likely to continue the positive momentum due to cheaper valuation (trading at a Forward P/E of 6.1x against peer average 15.7x) and improvement in the macroeconomic landscape. Market participants would closely follow trend of coronavirus cases and the ensuring macro numbers. Cyclical sectors (Cement, Steel) are expected to continue their rally due to Government's push towards Naya Pakistan Housing Scheme. Textile sector is also expected to garner investors' attention due to huge export potential. Technology sector would also remain in limelight due to rerating of the sector due to improved earnings outlook. We will maintain our strategic focus towards "bottom-up" approach and align exposure towards stocks with strong earnings potential.

### Distribution

The Board of Directors approved cash distribution of up to Rs. 2.05 per unit to the unit holders for the year ended June 30, 2021.

### Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.

### Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	33	1,226
101 – 500	39	9,604
501 – 1,000	14	10,760
1,001 – 10,000	35	166,991
10,001 – 100,000	20	471,142
1,000,001 – 5,000,000	1	312,940
500,001 – 1,000,000	1	822,848
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
<b>Total</b>	<b>143</b>	<b>1,795,511</b>

### Unit Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE**  
**HBL MULTI ASSET FUND**  
*As at June 30, 2021*

	2021	2020	2019	2018	2017	2016
Net assets at the period end (Rs'000)	202,437	193,764	203,154	324,123	966,784	765,506
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	112.7464	94.0814	95.6506	105.0519	112.09	98.05
Offer	115.2945	96.2076	97.8123	107.4261	114.63	100.64
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	119.3354	Offer	110.1991	114.9534	129.29	105.63
Lowest offer price per unit	97.2483	96.2076	95.669	98.0981	100.75	90.70
Highest redemption price per unit	116.698	Repurchase	107.7636	112.4129	126.37	102.91
Lowest redemption price per unit	95.0991	94.0814	93.5547	95.9301	98.52	88.37
<b>RETURN ( % )</b>						
Total return	21.99%	2.14%	-8.95%	-6.28%	18.40%	5.89%
Income distribution	2.05%	3.60%	0.00%	0.00%	4.00%	2.50%
Capital growth	19.94%	-1.46%	-8.95%	-6.28%	14.40%	3.39%
<b>DISTRIBUTION</b>						
Final dividend distribution (Rs)	2.05	3.6	0	0	4.00	2.50
Date of Income Distribution	18-Jun-21	26-Jun-20	-	-	20-Jun-17	27-Jun-16
Total dividend distribution for the year/ period (Rs)	2.05	3.60	0	0	4.00	2.50
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	21.99%	2.14%	-8.95%	-6.28%	18.40%	5.89%
Average annual return 2 year	11.62%	-3.56%	-7.62%	5.34%	11.99%	5.89%
Average annual return 3 year	4.30%	-4.48%	0.34%	5.54%	9.57%	5.89%
Weighted average portfolio during (No. of days)						
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	24.95%	33.10%	27.93%	35.03%	19.79%	3.00%
Placements with Banks & DFIs	0.00%	0.00%	0.00%	0.00%	8.24%	5.00%
TFC / Sukuk	8.05%	8.21%	13.71%	9.48%	6.98%	0.00%
Commercial Paper	2.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Stock/Equities	63.49%	56.74%	55.01%	53.14%	64.27%	66.00%
Government Securities	0.00%	0.00%	0.00%	0.00%	0.00%	23.00%
Others Including receivables	1.50%	1.95%	3.36%	2.35%	0.72%	3.00%

**Note:**

The Launch date of the Fund is December 17, 2007

**Disclaimer:**

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

# PROXY VOTING DISCLOSURE

As at June 30, 2021

## Summary of Actual Proxy voted by CIS

HBL MAF	Meetings	Resolutions	For	Against
Number	4	12	12	-
(%ages)		100%	100%	-

## AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Adamjee Insurance Co Ltd		
AGP Limited	(26-04-2021)	(02/04/2021)(09-06-2021)
Aisha Steel Mills Ltd	28-10-20	
Amreli Steels Limited	27-10-20	06-05-21
Attock Cement Pakistan Ltd	22-10-20	
Attock Refinery Ltd	19-10-20	
Avanceon Limited	26-05-21	12-01-21
Azgard Nine Ltd	28-10-20	03-04-21
Bank Al-Falah Ltd	09-03-21	27-05-21
Bank Al-Habib Limited	25-03-21	
Bank of Punjab Ltd	30-03-21	
BankIslami Pakistan Limited	30-03-21	11-02-21
Cherat Cement Company Ltd.	27-10-20	
Clover Pakistan Limited	20-01-2021	05-05-21
D G Khan Cement Co.Ltd.	28-10-20	
Engro Corporation Ltd	26-04-21	
Engro Fertilizers Limited	30-03-21	
Engro Polymer & Chemicals Ltd	08-04-21	
Fauji Fertilizer Bin Qasim Ltd	29-03-21	(09/09/2020)(25-11-2020)
Fauji Fertilizer Co Ltd	18-03-21	06-11-20
Fauji Foods Limited	25-03-21	
Faysal Bank Limited	29-03-21	
General Tyre & Rubber Co of Pakistan Ltd	28-10-20	20-08-20
GlaxoSmithKline Pakistan Ltd	27-04-21	
Gul Ahmed Textile Mills Ltd	28-10-20	29-06-21
Habib Bank Ltd	26-03-21	
Hascol Petroleum Ltd	11-08-20	(08/09/2020)(23-02-2021)
Highnoon Laboratories Limited	27-04-21	
Hub Power Company Ltd	24-09-20	
IGI Holdings Limited	29-04-21	
IGI LIFE INSURANCE LIMITED	28-04-21	
Interloop Limited	15-10-20	10-12-20
International Industries Ltd	30-09-20	
International Steels Limited	29-09-20	
K-Electric Limited	26-11-20	
Kohat Cement Ltd	28-10-20	
Lucky Cement Ltd	29-09-20	
Maple Leaf Cement Factory Ltd	27-10-20	
Mari Petroleum Company Ltd	29-09-20	24-06-21
MCB Bank Ltd	27-03-21	
Mughal Iron & Steel Inds Ltd	28-10-20	19-04-21
National Bank of Pakistan Ltd	29-03-21	27-07-2020
National Refinery Ltd	22-10-20	
Netsol Technologies	23-10-20	
Nimir Resins Limited	21-10-20	10-06-21
Nishat (Chunian) Ltd		16-04-21
Nishat Mills Ltd	28-10-20	15-12-20
Oil & Gas Development Co Ltd	28-10-20	17-03-21
Pak Elektron Ltd	29-04-21	
Pak Suzuki Motor Company Limited	22-04-21	29-01-2021
Pakistan National Shipping Corp Ltd	26-10-20	
Pakistan Oilfields Ltd	19-10-20	
Pakistan Petroleum Ltd	26-10-20	23-12-20
Pakistan State Oil Company Ltd	21-10-20	
Pioneer Cement Limited	28-10-20	
Sitara Chemical Industries Limited	26-10-20	
Standard Chartered Bank (Pakistan) Ltd	29-03-21	
Sui Northern Gas Pipeline Ltd	15-08-20	
Systems Limited	31-03-2021	03-12-20
Tariq Glass Industries Ltd		
Thal Limited	22-10-20	
The Organic Meat Company Limited	27-10-20	
The Searle Company Ltd	28-10-20	28-06-21
TPL Insurance Limited	22-04-21	21-12-20
TPL Properties Ltd	27-10-20	
TPL Trakker Limited	26-10-20	
TRG Pakistan Ltd	27-11-20	
United Bank Limited	31-03-21	
Unity Foods Limited	23-10-20	22-03-21
Waves Singer Pakistan Limited	(23-04-2021)	(11/08/2020)(09-09-2020)
WorldCall Telecom Ltd	30-07-20	

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shakra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel : (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL MULTI ASSET FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Multi Asset Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 17, 2021



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

## INDEPENDENT AUDITORS' REPORT

### To the Unit holders of HBL Multi Asset Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **HBL Multi Asset Fund** ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2021, income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have no such matters to report.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2021, but does not include the financial statements and our auditors' report thereon.



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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Fund's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should



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not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditors' report is Zeeshan Rashid.

**Karachi**

**Date: 28 September 2021**

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



**HBL Multi Asset Fund**  
**Statement of Assets and Liabilities**  
*As at June 30, 2021*

	Note	2021 ----- (Rupees in '000) -----	2020
<b>Assets</b>			
Bank balances	4	54,922	69,747
Investments	5	161,844	136,901
Dividend receivable and accrued mark-up	6	428	550
Advances and deposits	7	2,964	3,515
<b>Total assets</b>		<b>220,158</b>	<b>210,713</b>
<b>Liabilities</b>			
Payable to the Management Company	8	703	1,150
Payable to the Trustee	9	38	34
Payable to Securities and Exchange Commission of Pakistan	10	41	39
Payable against purchase of investment		4,003	416
Accrued expenses and other liabilities	11	12,936	15,310
<b>Total liabilities</b>		<b>17,721</b>	<b>16,949</b>
<b>Net assets</b>		<b>202,437</b>	<b>193,764</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>202,437</b>	<b>193,764</b>
<b>Contingencies and commitments</b>	12		
		----- Number of units -----	
<b>Number of units in issue</b>	13	<b>1,795,511</b>	<b>2,059,534</b>
		----- Rupees -----	
<b>Net assets value per unit</b>		<b>112.7464</b>	<b>94.0814</b>

The annexed notes 1 to 32 form an integral part of these financial statements.

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

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

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

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

**HBL Multi Asset Fund**  
**Income Statement**  
For the year ended June 30, 2021

	Note	2021 ------(Rupees in '000)-----	2020
<b>Income</b>			
Mark-up / return on investments calculated using the effective interest method	14	1,821	3,253
Mark-up on deposits with banks calculated using the effective interest method	15	3,527	7,776
Dividend income		6,138	6,001
Realised gain on sale of investments		17,653	2,559
Unrealised appreciation / (demerit) on revaluation of investments at fair value through profit or loss		19,114	(6,108)
Other income		1,536	59
		<b>49,789</b>	<b>13,540</b>
<b>Expenses</b>			
Remuneration of the Management Company	8.1	4,654	4,212
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	721	479
Selling and marketing expense		999	732
Remuneration of the Trustee	9.1	465	438
Annual fee to Securities and Exchange Commission of Pakistan	10.1	41	39
Auditors' remuneration	16	420	397
Fees and subscription		28	27
Securities transaction costs		476	288
Settlement and bank charges		346	262
Printing charges		54	-
<b>Total expenses</b>		<b>8,204</b>	<b>6,874</b>
<b>Net income from operating activities</b>		<b>41,585</b>	<b>6,666</b>
Provision for Sindh Workers' Welfare Fund	11.2	(832)	(133)
<b>Net income for the year before taxation</b>		<b>40,753</b>	<b>6,533</b>
Taxation	17	-	-
<b>Net income for the year after taxation</b>		<b>40,753</b>	<b>6,533</b>
<b>Allocation of income for the year</b>			
Net income for the year after taxation		40,753	6,533
Income already paid on redemption of units		(6,285)	(58)
		<b>34,468</b>	<b>6,475</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gain		30,905	-
- Excluding capital gain		3,563	6,533
		<b>34,468</b>	<b>6,533</b>
<b>Earnings per unit</b>	18		

The annexed notes 1 to 32 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Multi Asset Fund**  
**Statement of Comprehensive Income**  
*For the year ended June 30, 2021*

	2021	2020
	----- (Rupees in '000) -----	
Net income for the year after taxation	40,753	6,533
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u><u>40,753</u></u>	<u><u>6,533</u></u>

The annexed notes 1 to 32 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
Director

**HBL Multi Asset Fund**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2021

		For the year ended June 30,					
		2021			2020		
Note	Capital value	Undistributed income (Accumulated loss)	Total	Capital value	Undistributed income (Accumulated loss)	Total	
----- (Rupees in '000) -----							
Net assets at beginning of the year	243,068	(49,304)	193,764	252,548	(49,394)	203,154	
Issuance of 783,723 units (2020: 444,095 units)							
- Capital value (at net asset value per unit at the beginning of the year)	73,734	-	73,734	42,478	-	42,478	
- Element of loss	9,949	-	9,949	324	-	324	
Total proceeds on issuance of units	83,683	-	83,683	42,802	-	42,802	
Redemption of 1,047,746 units (2020: 508,477 units)							
- Capital value (at net asset value per unit at the beginning of the year)	(98,573)	-	(98,573)	(48,636)	-	(48,636)	
- Element of income	(7,235)	(6,285)	(13,520)	(2,761)	(58)	(2,819)	
Total payments on redemption of units	(105,808)	(6,285)	(112,093)	(51,397)	(58)	(51,455)	
Total comprehensive income for the year	-	40,753	40,753	-	6,533	6,533	
Interim distribution for the year ended June 30, 2021: 2.05 per unit declared on June 21, 2021	-	(3,565)	(3,565)	-	(6,385)	(6,385)	
Refund of capital	(105)	-	(105)	(885)	-	(885)	
Total distribution	(105)	(3,565)	(3,670)	(885)	(6,385)	(7,270)	
Net assets at end of the year	220,838	(18,401)	202,437	243,068	(49,304)	193,764	
<b>Accumulated loss brought forward</b>							
- Realised		(28,505)			(28,595)		
- Unrealised		(20,799)			(20,799)		
		(49,304)			(49,394)		
<b>Accounting income/ Loss available for distribution</b>							
- Relating capital gains		30,905			-		
- Excluding capital gains		3,563			6,475		
		34,468			6,475		
Interim distribution for the year ended June 30, 2021: 2.05 per unit declared on June 21, 2021		(3,565)			(6,385)		
<b>Undistributed income carried forward</b>		(18,401)			(49,304)		
<b>Accumulated loss carried forward</b>							
- Realised		713			(28,505)		
- Unrealised		(19,114)			(20,799)		
		(18,401)			(49,304)		
			(Rupees)				(Rupees)
Net assets value per unit at beginning of the year			94.0814			95.6506	
Net assets value per unit at end of the year			112.7464			94.0814	

The annexed notes 1 to 32 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Multi Asset Fund**  
**Cash Flow Statement**  
For the year ended June 30, 2021

Note	2021	2020
	------(Rupees in '000)-----	
<b>Cash flow from operating activities</b>		
Net income for the year after taxation	40,753	6,533
<b>Adjustments</b>		
Profit from bank deposits calculated using effective interest method	(3,527)	(7,776)
Return from investments calculated using effective interest method	(1,821)	(3,253)
Realised gain on sale of investments	(17,653)	(2,559)
Dividend income	(6,138)	(6,001)
Unrealised appreciation / (demuniton) on revaluation of investments at fair value through profit or loss	(19,114)	6,108
	<u>(7,500)</u>	<u>(6,948)</u>
Decrease in assets		
Investments	15,411	10,793
Advances, deposits and other receivables	551	(35)
	15,962	10,758
(Decrease) / Increase in liabilities		
Payable to the Management Company	(447)	609
Payable to the Trustee	4	(31)
Payable to Securities and Exchange Commission of Pakistan	2	(195)
Accrued expenses and other liabilities	(2,374)	3,638
	<u>(2,815)</u>	<u>4,021</u>
<b>Net cash generated from operations</b>	5,647	7,831
Profit received from bank deposits	3,646	8,098
Markup on investments received	1,850	3,475
Dividend income received	6,112	6,041
	<u>11,608</u>	<u>17,614</u>
<b>Net cash generated from operating activities</b>	17,255	25,445
<b>Cash flow from financing activities</b>		
Amount received on issuance of units	83,578	41,917
Payment against redemption of units	(112,093)	(51,455)
Cash distribution	(3,565)	(6,385)
<b>Net cash used in financing activities</b>	<u>(32,080)</u>	<u>(15,923)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(14,825)	9,522
<b>Cash and cash equivalents at beginning of the year</b>	69,747	60,225
<b>Cash and cash equivalents at end of the year</b>	<u>54,922</u>	<u>69,747</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

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

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

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

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

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

**1.1** HBL Multi Asset Fund (the Fund) was established under a Trust Deed, dated October 08, 2007, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on September 28, 2007.

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

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

**1.4** The fund has been categorised as a balanced fund as per the criteria laid down by SECP for categorisation of open-end Collective Investment Scheme (CISs).

**1.5** The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes, such as equity securities, government securities, fixed income securities, continuous funding system, derivatives, money market instruments and other asset classes / securities / instruments.

**1.6** VIS Credit Rating Company has assigned a management quality rating of AM2++ (Stable outlook) to the Management Company.

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

**1.8 Impact of Covid 19**

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Many governments are still taking stringent steps to help contain the spread of the virus, including vaccination campaigns, requiring self-isolation / quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and “locking-down” cities/regions or even entire countries. Subsequent to the reporting date, the provincial government imposed complete lockdown in only Sindh amid increasing COVID-19 cases. This would result in disruption in business activities due to uncertainties created by the fourth wave of COVID-19 which could affect the overall operations and the business in future requiring close monitoring by the management as it is an alarming situation for overall economy of Pakistan. 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. The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that would be no significant impact that will adversely affect the operations and financial position of the Fund in future periods.

**2. BASIS OF PREPARATION**

**2.1 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 VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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

## **2.2 Standards and amendments effective during the year**

There are number of new standards and amendments that are effective from July 01, 2020 however these do not have a significant effect on the Fund's financial statements.

## **2.3 Standards, interpretations and amendments to accounting and reporting standards, that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. The amendments are not likely to affect the financial statements of the Fund.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to the other terms and conditions of the lease.

The amendments are not likely to affect the financial statements of the Fund.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Fund.
- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.
  - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
  - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
  - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to affect the financial statements of the Fund.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Fund.



- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Fund.
- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Fund.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Fund.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not likely to affect the financial statements of the Fund.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Fund.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. The amendments are not likely to affect the financial statements of the Fund.

#### **2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

- (a) classification of financial assets (Note 3.2)
- (b) impairment of financial assets (Note 3.2)
- (c) provisions (Note 3.11)

#### **2.5 Basis of Measurement**

These financial statements have been prepared under the historical cost convention except for the investments which are stated at fair value.

#### **2.6 Functional and presentation currency**

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

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below.

#### **3.1 Cash and cash equivalent**

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

#### **3.2 Financial**

## assets

### i. Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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

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

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

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

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

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

### Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

## ii. Subsequent measurement

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The fair value of financial assets are determined as follows:

**a) Debt securities (other than Government securities)**

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

**b) Government securities**

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

**c) Equity securities**

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

**iii. Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

**iv. Impairment of financial assets**

**Financial assets at amortised cost**

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Fund.

**3.3 Preliminary expenses and floatation costs**

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchange and other expenses. These costs are amortised over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund and NBFC regulations, 2008.

**3.4 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

**3.5 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Fund has transferred substantially all risks and rewards of ownership.

### **3.6 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **3.7 Unitholders' fund**

Unitholders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

### **3.8 Issuance and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received, by the distributors / Management Company during business hours, as of the close of the previous day on which the applications were received. The offer price represents the net assets value per unit as of the close of previous day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units as of the close of the previous day. The redemption price represents the net assets value per unit as of the close of the previous day on which the applications were received less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

### **3.9 Element of income**

Element of income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the net assets value (NAV) at the beginning of the relevant accounting period.

Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net assets value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

### **3.10 Revenue recognition**

- Mark-up on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on marking to market of investments classified as ' Financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

### **3.11 Provisions**

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

### **3.12 Net assets value per unit**

The net assets value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

### **3.13 Taxation**

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. Provided that for the purpose of determining distribution of at least ninety percent of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund distributes more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders' every year.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **3.14 Zakat Payable**

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

### **3.15 Earnings per unit**

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

### **3.16 Distributions**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

### 3.17 Other assets

Other assets are stated at cost less impairment losses, if any.

### 3.18 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP, and selling and marketing expense) are recognised in the Income Statement on an accrual basis.

4	BANK BALANCES	Note	2021	2020
			----- (Rupees in '000) -----	
	Savings accounts	4.1	<u>54,922</u>	<u>69,747</u>
			<u>54,922</u>	<u>69,747</u>

4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 4% to 7.8% per annum (2020: 6.00% - 14.05% per annum).

## 5 INVESTMENTS

Investment by category

	Note	2021	2020
		----- (Rupees in '000) -----	
Financial assets at fair value through profit or loss			
- Listed equity securities	5.1	<u>139,755</u>	119,600
- Term finance certificates and sukuk bonds	5.2	<u>17,705</u>	17,301
		<u>157,460</u>	136,901
Financial assets at amortised cost			
- sukuk certificates	5.3	<u>4,384</u>	-
		<u>161,844</u>	<u>136,901</u>

Name of Investee Company	Number of Shares				As at June 30, 2021	Cost of Holding as at June 30, 2021 (Rupees in '000)	Market value as at June 30, 2021 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2020	Purchases during the year	Bonus / Rights issue	Sales during the year				Total Investments	Net Assets	
	(Number of Shares)					(Rupees in '000)		(%)		
<b>Automobile Parts and Accessories</b>										
Thal Limited (Par value Rs. 5 per share)	13,000	-	-	13,000	-	-	-	-	-	-
General Tyre & Rubber Company of Pakistan Limited	-	30,000	-	-	30,000	2,598	2,635	1.63	1.30	24.60
Panther Tyres Limited	-	19,526	-	-	19,526	1,360	1,350	0.83	0.67	13.95
	<u>13,000</u>	<u>49,526</u>	<u>-</u>	<u>13,000</u>	<u>49,526</u>	<u>3,958</u>	<u>3,985</u>			
<b>Cement</b>										
Kohat Cement Limited	9,500	-	-	3,300	6,200	852	1,280	0.79	0.63	3.09
Lucky Cement Limited	17,400	-	-	4,600	12,800	5,908	11,052	6.83	5.46	3.96
Maple Leaf Cement Factory Limited	19,000	103,000	-	34,000	88,000	3,329	4,134	2.55	2.04	8.01
D G Khan Cement Company Limited	-	37,500	-	10,600	26,900	2,969	3,172	1.96	1.57	6.14
Pioneer Cement Limited	-	15,000	-	-	15,000	1,995	1,966	1.21	0.97	6.60
Attock Cement Pakistan Limited	-	32,000	-	-	32,000	5,710	5,754	3.56	2.84	23.29
	<u>45,900</u>	<u>187,500</u>	<u>-</u>	<u>52,500</u>	<u>180,900</u>	<u>20,763</u>	<u>27,358</u>			
<b>Chemical</b>										
Engro Polymer & Chemicals Limited	86,000	14,000	-	100,000	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	125,000	-	125,000	-	-	-	-	-	-
Sitara Chemical Industries Limited	10,400	1,800	-	12,200	-	-	-	-	-	-
Sitara Peroxide Limited	90,000	-	-	90,000	-	-	-	-	-	-
Nimir Industrial Chemicals Limited	-	120,000	-	120,000	-	-	-	-	-	-
	<u>186,400</u>	<u>260,800</u>	<u>-</u>	<u>447,200</u>	<u>-</u>	<u>-</u>	<u>-</u>			



# HBL Multi Asset Fund

## Notes to the financial statements

For the year ended June 30, 2021

Name of Investee Company	Number of Shares				As at June 30, 2021	Cost of Holding as at June 30, 2021 (Rupees in '000)	Market value as at June 30, 2021 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2020	Purchases during the year	Bonus / Rights issue	Sales during the year				Total Investments	Net Assets	
<b>Commercial Banks</b>										
Allied Bank Limited	14,500	-	-	14,500	-	-	-	-	-	-
Bank Al-Falah Limited	149,100	4,000	-	153,100	-	-	-	-	-	-
Bank Al-Habib Limited	72,000	1,500	-	73,500	-	-	-	-	-	-
Bank of Punjab Limited	141,000	-	-	141,000	-	-	-	-	-	-
Faysal Bank Limited	2,250	102,000	-	32,000	72,250	1,280	1,226	0.76	0.61	4.76
Habib Bank Limited	41,971	21,000	-	13,500	49,471	5,417	6,054	3.74	2.99	3.37
MCB Bank Limited	15,900	10,000	-	3,500	22,400	3,695	3,580	2.21	1.77	1.89
Standard Chartered Bank	-	128,500	-	-	128,500	4,214	4,354	2.69	2.15	3.32
National Bank of Pakistan Limited	74,500	-	-	74,500	-	-	-	-	-	-
Meezan Bank Limited	-	7,000	-	700	6,300	642	727	0.45	0.36	0.45
United Bank Limited	46,300	37,400	-	21,300	62,400	6,862	7,625	4.71	3.77	5.10
	<b>557,521</b>	<b>311,400</b>	<b>-</b>	<b>527,600</b>	<b>341,321</b>	<b>22,110</b>	<b>23,566</b>			
<b>Engineering</b>										
Mughal Iron & Steel Industries Limited	24,500	12,612	-	8,500	28,612	1,955	2,987	1.85	1.48	9.80
Amreli Steels Limited	-	15,000	-	-	15,000	716	652	0.40	0.32	5.05
Agha Steel Industries Limited	-	54,000	-	-	54,000	1,993	1,821	1.13	0.90	9.37
Aisha Steels Mills Limited	-	60,000	-	-	60,000	1,532	1,495	0.92	0.74	7.84
International Steels Limited	-	12,000	-	3,000	9,000	691	841	0.52	0.42	2.07
International Industries Limited	-	12,000	-	1,500	10,500	1,739	2,216	1.37	1.09	7.96
	<b>24,500</b>	<b>165,612</b>	<b>-</b>	<b>13,000</b>	<b>177,112</b>	<b>8,626</b>	<b>10,012</b>			
<b>Fertilizer</b>										
Engro Corporation Limited	24,550	2,500	-	27,050	-	-	-	-	-	-
Engro Fertilizers Limited	40,000	25,000	-	65,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	46,200	12,500	-	46,200	12,500	1,387	1,326	0.82	0.66	0.97
	<b>110,750</b>	<b>40,000</b>	<b>-</b>	<b>138,250</b>	<b>12,500</b>	<b>1,387</b>	<b>1,326</b>			
<b>Insurance</b>										
Adamjee Insurance Company Limited	45,000	-	-	29,000	16,000	530	664	0.41	0.33	4.57
IGI Holdings Limited	10,000	2,200	-	-	12,200	2,275	2,362	1.46	1.17	8.55
IGI Life Insurance Limited	-	19,000	-	-	19,000	897	895	0.55	0.44	11.14
	<b>55,000</b>	<b>21,200</b>	<b>-</b>	<b>29,000</b>	<b>47,200</b>	<b>3,702</b>	<b>3,921</b>			
<b>Oil &amp; Gas Exploration</b>										
Mari Petroleum Company Limited	6,575	2,000	-	4,560	4,015	5,289	6,120	3.78	3.02	3.01
Oil & Gas Development Company Limited	101,300	17,500	-	51,000	67,800	7,167	6,443	3.98	3.18	1.58
Pakistan Oilfields Limited	-	7,500	-	1,300	6,200	2,580	2,442	1.51	1.21	2.18
Pakistan Petroleum Limited	101,306	1,500	-	29,500	73,306	6,364	6,365	3.93	3.14	2.69
	<b>209,181</b>	<b>28,500</b>	<b>-</b>	<b>86,360</b>	<b>151,321</b>	<b>21,400</b>	<b>21,370</b>			
<b>Oil &amp; Gas Marketing Companies</b>										
Pakistan State Oil Company Limited	23,404	4,500	-	5,000	22,904	3,784	5,136	3.17	2.54	4.88
Sui Northern Gas Pipeline Limited	45,000	-	-	45,000	-	-	-	-	-	-
Hascol Petroleum Limited	-	25,000	-	25,000	-	-	-	-	-	-
Shell Pakistan Limited	-	2,500	-	2,500	-	-	-	-	-	-
	<b>68,404</b>	<b>32,000</b>	<b>-</b>	<b>77,500</b>	<b>22,904</b>	<b>3,784</b>	<b>5,136</b>			
<b>Pharmaceuticals</b>										
AGP Limited	17,500	11,500	-	29,000	-	-	-	-	-	-
HINOON Laboratories	8,000	-	-	8,000	-	-	-	-	-	-
The Searle Company Limited	9,961	5,000	-	14,099	862	230	209	0.13	0.10	0.36
	<b>35,461</b>	<b>16,500</b>	<b>-</b>	<b>51,099</b>	<b>862</b>	<b>230</b>	<b>209</b>			
<b>Power Generation and Distribution</b>										
Hub Power Company Limited	97,483	21,000	-	54,000	64,483	4,689	5,137	3.17	2.54	4.97
	<b>97,483</b>	<b>21,000</b>	<b>-</b>	<b>54,000</b>	<b>64,483</b>	<b>4,689</b>	<b>5,137</b>			
<b>Textile Composite</b>										
Gul Ahmed Textile Mills Limited	70,000	-	10,400	18,000	62,400	1,489	3,166	1.96	1.56	12.16
Interloop Limited	34,250	-	-	6,000	28,250	1,241	1,978	1.22	0.98	3.24
Nishat Mills Limited	19,700	5,000	-	16,000	8,700	771	812	0.50	0.40	2.47
Nishat (Chunian) Limited	-	39,000	-	-	39,000	2,114	1,961	1.21	0.97	162.42
Kohinoor Textile Mills Limited	-	61,500	-	21,500	40,000	2,314	3,008	1.86	1.49	13.36
	<b>123,950</b>	<b>105,500</b>	<b>10,400</b>	<b>61,500</b>	<b>178,350</b>	<b>7,929</b>	<b>10,925</b>			
<b>Cable &amp; Electrical Goods</b>										
Waves Singer Pakistan Limited	-	229,000	-	189,000	40,000	1,120	1,090	0.67	0.54	14.21
	<b>-</b>	<b>229,000</b>	<b>-</b>	<b>189,000</b>	<b>40,000</b>	<b>1,120</b>	<b>1,090</b>			
<b>AUTOMOBILE ASSEMBLER</b>										
Honda Atlas Cars (Pakistan) Limited	-	9,500	-	6,500	3,000	1,196	1,037	0.64	0.51	2.10
Pak Suzuki Motor Company	-	5,000	-	2,500	2,500	685	889	0.55	0.44	3.04
Millat Tractors Limited	-	2,500	137	2,500	-	-	-	-	-	-
	<b>-</b>	<b>17,000</b>	<b>137</b>	<b>11,500</b>	<b>5,500</b>	<b>1,881</b>	<b>1,926</b>			
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>										
Unity Foods Limited	-	320,500	-	223,500	97,000	3,685	4,318	2.67	2.13	9.76
Fauji Foods Limited	-	168,000	-	168,000	-	-	-	-	-	-
	<b>-</b>	<b>488,500</b>	<b>-</b>	<b>391,500</b>	<b>97,000</b>	<b>3,685</b>	<b>4,318</b>			
<b>FOOD &amp; ALLIED INDUSTRIES</b>										
The Organic Meat Company	-	160,725	-	30,000	130,725	2,776	4,803	2.97	2.37	116.91
	<b>-</b>	<b>160,725</b>	<b>-</b>	<b>30,000</b>	<b>130,725</b>	<b>2,776</b>	<b>4,803</b>			

Name of Investee Company	Number of Shares				As at June 30, 2021	Cost of Holding as at June 30, 2021 (Rupees in '000)	Market value as at June 30, 2021 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2020	Purchases during the year	Bonus / Rights issue	Sales during the year				Total Investments	Net Assets	
	(Number of Shares)					(Rupees in '000)		(%)		
<b>REFINERY</b>										
National Refinery Limited	-	18,600	-	16,000	2,600	1,388	1,360	0.84	0.67	3.25
Attock Refinery Limited	-	22,000	-	16,500	5,500	1,317	1,411	0.87	0.70	5.16
Pakistan Refinery Limited	-	162,000	-	162,000	-	-	-	-	-	-
	-	202,600	-	194,500	8,100	2,705	2,771			
<b>Transport</b>										
Pakistan National Shipping Corporation	13,000	-	-	-	13,000	982	945	0.58	0.47	9.84
	13,000	-	-	-	13,000	982	945			
<b>GLASS &amp; CERAMICS</b>										
Tariq Glass Industries Limited	-	15,000	3,125	15,000	-	-	-	-	-	-
	-	15,000	3,125	15,000	-	-	-			
<b>LEATHER &amp; TANNERIES</b>										
Service Industries Limited	-	1,000	-	1,000	-	-	-	-	-	-
	-	1,000	-	1,000	-	-	-			
<b>TECHNOLOGY &amp; COMMUNICATION</b>										
Netsol Technologies Limited	-	12,000	-	-	12,000	2,372	2,040	1.26	1.01	13.36
Avanceon Limited	-	35,000	6,000	5,000	36,000	2,193	3,300	2.04	1.63	14.03
TPL Trakker Limited	-	154,500	-	-	154,500	1,852	2,706	1.67	1.34	82.50
TRG Pakistan Limited	-	52,500	-	35,000	17,500	2,980	2,911	1.80	1.44	3.21
	-	254,000	6,000	40,000	220,000	9,397	10,957			
	1,540,550	2,607,363	19,662	2,423,509	1,740,804	121,124	139,755			

**5.1.1** Investments include shares having market value aggregating to Rs. 33.207 million (June 30, 2020: 29,678 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

**5.1.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 568,594 as at June 30, 2021 (June 30, 2020: Rs 345,080) and not yet deposited in CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

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

Name of the Investee Company	Number of certificates				Amortised Cost as at June 30, 2021	Market value / Carrying value as at June 30, 2021 (Rupees in '000)	Market value as a percentage of		
	As at July 1, 2020	Purchases during the year	Sales / Matured during the year	As at June 30, 2021			Total Investments	Net Assets	
	(Number of Certificates)				(Rupees in '000)		(%)		
<b>Commercial Banks</b>									
Bank of Punjab - TFC	135	-	-	135	13,222	13,610	8.41	6.72	
	135	-	-	135	13,222	13,610			
<b>Financial Services</b>									
Dawood Hercules Corporation limited - Sukuk	50	-	50	-	-	-	0.00	0.00	
TPL Trakker Limited	-	4	-	4	4,000	4,095	2.53	2.02	
Saudi Pak Leasing Company Limited - Sukuk (Note 5.2.2)*	6,000	-	6,000	-	-	-	0.00	0.00	
	6,050	4	6,050	4	4,000	4,095			
	6,185	4	6,050	139	17,222	17,705			

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

**5.2.1** Significant terms and conditions of Term Finance Certificates and Sukuk Bonds outstanding at June 30, 2021 are:

Name of security	Remaining principal (Rupees per TFC/Sukuk)	Mark-up rate (per annum)	Issue date	Maturity date
Bank of Punjab - TFC	99,820	6 month KIBOR+1%	23-Dec-16	23-Dec-26
TPL Trakker Limited	100,000	3 months KIBOR + 3%	30-Mar-21	30-Mar-26

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

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

The Issuer defaulted again in the payment of principal and mark-up due on September 13, 2011. In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by the Securities Exchange Commission of Pakistan (SECP), the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non-performing exposure. Accordingly, the exposure has been fully provided. During the period, an amount of Rs. 1.52 million was received from SPLC as full and final settlement.

### 5.3 Sukuk Certificates - At amortised cost

Name of the Investee Company	Maturity date	As at July 1, 2020	Placements made during the year	Income accrued	Matured / Sale during the year	As at June 30, 2021	Market value as a percentage of	
							Total investments of fund	Net Assets of fund
------(Rupees in '000)-----							------%-----	
Power Generation & Distribution HUB Power Holdings Limited	November 10, 2022	-	4,123	261	-	4,384	2.71	2.17
		-	4,123	261	-	4,384		

Name of security	Remaining principal (Rupees per Sukuk)	Mark-up rate (per annum)	Issue date	Maturity date
HUB Power Holdings Limited	100,000	9.85%	12-Nov-20	12-Nov-22

6	DIVIDEND RECEIVABLE AND ACCRUED MARK-UP	Note	2021	2020
			------(Rupees in '000)-----	
	Dividend receivable		127	101
	Mark-up accrued on deposits with banks		274	393
	Mark-up / return accrued on Term finance certificates		27	56
			<u>428</u>	<u>550</u>



		2021	2020
	Note	------(Rupees in '000)-----	
<b>9</b>	<b>PAYABLE TO THE TRUSTEE</b>		
	Trustee's remuneration	34	30
	Sindh Sales Tax	4	4
		<u>38</u>	<u>34</u>

**9.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified there in, based on the daily Net Asset Value (NAV) of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2021 is as follows:

Amount of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs. 1,000 million	0.20% p.a of Net assets
On an amount exceeding Rs. 1,000 million	2 million plus 0.10% p.a of net assets, on amount exceeding Rs. 1,000 million

		2021	2020
	Note	------(Rupees in '000)-----	
<b>10</b>	<b>PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
	Annual fee	<u>41</u>	<u>39</u>

**10.1** Under the provisions of the Non Banking Finance Companies & Notified Entities Regulations, 2008, a collective investment scheme categorised as balanced scheme is required to pay as annual fee to the SECP, an amount equal to 0.085%. However, as per SRO 685(I)/2019 dated 28th June, 2019, the Securities and Exchange Policy Board revised the rate of annual fee at 0.02% of net assets applicable on all categories of Collective Investment Schemes effective from July 1, 2019.

		2021	2020
	Note	------(Rupees in '000)-----	
<b>11</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Auditors' remuneration	316	318
	Federal Excise Duty	6,610	6,610
	Payable to brokers	81	67
	Dividend Payable	3	3,001
	Withholding tax payable	303	522
	Provision for Sindh Workers' Welfare Fund	5,562	4,731
	Other payables	61	61
		<u>12,936</u>	<u>15,310</u>

**11.1** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The Finance act 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ending June 30, 2021.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company, aggregating to Rs. 6.610 million. Had the provision not been made, the Net Asset Value per unit as at June 30, 2021 would have been higher by Rs. 3.6814 (2020: Rs. 3.2094) per unit.

**11.2** The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 5.562 million for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 3.098 (2020: Rs. 2.297) per unit.

**12 CONTINGENCIES AND COMMITMENTS**

A show-cause notice dated May 17, 2018 for monitoring of withholding taxes issued under section 161(1.A) of the Ordinance. This was responded vide DT-5674 dated June 8, 2018 and DT-5871 dated June 26, 2018. Regarding this matter, notices were again issued on October 27, 2020 and April 7, 2021 which were responded by the management company vide letters DT-1653 dated November 3, 2020 and DT-4698 dated April 14, 2021.

Other than already disclosed in the financial statements, there are no contingencies and commitments outstanding as at June 30, 2021.

**13 NUMBER OF UNITS IN ISSUE**

Note 2021  
------(Rupees in '000)-----  
2020

Total units in issue at the beginning of the year	<b>2,059,534</b>	2,123,916
Units issued	<b>783,723</b>	444,095
Units redeemed	<b>(1,047,746)</b>	(508,477)
Total units in issue at the end of the year	<b><u>1,795,511</u></b>	<u>2,059,534</u>

**13.1** This includes 926 units issued at zero value as refund of capital.

**13.2** The Management Company on June 21, 2021 declared final distribution of Rs. 2.05 per unit (for full year) for the year ended June 30, 2021. The aggregate cash distribution amounted to Rs. 3.565 million was in addition to refund of capital / element of income by issuing 926 additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above.

**14 MARK-UP / RETURN ON INVESTMENTS**

Note 2021  
------(Rupees in '000)-----  
2020

Term finance certificates	<b><u>1,821</u></b>	<u>3,253</u>
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**15 MARK-UP ON DEPOSITS WITH BANKS**

Mark-up on savings accounts	<b><u>3,527</u></b>	<u>7,776</u>
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**16 AUDITORS' REMUNERATION**

Annual audit fee	<b>280</b>	280
Fee for half yearly review	<b>55</b>	55
Other certifications and out of pocket expenses	<b>85</b>	<b>62</b>
	<b><u>420</u></b>	<u>397</u>

**17 TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund has distributed more than 90% of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders during the period. Accordingly, no provision has been made in the financial statements for the period ended June 30, 2021.

**18 EARNINGS PER UNIT**

Earnings per unit (EPU) has not been disclosed as in the opinion of management determination of cumulative weighted average number of outstanding units is not practicable.

**19 FINANCIAL INSTRUMENTS BY CATEGORY**

	As on June 30, 2021		
	At Fair value through profit or loss	At Amortised cost	Total
	----- (Rupees in '000) -----		
<b>Assets</b>			
Bank balances	-	54,922	54,922
Investments	157,460	4,384	161,844
Dividend receivable and accrued mark-up	-	428	428
Advances and deposits	-	2,964	2,964
	<u>157,460</u>	<u>62,698</u>	<u>220,158</u>
<b>Liabilities</b>			
Payable to the Management Company	-	659	659
Payable to the Trustee	-	34	34
Payable against purchase of investment	-	4,003	4,003
Accrued expenses and other liabilities	-	764	764
	<u>-</u>	<u>5,460</u>	<u>5,460</u>
	As on June 30, 2020		
	At Fair value through profit or loss	At Amortised cost	Total
	----- (Rupees in '000) -----		
<b>Assets</b>			
Bank balances	-	69,747	69,747
Investments	136,901	-	136,901
Dividend receivable and accrued mark-up	-	550	550
Advances and deposits	-	3,151	3,151
	<u>136,901</u>	<u>73,448</u>	<u>210,349</u>
<b>Liabilities</b>			
Payable to the Management Company	-	1,110	1,110
Payable to the Trustee	-	30	30
Payable against purchase of investment	-	416	416
Accrued expenses and other liabilities	-	3,447	3,447
	<u>-</u>	<u>5,003</u>	<u>5,003</u>



**20 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 financial statements are as follows:

20.1 Transactions during the year	2021	2020
	(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	<u>4,654</u>	<u>4,212</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>721</u>	<u>479</u>
Selling and marketing Cost	<u>999</u>	<u>732</u>
<b>Habib Bank Limited - Sponsor</b>		
Issuance of 14,771 units (2020: 31,636 units)	<u>1,687</u>	<u>2,962</u>
Redemption of 14,771 units (2020: 211,635 units)	<u>1,687</u>	<u>22,962</u>
Bank charges paid during the year	<u>2</u>	<u>5</u>
Mark-up earned during the year	<u>309</u>	<u>390</u>
Mark-up received during the year	<u>305</u>	<u>402</u>
Dividend income earned during the year	<u>242</u>	<u>256</u>
Dividend income received during the year	<u>242</u>	<u>256</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	<u>465</u>	<u>438</u>
Central Depository service charges	<u>21</u>	<u>15</u>
<b>Mr. Rafiuddin Zakir Mahmood - Connected Persons Due to 10% and more</b>		
Issuance of 5,533 units (2020: 9,755 units)	<u>632</u>	<u>913</u>
Redemption of 4,703 units (2020: Nil units)	<u>537</u>	<u>-</u>
<b>Mubashir Hasan Connected Persons Due to 10% and more</b>		
Issuance of Nil units (2020: 253,567 units)	<u>-</u>	<u>25,336</u>

	2021	2020
	(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>		
Management fee payable	<u>339</u>	<u>303</u>
Sales tax payable	<u>44</u>	<u>40</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>59</u>	<u>53</u>
Selling And Marketing Cost	<u>242</u>	<u>213</u>
Sales load payable	<u>19</u>	<u>541</u>
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund: 822,848 units (2020: 822,848 units)	<u>92,773</u>	<u>77,415</u>
Bank balances	<u>6,343</u>	<u>4,277</u>
Profit receivable on bank deposits	<u>21</u>	<u>18</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	<u>34</u>	<u>30</u>
Sindh Sales Tax	<u>4</u>	<u>4</u>
<b>Mr. Rafiuddin Zakir Mahmood - Connected Persons Due to 10% and more</b>		
Investment held in the Fund: 312,940 units (2020: 308,237 units)	<u>35,283</u>	<u>28,999</u>
<b>Mubashir Hasan Connected Persons Due to 10% and more</b>		
Investment held in the Fund: Nil units (2020: 253,567 units)	<u>-</u>	<u>23,856</u>

## 21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

S.no.	Name	Designation	Qualification	Experience in years
1	Mr. Mir Adil Rashid	Chief Executive Officer	BSc	22
2	Mr. Adeel Abdul Wahab	Head of Equity / Fund Manager	ACCA	13
3	Mr. Muhammad Wamiq Sakrani	Acting Head of Fixed Income / Fund Manager	MBA	11
4	Mr. Raza Inam	Acting Head of Research	Bsc (Hons), CFA	8
5	Mr. Karim Khawaja	Head of Risk	MBA, CMA	18

\* They are Joint Fund Managers of all other HBL Funds managed by Management company.

**22 TOP TEN BROKERS / DEALERS**

Top ten brokers during the year ended June 30, 2021

- 1 Arif Habib Ltd
- 2 JS Global Capital Ltd
- 3 Sherman Securities (Pvt) Ltd
- 4 AL Habib Capital Markets (Pvt.) Ltd
- 5 EFG Hermes Pakistan Limited
- 6 DJM Securities Limited
- 7 Spectrum Securities (Pvt) Ltd
- 8 Habib Metropolitan Financial Services Ltd
- 9 Foundation Securities (Pvt) Ltd
- 10 Multiline Securities Limited

Top ten brokers during the year ended June 30, 2020

- 1 Taurus Securities Ltd.
- 2 JS Global Capital Ltd
- 3 AL Habib Capital Markets (Pvt.) Ltd.
- 4 AKD Securities Limited
- 5 BMA Capital Management Limited
- 6 DJM Securities (Pvt) Ltd
- 7 Summit Capital (Pvt) Ltd
- 8 EFG Hermes Pakistan Limited
- 9 Arif Habib Ltd
- 10 Intermarket Securities Ltd.

**23 PATTERN OF UNIT HOLDING**

Category	As at June 30, 2021			
	Number of units holder	Number of units held	Unit holding or investment amount Rupees in '000'	Percentage of Investment
Individuals	139	873,542	98,488	48.65%
Associated companies	1	822,848	92,773	45.83%
Retirement funds	2	73,324	8,267	4.08%
Others	1	25,797	2,909	1.44%
	<b>143</b>	<b>1,795,511</b>	<b>202,437</b>	<b>100.00%</b>

Category	As at June 30, 2020			
	Number of units holder	Number of units held	Unit holding or investment amount Rupees in '000'	Percentage of Investment
Individuals	135	1,139,055	107,164	55.31
Associated companies	1	822,848	77,415	39.95
Retirement funds	2	72,222	6,795	3.51
Others	1	25,409	2,390	1.23
	<b>139</b>	<b>2,059,534</b>	<b>193,764</b>	<b>100.00</b>

## 24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

Seven meetings of the Board of Directors were held on July 28 & 29, 2020, August 27, 2020, September 30, 2020, October 12, 2020, October 29, 2020, February 10, 2021 and April 30, 2021 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Mir Adil Rashid	7	7	-	-
2	Ms. Ava A. Cowasjee	7	7	-	-
3	Mr. Rayomond H. Kotwal	7	7	-	-
4	Mr. Rizwan Haider *	2	2	-	-
5	Mr. Shabbir Hussain Hashmi	7	7	-	-
6	Mr. Shahid Ghaffar	7	7	-	-
7	Mr. Muhammad Afaq Khan **	6	6	-	-
8	Mr. Abrar Ahmed Mir **	6	6	-	-
9	Mr. Tariq Masaud ***	4	4	-	-

\* Mr. Rizwan Haider resigned as director on September 18, 2020.

\*\* Mr. Muhammad Afaq Khan appointed as director on July 29, 2020 and Mr. Abrar Ahmed Mir appointed as director on July 29, 2020.

\*\*\* Mr. Tariq Masaud appointed as director on September 22, 2020.

## 25 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in a portfolio of equity and money market investments such as shares of listed companies, government securities and in other money market instruments. These activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

### 25.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, interest rate risk and other price risk.

## 25.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as its full transactions are carried out in Pak Rupees.

## 25.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

### a) Cash flow interest rate risk

The Fund's interest rate risk arises from the balances in savings accounts and investment in Sukuks. The net income for the year would have increased / (decreased) by Rs. 0.003 million (2020: Rs. 0.006 million), had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

### Sensitivity analysis for variable rate instruments

The Fund holds variable rate sukuks as at June 30, 2021 at fair value through profit or loss, exposing the fund to fair value interest rate risk. In case of 100 basis points increase / decrease in mark-up rates on June 30, 2021, with all other variables constant, the impact on total exposure of the fund would be Rs. 0.6335 million (2020: Rs. 0.8925 million).

The composition of the Fund's investment portfolio, KIBOR and rates announced by Financial Markets Association is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets and net income due to future movements in interest rates.

Yield / Interest rate sensitivity position for financial instruments is as follows:

	2021				Not exposed to Yield / Interest rate risk
	Total	Exposed to Yield / Interest rate risk			
	Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----					
<b>Financial instruments</b>					
<b>Financial assets</b>					
Bank balances	54,922	54,922	-	-	-
Investments	157,460	-	-	17,705	139,755
Dividend receivable and accrued mark-up	428	-	-	-	428
Advances, deposits and other receivables	2,964	-	-	-	2,964
	215,774	54,922	-	17,705	143,147
<b>Financial liabilities</b>					
Payable to the Management Company	659	-	-	-	659
Payable to the Trustee	34	-	-	-	34
Payable against purchase of investment	4,003	-	-	-	4,003
Accrued expenses and other liabilities	764	-	-	-	764
	5,460	-	-	-	5,460

	2020				Not exposed to Yield / Interest rate risk
	Exposed to Yield / Interest rate risk				
	Upto three months	More than three months and upto one year	More than one year		
<b>Financial instruments</b>	----- (Rupees in '000) -----				
<b>Financial assets</b>					
Bank balances	69,747	69,747	-	-	-
Investments	136,901	-	-	17,301	119,600
Dividend receivable and accrued mark-up	550	-	-	-	550
Advances, deposits and other receivables	3,151	-	-	-	3,151
	210,349	69,747	-	17,301	123,301
<b>Financial liabilities</b>					
Payable to the Management Company	1,110	-	-	-	1,110
Payable to the Trustee	30	-	-	-	30
Payable against purchase of investment	416	-	-	-	416
Accrued expenses and other liabilities	3,447	-	-	-	3,447
	5,003	-	-	-	5,003

## 25.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities as financial assets 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to 30% of net assets.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE-100 index.

	Interest rate (%)	At June 30, 2021					Total
		Maturity Up to			More than one year	Not exposed to profit rate risk	
		Three months	Six months	One year			
----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>							
<b>Islamic Asset Allocation Fund</b>							
<b>Financial assets</b>							
Bank balances	3 - 6.95	164,167	-	-	-	-	164,167
Investments classified as:							
'At fair value through Profit or Loss'							
- Listed Equity securities		-	-	-	-	112,288	112,288
- Sukuk Certificates	KIBOR 3M 0.5%-3%	-	-	-	49,843	-	49,843
- GoP Ijarah Sukuks		-	-	-	-	9,226	9,226
'At amortised cost'							
- Commercial paper		-	-	-	-	59,856	59,856
Dividend receivable and accrued mark-up		-	-	-	-	3,301	3,301
Advances, deposits and other receivables		-	-	-	-	4,756	4,756
<b>Total financial assets</b>		<b>164,167</b>	<b>-</b>	<b>-</b>	<b>49,843</b>	<b>189,427</b>	<b>403,437</b>
<b>Financial liabilities</b>							
Payable to Management Company		-	-	-	-	480	480
Payable to Trustee		-	-	-	-	64	64
Accrued expenses and other liabilities		-	-	-	-	682	682
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,226</b>	<b>1,226</b>
<b>On-balance sheet gap</b>		<b>164,167</b>	<b>-</b>	<b>-</b>	<b>49,843</b>	<b>188,201</b>	<b>402,211</b>

## 25.5 Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from the inability of the counter party to fulfil their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc.

The Fund's credit risk is primarily attributable to its investment in debt securities, balances with banks and advances, deposits and other receivables. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that are financial institutions with reasonably high credit ratings.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through the assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company.

The maximum exposure to credit risk before considering any collateral as at June 30, 2021 and June 30, 2020 is the carrying amount of the financial assets. Investments in equity securities and debt securities, however, are not exposed to credit risk. None of these assets are 'impaired' nor 'past due but not impaired'.

The analysis below summarises the credit quality of the Fund's bank balances, accrued markup and other receivable as at June 30, 2021 and June 30, 2020:

**Balances with banks by rating category**

Name of bank	2021		Amount (Rupees in '000)
	Rating agency	Rating	
Sindh Bank Limited	VIS	A+	12
Habib Bank Limited	VIS	AAA	6,288
Habib Metropolitan Bank Limited	PACRA	AA+	12
MCB Bank Limited	PACRA	AAA	29
JS Bank Limited	PACRA	AA-	11,800
Zarai Taraqiati Bank Limited	VIS	AAA	44
Allied Bank Limited	PACRA	AAA	33
Soneri Bank Limited	PACRA	AA-	36,696
Dubai Islamic Bank Pakistan Limited	VIS	AA	8
			<b>54,922</b>

**Balances with banks by rating category**

Name of bank	2020		Amount (Rupees in '000)
	Rating agency	Rating	
Sindh Bank Limited	VIS	A+	11
Habib Bank Limited	VIS	AAA	4,236
Habib Metropolitan Bank Limited	PACRA	AA+	2
MCB Bank Limited	PACRA	AAA	401
JS Bank Limited	PACRA	AA-	64,680
Zarai Taraqiati Bank Limited	VIS	AAA	42
Allied Bank Limited	PACRA	AAA	35
Soneri Bank Limited	PACRA	AA-	316
MIB Bank Limited	PACRA	A	16
Dubai Islamic Bank Pakistan Limited	VIS	AA	8
			<b>69,747</b>

**Sukuk certificates by rating category**

	2021	2020
	----- (Rupees in '000) -----	
A+	4,095	4,073
AA	13,610	13,228
AA+	4,384	-
	<b>22,089</b>	<b>17,301</b>
Dividend receivable and accrued mark-up	<b>428</b>	<b>550</b>
Advances and deposits	<b>2,964</b>	<b>3,515</b>

**25.5.1 Concentration of credit risk**

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

The Fund's major bank balance is held with one Bank. Management believes that such bank is a reputed institution.



**25.6 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of units. The Management Company manages the liquidity risk by monitoring maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of assets and liabilities to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at June 30, 2021			
	Total	Upto three month	Over three months and upto one year	Over one Year
<b>Financial liabilities</b>	----- (Rupees in '000) -----			
Payable to the Management Company	659	659	-	-
Payable to the Trustee	34	34	-	-
Payable against purchase of investment	4,003	4,003	-	-
Accrued expenses and other liabilities	764	764	-	-
	<b>5,460</b>	<b>5,460</b>	-	-
Unit holders' fund	<b>202,437</b>	<b>202,437</b>	-	-
	----- (Rupees in '000) -----			
	Total	Upto three month	Over three months and upto one year	Over one Year
<b>Financial liabilities</b>	----- (Rupees in '000) -----			
Payable to the Management Company	1,110	1,110	-	-
Payable to the Trustee	30	30	-	-
Payable against purchase of investment	416	416	-	-
Accrued expenses and other liabilities	3,447	3,447	-	-
	<b>5,003</b>	<b>5,003</b>	-	-
Unit holders' fund	<b>193,764</b>	<b>193,764</b>	-	-

## **25.7 Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
  
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

## **26 UNITS HOLDERS' FUND RISK MANAGEMENT**

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable on the Fund.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

## **27 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. 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.

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).

		2021						
		Carrying amount			Fair Value			
		At Fair value through profit or loss	At amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>	<i>Note</i>	----- (Rupees in '000) -----						
<b>Financial assets measured at fair value</b>								
Investments								
Listed equity securities		139,755	-	139,755	139,755	-	-	139,755
Term Finance Certificates and sukuk bonds		17,705	-	17,705	-	17,705	-	17,705
		<u>157,460</u>	<u>-</u>	<u>157,460</u>				
<b>Financial assets not measured at fair value</b>								
	27.1							
Bank balances		-	54,922	54,922				
Dividend receivable and accrued mark-up		-	428	428				
Advances and deposits		-	2,964	2,964				
Term Finance Certificates and sukuk bonds		-	4,384	4,384				
		<u>-</u>	<u>62,698</u>	<u>62,698</u>				
<b>Financial liabilities not measured at fair value</b>								
	27.2							
Payable to the Management Company		-	659	659				
Payable to the Trustee		-	34	34				
Accrued expenses and other liabilities		-	764	764				
		<u>-</u>	<u>1,457</u>	<u>1,457</u>				

	Note	2020						
		Carrying amount			Fair Value			
		At Fair value through profit or loss	At amortised Cost	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)						
<b>Financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities		119,600	-	119,600	119,600	-	-	119,600
- Term Finance Certificates		17,301	-	17,301	-	17,301	-	17,301
		<u>136,901</u>	<u>-</u>	<u>136,901</u>				
<b>Financial assets not measured at fair value</b>								
	27.1							
Bank balances		-	69,747	69,747				
Dividend receivable and accrued mark-up		-	550	550				
Advances and deposits		-	3,151	3,151				
		<u>-</u>	<u>73,448</u>	<u>73,448</u>				
<b>Financial liabilities not measured at fair value</b>								
	27.2							
Payable to the Management Company		-	1,110	1,110				
Payable to the Trustee		-	30	30				
Accrued expenses and other liabilities		-	3,447	3,447				
		<u>-</u>	<u>4,587</u>	<u>4,587</u>				

## 27.1 Valuation techniques used in determination of fair values within level 2

Investments in Term Finance Certificates are valued on the basis of the market rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

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

27.3 Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

## 28 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units	Payable against redemption of units	Total
	(Rupees in '000)		
Opening balance as at July 1, 2020	-	-	-
Receivable against issuance of units	83,578	-	83,578
Payable against redemption of units	-	112,093	112,093
Amount received on issuance of units	(83,578)	-	(83,578)
Amount paid on redemption of units	-	(112,093)	(112,093)
	<u>(83,578)</u>	<u>(112,093)</u>	<u>(195,671)</u>
Closing balance as at June 30, 2021	-	-	-

**29 DISCLOURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME**

The Securities and Exchange Commission of Pakistan vide Circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The Management Company classified the Fund as 'Balanced Scheme' in 'accordance with the said circular. As at June 30, 2021, the Fund is compliant with all the requirements of the said circular except for clause 2 (iv) which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

Name of Non-Complaint Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	Limit	% of Net Assets	% of Gross Assets
----- (Rupees in '000) -----							
Dewan Cement Limited	TFC	25,000	25,000	-	-	-	-

**30 TOTAL EXPENSE RATIO**

The Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the financial statements of CIS / the Fund. As per S.R.O 639 (1)/2019, the limit towards expense ratio has been revised from 4.00% to 4.50% for Equity, Balanced, Asset Allocation and Capital protected (dynamic asset allocation-direct exposure) schemes. The total expense ratio of the Fund for the year ended June 30, 2021 is 4.39% (2020: 3.62%) which includes 0.71% (2020: 0.37%) representing Government Levy and SECP fee.

**31 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on August 26, 2021.

**32 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

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

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

\_\_\_\_\_  
 Director



**HBL** Financial Planning Fund

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL FINANCIAL PLANNING FUND</b>
<b>NAME OF TRUSTEE</b>	<b>MCB Financial Services Limited</b>
<b>NAME OF AUDITORS</b>	<b>BDO Ebrahim &amp; Co. Chartered Accountants.</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited JS Bank Limited</b>

### Category of Fund

Open endFund of Funds Scheme

### Investment Objective

The objective of the Fund is to generate returns on Investment as per the respective Allocation Plan by investing in Mutual Funds in line with the risk tolerance of the Investor.

### Benchmark and Performance Comparison with Benchmark

The Fund's benchmark for Conservative Allocation Plan, Active Allocation Plan and Strategic Allocation plan is as follows:

#### Conservative Allocation Plan

- 20% KSE 100 index
- Six(6) months KIBOR rates
- 70% Three(3) months PKRV rates and 30% three (3) months average deposit rate of three(3) AA rated scheduled banks as selected by MUFAP

B and C will be based on actual proportion of investment in Income and Money Market Funds/ cash and near cash instruments.

#### Active Allocation Plan & Strategic Allocation Plan

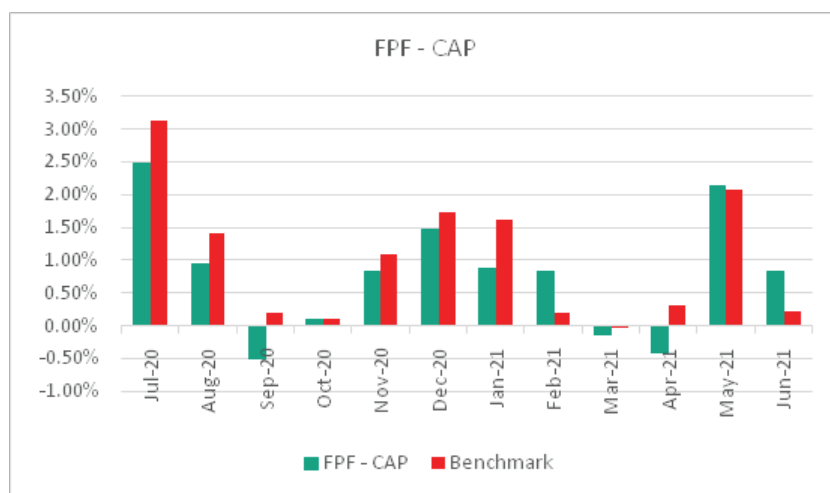
- KSE 100 index
- Six(6) months KIBOR rates
- 70% Three(3) months PKRV rates and 30% three (3) months average deposit rate of three(3) AA rated scheduled banks as selected by MUFAP

Based on actual proportion in Equity Fund and Income / Money Market Funds and/or in cash and/or near cash instruments in each allocation plan.

The comparison of the fund return with benchmark is given below:

#### Conservative Allocation Plan (CAP)

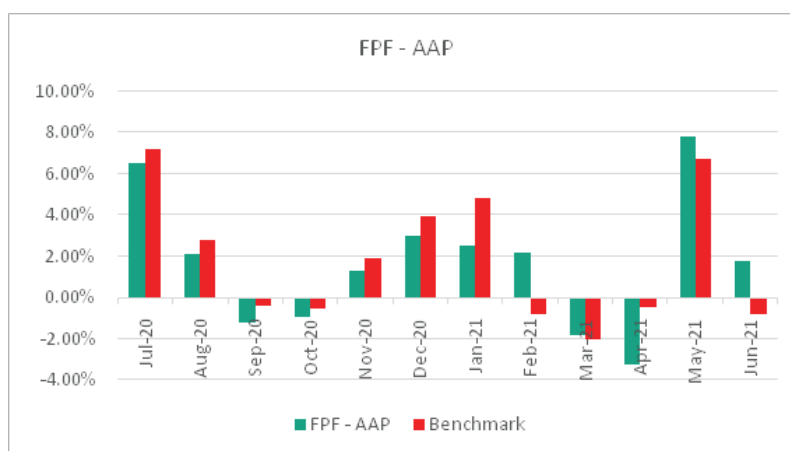
Month	Return of Fund	Benchmark
Jun-21	0.82%	0.22%
May-21	2.14%	2.07%
Apr-21	-0.40%	0.32%
Mar-21	-0.13%	-0.04%
Feb-21	0.82%	0.19%
Jan-21	0.87%	1.61%
Dec-20	1.47%	1.74%
Nov-20	0.83%	1.08%
Oct-20	0.09%	0.11%
Sep-20	-0.50%	0.19%
Aug-20	0.94%	1.41%
Jul-20	2.48%	3.13%





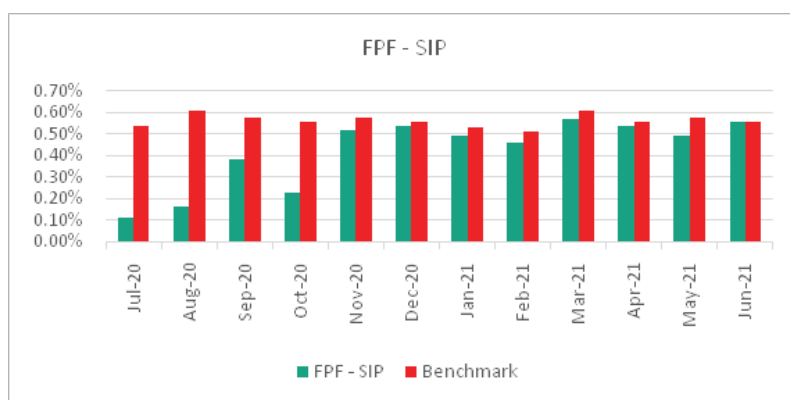
### Active Allocation Plan (AAP)

Month	Return of Fund	Benchmark
Jun-21	1.78%	-0.81%
May-21	7.80%	6.77%
Apr-21	-3.26%	-0.48%
Mar-21	-1.82%	-2.02%
Feb-21	2.19%	-0.78%
Jan-21	2.54%	4.84%
Dec-20	3.01%	3.93%
Nov-20	1.28%	1.90%
Oct-20	-0.92%	-0.51%
Sep-20	-1.24%	-0.38%
Aug-20	2.12%	2.78%
Jul-20	6.54%	7.22%



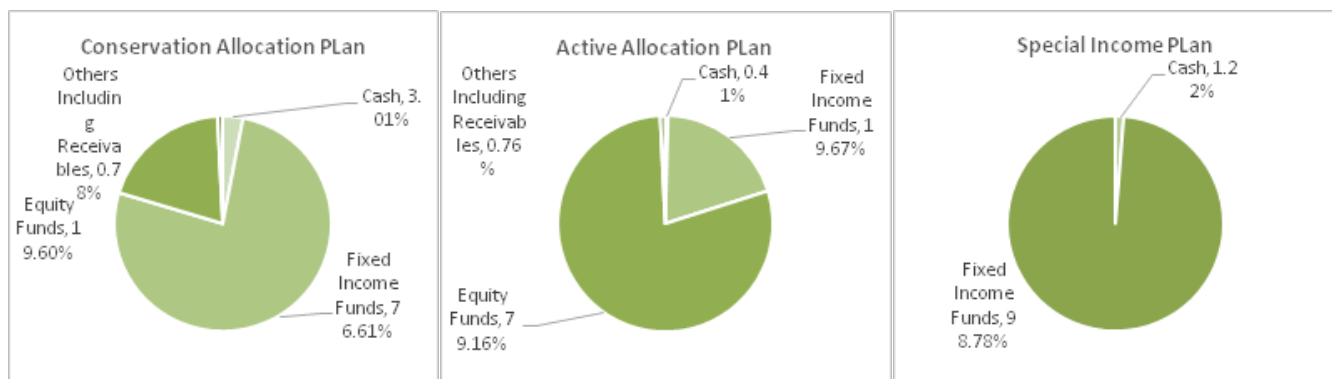
### Special Income Plan (SIP)

Month	Return of Fund	Benchmark
Jun-21	0.56%	0.56%
May-21	0.49%	0.58%
Apr-21	0.54%	0.56%
Mar-21	0.57%	0.61%
Feb-21	0.46%	0.51%
Jan-21	0.49%	0.53%
Dec-20	0.54%	0.56%
Nov-20	0.52%	0.58%
Oct-20	0.23%	0.56%
Sep-20	0.38%	0.58%
Aug-20	0.16%	0.61%
Jul-20	0.11%	0.54%



### Strategies and Policies employed during the Year

HBL Financial Planning Funds were launched on 10th October, 2017. During the period under review, Active Allocation Plan asset allocation comprises of 79.16% investment in equity funds while cash assets, Fixed Income Funds and receivables represent 0.41%, 19.67% and 0.76% of total assets, respectively. Conservative Allocation Plan asset allocation comprises investment in equity fund, income fund and cash and receivables at 19.60%, 76.61% and 3.88% of the fund respectively. Special Income Plan asset allocation comprises of 98.78% in Fixed Income Funds and 1.22% cash. Strategic Allocation Plan matured in August 2019 when its asset allocation comprised of 99.9% investment in Income Funds and cash assets and receivables represented 0.03%, and 0.07% of total assets respectively.



## Fund Performance

The Fund comprises of three sub funds (plans) namely Active Allocation Plan, Conservative Allocation Plan and Special Income Plan.

The Fund as a whole earned a total and net income of Rs. 24.89 million and Rs. 22.66 million respectively during the year under review. The fund size of the fund stood at Rs. 0.20 billion as on June 30, 2021.

Performance review for plans is given below:

### Active Allocation Plan

During the year under review, the Active allocation plan earned a total and net income of Rs. 12.30 million and Rs 11.49 million respectively. The net assets of the Active allocation plan stood at Rs. 0.06 billion representing Net Asset Value (NAV) of Rs. 115.7579 per unit as at June 30, 2021 as compared to Rs. 95.9459 per unit as at June 30, 2020, after incorporating dividend of Rs. 0.60 per unit. The plan earned a return of 21.28% for the year under review against the benchmark return of 24.25%. The plan is invested to the extent of 79% in equity funds &20% in fixed income funds.

### Conservative Allocation Plan

During the year under review, the Conservative allocation plan earned total and net income of Rs. 6.00 million and Rs. 5.30 million respectively. The net assets of the Conservative allocation plan stood at Rs. 0.05 billion representing Net Asset Value (NAV) of Rs. 115.2069 per unit as at June 30, 2021 as compared to Rs. 108.3030 per unit as at June 30, 2020, after incorporating dividend of Rs. 3.70 per unit. The plan earned a return of 9.80% for the year under review against the benchmark return of 12.66%. The plan is invested to the extent of 20% in equity funds &77% in fixed income funds.

### Special Income Plan

During the year under review, the Special Income Plan earned a total and net income of Rs. 6.58 million and Rs. 5.88 million respectively. The net assets of the Special Income Plan stood at Rs. 0.09 billion representing Net Asset Value (NAV) per unit of Rs. 105.5096 as at June 30, 2021 as compared to Rs. 104.7978 per unit as at June 30, 2020 (after incorporating dividends of Rs. 4.65 per unit). The Plan posted a return of 5.16% as compared to its Benchmark return of 7.00% during the period under review.

## Money Market Review

The Central bank maintained the interest rates in the period after a cumulative 625 bps decrease in interest rates in 2HFY20 in response to the Covid-19 pandemic. At the start of the 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.

Yields across all the tenors changed between +11bps to +146 bps during FY21 due to a general market consensus that the monetary easing cycle is over and we may witness some hike in interest rate in FY22. Secondary market yields of 3, 5 and 10-year PIBs increased by 146, 138 and 125 bps respectively while yields of 3, 6 and 12 month T-Bills increased in tandem by 19, 48 and 76 bps respectively during the period. The cut-off yields in the last T-Bill Auction were 7.31% and 7.58% for 3M and 6M tenor whereas the cut offs in the last PIB Auction were 8.69%, 9.20% and 9.84% for the 3Y, 5Y, and 10Y tenor.

During FY21, Government largely managed its borrowing requirement through commercial banks. Government borrowed PKR 2,955bn from scheduled banks compared to borrowing of PKR 2,305bn during same period last year. Meanwhile, Government borrowing from SBP declined by PKR 1,268bn during the period against decline in borrowing of PKR 153bn 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 May-21, SBP maintained status quo in the interest rates. Going forward, we feel that the monetary easing has taken place and we are at the bottom of the interest rate cycle. Due to the ongoing fourth wave of Covid-19 we expect the government to maintain status quo in the SBP policy rate for the next few months to support the recovery of the economy. The central bank has given its forward looking guidance to maintain mildly positive interest rates when economy return to full capacity. Thus we expect any future increase in the policy rate to be measured and gradual.

### **Stock Market Review**

The market sustained its bullish momentum in FY21 as the KSE-100 index recorded 12,934 points increase (+37.6%) during the period to close at 47,356 points. The stellar performance of the index can be attributed to 1) relative 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 strengthening currency and better current account position.

During the period construction linked industries (Cement, Steel, and Glass) rallied on the back of the monetary easing done by the SBP and government focus on construction sector. Technology sector also remained in limelight due to increasing focus on technology post Covid-19 pandemic. Banking Sector also rallied due to attractive valuations. On the flows side, foreigners were the net sellers during FY21 and sold shares of worth USD 387mn, compared to net selling of USD 285mn during same period last year.

Pakistan equities are likely to continue the positive momentum due to cheaper valuation (trading at a Forward P/E of 6.1x against peer average 15.7x) and improvement in the macroeconomic landscape. Market participants would closely follow trend of coronavirus cases and the ensuring macro numbers. Cyclical sectors (Cement, Steel) are expected to continue their rally due to Government's push towards Naya Pakistan Housing Scheme. Textile sector is also expected to garner investors' attention due to huge export potential. Technology sector would also remain in limelight due to rerating of the sector due to improved earnings outlook. We will maintain our strategic focus towards "bottom-up" approach and align exposure towards stocks with strong earnings potential.

### **Distribution**

The Board of Directors approved cash distribution of up to Rs. 0.60, 3.70&4.65in Active Allocation Plan, Conservative Allocation plan and Special Income plan respectively for the year ended June 30, 2021.

### **Significant Changes in the State of Affairs**

There were no significant changes in the state of affairs during the year under review.

### Breakdown of Unit Holding by Size

From – To (Number of units)	Active Allocation Plan		Conservative Allocation Plan		Strategic Allocation Plan	
	Number of Unit Holders	Units Held	Number of Unit Holders	Units Held	Number of Unit Holders	Units Held
1 – 100	4	232	3	110	-	-
101 – 500	4	1,217	2	746	1	132
501 – 1,000	4	2,344	-	-	2	1,149
1,001 – 10,000	12	65,329	4	18,068	16	59,892
10,001 – 100,000	13	430,193	2	24,787	17	568,247
1,000,001 – 5,000,000	-	-	1	400,000	1	203,929
500,001 – 1,000,000	-	-	-	-	-	-
1,000,001 – 5,000,000	-	-	-	-	-	-
5,000,001 and above	-	-	-	-	-	-
<b>Total</b>	<b>37</b>	<b>499,315</b>	<b>12</b>	<b>443,711</b>	<b>37</b>	<b>833,349</b>

### Unit Splits

There were no unit splits during the period.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

# Performance Table

## HBL FINANCIAL PLANNING FUND

	2021		2020		2019			2018		
	Active Allocation Plan	Consevative Allocation Plan	Active Allocation Plan	Consevative Allocation Plan	Active Allocation Plan	Consevative Allocation Plan	Stragic Allocation Plan	Active Allocation Plan	Consevative Allocation Plan	Stragic Allocation Plan
Net assets at the period end (Rs'000)	57,800	51,119	57,447	52,549	102,605	67,051	169,313	330,457	133,695	208,522
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>										
Redemption	115.7579	115.2069	95.9459	108.303	96.9864	103.8264	99.0331	102.6500	103.7607	101.4978
Offer	118.374	117.8106	98.1143	110.7506	99.1783	106.1729	N/A	104.9699	106.1057	N/A
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>										
Highest offer price per unit	118.9257	121.4314	116.7508	118.1207	107.87	109.8794	N/A	110.2402	106.9356	N/A
Lowest offer price per unit	98.9211	111.1667	92.2867	104.0117	97.2601	104.9065	N/A	101.938	100.3622	N/A
Highest redemption price per unit	116.2974	118.7477	114.1705	115.5102	105.486	107.451	103.9281	107.8038	104.5723	106.4632
Lowest redemption price per unit	96.7349	108.7099	90.2471	101.713	95.1106	102.588	96.28	99.6851	99.5899	98.5547
<b>RETURN (%)</b>										
Total return	21.28%	9.80%	3.85%	10.69%	-5.52%	2.71%	-3.40%	2.65%	3.76%	2.52%
Income distribution	0.60%	3.70%	4.75%	6.60%	0.00%	2.75%	0.00%	0.00%	0.00%	0.00%
Capital growth	20.68%	6.10%	-0.90%	4.09%	-5.52%	-0.04%	-3.40%	2.65%	3.76%	2.52%
<b>DISTRIBUTION</b>										
Final dividend distribution- Rs	0.6	3.7	4.75	6.6	-	3	-	-	-	-
Date of Income Distribution	25-Jun-21	25-Jun-21	26-Jun-20	26-Jun-20	-	28-Jun-19	-	-	-	-
Total dividend distribution for the year (Rs)	0.60	3.70	4.75	6.60	-	2.75	-	-	-	-
<b>AVERAGE RETURNS (%)</b>										
Average annual return 1 year	21.28%	9.80%	3.85%	10.69%	-5.52%	2.71%	-3.40%	2.65%	3.76%	2.52%
Average annual return 2 year	12.23%	10.24%	-0.94%	6.63%	-1.52%	3.24%	-0.48%			
Average annual return 3 year	5.97%	7.67%	0.24%	5.66%						
<b>PORTFOLIO COMPOSITION - (%)</b>										
Percentage of Total Assets as at 30 June:										
Bank Balances	0.41%	3.01%	5.94%	7.07%	1.25%	0.05%	0.02%	2.41%	0.33%	0.07%
Equity Funds	79.16%	19.60%	48.19%	19.16%	40.75%	18.54%	23.31%	58.63%	19.82%	49.37%
Income Funds	19.67%	76.61%	44.61%	72.64%	57.03%	80.22%	76.52%	38.59%	79.04%	50.10%
Others	0.76%	0.78%	1.20%	1.13%	0.97%	1.19%	0.15%	0.38%	0.81%	0.46%

**Note:**

The Launch date of the Fund is October 11, 2017

**Disclaimer:**

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.



**REPORT OF THE TRUSTEE TO THE UNIT HOLDERS**  
**HBL FINANCIAL PLANNING FUND**

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

HBL Financial Planning Fund, an open-end Scheme established under a Trust Deed dated March 22, 2017 executed between HBL Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Fund commenced its operations from October 11, 2017.

1. HBL Asset Management Company Limited, the Management Company of HBL Financial Planning Fund has, in all material respects, managed HBL Financial Planning Fund during the year ended 30<sup>th</sup> June, 2021 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

Khawaja Anwar Hussain  
Chief Executive Officer  
Digital Custodian Company Limited  
Formerly MCB Financial Services Limited

Karachi: September 22, 2021

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Karachi-74200  
Pakistan

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS HBL FINANCIAL PLANNING FUND

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Financial Planning Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p>Existence and valuation of investments</p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2021, the investments held by the Fund comprised of units of Mutual Fund which represent 98% of the total assets of the Fund as at the year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>We evaluated the design and implementation of key controls of investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li></ul>

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BDO Ebrahim & Co. Chartered Accountants

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S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. Further, the Fund is required to be compliant with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) with respect to investments.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We performed substantive audit procedures on year-end balance of investment portfolio including review of custodian's statement, and related reconciliations and re-performance of investment valuations on the basis of daily NAV prices at Mutual Fund Association of Pakistan (MUFAP) as at June 30, 2021 and matching the valuation of investment with that appearing in the financial statements.</li> <li>We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance.</li> </ul>
1.	<p><b>Recognition, measurement and presentation of 'Element of Income'</b></p> <p>Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) stipulates the requirements for recognition, measurement and presentation of element of income.</p> <p>As per the NBFC Regulations, element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund. Furthermore, the NBFC Regulations also prescribes certain disclosure requirements with respect to presentation of element of income in the 'Statement of Movement in Unit Holders' Fund'.</p> <p>The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We reviewed the processes and controls implemented by the Fund relating to the production and review of system generated reports and manual workings for the purpose of calculations of element of income or loss and bifurcation of amount paid on redemption of units into "capital value" and "income already paid on units redeemed".</li> <li>We evaluated the accuracy of system generated reports and manual workings produced by the Fund to ensure that the data is consistent with source documents and the said workings are in compliance with all the statutory provisions relating to element of income or loss.</li> </ul>



S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>The Fund has to distribute not less than 90 percent of its accounting income for the year (excluding capital gains whether realized or unrealized). However, at the time of distribution, in order to maintain the same ex-dividend net asset value of all units outstanding on the date of distribution, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.</p> <p>Due to the complex calculations involved in determining the element of income, the related impact on financial statements and ensuring compliance with the NBFC Regulations, we considered recognition, measurement and presentation of 'Element of Income' as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the NBFC Regulations and assessed its implementation by the Fund.</li> <li>We evaluated the adequacy of disclosures with respect to element of income / loss along with the adequacy of disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' in accordance with the NBFC Regulations, the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.</li> </ul>

#### Information other than the financial statements and auditor's report thereon

The Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Management Company and its Board of Directors

The Management Company ("HBL Asset Management Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.



The Management Company is responsible for overseeing the Fund's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


**Report on other legal and regulatory requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.


The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 27 SEP 2021



BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS



# HBL FINANCIAL PLANNING FUND

## Statement of Assets and Liabilities

As at June 30, 2021

	Note	2021				2020				
		Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total
Rupees in '000										
<b>ASSETS</b>										
Bank balances	5	237	1,598	1,089	2,924	3,468	4,116	185	954	8,723
Investments	6	57,824	51,084	88,149	197,057	54,195	53,447	-	143,634	251,276
Preliminary expenses and flotation costs	8	377	372	-	749	644	603	-	-	1,247
Advances and prepayments	9	68	36	-	104	90	55	-	-	145
<b>TOTAL ASSETS</b>		<b>58,506</b>	<b>53,090</b>	<b>89,238</b>	<b>200,834</b>	<b>58,397</b>	<b>58,221</b>	<b>185</b>	<b>144,588</b>	<b>261,391</b>
<b>LIABILITIES</b>										
Payable to the Management Company	10	10	9	15	34	10	2,325	-	24	2,359
Payable to the Trustee	11	5	5	8	18	5	5	-	10	20
Payable to Securities and Exchange Commission of Pakistan	12	12	12	24	48	15	12	9	23	59
Accrued expenses and other liabilities	13	679	1,944	1,266	3,889	920	3,330	176	3,037	7,463
<b>TOTAL LIABILITIES</b>		<b>706</b>	<b>1,970</b>	<b>1,313</b>	<b>3,989</b>	<b>950</b>	<b>5,672</b>	<b>185</b>	<b>3,094</b>	<b>9,901</b>
<b>NET ASSETS</b>		<b>57,800</b>	<b>51,120</b>	<b>87,925</b>	<b>196,845</b>	<b>57,447</b>	<b>52,549</b>	<b>-</b>	<b>141,494</b>	<b>251,490</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>57,800</b>	<b>51,120</b>	<b>87,925</b>	<b>196,845</b>	<b>57,447</b>	<b>52,549</b>	<b>-</b>	<b>141,494</b>	<b>251,490</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	14									
Number of units										
Number of units in issue	15	499,316	443,711	833,350	1,776,377	598,746	485,204	-	1,350,169	2,434,119
Rupees										
Net assets value per unit		115.7579	115.2069	105.5096		95.9459	108.3030	-	104.7978	

The annexed notes from 1 to 31 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL FINANCIAL PLANNING FUND

## Income Statement

For the year ended June 30, 2021

	2021				2020				For the period from July 1, 2019 to October 10, 2019	For the period from September 16, 2019 to June 30, 2020
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total	
<b>Income</b>										
Capital gain on sale of investments - net	7,302	2,691	1,526	11,519	67	1,469	2,123	361	4,020	
Dividend income	1,052	2,020	4,946	8,018	3,862	3,500	548	9,608	17,518	
Mark-up on bank deposits	59	303	48	410	115	196	3	916	1,230	
Back-end load	-	-	26	26	-	-	-	253	253	
	8,413	5,014	6,546	19,973	4,044	5,165	2,674	11,138	23,021	
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6.1	3,885	991	36	4,912	(419)	133	-	6,762	6,476
		12,298	6,005	6,582	24,885	3,625	5,298	2,674	17,900	29,497
<b>Expenses</b>										
Remuneration of the Management Company	10.1	12	54	3	69	12	21	-	63	96
Sindh Sales Tax on remuneration of the Management Company	10.2	2	7	-	9	2	3	-	7	12
Remuneration of the Trustee	11.2	53	56	109	218	66	52	43	106	267
Sindh Sales Tax on remuneration of the Trustee	11.3	7	7	14	28	9	7	6	14	36
Annual fee to the Securities and Exchange Commission of Pakistan	12.1	12	12	24	48	15	12	9	23	59
Allocation of expenses / (reversal) related to registrar services, accounting, operation and valuation services	10.3	119	124	243	486	146	40	(169)	235	252
Amortisation of preliminary expenses and flotation costs	16	267	231	-	498	234	155	188	-	577
Auditors' remuneration		51	60	152	263	67	46	29	146	288
Fees and subscription		28	25	15	68	30	24	57	-	111
Bank charges		9	14	11	34	24	20	3	16	63
Printing charges		16	12	16	44	-	-	-	3	3
		576	602	587	1,765	605	380	166	613	1,764
Net income from operating activities		11,722	5,403	5,995	23,120	3,020	4,918	2,508	17,287	27,733
Provision for Sindh Workers' Welfare Fund	13.1	(234)	(108)	(120)	(462)	(60)	(98)	(50)	(346)	(554)
Net income for the year / period before taxation		11,488	5,295	5,875	22,658	2,960	4,820	2,458	16,941	27,179
Taxation	17	-	-	-	-	-	-	-	-	-
Net income for the year / period after taxation		11,488	5,295	5,875	22,658	2,960	4,820	2,458	16,941	27,179
<b>Allocation of net income for the year / period</b>										
Income already paid on redemption of units		1,602	897	1,073		49	232	378	1,510	
Accounting income available for distribution		9,886	4,398	4,802		2,911	4,588	2,080	15,431	
Relating to capital gains		297	1,560	3,938		-	1,600	2,080	5,613	
Excluding capital gains		9,589	2,838	864		2,911	2,988	-	9,818	
		11,488	5,295	5,875		2,960	4,820	2,458	16,941	

Earnings per unit

18

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

# HBL FINANCIAL PLANNING FUND

## Statement of Comprehensive Income

For the year ended June 30, 2021

	2021				2020		For the period from July 1, 2019 to October 10, 2019	For the period from September 16, 2019 to June 30, 2020		
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total	
	----- Rupees in '000 -----									
Net income for the year / period after taxation	11,488	5,295	5,875	22,658	2,960	4,820	2,458	16,941	27,179	
Total comprehensive income for the year / period	<u>11,488</u>	<u>5,295</u>	<u>5,875</u>	<u>22,658</u>	<u>2,960</u>	<u>4,820</u>	<u>2,458</u>	<u>16,941</u>	<u>27,179</u>	

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
Director

# HBL FINANCIAL PLANNING FUND

## Statement of Cash Flows

For the year ended June 30, 2021

	2021				2020				For the period from July 1, 2019 to October 10, 2019	For the period from September 16, 2019 to June 30, 2020
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total	
	Rupees in '000									
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Net income for the year / period before taxation	11,488	5,295	5,875	22,658	2,960	4,820	2,458	16,941	27,179	
Adjustments for:										
Capital gain on sale of investment - net	(7,302)	(2,691)	(1,526)	(11,519)	(67)	(1,469)	(2,123)	(361)	(4,020)	
Dividend income	(1,052)	(2,020)	(4,946)	(8,018)	(3,862)	(3,500)	(548)	(9,608)	(17,518)	
Mark-up on bank deposits	(59)	(303)	(48)	(410)	(115)	(196)	(3)	(916)	(1,230)	
Back-end load	-	-	(26)	(26)	-	-	-	(253)	(253)	
Amortisation of preliminary expenses and flotation costs	267	231	-	498	233	155	188	-	576	
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'fair value through profit or loss' - net	(3,885)	(991)	(36)	(4,912)	419	(133)	-	(6,762)	(6,476)	
	(543)	(479)	(707)	(1,729)	(432)	(323)	(28)	(959)	(1,742)	
<b>Decrease / (increase) in assets</b>										
Investments - net	7,558	6,045	57,047	70,650	46,343	15,977	171,581	(136,511)	97,390	
Advances and prepayments	22	19	-	41	22	19	43	-	84	
	7,580	6,064	57,047	70,691	46,365	15,996	171,624	(136,511)	97,474	
<b>(Decrease) / increase in liabilities</b>										
Payable to the Management Company	-	(2,316)	(9)	(2,325)	(1)	2,319	(14)	24	2,328	
Payable to the Trustee	-	-	(2)	(2)	(4)	(1)	(15)	10	(10)	
Payable to Securities and Exchange Commission of Pakistan	(3)	-	1	(2)	(153)	(79)	(175)	23	(384)	
Accrued expenses and other liabilities	(241)	(1,386)	(1,771)	(3,398)	541	1,800	(28)	3,037	5,350	
	(244)	(3,702)	(1,781)	(5,727)	383	4,039	(232)	3,094	7,284	
Cash generated from / (used in) from operations	6,793	1,883	54,559	63,235	46,316	19,712	171,364	(134,376)	103,016	
Dividend received	1,052	2,020	4,946	8,018	3,862	3,500	548	9,608	17,518	
Mark-up received on bank deposits	59	303	48	410	115	196	3	916	1,230	
Back-end load	-	-	26	26	-	-	-	253	253	
Net cash generated / (used in) from operating activities	7,904	4,206	59,579	71,689	50,293	23,408	171,915	(123,599)	122,017	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts from issue of units	4,009	292,353	7,339	303,701	10,421	193,129	1,538	169,212	374,300	
Payment against redemption of units	(14,846)	(297,438)	(62,466)	(374,750)	(55,957)	(209,259)	(172,486)	(34,956)	(472,658)	
Dividend paid	(298)	(1,639)	(4,317)	(6,254)	(2,582)	(3,193)	(823)	(9,703)	(16,301)	
Net cash (used in) from financing activities	(11,135)	(6,724)	(59,444)	(77,303)	(48,118)	(19,323)	(171,771)	124,553	(114,659)	
Net (decrease) / increase in cash and cash equivalents during the year / period	(3,231)	(2,518)	135	(5,614)	2,175	4,085	144	954	7,358	
Cash and cash equivalents at the beginning of the year / period	3,468	4,116	954	8,538	1,293	31	41	-	1,365	
Cash and cash equivalents at the end of the year / period	237	1,598	1,089	2,924	3,468	4,116	185	954	8,723	

The annexed notes from 1 to 31 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL FINANCIAL PLANNING FUND

## Statement of Movement in Unit Holders' Fund

For the year ended June 30, 2021

### Active Allocation Plan

	2021			2020		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	Rupees in '000					
Net assets at beginning of the year	65,510	(8,063)	57,447	110,998	(8,393)	102,605
Issuance of 37,988 units (2020: 105,651 units)						
Capital value (at net asset value per unit at the beginning of the year)	3,735	-	3,735	10,247	-	10,247
Element of income	274	-	274	174	-	174
Total proceeds on issuance of units	4,009	-	4,009	10,421	-	10,421
Redemption of 137,418 units (2020: 564,838 units)						
Capital value (at net asset value per unit at the beginning of the year)	(13,235)	-	(13,235)	(54,782)	-	(54,782)
Income already paid on redemption of units	-	(1,602)	(1,602)	-	(49)	(49)
Element of (loss)	(9)	-	(9)	(1,126)	-	(1,126)
Total payments on redemption of units	(13,244)	(1,602)	(14,846)	(55,908)	(49)	(55,957)
Total comprehensive income for the year	-	11,488	11,488	-	2,960	2,960
Interim distribution Rs. 4.75 per unit declared on June 29, 2020 as cash dividend						
Refund of capital	-	-	-	(1)	-	(1)
Distribution during the year	-	-	-	-	(2,581)	(2,581)
Interim distribution Rs. 0.6 per unit declared on June 25, 2021 as cash dividend						
Refund of capital	-	-	-	-	-	-
Distribution during the year	-	(298)	(298)	-	-	-
	-	11,190	11,190	(1)	379	378
Net assets at end of the year	56,275	1,525	57,800	65,510	(8,063)	57,447
Accumulated (loss) brought forward						
Realised (loss)		(7,644)			(1,078)	
Unrealised (loss)		(419)			(7,315)	
		(8,063)			(8,393)	
Accounting income available for distribution						
Relating to capital gains		9,589			-	
Excluding capital gains		297			2,911	
		9,886			2,911	
Distributions during the year		(298)			(2,581)	
Accumulated undistributed income / (loss) carried forward		1,525			(8,063)	
Accumulated undistributed income / (loss) carried forward						
Realised loss		(2,360)			(7,644)	
Unrealised gain / (loss)		3,885			(419)	
		1,525			(8,063)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			95.9459			96.9864
Net assets value per unit at end of the year			115.7579			95.9459

The annexed notes from 1 to 31 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



**HBL FINANCIAL PLANNING FUND**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2021

Conservative Allocation Plan

	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- Rupees in '000 -----					
Net assets at beginning of the year	46,342	6,207	52,549	62,239	4,812	67,051
<b>Issuance of 2,634,220 units (2020: 1,708,700 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	285,395	-	285,395	177,408	-	177,408
Element of income	6,958	-	6,958	15,721	-	15,721
<b>Total proceeds on issuance of units</b>	292,353	-	292,353	193,129	-	193,129
<b>Redemption of 2,675,712 units (2020: 1,869,298 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	(289,884)	-	(289,884)	(194,083)	-	(194,083)
Income already paid on redemption of units	-	(897)	(897)	-	(232)	(232)
Element of (loss) / income	(6,657)	-	(6,657)	(14,943)	-	(14,943)
<b>Total payments on redemption of units</b>	(296,541)	(897)	(297,438)	(209,026)	(232)	(209,258)
Total comprehensive income for the year	-	5,295	5,295	-	4,820	4,820
<b>Interim distributions</b>						
Rs. 6.6 per unit declared on June 29, 2020 as cash dividend						
Refund of capital	-	-	-	-	-	-
Distribution during the year	-	-	-	-	(3,193)	(3,193)
Rs. 3.7 per unit declared on June 25, 2021 as cash dividend						
Refund of capital	-	-	-	-	-	-
Distribution during the year	-	(1,639)	(1,639)	-	-	-
	-	3,656	3,656	-	1,627	1,627
<b>Net assets at end of the year</b>	42,154	8,966	51,120	46,342	6,207	52,549
<b>Undistributed income brought forward</b>						
Realised income		6,074			7,045	
Unrealised income / (loss)		133			(2,233)	
		6,207			4,812	
<b>Accounting income available for distribution</b>						
Relating to capital gains		2,838			1,600	
Excluding capital gains		1,560			2,988	
		4,398			4,588	
Distribution during the year		(1,639)			(3,193)	
Undistributed income carried forward		8,966			6,207	
<b>Undistributed income carried forward</b>						
Realised income		7,975			6,074	
Unrealised income		991			133	
		8,966			6,207	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the year</b>			108.3030			103.8264
<b>Net assets value per unit at end of the year</b>			115.2069			108.3030

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL FINANCIAL PLANNING FUND**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2021

Special Income Plan						
2021			For the period from September 16, 2019 to June 30, 2020			
Capital value	Undistributed income	Total	Capital value	Accumulated loss	Total	
Rupees in '000						
<b>Net assets at beginning of the year / period</b>						
135,761	5,733	141,494	-	-	-	
<b>Issuance of 69,353 units (2020: 1,683,776 units)</b>						
Capital value (at net asset value per unit at the beginning of the year / period)						
7,353	-	7,353	168,382	-	168,382	
Element of (loss) / income						
(14)	-	(14)	830	-	830	
<b>Total proceeds on issuance of units</b>						
7,339	-	7,339	169,212	-	169,212	
<b>Redemption of 586,172 units (2020: 333,607 units)</b>						
Capital value (at net asset value per unit at the beginning of the year / period)						
(62,042)	-	(62,042)	(33,361)	-	(33,361)	
Income already paid on redemption of units						
-	(1,073)	(1,073)	-	(1,510)	(1,510)	
Element of income / (loss)						
649	-	649	(85)	-	(85)	
<b>Total payments on redemption of units</b>						
(61,393)	(1,073)	(62,466)	(33,446)	(1,510)	(34,956)	
Total comprehensive income for the year / period						
-	5,875	5,875	-	16,941	16,941	
Interim distributions						
Rs. 0.2095 per unit declared on January 01, 2020 as cash dividend						
-	-	-	(2)	-	(2)	
Refund of capital						
-	-	-	-	(312)	(312)	
Distribution during the period						
Rs. 0.1921 per unit declared on April 03, 2020 as cash dividend						
-	-	-	(1)	-	(1)	
Refund of capital						
-	-	-	-	(248)	(248)	
Distribution during the period						
Rs. 7.1 per unit declared on June 29, 2020 as cash dividend						
-	-	-	(2)	-	(2)	
Refund of capital						
-	-	-	-	(9,138)	(9,138)	
Distribution during the period						
Rs. 0.2 per unit declared on October 02, 2020 as cash dividend						
-	-	-	-	-	-	
Refund of capital						
-	(265)	(265)	-	-	-	
Distribution during the period						
Rs. 0.3 per unit declared on December 31, 2020 as cash dividend						
-	-	-	-	-	-	
Refund of capital						
-	(335)	(335)	-	-	-	
Distribution during the period						
Rs. 1.75 per unit declared on April 02, 2021 as cash dividend						
(2)	-	(2)	-	-	-	
Refund of capital						
-	(1,746)	(1,746)	-	-	-	
Distribution during the period						
Rs. 2.40 per unit declared on June 25, 2021 as cash dividend						
(12)	-	(12)	-	-	-	
Refund of capital						
-	(1,957)	(1,957)	-	-	-	
Distribution during the period						
(14)	1,572	1,558	(5)	7,243	7,238	
<b>Net assets at end of the year / period</b>						
81,693	6,232	87,925	135,761	5,733	141,494	
<b>Undistributed income brought forward</b>						
Realised (loss)						
-	(1,029)	-	-	-	-	
Unrealised income						
-	6,762	-	-	-	-	
-	5,733	-	-	-	-	
<b>Accounting income available for distribution</b>						
Relating to capital gains						
-	864	-	5,613	-	5,613	
Excluding capital gains						
-	3,938	-	9,818	-	9,818	
Distribution during the year / period						
-	4,802	-	15,431	-	15,431	
Undistributed income carried forward						
-	(4,303)	-	(9,698)	-	(9,698)	
<b>Undistributed income carried forward</b>						
Realised income						
-	6,196	-	(1,029)	-	(1,029)	
Unrealised income						
-	36	-	6,762	-	6,762	
-	6,232	-	5,733	-	5,733	
(Rupees)			(Rupees)			
<b>Net assets value per unit at beginning of the year / period</b>			104.7978			
<b>Net assets value per unit at end of the year / period</b>			105.5096			

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

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

**HBL FINANCIAL PLANNING FUND**  
**Statement Of Movement In Unitholders' Fund**  
For the year ended June 30, 2021

Strategic Allocation Plan			
2020			
Capital value	Undistributed income	Total	
Rupees in '000			
Net assets at beginning of the period / year	170,570	(1,257)	169,313
Issuance of 15,377 units (2019: NIL units)			
Capital value (at net asset value per unit at the beginning of the period)	1,523	-	1,523
Element of income	15	-	15
<b>Total proceeds on issuance of units</b>	1,538	-	1,538
<b>Redemption of 1,725,044 units (2019: 324,244 units)</b>			
Capital value (at net asset value per unit at the beginning of the period)	(170,836)	-	(170,836)
Income already paid on redemption of units	-	(378)	(378)
Element of (loss) / income	(1,272)	-	(1,272)
<b>Total payments on redemption of units</b>	(172,108)	(378)	(172,486)
Total comprehensive income for the period	-	2,458	2,458
Interim distribution Rs. 0.4851 per unit declared on October 10, 2019 as cash dividend			
Distribution for the period	-	(823)	(823)
Net assets at end of the period	-	1,635	1,635
Undistributed income brought forward			
Realised income	3,709		
Unrealised (loss)	(4,966)		
		(1,257)	
Accounting income available for distribution			
Relating to capital gains	2,080		
Excluding capital gains	-		
		2,080	
Distribution during the period		(823)	
Accumulated undistributed income / (loss) carried forward		-	
<b>Accumulated undistributed income / (loss) carried forward</b>			
Realised income	-		
Unrealised income / (loss)	-		
		-	
			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			99.0331
<b>Net assets value per unit at end of the period</b>			-

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

HBL Financial Planning Fund (the Fund), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was executed on March 22, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 14, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 the (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 is an open ended fund of fund scheme and the Fund is listed on Pakistan Stock Exchange Limited. The Fund currently has three different plans; namely, Active Allocation Plan, Conservative Allocation Plan and Special Income Plan (collectively referred as 'Plans'). The units of Conservative Allocation Plan and Active Allocation Plan were initially offered to public (IPO) from September 11, 2017 to October 10, 2017, the units of Strategic Allocation Plan were offered from August 07, 2017 to October 10, 2017 and the units of Special Income Plan were offered from June 11, 2019 to September 13, 2019. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The Fund is perpetual, however, the Allocation Plans may have a set time frame. Each Allocation Plan will announce separate NAVs which will rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans may be offered for a limited subscription period.

The Fund aims to generate returns on investment as per the respective Allocation Plan by investing in Mutual Funds in line with the risk tolerance of the investor. Following is the description of the plans currently in operation:

- The "Active Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" with an objective to earn a potentially high return through active asset allocation between Equity scheme(s), Income scheme(s) and Money Market Schemes based on the Fund Manager's outlook on the asset classes.
- The "Conservative Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of investments in equity, income and money market funds. This Allocation Plan is suitable for Investors who have moderate risk tolerance and have a short to medium term investment horizon.
- The "Special Income Plan" is an Allocation Plan under the "HBL Financial Planning Fund" with an objective to earn a potentially high return through active allocation of funds between income scheme(s) and money market scheme(s) based on fundamental analysis of economic indicators, interest rate environment, market liquidity conditions and a strategy of minimizing risk and volatility. The duration of this plan is 24 months (two years). However, SECP or the Management Company may wind it up or revoke, on the occurrence of certain events as specified in the Regulations or clause no.10.4 of the offering document of the Fund. HBL Financial Planning Fund Special Income Plan is due to mature on September 16, 2021, unless the Management Company decides otherwise.

JCR-VIS Credit Rating Agency has assigned a long term management quality rating of 'AM2++ (AM two plus plus )' to the Management Company while the Fund is currently not rated.

Title to the assets of the Fund are held in the name of MCBFSL as the Trustee of the Fund.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

## **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, unless otherwise stated.

These financial statements have been prepared under accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

## **2.4 Use of judgments and estimates**

The preparation of these financial statements in accordance with the accounting and reporting standards as applicable in Pakistan 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 accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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

### **Classification and valuation of investments**

For details please refer notes 6 and 19 to these financial statements.

### **Impairment of investment**

For details please refer notes 4.2.1.2 to these financial statements.

### **Provision for taxation**

For details please refer notes 4.4 and 17 to these financial statements.

**Other assets**

Judgement is involved in assessing the realisability of other assets balances.

**3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021**

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after:</b>
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

**3.2 New accounting standards, amendments and interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after:</b>
"Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid-19 related rent concessions	April 01, 2021

**Effective from accounting period  
beginning on or after:**

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

#### **4 SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

##### **4.1 Cash and cash equivalents**

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

##### **4.2 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **4.2.1 Financial assets**

##### **4.2.1.1 Classification and measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified as measured at: amortised cost and fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.

#### **4.2.1.2 Impairment of financial assets**

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

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly investment, advances and deposits, dividend and mark-up receivable and bank balances.

#### **4.2.1.3 Regular way contracts**

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### **4.2.1.4 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.



#### **4.2.2 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### **4.2.3 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.3 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

#### **4.6 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### 4.7 Element of income

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### 4.8 Net assets value per unit

The net assets value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

#### 4.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.
- Markup on bank deposits is recognised on a time apportionment basis using effective interest rate.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

#### 4.10 Transactions with related parties / connected persons

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

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

	Note	2021				2020				
		Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total
<b>5 BANK BALANCES</b>		----- Rupees in '000 -----								
In saving accounts	5.1	237	1,598	1,089	2,924	3,468	4,116	185	954	8,723

5.1 These accounts carry mark-up at the rates ranging between 4% to 5.6% (2020: 6% to 7.18%) per annum. This includes an amount held by a related party (Habib Bank Limited) amounting to Rs. 0.225 million (2020: Rs. 3.456 million), Rs. 1.513 million (2020: 2.488 million), Rs. Nil (2020: 0.199 million) and Rs. 0.998 million (2020: 0.328 million) by Active Allocation Plan, Conservative Allocation Plan, Strategic Allocation Plan and Special Income Plan respectively.

#### 6 INVESTMENTS

		2021				2020				
		Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	
Financial assets classified at fair value through profit or loss		----- Rupees in '000 -----								
Units of mutual funds	6.1	57,824	51,084	88,149	197,057	54,195	53,447	143,634	251,276	

## 6.1 Units of Mutual Funds

Name of Investee Funds	Total units as at July 1, 2020	Purchases made during the year	Sales made during the year	Total units as at June 30, 2021	Total carrying value as at June 30, 2021	Total market value as at June 30, 2021	Unrealised appreciation/ (diminution) on re-measurement of investment	Market value as a percentage of net assets	Market value as a percentage of total value of Investment
	----- Number of units -----			----- Rupees in '000 -----					
<b>Active Allocation Plan</b>									
HBL Cash Fund	185,093	22,105	192,203	14,995	1,517	1,518	1	3	3
HBL Equity Fund	-	349,765	18,828	330,937	42,588	46,313	3,725	80	80
HBL Stock Fund	325,953	522	326,475	-	-	-	-	-	-
HBL Income Fund	67,728	22,925	265	90,388	9,834	9,993	159	17	17
HBL Islamic Dedicated Equity Fund	-	159,617	159,617	-	-	-	-	-	-
	<u>578,774</u>	<u>554,934</u>	<u>697,388</u>	<u>436,320</u>	<u>53,939</u>	<u>57,824</u>	<u>3,885</u>	<u>100</u>	<u>100</u>
<b>Conservative Allocation Plan</b>									
HBL Cash Fund	116	8	-	124	12	13	1	0	0
HBL Equity Fund	-	84,785	10,415	74,370	9,628	10,408	780	20	20
HBL Stock Fund	129,177	285,263	414,440	-	-	-	-	-	-
HBL Money Market Fund	413,093	1,193,781	1,210,548	396,326	40,453	40,663	210	80	80
	<u>542,386</u>	<u>1,563,837</u>	<u>1,635,403</u>	<u>470,820</u>	<u>50,093</u>	<u>51,084</u>	<u>991</u>	<u>100</u>	<u>100</u>
<b>Special Income Plan</b>									
HBL Cash Fund	-	1,401,835	530,806	871,029	88,113	88,149	36	100	100
HBL Government Securities Fund	1,279,309	-	1,279,309	-	-	-	-	-	-
	<u>1,279,309</u>	<u>1,401,835</u>	<u>1,810,115</u>	<u>871,029</u>	<u>88,113</u>	<u>88,149</u>	<u>36</u>	<u>100</u>	<u>100</u>
Total as at June 30, 2021	<u>2,400,469</u>	<u>3,520,606</u>	<u>4,142,906</u>	<u>1,778,169</u>	<u>192,145</u>	<u>197,057</u>	<u>4,912</u>		
Total as at June 30, 2020	<u>3,403,702</u>	<u>2,572,148</u>	<u>3,575,379</u>	<u>2,400,471</u>	<u>244,800</u>	<u>251,276</u>	<u>6,476</u>		

## 7 NET UNREALISED APPRECIATION / (DIMINUTION) ON RE-MEASUREMENT OF INVESTMENTS CLASSIFIED AS FINANCIAL ASSETS 'FAIR VALUE THROUGH PROFIT OR LOSS

	2021				2020			
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
	----- Rupees in '000 -----				----- Rupees in '000 -----			
Market value of investments	57,824	51,084	88,149	197,057	54,195	53,447	143,634	251,276
Less: Carrying value of investments	(53,939)	(50,093)	(88,113)	(192,145)	(54,614)	(53,314)	(136,872)	(244,800)
	<u>3,885</u>	<u>991</u>	<u>36</u>	<u>4,912</u>	<u>(419)</u>	<u>133</u>	<u>6,762</u>	<u>6,476</u>

## 8 PRELIMINARY EXPENSES AND FLOTATION COSTS

	2021			2020			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	----- Rupees in '000 -----			----- Rupees in '000 -----			
Opening balance	644	603	1,247	877	758	188	1,823
Less: Amortised during the year / period	(267)	(231)	(498)	(233)	(155)	(188)	(576)
Closing balance	<u>377</u>	<u>372</u>	<u>749</u>	<u>644</u>	<u>603</u>	<u>-</u>	<u>1,247</u>

Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operation of the fund and are being amortized over the period of 5 years for Active Allocation Plan, Conservative Allocation Plan and 2 years for Strategic Allocation Plan and commencing from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC Rules.

## 9 ADVANCES AND PREPAYMENTS

	Note	2021			2020		
		Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
		----- Rupees in '000 -----			----- Rupees in '000 -----		
Advance tax	9.1	37	9	46	37	9	46
Prepaid listing fee		31	27	58	53	46	99
		<u>68</u>	<u>36</u>	<u>104</u>	<u>90</u>	<u>55</u>	<u>145</u>

- 9.1** The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.

The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same shall be refunded after filing refund application.

**10 PAYABLE TO THE MANAGEMENT COMPANY**

Note	2021				2020			
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000			
Remuneration payable to the Management Company	-	-	-	-	1	1	-	2
Sindh Sales Tax payable on Management Company's remuneration	-	-	-	-	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	10	9	15	34	9	9	24	42
Sales load payable	-	-	-	-	-	2,315	-	2,315
	<u>10</u>	<u>9</u>	<u>15</u>	<u>34</u>	<u>10</u>	<u>2,325</u>	<u>24</u>	<u>2,359</u>

- 10.1** As per the regulation 61 of the NBFC regulations, 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. However, no management fee is charged on that part of the average annual net assets which have been invested in mutual fund managed by the management company. The maximum limit disclosed in the Offering Document is 1% per annum of average annual net assets. During the year, the fee is being charged at the rate of 1% of the average annual net assets accordingly. The fee is payable monthly in arrears.
- 10.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.
- 10.3** As per Regulation 60(3)(s) of NBFC Regulations, fees and expenses related to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee has been charged at the rate of 0.2%, in case of Active Allocation Plan, Conservative Allocation Plan and Special Income Plan of the average annual net assets of the Fund.

**11 PAYABLE TO THE TRUSTEE**

Note	2021				2020			
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000			
Trustee fee payable	4	4	7	15	4	4	9	17
Sindh Sales Tax payable on remuneration of the Trustee	1	1	1	3	1	1	1	3
	<u>5</u>	<u>5</u>	<u>8</u>	<u>18</u>	<u>5</u>	<u>5</u>	<u>10</u>	<u>20</u>

- 11.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed, as per the tariff specified therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

11.2 As per the Trust Deed and Offering Document, the tariff structure was as follows:

**Net assets      Tariff per annum**

Up to Rs. 1 billion	0.09% per annum of the daily average annual net assets
Over Rs. 1 billion	Rs. 0.9 million plus 0.065% per annum of the daily average annual net assets exceeding one billion

11.3 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

**12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

		2021				2020				
		Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total
		Rupees in '000				Rupees in '000				
Annual fee payable	12.1	12	12	24	48	15	12	9	23	59

12.1 As per Regulation 62 of NBFC Regulations, An Asset Management Company managing a CIS shall pay SECP an annual fee of 0.02% of the average annual nets assets. During the year, Management Company has charged the fee accordingly. The fee is payable annually in arrears.

**13 ACCRUED EXPENSES AND OTHER LIABILITIES**

		2021				2020				
		Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total
		Rupees in '000				Rupees in '000				
Provision for Sindh Workers' Welfare Fund	13.1	406	332	466	1,204	171	224	155	346	896
Withholding tax payable		62	485	376	923	510	558	-	1,845	2,913
Auditors' remuneration		68	62	167	297	61	43	-	124	228
Printing charges payable		-	-	-	-	-	4	18	-	22
Others		143	1,065	257	1,465	178	2,501	3	722	3,404
		679	1,944	1,266	3,889	920	3,330	176	3,037	7,463

**13.1 Workers' Welfare Fund and Sindh Workers' Welfare Fund**

The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 0.406 million, Rs. 0.332 million and Rs. 0.466 million for Active Allocation Plan, Conservative Allocation Plan and Special Income Plan respectively, for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 0.8131, Rs. 0.7482 and Rs. 0.5592 (2020: Rs. 0.285, Rs. 0.462 and Rs. 0.256) per unit for Active Allocation Plan, Conservative Allocation Plan and Special Income Plan respectively.

#### 14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2021 (2020: Nil).

#### 15 NUMBER OF UNITS IN ISSUE

	2021				2020				
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total
	Number of units				Number of units				
Total units in issue at the beginning of the year	598,746	485,203	1,350,169	2,434,118	1,057,933	645,802	1,709,667	-	3,413,402
Add: Units issued	37,988	2,634,220	69,353	2,741,561	105,651	1,708,700	15,377	1,683,776	3,513,503
Less: Units redeemed	(137,418)	(2,675,712)	(586,172)	(3,399,302)	(564,838)	(1,869,298)	(1,725,044)	(333,607)	(4,492,788)
Total units in issue at the end of the year	499,316	443,711	833,350	1,776,377	598,746	485,203	-	1,350,169	2,434,117

#### 16 AUDITORS' REMUNERATION

	2021				2020				
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000				
Annual audit fee	36	35	112	183	52	35	22	112	221
Fee for half yearly review	6	4	12	22	6	4	3	12	25
Other certifications and out of pocket expenses	9	21	28	58	9	7	4	22	42
	51	60	152	263	67	46	29	146	288

#### 17 TAXATION

The Fund's income is exempt from income tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of 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 year as the Management Company has distributed atleast 90% of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) to its unit holders.

#### 18 EARNINGS PER UNIT

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

**19 FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	2021									Total
	Active Allocation Plan			Conservative Allocation Plan			Special Income Plan			
	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	
Rupees in '000										
<b>Financial assets</b>										
Bank balances	-	237	237	-	1,598	1,598	-	1,089	1,089	2,924
Investments	57,824	-	57,824	51,084	-	51,084	88,149	-	88,149	197,057
	<u>57,824</u>	<u>237</u>	<u>58,061</u>	<u>51,084</u>	<u>1,598</u>	<u>52,682</u>	<u>88,149</u>	<u>1,089</u>	<u>89,238</u>	<u>199,981</u>

Particulars	2020									Total
	Active Allocation Plan			Conservative Allocation Plan			Special Income Plan			
	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	
Rupees in '000										
<b>Financial liabilities</b>										
Payable to the Management Company	-	10	10	-	9	9	-	34	34	53
Payable to the Trustee	-	4	4	-	4	4	-	7	7	15
Accrued expenses and other liabilities	-	71	71	-	1,122	1,122	-	402	402	1,595
	<u>-</u>	<u>85</u>	<u>85</u>	<u>-</u>	<u>1,135</u>	<u>1,135</u>	<u>-</u>	<u>443</u>	<u>443</u>	<u>1,663</u>

Particulars	2020												Total
	Active Allocation Plan			Conservative Allocation Plan			Strategic Allocation Plan			Special Income Plan			
	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	
Rupees in '000													
<b>Financial assets</b>													
Bank balances	-	3,468	3,468	-	4,116	4,116	-	185	185	-	954	954	8,723
Investments	54,195	-	54,195	53,447	-	53,447	-	-	-	143,634	-	143,634	251,276
	<u>54,195</u>	<u>3,468</u>	<u>57,663</u>	<u>53,447</u>	<u>4,116</u>	<u>57,563</u>	<u>-</u>	<u>185</u>	<u>185</u>	<u>143,634</u>	<u>954</u>	<u>144,588</u>	<u>259,999</u>

Particulars	2020												Total
	Active Allocation Plan			Conservative Allocation Plan			Strategic Allocation Plan			Special Income Plan			
	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	
Rupees in '000													
<b>Financial liabilities</b>													
Payable to the Management Company	-	10	10	-	2,325	2,325	-	-	-	-	24	24	2,359
Payable to the Trustee	-	4	4	-	4	4	-	-	-	-	9	9	17
Accrued expenses and other liabilities	-	63	63	-	2,548	2,548	-	21	21	-	823	823	3,455
	<u>-</u>	<u>77</u>	<u>77</u>	<u>-</u>	<u>4,877</u>	<u>4,877</u>	<u>-</u>	<u>21</u>	<u>21</u>	<u>-</u>	<u>856</u>	<u>856</u>	<u>5,831</u>

**20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

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

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

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

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

**20.1 Transactions during the year / period**

	2021				2020				
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000				
<b>HBL Asset Management Limited - Management Company</b>									
Remuneration of the Management Company	12	54	3	69	12	21	-	63	96
Sindh Sales Tax on remuneration of the Management Company	2	7	-	9	2	3	-	7	12
Allocation of expenses / (reversal) related to registrar services, accounting, operation and valuation services	119	124	243	486	146	40	(169)	235	252
Sales load	-	-	-	-	-	2,315	-	-	2,315
Issue of Nil (2020: 4,120) units	-	-	-	-	-	-	412	-	412
Redemption of Nil (2020: 1,003,322) units	-	-	-	-	-	-	100,332	-	100,332
Dividend income	-	-	-	-	-	-	485	-	485
<b>MCB Financial Services Limited - Trustee</b>									
Remuneration of the Trustee	53	56	109	218	66	52	43	106	267
Sindh Sales Tax on remuneration of the Trustee	7	7	14	28	9	7	6	14	36
<b>Habib Bank Limited - Sponsor</b>									
Bank charges	5	9	2	16	18	15	3	5	41
Mark-up on bank deposits	58	259	30	347	114	102	2	25	243
<b>HBL Cash Fund - CIS managed by the Management Company</b>									
Purchase of 22,105 (2020: 88,518) units	2,236	-	-	2,236	8,930	-	-	-	8,930
Purchase of 8 (2020: 158,389) units	-	1	-	1	-	16,018	-	-	16,018
Purchase of Nil (2020: 5,435) units	-	-	-	-	-	-	548	-	548
Purchase of 1,401,835 (2020: 47,154) units	-	-	141,809	141,809	-	-	-	4,795	4,795
Redemption of 192,203 (2020: 405,595) units	19,483	-	-	19,483	41,144	-	-	-	41,144
Redemption of Nil (2020: 158,273) units	-	-	-	-	-	16,038	-	-	16,038
Redemption of Nil (2020: 182,477) units	-	-	-	-	-	-	18,456	-	18,456
Redemption of 530,806 (2020: 47,154) units	-	-	53,863	53,863	-	-	-	4,780	4,780
Dividend Income	685	1	5,503	6,189	3,130	2	548	157	3,837
<b>HBL Stock Fund- CIS managed by the Management Company</b>									
Purchase of 522 (2020: 195,768) units	51	-	-	51	16,500	-	-	-	16,500
Purchase of 285,263 (2020: 224,516) units	-	29,575	-	29,575	-	20,319	-	-	20,319
Redemption of 326,475 (2020: 337,880) units	34,672	-	-	34,672	29,451	-	-	-	29,451
Redemption of 414,440 (2020: 237,103) units	-	42,659	-	42,659	-	21,821	-	-	21,821
Redemption of Nil (2020: 440,522) units	-	-	-	-	-	-	36,967	-	36,967
<b>HBL Income Fund - CIS managed by the Management Company</b>									
Purchase of 22,925 (2020: 6,736) units	2,529	-	-	2,529	732	-	-	-	732
Redemption of 265 (2020: 16,575) units	30	-	-	30	1,910	-	-	-	1,910
Redemption of Nil (2020: 745,068) units	-	-	-	-	-	-	81,178	-	81,178
Dividend Income	436	-	-	436	732	-	-	-	732
<b>HBL Money Market Fund - CIS managed by the Management Company</b>									
Purchase of 1,193,781 (2020: 169,132) units	-	123,101	-	123,101	-	17,304	-	-	17,304
Redemption of 1,210,548 (2020: 295,462) units	-	125,689	-	125,689	-	31,759	-	-	31,759
Dividend Income	-	2,562	-	2,562	-	3,498	-	-	3,498
<b>HBL Government Securities Fund - CIS managed by the Management Company</b>									
Purchase of Nil (2020: 345,994) units	-	-	-	-	-	-	36,967	-	36,967
Purchase of Nil (2020: 1,330,506) units	-	-	-	-	-	-	-	142,451	142,451
Redemption of Nil (2020: 658,073) units	-	-	-	-	-	-	72,496	-	72,496
Redemption of 1,279,309 (2020: 51,197) units	-	-	144,994	144,994	-	-	-	5,917	5,917
Dividend Income	-	-	-	-	-	-	-	9,451	9,451
<b>HBL Islamic Dedicated Equity Fund - CIS managed by the Management Company</b>									
Purchase of 159,617 (2020: Nil) units	15,600	-	-	15,600	-	-	-	-	-
Redemption of 159,617 (2020: Nil) units	16,203	-	-	16,203	-	-	-	-	-
<b>HBL Equity Fund</b>									
<b>CIS managed by Management Company</b>									
Purchase of 349,765(2020: Nil) units	45,011	-	-	45,011	-	-	-	-	-
Purchase of 84,785(2020: Nil) units	-	10,976	-	10,976	-	-	-	-	-
Redemption of 18,828 (2020: Nil) units	2,597	-	-	2,597	-	-	-	-	-
Redemption of 10,415 (2020: Nil) units	-	1,350	-	1,350	-	-	-	-	-
<b>Patient Welfare Association - Connected person due to 10% holding</b>									
Issue of Nil (2020: Nil) units	-	-	-	-	-	-	-	-	-
Dividend Income	-	1,480	-	1,480	-	2,640	-	-	2,640



	2021				2020				
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000				
<b>Asif Nadeem Minhas - Connected person due to 10% holding</b>									
Issue of 321 (2020: 3,730) units	37	-	-	37	356	-	-	-	356
Issue of 3,584 (2020: Nil) units	-	-	379	379	-	-	-	-	-
Redemption of 19,203 (2020: 16,313) units	2,013	-	-	2,013	1,676	-	-	-	1,676
Dividend Income	44	-	444	488	419	-	-	-	419
<b>Shazia Afshan Minhas - Connected person due to 10% holding</b>									
Issue of 6,149 (2020: 197,779) units	-	-	651	651	-	-	-	20,198	20,198
Dividend Income	-	-	925	925	-	-	-	1,416	1,416
<b>Anwer Ahmed Syed - Connected person due to 10% holding</b>									
Issue of 3,251 (2020: Nil) units	-	-	355	355	-	-	-	-	-
Dividend Income	-	-	415	415	-	-	-	-	-
<b>Ishtiaq Ahmad - Connected person due to 10% holding</b>									
Issue of 227 (2020: Nil) units	26	-	-	26	-	-	-	-	-
Dividend Income	31	-	-	31	-	-	-	-	-
<b>Shahbaz Khaliq - Connected person due to 10% holding</b>									
Issue of 183 (2020: Nil) units	21	-	-	21	-	-	-	-	-
Dividend Income	30	-	-	30	-	-	-	-	-

## 20.2 Balances outstanding as at year / period end

	2021				2020				
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000				
<b>HBL Asset Management Limited - Management Company</b>									
Remuneration payable to the Management Company	-	-	-	-	1	1	-	-	2
Sindh Sales Tax payable on remuneration of the Management Company	-	-	-	-	-	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	10	9	15	34	9	9	-	24	42
Sales load payable	-	-	-	-	-	2,315	-	-	2,315
<b>Habib Bank Limited - Sponsor</b>									
Bank balances	225	1,513	998	2,736	3,457	2,489	200	328	6,474
<b>MCB Financial Services Limited - Trustee</b>									
Trustee fee payable	4	4	7	15	4	4	-	9	17
Sindh Sales Tax payable on remuneration of the Trustee	1	1	1	3	1	1	-	1	3
<b>HBL Cash Fund - CIS managed by the Management Company</b>									
Units held: 14,995 (June 30, 2020: 185,093)	1,518	-	-	1,518	18,718	-	-	-	18,718
Units held: 124 (June 30, 2020: 116)	-	13	-	13	-	12	-	-	12
Units held: 871,029 (June 30, 2020: Nil)	-	-	88,149	88,149	-	-	-	-	-
<b>HBL Stock Fund- CIS managed by the Management Company</b>									
Units held: Nil (June 30, 2020: 325,953)	-	-	-	-	28,143	-	-	-	28,143
Units held: Nil (June 30, 2020: 129,177)	-	-	-	-	-	11,153	-	-	11,153
<b>HBL Income Fund - CIS managed by the Management Company</b>									
Units held: 90,388 (June 30, 2020: 67,728)	9,993	-	-	9,993	7,334	-	-	-	7,334
<b>HBL Money Market Fund - CIS managed by the Management Company</b>									
Units held: 396,326 (June 30, 2020: 413,094)	-	40,663	-	40,663	-	42,282	-	-	42,282
<b>HBL Government Securities Fund - CIS managed by the Management Company</b>									
Units held: Nil (June 30, 2020: 1,279,309)	-	-	-	-	-	-	-	143,634	143,634
<b>HBL Equity Fund - CIS managed by the Management Company</b>									
Units held: 330,937 (June 30, 2020: Nil)	46,313	-	-	46,313	-	-	-	-	-
Units held: 74,370 (June 30, 2020: Nil)	-	10,408	-	10,408	-	-	-	-	-

	2021				2020				
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000				
<b>Patient Welfare Association - Connected Person due to 10% holding</b>									
Units held: 400,000 (2020: 400,000)	-	46,083	-	46,083	-	43,321	-	-	43,321
<b>Asif Nadeem Minhas - Connected Person due to 10% holding</b>									
Units held: 73,012 (2020: 91,894)	8,452	-	-	8,452	8,817	-	-	-	8,817
Units held: 98,420 (2020: Nil)	-	-	10,384	10,384	-	-	-	-	-
<b>Shazia Afshan Minhas - Connected Person due to 10% holding</b>									
Units held: 203,929 (2020: 197,780)	-	-	21,516	21,516	-	-	-	20,727	20,727
<b>Anwar Ahmad Syed - Connected Person due to 10% holding</b>									
Units held: 92,027 (2020: Nil)	-	-	9,710	9,710	-	-	-	-	-
<b>Ishtiaq Ahmad - Connected Person due to 10% holding</b>									
Units held: 51,478 (2020: Nil)	5,959	-	-	5,959	-	-	-	-	-
<b>Shahbaz Khaliq - Connected Person due to 10% holding</b>									
Units held: 50,353 (2020: Nil)	5,829	-	-	5,829	-	-	-	-	-

## 21 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 21.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the investment committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

#### 21.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk.

#### 21.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

**a) Cash flow interest rate risk**

The Fund is exposed to cash flow interest rate risk for balances in savings accounts, the interest rates on which range between 4% to 5.6% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2021, with all other variables held constant, the net income for the year / period and the net assets would have been higher / lower by Re. 0.0024 million, Re. 0.0160 million, Re. 0.00 million and Re. 0.0109 million of Active Allocation Plan, Conservative Allocation plan, Strategic Allocation Plan and Special Income Plan (2020: Re. 0.0347 million, Re. 0.0412 million, Re. 0.0021 million and 0.0095 million) respectively.

**b) Fair value interest rate risk**

Since the Fund currently does not have any fixed rate instruments that are impacted by market interest rates, therefore, it is not exposed to fair value interest rate risk.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

Active Allocation Plan												
Particulars	Effective yield / interest rate	2021				Total	Effective yield / interest rate	2020				Total
		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk			Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year				Upto three months	More than three months and upto one year	More than one year		
		Rupees in '000						Rupees in '000				
<b>On-balance sheet financial instruments</b>												
<b>Financial assets</b>												
Bank balances	4 - 5.6	237	-	-	-	237	6 - 7.8	3,468	-	-	-	3,468
Investments - net		-	-	-	57,824	57,824		-	-	-	54,195	54,195
<b>Sub total</b>		237	-	-	57,824	58,061		3,468	-	-	54,195	57,663
<b>Financial liabilities</b>												
Payable to the Management Company		-	-	-	10	10		-	-	-	10	10
Payable to the Trustee		-	-	-	4	4		-	-	-	4	4
Accrued expenses and other liabilities		-	-	-	71	71		-	-	-	63	63
<b>Sub total</b>		-	-	-	85	85		-	-	-	77	77
<b>On-balance sheet gap (a)</b>		237	-	-	57,739	57,976		3,468	-	-	54,118	57,586
<b>Off-balance sheet financial instruments</b>												
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		237	-	-	57,739	57,976		3,468	-	-	54,118	57,586
<b>Cumulative interest rate sensitivity gap</b>		237	-	-	-	-		3,468	-	-	-	-

Conservative Allocation Plan												
Particulars	Effective yield / interest rate	2021				Total	Effective yield / interest rate	2020				Total
		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk			Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year				Upto three months	More than three months and upto one year	More than one year		
		Rupees in '000						Rupees in '000				
<b>On-balance sheet financial instruments</b>												
<b>Financial assets</b>												
Bank balances	4 - 5.6	1,598	-	-	-	1,598	6 - 7.8	4,116	-	-	-	4,116
Investments - net		-	-	-	51,084	51,084		-	-	-	53,447	53,447
<b>Sub total</b>		1,598	-	-	51,084	52,682		4,116	-	-	53,447	57,563
<b>Financial liabilities</b>												
Payable to the Management Company		-	-	-	9	9		-	-	-	2,325	2,325
Payable to the Trustee		-	-	-	4	4		-	-	-	4	4
Accrued expenses and other liabilities		-	-	-	1,122	1,122		-	-	-	2,548	2,548
<b>Sub total</b>		-	-	-	1,135	1,135		-	-	-	4,877	4,877
<b>On-balance sheet gap (a)</b>		1,598	-	-	49,949	51,547		4,116	-	-	48,570	52,686
<b>Off-balance sheet financial instruments</b>												
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		1,598	-	-	49,949	51,547		4,116	-	-	48,570	52,686
<b>Cumulative interest rate sensitivity gap</b>		1,598	-	-	-	-		4,116	-	-	-	-

Special Income Plan												
Particulars	Effective yield / interest rate	2021				Total	Effective yield / interest rate	2020				Total
		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk			Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year				Upto three months	More than three months and upto one year	More than one year		
		Rupees in '000						Rupees in '000				
<b>On-balance sheet financial instruments</b>												
<b>Financial assets</b>												
Bank balances	4 - 5.6	1,089	-	-	-	1,089	6 - 7.8	954	-	-	-	954
Investments - net		-	-	-	88,149	88,149		-	-	-	143,634	143,634
<b>Sub total</b>		1,089	-	-	88,149	89,238		954	-	-	143,634	144,588
<b>Financial liabilities</b>												
Payable to the Management Company		-	-	-	34	34		-	-	-	24	24
Payable to the Trustee		-	-	-	7	7		-	-	-	9	9
Accrued expenses and other liabilities		-	-	-	402	402		-	-	-	823	823
<b>Sub total</b>		-	-	-	443	443		-	-	-	856	856
<b>On-balance sheet gap (a)</b>		1,089	-	-	87,706	88,795		954	-	-	142,778	143,732
<b>Off-balance sheet financial instruments</b>												
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		1,089	-	-	87,706	88,795		954	-	-	142,778	143,732
<b>Cumulative interest rate sensitivity gap</b>		1,089	-	-	-	-		954	-	-	-	-

Strategic Allocation Plan 2020						
Particulars	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	6 - 7.8	185	-	-	-	185
Investments - net		-	-	-	-	-
<b>Sub total</b>		185	-	-	-	185
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	-	-
Payable to the Trustee		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	21	21
<b>Sub total</b>		-	-	-	21	21
<b>On-balance sheet gap (a)</b>		185	-	-	(21)	164
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		185	-	-	(21)	164
<b>Cumulative interest rate sensitivity gap</b>		185	-	-	-	-

### 21.1.3 Price risk

The Fund is exposed to price risk i.e. the risk of unfavorable changes in the fair value of securities as a result of changes in the value of individual net assets value of open end funds, which arises from investments measured at fair value through income statement. The price risk exposure of the Fund arises from investments in mutual funds only. The Fund's policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines or the requirements of NBFC Regulations.

In case of 5% increase / (decrease) in price of all units held by Funds at the year end, net income for the year would increase / (decrease) by Rs. 2.8912 million, Rs. 2.5542 million and Rs. 4.4075 million of Active Allocation Plan, Conservative Allocation Plan and Special Income Plan (2020: Rs. 2.7098 million, Rs. 2.6724 million and Rs. 7.1817) respectively.

In case of 5% increase / (decrease) in price of all units held by Funds at the year end, net assets of the Active Allocation Plan, Conservative Allocation Plan and Special Income Plan would increase / (decrease) by the same amount as a result of gains / losses on units of Fund at fair value through profit or loss.

### 21.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to bank balances and financial institutions.

#### Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed institutions. All transactions in units are settled / paid for upon delivery using the system of Trustee. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

**21.2.1** The analysis below summarises the credit quality of the Fund's financial assets as at June 30, 2021 and June 30, 2020:

2021					
Bank	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Latest available published rating as at June 30, 2021	Rating agency
----- Rupees in '000 -----					
Habib Bank Limited	225	1,513	998	A-1+	JCR-VIS
JS Bank Limited	12	85	64	A-1+	PACRA
Soneri Bank Limited	-	-	27	A-1+	PACRA
	237	1,598	1,089		

Bank	2020				Latest available published rating as at June 30, 2020	Rating agency
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Special Income Plan		
----- Rupees in '000 -----						
Habib Bank Limited	3,457	2,489	172	328	A-1+	JCR-VIS
JS Bank Limited	12	1,627	13	570	A-1+	PACRA
Soneri Bank Limited	-	-	-	56	A-1+	PACRA
	<u>3,469</u>	<u>4,116</u>	<u>185</u>	<u>954</u>		

**21.2.2** The analysis below summarizes the credit quality of the Fund's credit exposure:

Rating by rating category	2021	2020
	----- (Percentage) -----	
A-1+	100%	100%

The maximum exposure to credit risk other the bank balance as disclosed above as at June 30, 2021 is the carrying amount of the financial assets of the Fund. Investments in mutual fund as of reporting date amounting to Rs. 197.057 million is exposed to credit risk as well.

#### Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

#### 21.3 Liquidity risk

Liquidity risk is a risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in units of mutual funds which can be readily redeemed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year, no borrowings were made by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	Active Allocation Plan				Conservative Allocation Plan				Special Income Plan				Total
	Up to three months	More than three months and up to one year	More than one year	Total	Up to three months	More than three months and up to one year	More than one year	Total	Up to three months	More than three months and up to one year	More than one year	Total	
Rupees in '000													
<b>Financial liabilities</b>													
Payable to the Management Company	10	-	-	10	9	-	-	9	34	-	-	34	53
Payable to the Trustee	4	-	-	4	4	-	-	4	7	-	-	7	15
Accrued expenses and other liabilities	71	-	-	71	1,122	-	-	1,122	402	-	-	402	1,595
	<u>85</u>	<u>-</u>	<u>-</u>	<u>85</u>	<u>1,135</u>	<u>-</u>	<u>-</u>	<u>1,135</u>	<u>443</u>	<u>-</u>	<u>-</u>	<u>443</u>	<u>1,663</u>

Particulars	Active Allocation Plan				Conservative Allocation Plan				Strategic Allocation Plan				Special Income Plan				Total
	Up to three months	More than three months and up to one year	More than one year	Total	Up to three months	More than three months and up to one year	More than one year	Total	Up to three months	More than three months and up to one year	More than one year	Total	Up to three months	More than three months and up to one year	More than one year	Total	
2020																	
Rupees in '000																	
<b>Financial liabilities</b>																	
Payable to the Management Company	10	-	-	10	2,325	-	-	2,325	-	-	-	-	24	-	-	24	2,359
Payable to the Trustee	4	-	-	4	4	-	-	4	-	-	-	-	9	-	-	9	17
Accrued expenses and other liabilities	63	-	-	63	2,548	-	-	2,548	21	-	-	21	823	-	-	823	3,455
	<u>77</u>	<u>-</u>	<u>-</u>	<u>77</u>	<u>4,877</u>	<u>-</u>	<u>-</u>	<u>4,877</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>856</u>	<u>-</u>	<u>-</u>	<u>856</u>	<u>5,821</u>

## 22 UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;
- Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

## 23 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), 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.

								2021					
								Active Allocation Plan					
								Carrying amount		Fair value			
Particulars	Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total						
Note	Rupees in '000												
<b>Financial assets measured at fair value</b>	23.1												
Investments	57,824	-	57,824	57,824	-	-	57,824						
	57,824	-	57,824	57,824	-	-	57,824						
<b>Financial assets not measured at fair value</b>	23.2												
Bank balances	-	237	237										
	-	237	237										
<b>Financial liabilities not measured at fair value</b>	23.2												
Payable to the Management Company	-	10	10										
Payable to the Trustee	-	4	4										
Accrued expenses and other liabilities	-	71	71										
	-	85	85										
								2020					
								Active Allocation Plan					
								Carrying amount		Fair value			
Particulars	Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total						
Note	Rupees in '000												
<b>Financial assets measured at fair value</b>	23.1												
Investments	54,195	-	54,195	54,195	-	-	54,195						
	54,195	-	54,195	54,195	-	-	54,195						
<b>Financial assets not measured at fair value</b>	23.2												
Bank balances	-	3,468	3,468										
	-	3,468	3,468										
<b>Financial liabilities not measured at fair value</b>	23.2												
Payable to the Management Company	-	10	10										
Payable to the Trustee	-	4	4										
Accrued expenses and other liabilities	-	63	63										
	-	77	77										
								2021					
								Conservative Allocation Plan					
								Carrying amount		Fair value			
Particulars	Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total						
Note	Rupees in '000												
<b>Financial assets measured at fair value</b>	23.1												
Investments	51,084	-	51,084	51,084	-	-	51,084						
	51,084	-	51,084	51,084	-	-	51,084						
<b>Financial assets not measured at fair value</b>	23.2												
Bank balances	-	1,598	1,598										
	-	1,598	1,598										
<b>Financial liabilities not measured at fair value</b>	23.2												
Payable to the Management Company	-	9	9										
Payable to the Trustee	-	4	4										
Accrued expenses and other liabilities	-	1,122	1,122										
	-	1,135	1,135										

2020							
Conservative Allocation Plan							
Particulars	Note	Carrying amount			Fair value		
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3
Rupees in '000							
<b>Financial assets measured at fair value</b>	23.1						
Investments		53,447	-	53,447	53,447	-	-
		<u>53,447</u>	<u>-</u>	<u>53,447</u>	<u>53,447</u>	<u>-</u>	<u>-</u>
<b>Financial assets not measured at fair value</b>	23.2						
Bank balances		-	4,116	4,116			
		<u>-</u>	<u>4,116</u>	<u>4,116</u>			
<b>Financial liabilities not measured at fair value</b>	23.2						
Payable to the Management Company		-	2,325	2,325			
Payable to the Trustee		-	4	4			
Accrued expenses and other liabilities		-	2,548	2,548			
		<u>-</u>	<u>4,877</u>	<u>4,877</u>			

2021							
Special Income Plan							
Particulars	Note	Carrying amount			Fair value		
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3
Rupees in '000							
<b>Financial assets measured at fair value</b>	23.1						
Investments		88,149	-	88,149	88,149	-	-
		<u>88,149</u>	<u>-</u>	<u>88,149</u>	<u>88,149</u>	<u>-</u>	<u>-</u>
<b>Financial assets not measured at fair value</b>	23.2						
Bank balances		-	1,089	1,089			
		<u>-</u>	<u>1,089</u>	<u>1,089</u>			
<b>Financial liabilities not measured at fair value</b>	23.2						
Payable to the Management Company		-	34	34			
Payable to the Trustee		-	7	7			
Accrued expenses and other liabilities		-	402	402			
		<u>-</u>	<u>443</u>	<u>443</u>			

2020							
Special Income Plan							
Particulars	Note	Carrying amount			Fair value		
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3
Rupees in '000							
<b>Financial assets measured at fair value</b>	23.1						
Investments		143,634	-	143,634	143,634	-	-
		<u>143,634</u>	<u>-</u>	<u>143,634</u>	<u>143,634</u>	<u>-</u>	<u>-</u>
<b>Financial assets not measured at fair value</b>	23.2						
Bank balances		-	954	954			
		<u>-</u>	<u>954</u>	<u>954</u>			
<b>Financial liabilities not measured at fair value</b>	23.2						
Payable to the Management Company		-	24	24			
Payable to the Trustee		-	9	9			
Accrued expenses and other liabilities		-	823	823			
		<u>-</u>	<u>856</u>	<u>856</u>			

2020							
Strategic Allocation Plan							
Particulars	Note	Carrying amount			Fair value		
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3
Rupees in '000							
<b>Financial assets measured at fair value</b>	23.1						
Investments		-	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial assets not measured at fair value</b>	23.2						
Bank balances		-	185	185			
		<u>-</u>	<u>185</u>	<u>185</u>			
<b>Financial liabilities not measured at fair value</b>	23.2						
Payable to the Management Company		-	-	-			
Payable to the Trustee		-	-	-			
Accrued expenses and other liabilities		-	21	21			
		<u>-</u>	<u>21</u>	<u>21</u>			



**23.1 Valuation techniques**

For level 1 investments at fair value through profit or loss in units of mutual funds, Fund uses daily NAVs which are taken from MUFAP at reporting date.

**23.2** The Fund has not disclosed the fair values of 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.

**23.3 Transfers during the year**

No transfer were made between various levels of fair value hierarchy during the year.

**24 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

There were no brokers during the year ended June 30, 2021.

**25 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the Investment Committee of the Fund as on June 30, 2021 are as follows:

S. no.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	Bsc	22+
2	Adeel Abdul Wahab	Head of Equity	ACCA	13+
3	Muhammad Wamiq Sakrani	Acting Head of Fixed Income	MBA	11+
4	Raza Inam	Acting Head of Research	Bsc (Hons), CFA	8+
5	Karim Khawaja	Head of Risk	MBA, CMA	18+

**26 PATTERN OF UNITHOLDING**

Category	2021			
	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
<b>Active Allocation Plan</b>				
Individuals	37	499,316	57,800	100%
	37	499,316	57,800	100%
<b>Conservative Allocation Plan</b>				
Individuals	1	400,000	46,084	90.15%
Trust	11	43,711	5,036	9.85%
	12	443,711	51,120	100%
<b>Special Income Plan</b>				
Individuals	37	833,350	87,925	100%
	37	833,350	87,925	100%

2020				
Category	Number of unit holders	Number of units held	Investment amount	Percentage
<b>Rupees in '000</b>				
<b>Active Allocation Plan</b>				
Individuals	38	598,745	57,447	100%
	<u>38</u>	<u>598,745</u>	<u>57,447</u>	<u>100%</u>
<b>Conservative Allocation Plan</b>				
Individuals	9	85,203	9,228	17.56%
Trust	1	400,000	43,321	82.44%
	<u>10</u>	<u>485,203</u>	<u>52,549</u>	<u>100%</u>
<b>Special Income Plan</b>				
Individuals	52	1,247,337	130,718	92.38%
Trust	1	102,832	10,777	7.62%
	<u>53</u>	<u>1,350,169</u>	<u>141,495</u>	<u>100%</u>

## 27 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

Seven meetings of the Board of Directors were held on July 28 & 29, 2020, August 27, 2020, September 30, 2020, October 12, 2020, October 29, 2020, February 10, 2021 and April 30, 2021 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	
1	Mr. Mir Adil Rashid	7	7	0	-
2	Ms. Ava A. Cowasjee	7	7	0	-
3	Mr. Rayomond H. Kotwal	7	7	0	-
4	Mr. Rizwan Haider *	2	2	0	-
5	Mr. Shabbir Hussain Hashmi	7	7	0	-
6	Mr. Shahid Ghaffar	7	7	0	-
7	Mr. Muhammad Afaq Khan **	6	6	0	-
8	Mr .Abrar Ahmed Mir **	6	6	0	-
9	Mr .Tariq Masaud ***	4	4	0	-

\* Resigned on September 18, 2020.

\*\* Appointed on July 29, 2020.

\*\*\* Appointed on September 22, 2020.

## 28 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 year ended June 30, 2021 is 1.36%, 1.15%, and 0.58% which includes 0.42%, 0.22%, and 0.13% representing Government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan, and Special Income Plan respectively.

The total expense ratio of the fund for the year ended June, 30 2020 was 0.90%, 0.82%, 0.13% and 0.64% which includes 0.11%, 0.20%, 0.04% and 0.26% representing Government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan, Strategic Allocation Plan and Special Income Plan.

**29 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 26, 2021 by the Board of Directors of the Management Company.

**30 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

**31 GENERAL**

**31.1** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**31.2** 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 year ended June 30, 2021 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 / government 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.

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** Growth Fund

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL GROWTH FUND</b>
<b>NAME OF AUDITOR</b>	<b>Yousuf Adil, Chartered Accountants</b>
<b>NAME OF TRUSTEE</b>	<b>Central Depository Company of Pakistan Limited.</b>
<b>NAME OF BANKERS</b>	<b>MCB Bank Limited JS Bank Limited Habib Bank Limited Soneri Bank Limited</b>

## Type and Category of Fund

### Equity / Open-end

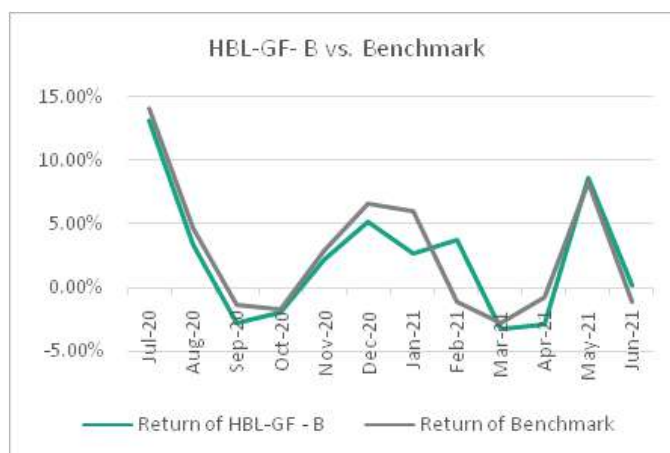
Investment Objective and Accomplishment of Objective

The objective of HBL Growth Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations. The Collective Investment Scheme achieved its stated objective.

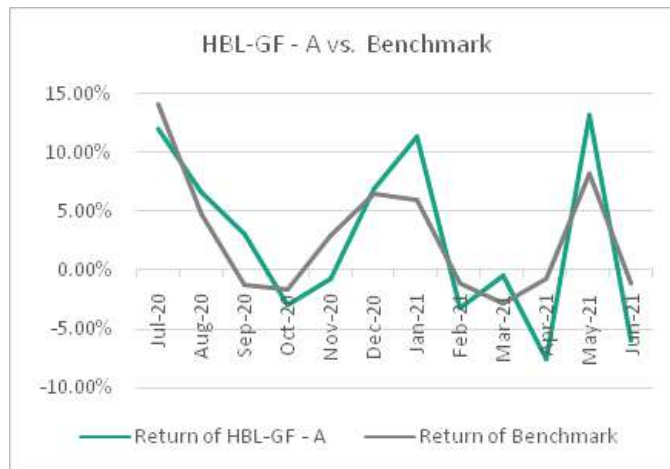
### Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KSE-100 Index.

Month	Return of Fund	
	HBL-GF - B	Benchmark
Jun-21	0.18%	-1.13%
May-21	8.64%	8.21%
Apr-21	-2.91%	-0.73%
Mar-21	-3.23%	-2.78%
Feb-21	3.84%	-1.12%
Jan-21	2.68%	6.01%
Dec-20	5.26%	6.54%
Nov-20	2.18%	2.96%
Oct-20	-1.96%	-1.68%
Sep-20	-2.73%	-1.31%
Aug-20	3.39%	4.72%
Jul-20	13.17%	14.05%



Month	Return of Fund	
	HBL-GF - A	Benchmark
Jun-21	-6.02%	-1.13%
May-21	13.14%	8.21%
Apr-21	-7.56%	-0.73%
Mar-21	-0.45%	-2.78%
Feb-21	-3.29%	-1.12%
Jan-21	11.39%	6.01%
Dec-20	6.86%	6.54%
Nov-20	-0.76%	2.96%
Oct-20	-3.00%	-1.68%
Sep-20	3.13%	-1.31%
Aug-20	6.62%	4.72%
Jul-20	11.96%	14.05%

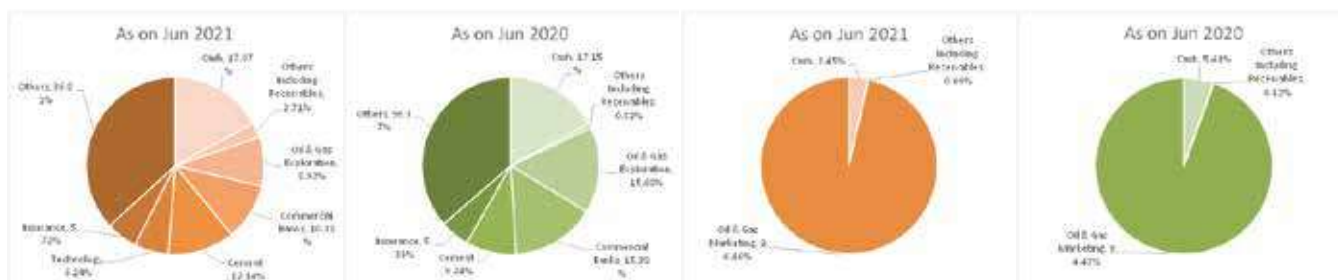


### Strategies and Policies employed during the Year

During the year under review, the Fund decreased its exposure in equities from 82% on June 30, 2020 to 80% as on June 30, 2021. Furthermore, sector-wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure incements and insurance companies was increased, while exposure in fertilizers, commercial banks and oil & gas exploration companies was decreased.

## Asset Allocation

### Growth - B



### Significant Changes in Asset Allocation during the Year

The following table shows a comparison of top sector wise allocation of equity investments in the Fund as on June 30, 2021 and June 30, 2020:

#### HBL Growth Fund – B

Sector Name	As on Jun 2021	As on Jun 2020
Cash	17.07%	17.15%
Others Including Receivables	2.71%	0.82%
Oil & Gas Exploration	8.93%	15.68%
Commercial Banks	10.38%	15.38%
Cement	12.14%	9.24%
Technology	6.24%	0.00%
Insurance	5.72%	5.36%
Others	36.8%	36.4%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

#### HBL Growth Fund – A

Sector Name	As on Jun 2021	As on Jun 2020
Cash	3.45%	5.41%
Others Including Receivables	0.09%	0.12%
Oil & Gas Marketing	96.46%	94.47%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Fund Performance

Effective from July 2, 2018 the Fund has been converted into an open-ended Equity Fund as per the duly approved Conversion Plan. This matter is fully disclosed in note 1.4 of the financial statements of the Fund.

The Fund as a whole earned a total and net income of Rs. 714.76 million and Rs. 423.80 million respectively during the year under review. The fund size of the fund stood at Rs. 8.7 billion as on June 30, 2021.

Performance review of each class is presented below:

#### HBL Growth Fund – Class 'A'

HBL Growth Fund – Class 'A' earned and incurred a total income and net loss of Rs. 170.57 million and Rs. 31.61 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Class 'A' was Rs. 24.1401 per unit as on June 30, 2021 as compared to Rs. 18.0827 as at June 30, 2020, thereby giving a return of 33.50%. During the year the benchmark KSE 100 index yielded a return of 37.58%. The size of Class 'A' was Rs. 6.84 billion as on June 30, 2021 as compared to Rs. 5.13 billion at the start of the year.

## HBL Growth Fund – Class ‘B’

HBL Growth Fund – Class ‘B’ earned a total and net income of Rs. 544.19 million and Rs. 455.41 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Class ‘B’ was Rs. 19.9059 per unit as on June 30, 2021 as compared to Rs. 15.2116 as at June 30, 2020, thereby giving a return of 30.86%. During the year the benchmark KSE 100 index yielded a return of 37.58%. The size of Class ‘B’ was Rs. 1.86 billion as on June 30, 2021 as compared to Rs. 1.50 billion at the start of the year.

### Market Review

The market sustained its bullish momentum in FY21 as the KSE-100 index recorded 12,934 points increase (+37.6%) during the period to close at 47,356 points. The stellar performance of the index can be attributed to 1) relative 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 strengthening currency and better current account position.

During the period construction linked industries (Cement, Steel, and Glass) rallied on the back of the monetary easing done by the SBP and government focus on construction sector. Technology sector also remained in limelight due to increasing focus on technology post Covid-19 pandemic. Banking Sector also rallied due to attractive valuations. On the flows side, foreigners were the net sellers during FY21 and sold shares of worth USD 387mn, compared to net selling of USD 285mn during same period last year.

Pakistan equities are likely to continue the positive momentum due to cheaper valuation (trading at a Forward P/E of 6.1x against peer average 15.7x) and improvement in the macroeconomic landscape. Market participants would closely follow trend of coronavirus cases and the ensuring macro numbers. Cyclical sectors (Cement, Steel) are expected to continue their rally due to Government’s push towards Naya Pakistan Housing Scheme. Textile sector is also expected to garner investors’ attention due to huge export potential. Technology sector would also remain in limelight due to rerating of the sector due to improved earnings outlook. We will maintain our strategic focus towards "bottom-up" approach and align exposure towards stocks with strong earnings potential.

### Distribution

The Board of Directors approved nil dividend to the unit holders for the year ended June 30, 2021.

### Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.

### Breakdown of Certificate Holding by Size

From – To (No. of Certificates)	No. of Certificate Holders (Class ‘A’ Units)	Total No. of Certificates Held (Class ‘A’ Units)	No. of Certificate Holders (Class ‘B’ Units)	Total No. of Certificates Held (Class ‘B’ Units)
1 – 100	451	23,899	357	14,113
101 – 500	2,757	749,134	2,614	651,383
501 – 1,000	1,179	934,184	1,091	759,512
100,1 – 10,000	3,602	12,796,050	3,504	11,360,839
10,001 – 100,000	1,118	30,619,497	983	24,160,896
100,001 – 500,000	112	22,457,386	82	14,136,619
500,001 – 1,000,000	17	11,605,562	11	7,077,221
1,000,001 – 5,000,000	13	18,794,957	7	7,938,533
5,000,001 and above	10	185,519,331	2	27,384,663
<b>Total</b>	<b>9,259</b>	<b>283,500,000</b>	<b>8,651</b>	<b>93,483,779</b>

### Certificate Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Certificate Holders

Investments are subject to market risk.

### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.



**PERFORMANCE TABLE –  
HBL GROWTH FUND**  
As at June 30, 2021

	2021		2020		2019		2018	2017	2016	2015
	Class A	Class B	Class A	Class B	Class A	Class B				
Net assets at the period end(Rs'000)	6,843,722	1,860,878	5,126,450	1,504,866	4,848,295	4,463,482	12,675,960	14,582,713	11,830,393	11,442,602
NET ASSETS VALUE PER UNIT/CERTIFICATE AT 30 JUNE - RUPEES	24.1401	19.9069	18.0827	15.2116	17.10	16.09	44.71	51.44	41.73	40.36
Redemption - Class B unit type B	-	19.9059	-	15.2116	-	15.28				
Redemption - Class B unit type C	-	19.9059	-	15.2116	-	16.09				
Offer - Class B unit type C	-	20.3558	-	15.5554	-	16.45				
OFFER / REDEMPTION DURING THE PERIOD - RUPEES										
Highest offer price per unit - Class B unit type C	-	20.7254	-	20.8505	-	20.48				
Lowest offer price per unit - Class B unit type C	-	15.7388	-	13.0756	-	16.09				
Highest redemption price per unit - Class B unit type B	-	20.2674	-	20.3897	-	19.25				
Lowest redemption price per unit - Class B unit type B	-	15.4699	-	12.8091	-	14.95				
Highest redemption price per unit - Class B unit type C	-	20.2674	-	20.3897	-	20.03				
Lowest redemption price per unit - Class B unit type C	-	15.4699	-	12.7866	-	15.74				
RETURN ( % )										
Total return	33.50%	30.86%	5.74%	-2.62%	*-32.96%	*-16.21%	-8.23%	25.36%	3.39%	-0.72%
Income distribution	0.00%	0.00%	0.00%	0.45%	0.00%	0.00%	0.00%	27.50%	7.50%	-
Capital growth	33.50%	30.86%	5.74%	-3.07%	*-32.96%	*-16.21%	-8.23%	-2.14%	-4.11%	-0.72%
DISTRIBUTION										
First Interim dividend distribution										
Second Interim dividend distribution										
Third Interim dividend distribution										
First Interim dividend distribution	-	-	-	0.45	-	-	-	2.75	0.75	-
Date of Income Distribution	-	-	-	26-Jun-20	-	-	-	25-Aug-17	26-Aug-16	-
Total dividend distribution for the year/ period	-	-	-	0.45	-	-	-	2.75	0.75	-
AVERAGE RETURNS ( % )										
Average annual return 1 year										
Average annual return 2 year										
Average annual return 1 year	33.50%	30.86%	5.74%	-2.62%	-32.96%	-16.21%	-8.23%	25.36%	3.39%	-0.71%
Average annual return 2 year	18.81%	12.89%	-15.80%	-9.67%	N/A	N/A	4.38%	13.85%	1.31%	15.95%
Average annual return 3 year	-1.82%	2.21%	N/A	N/A	N/A	N/A	4.05%	8.77%	11.60%	28.68%
PORTFOLIO COMPOSITION - (%)										
Percentage of Total Assets as at 30 June:										
Bank Balances	3%	17%	5%	17%	3%	16%	6%	4%	3%	5%
GoP Ijarah Sukuks	-	-	-	-	-	-	-	-	-	-
Placement with Banks and DFIs	-	-	-	-	-	-	-	-	-	-
Corporate Sukuks	-	-	-	-	-	-	-	-	-	-
Stock / Equities	96%	80%	94%	82%	94%	84%	93%	94%	78%	94%
Others	0%	3%	0%	1%	4%	0%	2%	-	19%	1%

Note:

The Fund converted to open end fund on July 02, 2018

\* Since conversion from Closed-End to Open-End

Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

## Summary of Actual Proxy voted by CIS

HBL GSF	Meetings	Resolutions	For	Against
Number	8	30	30	-
(%ages)		100%	100%	-

(h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Adamjee Insurnce Co Limited		16/03/2021 - 26/04/2021
Agha Steel Ind.Ltd		
AGP Limited		9-Jun-21
Aisha Steel Mills Ltd	24-Sep-20	
Allied Bank Limited	25-Mar-21	
Al Shaheer Corporation Ltd		
Amreli Steels Limited	27-Oct-20	6-May-21
Attock Cement Pakistan Ltd	22-Oct-20	
Attock Refinery Ltd	19-Oct-20	
Avanceon Limited	26-May-21	
Azgard Nine Ltd	28-Oct-20	
Bank Al-Falah Ltd	27/03/2020 09-03-2021	27-May-21
Bank Al-Habib Limited	25-03-2021,	
Bank of Punjab Ltd	30-03-2021,	
BankIslami Pakistan	30-Mar-21	11-Feb-21
Berger PaintsPakistan Ltd	27-Oct-20	
Bunnys Limited	28-Oct-20	21-06-2021,04-02-2021
Byco Petroleum Pakistan Ltd	22-Oct-20	26-04-2021
Cherat Cement Company Ltd.	27-Oct-20	
Clover Pakistan Limited	20-Jan-21	5-May-21
D G Khan Cement Co.Ltd.	28-Oct-20	
Engro Corporation Ltd		26-04-2021,
Engro Fertilizers Limited	30-03-2021,	
Engro Polymer & Chemicals Ltd	08-04-2021,	
Fauji Cement Company Limited	14-Oct-20	10-Jan-20
Fauji Fertilizer Bin Qasim Ltd	29-Mar-21	25-11-2020, 09-09-2020
Fauji Fertilizer Co Ltd	18-03-2021,	6-Nov-20
Faysal Bank Limited		29-Mar-21
Ferozsons Laboratories Limited	26-Oct-20	12/02/2021'06-07-2020
General Tyre & Rubber Co of Pakistan Ltd	28-Oct-20	20-Aug-20
Ghandhara Nissan Ltd.	28-Oct-20	
Ghandhara Industries Limited	28-Oct-20	10-Apr-21
Ghani Global Holdings Limited	28-Oct-20	05-09-2020
Ghani Value Glass Limited	21-Oct-20	9-Nov-20
GlaxoSmithKline Pakistan Ltd		27/04/2021,
Gul Ahmed Textile Mills Ltd	28-Oct-20	29-Jun-21
Habib Bank Ltd	26-Mar-21	
Hascol Petroleum Ltd	23-02-2021, 11-08-2020	08-09-2020
Highnoon Laboratories Limited	27-Apr-21	
Honda Atlas Cars (Pakistan) Ltd	14-07-2020, 29/06/2021,	27-Apr-21
Hub Power Company Ltd	24-Sep-20	
ICI Pakistan Ltd	29-09-2020,	30-Jun-21
IGI Holdings Limited	29-04-2021,	
IGI LIFE INSURANCE LIMITED	28-04-2021	
Indus Motor Company Limited	30-Sep-20	28-Oct-20
Interloop Limited	15/10/2020,	10-Dec-20
International Industries Ltd	30-Sep-20	
International Steels Limited	29-Sep-20	
Ittefaq Iron Industries Limited	28-Oct-20	
Hi-Tec Lubricants Limited	23/10/2020,	
Jahangir Siddiqui & Co.	28-Apr-21	
K-Electric Limited	26/11/2020 ; 03-06-2020	
Kot Addu Power Company Ltd	28-Oct-20	24-Mar-21

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Kohat Cement Limited	28-Oct-20	
Kohinoor Textile Mills Limited	27/10/2020,	23-Apr-20
Lotte Chemical Pakistan Ltd	21-04-2021,	17-06-2020
Lucky Cement Ltd	29-Sep-20	
Maple Leaf Cement Factory Ltd	27-Oct-20	
Mari Petroleum Company Ltd	29/09/2020,	24-Jun-21
MCB Bank Ltd	27-03-2021,	
Meezan Bank Limited	29-03-2021,	
Millat Tractors Ltd	26/10/2020,	
Mughal Iron & Steel Inds Ltd	28-Oct-20	19-Apr-21
National Bank of Pakistan Ltd	29-Mar-21	
National Foods Ltd	21/10/2020,	
National Refinery Ltd	22-Oct-20	
Netsol Technologies	23-Oct-20	
Nimir Resins Limited	21-10-2020	10-Jun-21
Nishat (Chunian) Ltd	28-Oct-20	16-Apr-21
Nishat Mills Ltd	28/10/2020,	15-Dec-20
Oil & Gas Development Co Ltd	28/10/2020,	17-Mar-21
Pak Elektron Ltd	29-Apr-21	
Pak Suzuki Motor Company Limited	22-Apr-21	29-Jan-21
Pakistan International Bulk Terminal Limited	22-Oct-20	
Pakistan National Shipping Corporation	26-Oct-20	
Pakistan Oilfields Ltd	19-Oct-20	
Pakistan Petroleum Ltd	26-Oct-20	23-Dec-20
Pakistan Refinery Limited	7-Oct-20	1-Sep-20
Pakistan State Oil Company Ltd	21-Oct-20	
PANTHER TYRES LIMITED		
Pioneer Cement Limited	28-Oct-20	
Sazgar Engineering Works Limited	27-Oct-20	
Service Industries Ltd	17-07-2020,	04-08-2020
Shell Pakistan Limited	21-04-2021	9-Dec-20
Sitara Chemical Industries Limited	26-Oct-20	
Sitara Peroxide Limited	24-Oct-20	
Standard Chartered Bank (Pakistan) Ltd	29-03-2021,	
Sui Northern Gas Pipeline Ltd	15-08-2020,	
Systems Limited	31-03-2021,	3-Dec-20
Tariq Glass Industries Ltd	28-Oct-20	2-Sep-20
thal Limited	22/10/2020,	
Thatta Cement Co. Ltd	26-Oct-20	
The Organic Meat Company Limited	27-Oct-20	
The Searle Company Ltd	28/10/2020,	28-06-2021
TPL Corp Limited	28-Oct-20	21/12/2020 10-06-2021
TPL Insurance Limited	22-Apr-21	21-12-2020
TPL Trakker Limited	26-Oct-20	
Treet Corporation Ltd	31-Oct-20	02/12/2020 01-07-2020
TRG Pakistan Ltd	27-Nov-20	
Tri-Pak Films		14-04-2021,
United Bank Limited	31-03-2021,	
Unity Foods Limited	23-Oct-20	22-Mar-21
Waves Singer Pakistan Limited	23-04-2021,	09/09/2020 11-08-2020

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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Fax: (92-21) 34326021 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL GROWTH FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Growth Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 20, 2021



## INDEPENDENT AUDITORS' REPORT

To the unit holders of HBL Growth Fund

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Growth Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and HBL Asset Management Limited (the Management Company) in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investment</b></p> <p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent a significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in listed equity securities; which is the main driver of the Fund's performance.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> <li>obtained understanding of relevant controls placed by the Management Company applicable to the balance;</li> <li>independently verified existence of investments from the Central Deposit Company (CDC) account statement;</li> </ul>



S. No.	Key audit matter	How the matter was addressed in our audit
	Considering the above factors the valuation and existence are significant areas during our audit due to which we have considered this as a Key Audit Matter.	<ul style="list-style-type: none"> <li>independently tested the valuations directly with the prices quoted on Pakistan Stock Exchange Limited (PSX);</li> <li>performed test of details on sale and purchase of investments on a sample basis; and</li> <li>any differences identified during our testing that were over our acceptable threshold were investigated further.</li> </ul>

**Information other than the financial statements and auditor's report thereon**

Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management Company and Board of Directors for the financial statements**

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company are responsible for overseeing the Fund's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance of Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

  
Chartered Accountants

Place: Karachi  
Dated: September 27, 2021

**HBL Growth Fund**  
**Statement of Assets and Liabilities**  
AS AT JUNE 30, 2021

		2021			2020		
		Class A	Class B	Total	Class A	Class B	Total
<b>Note</b>		----- Rupees in '000 -----					
<b>ASSETS</b>							
Bank balances	5	236,374	381,491	617,865	278,910	314,221	593,131
Investments	6	6,618,068	1,792,927	8,410,995	4,869,187	1,502,570	6,371,757
Dividend receivable and accrued mark-up	7	6,596	1,576	8,172	6,022	1,777	7,799
Deposits and other receivables	8	204	12,984	13,188	184	3,546	3,730
Receivable against sale of investments		-	45,633	45,633	-	9,144	9,144
<b>Total assets</b>		<b>6,861,242</b>	<b>2,234,611</b>	<b>9,095,853</b>	<b>5,154,303</b>	<b>1,831,258</b>	<b>6,985,561</b>
<b>LIABILITIES</b>							
Payable to the Management Company	9	13,027	9,038	22,065	23,844	7,330	31,174
Payable to the Trustee	10	749	297	1,046	556	265	821
Payable to Securities and Exchange Commission of Pakistan	11	1,310	350	1,660	1,038	494	1,532
Payable against purchase of investments		-	52,114	52,114	-	-	-
Accrued expenses and other liabilities	12	2,434	178,814	181,248	2,415	175,494	177,909
Unclaimed dividend		-	133,120	133,120	-	142,808	142,808
<b>Total liabilities</b>		<b>17,520</b>	<b>373,733</b>	<b>391,253</b>	<b>27,853</b>	<b>326,391</b>	<b>354,244</b>
<b>NET ASSETS</b>		<b>6,843,722</b>	<b>1,860,878</b>	<b>8,704,600</b>	<b>5,126,450</b>	<b>1,504,867</b>	<b>6,631,317</b>
<b>UNIT HOLDERS' FUND</b> <b>(AS PER STATEMENT ATTACHED)</b>		<b>6,843,722</b>	<b>1,860,878</b>	<b>8,704,600</b>	<b>5,126,450</b>	<b>1,504,867</b>	<b>6,631,317</b>
<b>Contingencies and commitments</b>							
	13	----- Number of units -----					
Number of units in issue	14.	<u>283,500,000</u>	<u>93,483,779</u>		<u>283,500,000</u>	<u>98,929,141</u>	
		----- Rupees -----					
Net assets value per unit	4.6	<u>24.1401</u>	<u>19.9059</u>		<u>18.0827</u>	<u>15.2116</u>	

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

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

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

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



	Note	2021			2020		
		Class A	Class B	Total	Class A	Class B	Total
----- Rupees in '000 -----							
<b>INCOME</b>							
Net gain on sale of investments		-	283,462	283,462	50	81,272	81,322
Dividend income		156,647	75,900	232,547	114,020	112,010	226,030
Net unrealised gain / (loss) on re-measurement of investment 'classified as 'financial asset at fair value through profit or loss'	6.1.3	-	165,910	165,910	-	(100,126)	(100,126)
Income from government securities	6.3	-	-	-	6,322	2,503	8,825
Mark-up on bank deposits		13,925	18,915	32,840	29,560	48,140	77,700
<b>Total income</b>		<b>170,572</b>	<b>544,187</b>	<b>714,759</b>	<b>149,952</b>	<b>143,799</b>	<b>293,751</b>
<b>EXPENSES</b>							
Remuneration of the Management Company	9.1	117,622	34,957	152,579	101,903	47,656	149,559
Sindh Sales Tax on remuneration of the Management Company	9.2	15,291	4,544	19,835	13,247	6,195	19,442
Remuneration of the Trustee	10.1	7,338	2,106	9,444	5,851	2,807	8,658
Sindh Sales Tax on remuneration of the Trustee	10.2	954	274	1,228	761	365	1,126
Annual fee to Securities and Exchange Commission of Pakistan	11	1,310	350	1,660	1,038	494	1,532
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	36,033	9,613	45,646	16,113	7,637	23,750
Selling and marketing expense	9.4	21,434	18,353	39,787	43,076	19,621	62,697
Security transaction charges		-	8,231	8,231	-	12,011	12,011
Auditors' remuneration	15	503	136	639	434	259	693
Fee and subscription charges		822	104	926	790	104	894
Settlement and bank charges		874	814	1,688	780	1,256	2,036
<b>Total expenses</b>		<b>202,181</b>	<b>79,482</b>	<b>281,663</b>	<b>183,993</b>	<b>98,405</b>	<b>282,398</b>
<b>Net (loss) / income from operating activities</b>		<b>(31,609)</b>	<b>464,705</b>	<b>433,096</b>	<b>(34,041)</b>	<b>45,394</b>	<b>11,353</b>
Provision for Sindh Workers' Welfare Fund	12.2	-	(9,294)	(9,294)	-	(908)	(908)
<b>Net (loss) / income for the year before taxation</b>		<b>(31,609)</b>	<b>455,411</b>	<b>423,802</b>	<b>(34,041)</b>	<b>44,486</b>	<b>10,445</b>
Taxation	16	-	-	-	-	-	-
<b>Net (loss) / income for the year after taxation</b>		<b>(31,609)</b>	<b>455,411</b>	<b>423,802</b>	<b>(34,041)</b>	<b>44,486</b>	<b>10,445</b>
<b>Allocation of net income for the year</b>							
Net income for the year after taxation		-	455,411	455,411	-	44,486	44,486
Income already paid on redemption of units		-	(17,953)	(17,953)	-	(519)	(519)
		-	437,458	437,458	-	43,967	43,967
<b>Accounting income available for distribution:</b>							
- Relating to capital gains		-	431,513	431,513	-	-	-
- Excluding capital gains		-	5,946	5,946	-	43,967	43,967
		-	437,458	437,458	-	43,967	43,967
<b>Earnings per unit</b>	17						

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Growth Fund**  
**Statement of Comprehensive Income**  
*For the year ended June 30, 2021*

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
	----- Rupees in '000 -----					
Net (loss) / income for the year after taxation	(31,609)	455,411	423,802	(34,041)	44,486	10,445
<b>Items that will not be reclassified to income statement</b>						
Unrealised gain on re-measurement of investments classified as 'financial asset at fair value through other comprehensive income'	1,748,881	-	1,748,881	312,196	-	312,196
<b>Total comprehensive income for the year</b>	<b>1,717,272</b>	<b>455,411</b>	<b>2,172,683</b>	<b>278,155</b>	<b>44,486</b>	<b>322,641</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

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

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

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

# HBL Growth Fund

## Statement of Movement In Unitholders' Fund

For the year ended June 30, 2021

	2021					2020			2020							
	Class A		Class B			Class A		Class B			Class A		Class B			
	Capital value	Accumulated losses	Unrealized gain on investment	Premium on issue of certificates	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Unrealized gain on investment	Premium on issue of certificates	Total	Capital value	Undistributed income	Total
	Rupees in '000															
Net assets at beginning of the year	2,835,000	(3,165,172)	3,448,810	2,007,812	5,126,450	(238,252)	1,743,119	1,504,867	2,835,000	(3,131,131)	3,136,614	2,007,812	4,848,295	2,720,611	1,742,871	4,463,482
Issuance of 724,744 units (2020: 10,440,376 units)	-	-	-	-	-	11,024	-	11,024	-	-	-	-	-	167,974	-	167,974
- Capital value	-	-	-	-	-	(629)	-	(629)	-	-	-	-	-	167,974	-	167,974
- Element of income	-	-	-	-	-	-	-	-	-	-	-	-	-	9,753	-	9,753
Total proceeds on issuance of units	-	-	-	-	-	13,039	-	13,039	-	-	-	-	-	177,727	-	177,727
Redemption of 6,170,106 units (2020: 188,945,616 units)	-	-	-	-	-	(93,857)	-	(93,857)	-	-	-	-	-	(3,039,833)	-	(3,039,833)
- Capital value	-	-	-	-	-	(629)	-	(629)	-	-	-	-	-	186,757	-	186,757
- Element of income	-	-	-	-	-	-	(17,953)	(17,953)	-	-	-	-	-	(519)	-	(519)
Total payment on redemption of units	-	-	-	-	-	(94,486)	(17,953)	(112,439)	-	-	-	-	-	(3,136,590)	(519)	(3,137,109)
Net (loss) / income for the year after taxation	-	(31,609)	-	-	(31,609)	-	455,411	455,411	-	(34,041)	312,196	-	(34,041)	-	44,486	44,486
Other comprehensive income for the year	-	-	1,748,881	-	1,748,881	-	-	-	-	-	312,196	-	312,196	-	-	-
Distribution during the year ended June 30, 2020 (cash distribution @ Rs. 0.45 per unit declared on June 28, 2020)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(43,219)	(43,219)
Net (loss) / income for the year less distribution	-	(31,609)	1,748,881	-	1,717,272	-	455,411	455,411	-	(34,041)	312,196	-	278,155	-	767	767
Net assets at end of the year	2,835,000	(3,196,781)	5,197,691	2,007,812	6,843,722	(319,699)	2,180,577	1,860,878	2,835,000	(3,165,172)	3,448,810	2,007,812	5,126,450	(238,252)	1,743,119	1,504,867
Accumulated (loss) / undistributed income brought forward comprising of:																
- Realised		(3,165,172)					1,843,245			(3,131,131)					2,354,105	
- Unrealised		-					(100,126)			-					(611,234)	
		(3,165,172)					1,743,119			(3,131,131)					1,742,871	
Accounting income available for distribution:																
- Relating to capital gains		-					431,513			-					43,967	
- Excluding capital gains		-					5,946			-					-	
		-					437,458			-					43,967	
Net loss for the year		(31,609)					-			(34,041)					-	
Distribution during the year		-					-			-					(43,219)	
Accumulated (loss) / undistributed income carried forward		(3,196,781)					2,180,577			(3,165,172)					1,743,119	
Accumulated (loss) / undistributed income carried forward comprising of:																
- Realised		(3,196,781)					2,014,667			(3,165,172)					1,843,245	
- Unrealised		-					165,910			-					(100,126)	
		(3,196,781)					2,180,577			(3,165,172)					1,743,119	
			— Rupees —				— Rupees —			— Rupees —				— Rupees —		
Net assets value per unit at beginning of the year					18.0827			15.2116						17.1016		16.0884
Net assets value per unit at end of the year					24.1401			19.9059						18.0827		15.2116

The annexed notes from 1 to 28 form an integral part of these financial statements.

NOTE: Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applied to an open-end scheme.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Growth Fund**  
**Statement of Cash Flow**  
For the year ended June 30, 2021

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
<b>Note</b>	----- Rupees in '000 -----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net (loss) / income for the year before taxation	(31,609)	455,411	423,802	(34,041)	44,486	10,445
<b>Adjustments for:</b>						
Net gain on sale of investments	-	(283,462)	(283,462)	(50)	(81,272)	(81,322)
Net unrealised (gain) / loss on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	-	(165,910)	(165,910)	-	100,126	100,126
Dividend income	(156,647)	(75,900)	(232,547)	(114,020)	(112,010)	(226,030)
Income from government securities	-	-	-	(6,322)	(2,503)	(8,825)
Mark-up on bank deposits	(13,925)	(18,915)	(32,840)	(29,560)	(48,140)	(77,700)
Provision for Sindh Workers' Welfare Fund	-	9,294	9,294	-	908	908
	<b>(202,181)</b>	<b>(79,482)</b>	<b>(281,663)</b>	<b>(183,993)</b>	<b>(98,405)</b>	<b>(282,398)</b>
<b>(Increase) / decrease in assets</b>						
Investments	-	159,015	159,015	49	2,580,424	2,580,473
Deposits and other receivables	(20)	(9,438)	(9,458)	-	(445)	(445)
Receivable against sale of investments	-	(36,489)	(36,489)	-	(9,144)	(9,144)
	<b>(20)</b>	<b>113,088</b>	<b>113,068</b>	<b>49</b>	<b>2,570,835</b>	<b>2,570,884</b>
<b>Increase / (decrease) in liabilities</b>						
Payable to the Management Company	(10,817)	1,708	(9,109)	8,934	(6,208)	2,726
Payable to the Trustee	193	32	225	(5)	(313)	(318)
Payable to Securities and Exchange Commission of Pakistan	272	(144)	128	(4,979)	(4,382)	(9,361)
Payable against purchase of investments	-	52,114	52,114	-	(2,079)	(2,079)
Accrued expenses and other liabilities	19	(5,974)	(5,955)	52	(106,329)	(106,277)
	<b>(10,333)</b>	<b>47,736</b>	<b>37,403</b>	<b>4,002</b>	<b>(119,311)</b>	<b>(115,309)</b>
Dividend income received	155,507	75,892	231,399	296,014	114,907	410,921
Income received on government securities	-	-	-	6,322	2,503	8,825
Mark-up received on bank deposits	14,491	19,124	33,615	28,808	51,946	80,754
<b>Net cash (used in) / generated from operating activities</b>	<b>(42,536)</b>	<b>176,358</b>	<b>133,822</b>	<b>151,202</b>	<b>2,522,475</b>	<b>2,673,677</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Amount received on issue of units	-	13,039	13,039	-	177,727	177,727
Amount paid on redemption of units	-	(112,439)	(112,439)	-	(3,137,109)	(3,137,109)
Dividend paid	-	(9,688)	(9,688)	-	(35,069)	(35,069)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(109,088)</b>	<b>(109,088)</b>	<b>-</b>	<b>(2,994,451)</b>	<b>(2,994,451)</b>
Net (decrease) / increase in cash and cash equivalents	(42,536)	67,270	24,734	151,202	(471,976)	(320,774)
<b>Cash and cash equivalents at beginning of the year</b>	<b>278,910</b>	<b>314,221</b>	<b>593,131</b>	<b>127,708</b>	<b>786,197</b>	<b>913,905</b>
<b>Cash and cash equivalents at end of the year</b>	<b>5 236,374</b>	<b>381,491</b>	<b>617,865</b>	<b>278,910</b>	<b>314,221</b>	<b>593,131</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

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

- 1.1** HBL Growth Fund was established under a Trust Deed, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The objective of the Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.
- 1.4** As per Regulation 65 of the NBFC Regulations, all closed end funds were required to be converted into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. However, closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has Frozen Portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, its conversion into an open end scheme was deferred.

The Board of the Management Company (HBL Asset Management Limited) of the Fund in its meeting held on November 23, 2017 approved the Conversion Plan (the Plan) of the fund for the conversion of the Fund into an open end scheme, with the approval of the certificate holders of the Fund to fulfill the requirements of the merger order dated August 31, 2016. For this purpose, the Plan was presented to and approved by the certificate holders of the Fund in its General Meeting dated January 10, 2018. The Plan was also approved by Securities and Exchange Commission of Pakistan (the Commission) on February 16, 2018.

The Replacement Trust Deed and Replacement Offering Document were approved by SECP vide its letter no. SCD/AMCW/HIF/339/2018 dated April 18, 2018 and letter no. SCD/AMCW/HIF/398/2018 dated June 7, 2018 respectively. As per the approved Plan, the conversion took place on July 2, 2018 and every certificate holder of the closed end fund was entitled to following for each certificate held:

- One Class-A Unit of the Fund was issued to every certificate holders of Fund for each certificate held representing Frozen Portfolio and related assets and liabilities.
- One Class-B Unit of the Fund was issued to the every Certificate Holder of Fund for each certificate held representing Unfrozen Portfolio and related assets and liabilities.

The Plan also envisages that Class-A Units would not be redeemable and would be traded on the Pakistan Stock Exchange, whereas Class-B Units can be redeemed at the redemption price.

- 1.5** JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2++' (stable outlook) to the Management Company.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.
- 1.7** **COVID - 19 impact**

The coronavirus (COVID-19) outbreak situation emerged last year in March 2020, has caused governments around the world to implement measures to help control its spread, including, smart lock-downs, travel bans, quarantines, social-distancing closures or reduced operations for non-essential businesses, governmental agencies, schools and other institutions and vaccination.

General economic activities in Pakistan was although affected but continued since then. Stock markets and financial institutions remained open throughout the year. Activities of the Fund were operation during the year as staff of the Management Company were working without any disruption either from office or online remotely.

The management of the Fund is closely monitoring the situation, and there has not been any material adverse impact on fiscal and economic fronts facing the country and therefore not materially affected the financial performance of the Fund.

## **2. BASIS OF PREPARATION**

### **2.1 Statements 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; 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, 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, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

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

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All amounts have been rounded off to the nearest thousands of Rupee, unless otherwise indicated.

### **2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (i) Classification and valuation of financial assets (note 4.2)
- (ii) Provision (note 4.4)

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS**

**3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2021**

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective from accounting periods beginning on or after:</b>
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

**3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective**

**3.2.1** The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	<b>Effective from accounting periods beginning on or after:</b>
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022

**Effective from accounting periods  
beginning on or after:**

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these 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, 2021.

**4.1 Cash and cash equivalent**

Cash comprises saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**4.2 Financial instruments**

**4.2.1 Initial recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.



## **4.2.2 Classification and measurement**

### **4.2.2.1 Financial assets**

There are three principal classification categories for financial assets:

- Measured at amortized cost (“AC”),
- Fair value through other comprehensive income (“FVTOCI”) and  
Fair value through profit or loss (“FVTPL”).

#### **Financial asset at amortised cost**

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

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

#### **Financial asset at FVTOCI**

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

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

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

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

#### **Financial asset at FVTPL**

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

### **Business model assessment**

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

#### **4.2.2.2 Financial liabilities**

The Company classifies its financial liabilities in the following categories:

- Measured at amortized cost ("AC"), or
- Fair value through profit or loss ("FVTPL").

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in The fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

#### **4.2.3 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

#### **4.2.4 Impairment of financial assets**

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. The Fund is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

#### **4.2.5 Fair value measurement principles and provision**

The fair value of financial instruments is determined as follows:

##### **Basis of valuation of debt securities**

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

##### **Basis of valuation of government securities**

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKIRSV rates) which are based on the remaining tenor of the securities.

##### **Basis of valuation of equity securities**

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

##### **Basis of valuation of instruments at amortised cost**

Subsequent to initial recognition, financial instruments classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial instruments carried at amortised cost are derecognised or impaired, and through the amortisation process.

#### **4.2.6 Derecognition**

##### **Financial assets**

The Fund derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

##### **Financial liabilities**

The Fund derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired.

#### **4.2.7 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.3 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.4 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.5 Taxation**

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders (excluding distribution made by issuance of bonus units).

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.6 Net assets value per unit**

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in issue at the year end.

#### **4.7 Distribution to the unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

#### **4.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

An equalisation account called the element of income / (loss) included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the fund.

#### **4.9 Revenue recognition**

- Gain / (loss) arising on sale of investments are included in the 'income statement' on the date at which the sale transaction takes place.
- Unrealised gain / (loss) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.
- Dividend income is recognized when the right to receive the dividend is established.
- Mark up / return on bank balances and government securities are recognised at effective profit rates based on a time proportion basis using the effective interest method.
- Profit on debt securities classified as non performing assets are recognised on receipt basis.

#### **4.10 Expenses**

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP, and selling and marketing expense) are recognised in the 'income statement' on an accrual basis.

Note	2021			2020			
	Class A	Class B	Total	Class A	Class B	Total	
	----- Rupees in '000 -----						
<b>5. BANK BALANCES</b>							
Savings account	5.1	<b>236,374</b>	<b>381,491</b>	<b>617,865</b>	278,910	314,221	593,131

**5.1** This includes balances of Rs. 1.578 million (2020: 1.366 million) with Habib Bank Limited (a related party). These accounts carry profit at the rates of 5% (2020: 6.56%) per annum. Other PLS accounts of the Fund carry profit at the rates of 5% to 7.4% (2020: 7% to 14.05%) per annum.

Note	2021			2020			
	Class A	Class B	Total	Class A	Class B	Total	
	----- Rupees in '000 -----						
<b>6. INVESTMENTS</b>							
<b>At fair value through profit or loss</b>							
Listed equity securities	6.1	-	<b>1,792,927</b>	<b>1,792,927</b>	-	1,502,570	1,502,570
<b>At fair value through other comprehensive income</b>							
Listed equity securities	6.2	<b>6,618,068</b>	-	<b>6,618,068</b>	4,869,187	-	4,869,187
		<b>6,618,068</b>	<b>1,792,927</b>	<b>8,410,995</b>	4,869,187	1,502,570	6,371,757

**6.1 Listed equity securities - At fair value through profit or loss**

Sector / Name of the investee company	Number of shares					Market value as at June 30, 2021 (Rupees in '000)	Percentage in relation to		
	As at July 1, 2020	Acquired during the year	Bonus / rights issued during the year	Disposed during the year	As at June 30, 2021		Net assets of the fund	Total investments	Investee paid-up capital
<b>CLASS B</b>									
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise									
<b>INSURANCE</b>									
Adamjee Insurance Company Limited	685,000	-	-	685,000	-	-	-	-	-
IGI Holdings Limited	325,500	104,000	-	17,300	412,200	79,785	4.29%	4.45%	0.29%
IGI Life Insurance Limited	-	393,500	-	-	393,500	18,546	1.00%	1.03%	0.23%
TPL Insurance Limited	751,695	-	-	-	751,695	29,421	1.58%	1.64%	0.64%
	<b>1,762,195</b>	<b>497,500</b>	<b>-</b>	<b>702,300</b>	<b>1,557,395</b>	<b>127,752</b>			
<b>TEXTILE COMPOSITE</b>									
Azgard Nine Limited	-	2,593,000	-	820,000	1,773,000	60,087	3.23%	3.35%	0.37%
Gul Ahmed Textile Mills Limited	765,000	96,000	76,600	397,000	540,600	27,425	1.47%	1.53%	0.11%
Interloop Limited	363,415	40,000	-	131,500	271,915	19,042	1.02%	1.06%	0.03%
Nishat (Chunian) Limited	-	641,500	-	278,000	363,500	18,280	0.98%	1.02%	0.15%
Nishat Mills Limited	382,000	59,000	-	441,000	-	-	-	-	-
	<b>1,510,415</b>	<b>3,429,500</b>	<b>76,600</b>	<b>2,067,500</b>	<b>2,949,015</b>	<b>124,834</b>			
<b>CEMENT</b>									
Attock Cement Pakistan Limited	-	462,500	-	55,000	407,500	73,277	3.94%	4.09%	0.30%
Cherat Cement Company Limited (note 6.1.1)	239,000	4,000	-	167,000	76,000	13,481	0.72%	0.75%	0.04%
D G Khan Cement Company Limited	-	437,500	-	242,000	195,500	23,053	1.24%	1.29%	0.04%
Fauji Cement Company Limited	-	200,000	-	200,000	-	-	-	-	-
Kohat Cement Limited	160,000	11,000	-	90,700	80,300	16,581	0.89%	0.92%	0.04%
Lucky Cement Limited	223,400	2,000	-	97,062	128,338	110,812	5.95%	6.18%	0.04%
Maple Leaf Cement Factory Limited	898,000	75,000	-	569,500	403,500	18,956	1.02%	1.06%	0.04%
Pioneer Cement Limited	-	259,000	-	143,000	116,000	15,204	0.82%	0.85%	0.05%
	<b>1,520,400</b>	<b>1,451,000</b>	<b>-</b>	<b>1,564,262</b>	<b>1,407,138</b>	<b>271,365</b>			
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
The Hub Power Company Limited (note 6.1.1)	970,356	-	-	155,500	814,856	64,920	3.49%	3.62%	0.06%
K-Electric Limited	3,325,500	-	-	3,325,500	-	-	-	-	-
	<b>4,295,856</b>	<b>-</b>	<b>-</b>	<b>3,481,000</b>	<b>814,856</b>	<b>64,920</b>			

**HBL Growth Fund**  
**Notes to the financial statements**  
For the year ended June 30, 2021

Sector / Name of the investee company	Number of shares					Market value as at June 30, 2021 (Rupees in '000)	Percentage in relation to		
	As at July 1, 2020	Acquired during the year	Bonus / rights issued during the year	Disposed during the year	As at June 30, 2021		Net assets of the fund	Total investments	Investee paid-up capital
<b>ENGINEERING</b>									
Agha Steel Industries Limited	-	563,000	-	34,000	529,000	17,843	0.96%	1.00%	0.09%
Aisha Steel Mills Limited	-	3,721,494	-	2,616,000	1,105,494	27,538	1.48%	1.54%	0.14%
Aisha Steel Mills Limited - Conv. Cum. Pref. Shares	1,628,663	-	-	1,628,663	-	-	-	-	-
Amreli Steels Limited	-	185,000	-	-	185,000	8,036	0.43%	0.45%	0.06%
International Industries Limited	84,000	84,000	-	84,000	84,000	17,726	0.95%	0.99%	0.06%
International Steels Limited	334,000	424,000	-	467,500	290,500	27,136	1.46%	1.51%	0.07%
Mughal Iron & Steel Industries Limited	-	321,300	-	149,000	172,300	17,988	0.97%	1.00%	0.06%
Mughal Iron & Steel Industries Limited - LoR	-	38,800	-	38,800	-	-	-	-	-
	<b>2,046,663</b>	<b>5,337,594</b>	<b>-</b>	<b>5,017,963</b>	<b>2,366,294</b>	<b>116,267</b>			
<b>PHARMACEUTICALS</b>									
AGP Limited	194,000	45,500	-	239,500	-	-	-	-	-
GlaxoSmithKline Pakistan Limited	111,800	-	-	111,800	-	-	-	-	-
Highnoon Laboratories Limited	66,550	-	-	66,550	-	-	-	-	-
The Searl Company Limited LOR	-	3,878	-	3,878	-	-	-	-	-
The Searle Company Limited	84,853	-	-	81,833	3,020	733	0.04%	0.04%	0.00%
	<b>457,203</b>	<b>49,378</b>	<b>-</b>	<b>503,561</b>	<b>3,020</b>	<b>733</b>			
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>									
Clover Pakistan Limited	-	222,000	-	80,000	142,000	9,221	0.50%	0.51%	0.46%
Fauji Foods Limited	-	2,616,500	-	2,593,000	23,500	424	0.02%	0.02%	0.00%
National Foods Limited (Par value Rs. 5 / share)	-	76,000	-	76,000	-	-	-	-	-
The Organic Meat Company Limited	-	5,342,394	-	4,376,500	965,894	35,487	1.91%	1.98%	0.86%
Unity Foods Limited	-	7,176,007	-	5,905,000	1,271,007	56,585	3.04%	3.16%	0.13%
	<b>-</b>	<b>15,432,901</b>	<b>-</b>	<b>13,030,500</b>	<b>2,402,401</b>	<b>101,718</b>			
<b>TRANSPORT</b>									
Pakistan National Shipping Corp Limited	106,500	-	-	106,500	-	-	-	-	-
	<b>106,500</b>	<b>-</b>	<b>-</b>	<b>106,500</b>	<b>-</b>	<b>-</b>			
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	83,473	-	-	50,020	33,453	50,995	2.74%	2.84%	0.03%
Oil & Gas Development Co Limited (note 6.1.1)	1,031,100	65,000	-	397,500	698,600	66,388	3.57%	3.70%	0.02%
Pakistan Oilfields Limited	21,600	22,000	-	8,000	35,600	14,021	0.75%	0.78%	0.01%
Pakistan Petroleum Limited (note 6.1.1)	736,036	208,500	-	159,000	785,536	68,208	3.67%	3.80%	0.03%
	<b>1,872,209</b>	<b>295,500</b>	<b>-</b>	<b>614,520</b>	<b>1,553,189</b>	<b>199,613</b>			
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Hascol Petroleum Limited	-	280,000	-	280,000	-	-	-	-	-
Pakistan State Oil Company Limited (note 6.1.1)	304,956	50,000	-	62,500	292,456	65,583	3.52%	3.66%	0.06%
Sui Northern Gas Pipeline Limited	710,200	-	-	710,200	-	-	0.00%	0.00%	0.00%
	<b>1,015,156</b>	<b>330,000</b>	<b>-</b>	<b>1,052,700</b>	<b>292,456</b>	<b>65,583</b>			
<b>COMMERCIAL BANKS</b>									
Bank Al-Falah Limited (note 6.1.1)	2,142,050	-	-	2,142,050	-	-	-	-	-
Bank Al-Habib Limited (note 6.1.1)	288,380	-	-	288,380	-	-	-	-	-
Bank of Punjab Limited	5,314,500	-	-	5,314,500	-	-	-	-	-
BankIslami Pakistan Limited	760,000	-	-	760,000	-	-	-	-	-
Faysal Bank Limited	25,250	-	-	8,000	17,250	293	0.02%	0.02%	0.00%
Habib Bank Limited* (note 6.1.1)	345,500	250,000	-	371,500	224,000	27,411	1.47%	1.53%	0.02%
MCB Bank Limited	239,200	62,500	-	73,696	228,004	36,442	1.96%	2.03%	0.02%
National Bank of Pakistan Limited	665,500	100,000	-	765,500	-	-	-	-	-
Standard Chartered Bank (Pakistan) Limited	175,000	2,070,000	-	-	2,245,000	76,061	4.09%	4.24%	0.06%
United Bank Limited (note 6.1.1)	470,500	751,705	-	470,000	752,205	91,919	4.94%	5.13%	0.06%
	<b>10,425,880</b>	<b>3,234,205</b>	<b>-</b>	<b>10,193,626</b>	<b>3,466,459</b>	<b>232,126</b>			
<b>FERTILIZER</b>									
Engro Corporation Limited (note 6.1.1)	278,370	225,253	-	317,370	186,253	54,872	2.95%	3.06%	0.03%
Engro Fertilizers Limited (note 6.1.1)	375,500	10,000	-	385,500	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	1,323,000	-	901,000	422,000	11,145	0.60%	0.62%	0.03%
Fauji Fertilizer Company Limited (note 6.1.1)	421,100	338,500	-	499,100	260,500	27,639	1.49%	1.54%	0.01%
	<b>1,074,970</b>	<b>1,896,753</b>	<b>-</b>	<b>2,102,970</b>	<b>868,753</b>	<b>93,656</b>			
<b>CHEMICAL</b>									
Engro Polymer & Chemicals Limited	855,699	232,000	-	1,087,699	-	-	-	-	-
Ghani Global Holdings Limited	-	623,000	-	623,000	-	-	-	-	-
ICI Pakistan Limited	-	10,450	-	10,450	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	570,000	-	570,000	-	-	-	-	-
Nimir Resins Limited (Par value Rs. 5 / share)	-	1,392,000	-	-	1,392,000	28,049	1.51%	1.56%	0.63%
Sitara Chemical Industries Limited	84,600	500	-	85,100	-	-	-	-	-
Sitara Peroxide Limited	-	375,000	-	375,000	-	-	-	-	-
	<b>940,299</b>	<b>3,202,950</b>	<b>-</b>	<b>2,751,249</b>	<b>1,392,000</b>	<b>28,049</b>			
<b>GLASS AND CERAMICS</b>									
Tariq Glass Industries Limited	107,500	192,000	41,000	340,500	-	-	-	-	-
	<b>107,500</b>	<b>192,000</b>	<b>41,000</b>	<b>340,500</b>	<b>-</b>	<b>-</b>			

# HBL Growth Fund

## Notes to the financial statements

For the year ended June 30, 2021

Sector / Name of the investee company	Number of shares					Market value as at June 30, 2021 (Rupees in '000)	Percentage in relation to		
	As at July 1, 2020	Acquired during the year	Bonus / rights issued during the year	Disposed during the year	As at June 30, 2021		Net assets of the fund	Total investments	Investee paid-up capital
<b>REFINERY</b>									
Attock Refinery Limited	-	244,100	-	174,500	69,600	17,849	0.96%	1.00%	0.07%
National Refinery Limited	-	255,300	-	141,800	113,500	59,382	3.19%	3.31%	0.14%
Pakistan Refinery Limited	-	1,552,500	-	1,552,500	-	-	-	-	-
	-	<b>2,051,900</b>	-	<b>1,868,800</b>	<b>183,100</b>	<b>77,231</b>			
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
General Tyre & Rubber Co of Pakistan Limited	-	635,500	-	80,000	555,500	48,790	2.62%	2.72%	0.46%
Panther Tyres Limited	-	439,363	-	110,000	329,363	22,769	1.22%	1.27%	0.24%
Thal Limited (Par value Rs. 5 / share)	107,600	-	-	107,600	-	-	-	-	-
	<b>107,600</b>	<b>1,074,863</b>	-	<b>297,600</b>	<b>884,863</b>	<b>71,558</b>			
<b>AUTOMOBILE ASSEMBLER</b>									
Honda Atlas Cars (Pakistan) Limited	-	53,900	-	53,900	-	-	-	-	-
Indus Motor Company Limited	-	7,000	-	7,000	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	109,000	-	82,300	26,700	9,490	0.51%	0.53%	0.03%
Sazgar Engineering Works Limited	-	25,000	-	25,000	-	-	-	-	-
	-	<b>194,900</b>	-	<b>168,200</b>	<b>26,700</b>	<b>9,490</b>			
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Avanceon Limited	-	326,500	-	227,500	99,000	9,076	0.49%	0.51%	0.04%
Netsol Technologies	-	229,500	-	84,000	145,500	24,732	1.33%	1.38%	0.16%
Pakistan Telecommunication Company Limited	-	358,000	-	358,000	-	-	-	-	-
Systems Limited	-	42,000	-	-	42,000	23,529	1.26%	1.31%	0.03%
TPL Corporation Limited	-	5,110,500	-	5,110,500	-	-	-	-	-
TPL Trakker Limited	-	4,017,000	-	600,000	3,417,000	59,832	3.22%	3.34%	1.82%
TRG Pakistan Limited	-	674,000	-	573,000	101,000	16,799	0.90%	0.94%	0.02%
WorldCall Telecom Limited	-	2,850,000	-	1,500,000	1,350,000	5,346	0.29%	0.30%	0.07%
	-	<b>13,607,500</b>	-	<b>8,453,000</b>	<b>5,154,500</b>	<b>139,315</b>			
<b>CABLE AND ELECTRICAL GOODS</b>									
Pak Elektron Limited	-	953,000	-	304,000	649,000	22,754	1.22%	1.27%	0.13%
Waves Singer Pakistan Limited	-	1,861,500	-	1,169,500	692,000	18,864	1.01%	1.05%	0.25%
	-	<b>2,814,500</b>	-	<b>1,473,500</b>	<b>1,341,000</b>	<b>41,618</b>			
<b>LEATHER &amp; TANNERIES</b>									
Service Industries Limited	-	9,800	-	9,800	-	-	-	-	-
	-	<b>9,800</b>	-	<b>9,800</b>	-	-			

Sector / Name of the investee company	Number of shares					Market value as at June 30, 2021 (Rupees in '000)	Percentage in relation to		
	As at July 1, 2020	Acquired during the year	Bonus / rights issued during the year	Disposed during the year	As at June 30, 2021		Net assets of the fund	Total investments	Investee paid-up capital
<b>MISCELLANEOUS</b>									
Pace (Pakistan) Limited	-	1,800,000	-	1,800,000	-	-	-	-	-
TPL Properties Limited	-	900,000	-	-	900,000	27,099	1.46%	1.51%	0.27%
Tri-Pack Films Limited	-	23,000	-	23,000	-	-	-	-	-
	-	<b>2,723,000</b>	-	<b>1,823,000</b>	<b>900,000</b>	<b>27,099</b>			
<b>Total as at June 30, 2021</b>	<b>27,242,846</b>	<b>57,825,744</b>	<b>117,600</b>	<b>57,623,051</b>	<b>27,563,139</b>	<b>1,792,927</b>			
<b>Total as at June 30, 2020</b>	<b>64,550,462</b>	<b>34,544,240</b>	<b>342,271</b>	<b>72,194,127</b>	<b>27,242,846</b>	<b>1,502,570</b>			
<b>Carrying value as at June 30, 2021</b>						<b>1,627,017</b>			
<b>Carrying value as at June 30, 2020</b>						<b>1,602,696</b>			

\*Sponsor of the Management Company

### 6.1.1

Investments include 50,000 shares of Cherat Cement Company Limited, 50,000 shares of Habib Bank Limited, 250,000 shares of The Hub Power Company Limited, 200,000 shares of Oil & Gas Development Company Limited, 100,000 shares of Pakistan Petroleum Limited, 105,000 shares of Pakistan State Oil Company Limited and 699,000 shares of United Bank Limited (2020: 2,055,000 shares of Bank Alfalah Limited, 100,000 shares of Bank Al Habib Limited, 50,000 shares of Cherat Cement Company Limited, 100,000 shares of Engro Fertilizers Limited, 50,000 shares of Engro Corporation Limited, 100,000 shares of Fauji Fertilizer Company Limited, 50,000 shares of Habib Bank Limited, 200,000 shares of The Hub Power Company Limited and 100,000 shares of Pakistan Petroleum Limited) having market value of Rs. 8.869 million, Rs. 6.119 million, Rs. 19.918 million, Rs. 19.006 million, Rs. 8.683 million, Rs. 23.546 million and Rs. 85.418 million (June 30, 2020: Rs. 68.986 million, Rs. 5.230 million, Rs. 4.359 million, Rs. 6.028 million, Rs. 14.646 million, Rs. 11 million, Rs. 4.844 million, Rs. 14.50 million and Rs. 8.678 million), respectively, that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.



**6.1.2** Finance Act, 2014 has brought amendments to the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld shares equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 1.073 million at June 30, 2021 (June 30, 2020: Rs. 0.869 million) and not yet deposited in CDC account of Department of Income tax. Management is of the view that the decision will be in their favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

Further, Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 therefore, bonus shares, subsequent to this amendment, issued to the Fund were not withheld by the investee companies.

	2021	2020
	----- Rupees in '000 -----	
<b>6.1.3 Net unrealised gain / (loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>		
Market value of investments	<b>1,792,927</b>	1,502,570
Less: carrying value of investments before mark to market	<b>(1,627,017)</b>	(1,602,696)
	<b>165,910</b>	(100,126)

**6.2 Listed equity securities - At fair value through other comprehensive income**

Sector / Name of the investee company	----- Number of shares -----					Market value as at June 30, 2021 (Rupees in '000)	Percentage in relation to		
	As at July 1, 2020	Acquired during the year	Bonus / rights issued during the year	Disposed during the year	As at June 30, 2021		Net assets of the fund	Total investments	Investee paid-up capital
<b>CLASS A</b>									
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise									
<b>OIL AND GAS MARKETING COMPANIES</b>									
Pakistan State Oil Company Limited	27,364,904	-	-	-	27,364,904	6,136,580	90%	93%	5.83%
Sui Northern Gas Pipeline Limited	9,911,246	-	-	-	9,911,246	481,488	7%	7%	1.56%
<b>Total as at June 30, 2021</b>	<b>37,276,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,276,150</b>	<b>6,618,068</b>			
<b>Total as at June 30, 2020</b>	<b>32,715,333</b>	<b>-</b>	<b>4,560,817</b>	<b>-</b>	<b>37,276,150</b>	<b>4,869,187</b>			
<b>Cost as at June 30, 2021 / June 30, 2020</b>						<b>1,420,375</b>			

**6.2.1** The above mentioned shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited are blocked / frozen by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in Regulation 55 of the NBFC Regulations, does not apply to the above frozen shares.

**6.2.2** Finance Act, 2014 has brought amendments to the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld shares equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 51.139 million at June 30, 2021 (June 30, 2020: Rs. 36.067 million) and not yet deposited in CDC account of Department of Income tax. Management is of the view that the decision will be in their favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

Further, Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 therefore, bonus shares, subsequent to this amendment, issued to the Fund were not withheld by the investee companies.

	2021	2020
	----- Rupees in '000 -----	
<b>6.2.3 Net unrealised gain / (loss) on re-measurement of investments classified as 'financial asset at fair value through other comprehensive income'</b>		
Market value of investments	<b>6,618,068</b>	4,869,187
Less: cost of investments	<b>(1,420,375)</b>	(1,420,375)
	<b>5,197,693</b>	3,448,812

**6.3** Income from government securities was related to market treasury bills acquired and disposed off during last year. There is no such transaction in current year.

Note	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
	----- Rupees in '000 -----					
<b>7. DIVIDEND RECEIVABLE AND ACCRUED MARK-UP</b>						
Dividend receivable	5,416	31	5,447	4,276	23	4,299
Mark-up accrued on bank deposits	1,180	1,545	2,725	1,746	1,754	3,500
	<b>6,596</b>	<b>1,576</b>	<b>8,172</b>	<b>6,022</b>	<b>1,777</b>	<b>7,799</b>
<b>8. DEPOSITS AND OTHER RECEIVABLES</b>						
Security deposits with:						
- Central Depository Company of Pakistan Limited	-	175	175	-	175	175
- National Clearing Company of Pakistan Limited	100	2,500	2,600	100	2,500	2,600
Advance against IPO subscription	-	9,296	9,296	-	-	-
Other receivables	104	1,013	1,117	84	871	955
	<b>204</b>	<b>12,984</b>	<b>13,188</b>	<b>184</b>	<b>3,546</b>	<b>3,730</b>

8.1 This represents advance paid against the participation of the Fund in the book building process of Pakistan Aluminum Beverage Cans Limited.

Note	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
	----- Rupees in '000 -----					
<b>9. PAYABLE TO THE MANAGEMENT COMPANY</b>						
Remuneration of the Management Company	8,704	3,079	11,783	8,190	2,516	10,706
Sindh Sales Tax on remuneration of the Management Company	1,131	400	1,531	1,065	327	1,392
Allocation of expenses relating to registrar services, accounting, operation and valuation services	3,192	847	4,039	2,252	692	2,944
Selling and marketing expenses	-	4,712	4,712	12,337	3,795	16,132
	<b>13,027</b>	<b>9,038</b>	<b>22,065</b>	<b>23,844</b>	<b>7,330</b>	<b>31,174</b>

- 9.1** 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 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets of the Fund. As per the instructions of SECP via letter No. SCD/AMCW/HBLAML/9/2020 dated October 19, 2020, it was advised to HBL AMC to take up the matter at their Board level for lowering the rate of management fee keeping in view the passive nature of investments in Class A units of HBL Growth Fund and in the best interest of the certificate holders. Subsequently, management of HBL AMC in its 83rd Board meeting held on February 10, 2021 has approved the reduction in rate of 2% to 1.5% effective from February 10, 2021. Currently, the management fee is charged at the rate of 1.5% and 2% (2020: 2% and 2%) of average annual net assets of the Fund for Class A and Class B, respectively
- 9.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2020: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 9.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company has charged expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). The expense charged by the Asset Management Company at the rate of 0.55% (2020: 0.1% to 0.55%) during the year of average annual net assets of the Fund.
- 9.4** SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed cap of 0.4 percent (of average net assets, calculated on daily basis), on charging of selling and marketing expenses which are charged by Asset Management Companies to all categories of open-end mutual funds (except fund of funds). The selling and marketing expense charge by the Management Company at the rate of 1.05% (2020: 0.4% to 1.05%) of the average annual net assets of the Fund. However, as per the instructions of SECP via letter No. SCD/AMCW/HBLAML/9/2020 dated October 19, 2020, Management Company ceased to charge selling and marketing expenses to the certificate holders of Class A with effect from November 01, 2020.

	Note	2021			2020		
		Class A	Class B	Total	Class A	Class B	Total
<b>10. PAYABLE TO THE TRUSTEE</b>		Rupees in '000					
Remuneration of the Trustee	10.1	663	236	899	492	208	700
Sindh Sales Tax on remuneration of the Trustee	10.2	86	31	117	64	27	91
CDS charges payable		-	30	30	-	30	30
		<b>749</b>	<b>297</b>	<b>1,046</b>	<b>556</b>	<b>265</b>	<b>821</b>

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund is as follows:

Amount of funds under management [Average Net Assets Value (NAV)]	Tariff per annum 0.20% p.a. of net assets
--	--

- 10.2** The Sindh Provincial Government had levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

**11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

As per SRO 685(I)/2019 dated June 28, 2019 has revised the rate of annual fee at 0.02% (2020: 0.02%) of the net assets of the fund has been charged during the year by Securities and Exchange Commission of Pakistan.

	Note	2021			2020		
		Class A	Class B	Total	Class A	Class B	Total
Rupees in '000							
<b>12. ACCRUED EXPENSES AND OTHER LIABILITIES</b>							
Provision for Federal Excise Duty payable on Management Company's remuneration	12.1	-	125,303	125,303	-	125,303	125,303
Provision for Sindh Workers' Welfare Fund	12.2	2,065	50,977	53,042	2,065	41,683	43,748
Brokerage		-	1,392	1,392	-	126	126
Auditors' remuneration		352	94	446	331	141	472
National Clearing Company Pakistan Limited Charges		-	30	30	-	30	30
Withholding tax		17	37	54	13	7,269	7,282
Others		-	981	981	6	942	948
		<b>2,434</b>	<b>178,814</b>	<b>181,248</b>	<b>2,415</b>	<b>175,494</b>	<b>177,909</b>

**12.1** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The Finance Act 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ending June 30, 2021.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED on remuneration of Management Company, aggregating to Rs. 125.303 million. (2020: Rs. 125.303 million) for Class B fund. Had the provision not been made, the Net Asset Value per certificate as at June 30, 2021 would have been higher by Rs. 1.340 (2020: Rs. 1.267 ) per unit for Class B fund.

**12.2** The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 2.065 million for Class 'A' and Rs. 50.977 million for Class 'B' for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 0.007 in Class 'A' and Rs. 0.545 in Class 'B' (2020: Rs. 1.007 in Class 'A' and Rs. 0.421 in Class 'B') per unit.

**13. CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments outstanding as at June 30, 2021 and as at June 30, 2020.

**14. NUMBER OF UNITS IN ISSUE**

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
Total outstanding as of	283,500,000	98,929,141	382,429,141	283,500,000	277,434,381	560,934,381
Add: Issued during the year	-	724,744	724,744	-	10,440,376	10,440,376
Less: Redeemed during the year	-	6,170,106	6,170,106	-	188,945,616	188,945,616
Total units in issue as of June 30	283,500,000	93,483,779	376,983,779	283,500,000	98,929,141	382,429,141

**15. AUDITORS' REMUNERATION**

Annual audit fee	327	89	416	321	94	415
Fee for half yearly review	106	29	135	101	34	135
Other certifications and out of pocket expenses	70	18	142	12	131	143
	503	136	693	434	259	693

**16. TAXATION**

No provision for taxation has been made for Class A as the Fund has incurred a net loss in Class A. The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 if it has distributed not less than 90 percent of its accounting income (excluding capital gains realised or unrealised). The Fund has not distributed any amount for the year ended June 30, 2021 being whole of the accounting income pertaining to capital gains (realised or unrealised) in Class B and therefore has not accrued and recorded taxation charge for the year in Class B. The Fund is also exempt from provision of Section 113 (minimum tax) under clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. Hence, no provision with respect to taxation has been recognized in these financial statements.

**17. EARNINGS PER UNIT**

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

**18. TOTAL EXPENSES RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the SECP, the total expense ratio for the year ended June 30, 2021 is 3.09% and 5.08% which includes 0.27% and 0.88% (2020: 3.55% and 4.02% which includes 0.29% and 0.38%) representing government levy, and SECP fee of the Class A and Class B respectively.

**19. TRANSACTION AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons/related parties include HBL Asset Management Limited (HBL-AML) being the Management Company of the Fund, Habib Bank Limited (HBL) being the Sponsor, (holding 100% shares of HBL Asset Management Limited), Central Depository Company of Pakistan Limited being the Trustee of the Fund, other associated companies of HBL, HBL-AML and its subsidiaries, 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 terms.

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

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

**19.1 Transactions during the year**

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
----- Rupees in '000 -----						
<b>HBL Asset Management Limited - Management Company</b>						
Remuneration of the Management Company	117,622	34,957	152,579	101,903	47,656	149,559
Sindh Sales tax on remuneration of the management company	15,291	4,544	19,835	13,247	6,195	19,443
Allocation of expenses related to registrar services, accounting, operation and valuation services	36,033	9,613	45,646	16,113	7,637	23,750
Selling and marketing expense	21,434	18,353	39,787	43,076	19,621	62,697
Investment in Class B of Nil units (2020: 4,131,192 units)	-	-	-	-	81,079	81,079
Redemption in Class B of Nil units (2020: 4,131,192 units)	-	-	-	-	75,243	75,243
<b>Habib Bank Limited - Sponsor</b>						
Dividend income	-	1,627	1,627	-	4,037	4,037
Mark-up on bank deposits	-	85	85	-	151	151
Bank charges	-	-	-	-	1	1
<b>Jubilee General Insurance Company Limited - Associate</b>						
Issuance of Nil units in Class B (2020: 3,624 units)	-	-	-	-	55	55
Dividend paid	-	-	-	-	64	64
<b>Pakistan Reinsurance Company Limited - Connected person - due to holding more than 10% units</b>						
Redemption of Nil units in Class B (2020: 15,406,721 units)	-	-	-	-	277,028	277,028
Dividend paid	-	-	-	-	6,750	6,750
<b>State Life Insurance Corporation of Pakistan - Connected person - due to holding more than 10% units</b>						
Issue of Nil units in Class B (2020: 359,759 units)	-	-	-	-	5,411	5,411
Dividend paid	-	-	-	-	5,411	5,411
<b>Directors and Executives of the Management Company</b>						
Dividend paid	-	-	-	-	8	8
<b>Central Depository Company of Pakistan Limited-Trustee</b>						
Trustee Fee	7,338	2,106	9,444	5,851	2,807	8,658
Sindh sales tax on the remuneration to Trustee	954	274	1,228	761	365	1,126
CDS Charges	-	298	298	-	521	521
CDC Annual Listing Fee	870	76	946	768	76	844

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
<b>19.2 Balances outstanding as at year end</b>	----- Rupees in '000 -----					
<b>HBL Asset Management Company Limited - Management Company</b>						
Remuneration of the Management Company	8,704	3,079	11,783	8,190	2,516	10,706
Sindh sales tax on remuneration of the Management Company	1,131	400	1,531	1,065	327	1,392
Allocation of expenses relating to registrar services, accounting, operation and valuation services	3,192	847	4,039	2,252	692	2,944
Selling and marketing expense	-	4,712	4,712	12,337	3,795	16,132
<b>Habib Bank Limited - Sponsor</b>						
Banks Balances - savings accounts	-	1,578	1,578	-	1,500	1,500
<b>Pakistan Reinsurance Company Limited- Connected person - due to holding more than 10% units</b>						
Investment held in the Fund: 30,406,721 units (2020: 30,406,721 units) at par value	304,067	-	304,067	304,067	-	304,067
Investment held: 15,000,000 units (2020: 15,000,000 units)	-	298,589	298,589	-	228,174	228,174
<b>Central Depository Company of Pakistan Limited - Trustee</b>						
Remuneration payable to Trustee including sales tax thereon	749	236	985	556	235	791
Security deposit with trustee	100	175	275	100	175	275
CDS charges payable	-	30	30	-	30	30
<b>State Life Corporation of Pakistan - connected person due to holding more than 10% units</b>						
Investment held in the Fund 12,024,904 units (2020: 12,024,904 units) at par value	120,249	-	120,249	120,249	-	120,249
Investment held in the Fund held: 12,384,663 units (2020: 12,384,663 units)	-	246,528	246,528	-	188,391	188,391
<b>Jubilee General Insurance Company Limited - associate</b>						
Investment held in the Fund: 142,500 units (2020: 142,500 units) at par value	1,425	-	1,425	1,425	-	1,425
Investment held in the Fund: 146,124 Units (2020: 146,124 units)	-	2,909	2,909	-	2,223	2,223
<b>Directors and Executives of the Management Company</b>						
Investment held in the Fund: 18,000 units (2020: 18,000 units) at par value	180	-	180	180	-	180
Investment held in the Fund: 141,052 Units (2020: 141,052 units)	-	2,808	2,808	-	2,146	2,146

## 20. FINANCIAL INSTRUMENTS BY CATEGORY

	Class A			
	----- As on June 30, 2021 -----			
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	----- Rupees in '000 -----			
<b>Financial assets</b>				
Investments - Listed equity securities	-	-	6,618,068	6,618,068
Bank balances	236,374	-	-	236,374
Dividend receivable and accrued mark-up	6,596	-	-	6,596
Deposits and other receivables	204	-	-	204
	<b>243,174</b>	<b>-</b>	<b>6,618,068</b>	<b>6,861,242</b>
<b>Financial liabilities</b>				
Payable to the Management Company	13,027	-	-	13,027
Payable to the Trustee	749	-	-	749
Accrued expenses and other liabilities	352	-	-	352
Net assets attributable to unitholders	6,843,722	-	-	6,843,722
	<b>6,857,850</b>	<b>-</b>	<b>-</b>	<b>6,857,850</b>

	Class B		
	As on June 30, 2021		
	At amortised cost	At fair value through profit or loss	Total
Rupees in '000			
<b>Financial assets</b>			
Investments - Listed equity securities	-	1,792,927	1,792,927
Bank balances	381,491	-	381,491
Dividend receivable and accrued mark-up	1,576	-	1,576
Deposits and other receivables	11,971	-	11,971
Receivable against sale of investments	45,633	-	45,633
	<b>440,671</b>	<b>1,792,927</b>	<b>2,233,598</b>
<b>Financial liabilities</b>			
Payable to the Management Company	9,038	-	9,038
Payable to the Trustee	297	-	297
Accrued expenses and other liabilities	2,497	-	2,497
Unclaimed dividend	133,120	-	133,120
Payable against purchase of investments	52,114	-	52,114
Net assets attributable to unitholders	1,860,878	-	1,860,878
	<b>2,057,944</b>	<b>-</b>	<b>2,057,944</b>

	Class A			
	As on June 30, 2021			
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
Rupees in '000				
<b>Financial assets</b>				
Investments - Listed equity securities	-	-	4,869,187	4,869,187
Bank balances	278,910	-	-	278,910
Dividend receivable and accrued mark-up	6,022	-	-	6,022
Deposits and other receivables	184	-	-	184
	<b>285,116</b>	<b>-</b>	<b>4,869,187</b>	<b>5,154,303</b>
<b>Financial liabilities</b>				
Payable to the Management Company	23,844	-	-	23,844
Payable to the Trustee	556	-	-	556
Accrued expenses and other liabilities	337	-	-	337
Net assets attributable to unitholders	5,126,450	-	-	5,126,450
	<b>5,151,187</b>	<b>-</b>	<b>-</b>	<b>5,151,187</b>



	Class B		
	As on June 30, 2020		
	At a mortised cost	At fair value through profit or loss	Total
Rupees in '000			
<b>Financial assets</b>			
Investments - Listed equity securities	-	1,502,570	1,502,570
Bank balances	314,221	-	314,221
Dividend receivable and accrued mark-up	1,777	-	1,777
Deposits and other receivables	3,546	-	3,546
Receivable against sale of investments	9,144	-	9,144
	<b>328,688</b>	<b>1,502,570</b>	<b>1,831,258</b>
<b>Financial liabilities</b>			
Payable to the Management Company	7,330	-	7,330
Payable to the Trustee	265	-	265
Accrued expenses and other liabilities	1,239	-	1,239
Unclaimed dividend	142,808	-	142,808
Net assets attributable to unitholders	1,504,867	-	1,504,867
	<b>1,656,509</b>	<b>-</b>	<b>1,656,509</b>

## 21. PARTICULARS OF INVESTMENT COMMITTEE

Details of members of the investment committee of the Fund are as follow:

S.no.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	22 + years
2	Adeel Abdul Wahab	Head of Equity	ACCA	13+ years
3	Raza Inam	Acting Head of Research	Bsc (Hons), CFA	8+ years
4	Karim Khawaja	Head of Risk	MBA, CMA	18 + years

## 22. LIST OF TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

### Top brokers during the year ended June 30, 2021

- 1 Cedar Capital (Private) Limited
- 2 Intermarket Securities Limited
- 3 AKD Securities Limited
- 4 BMA Capital Management Limited
- 5 AL Falah Securities (Private) Limited
- 6 Ismail Iqbal Securities (Private) Limited
- 7 EFG Hermes Pakistan Limited
- 8 Next Capital Limited
- 9 JS Global Capital Limited
- 10 BIPL Securities Limited

### Top brokers during the year ended June 30, 2021

- 1 EFG Hermes Pakistan Limited
- 2 Intermarket Securities Limited
- 3 JS Global Capital Limited
- 4 DJM Securities Limited
- 5 Optimus Capital Management (Private) Limited
- 6 Ismail Iqbal Securities (Private) Limited
- 7 Topline Securities (Private) Limited
- 8 Taurus Securities Limited
- 9 Monaco Securities (Private) Limited
- 10 Fortune Securities Limited

Class A				
----- As at June 30, 2021 -----				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000'				
Individuals	8,672	80,686,377	1,947,778	28.46%
Director	1	18,000	435	0.01%
Associated companies	2	6,609,300	159,549	2.33%
Insurance companies	5	42,691,625	1,030,581	15.06%
Banks and DFIs	12	53,226,324	1,284,889	18.77%
NBFCs	8	110,512	2,668	0.04%
Foreign companies	6	59,004,650	1,424,379	20.81%
Modarba	1	15,000	362	0.01%
Others	89	26,284,869	634,520	9.27%
Foreign individuals	463	14,853,343	358,561	5.24%
	<b>9,259</b>	<b>283,500,000</b>	<b>6,843,722</b>	<b>100%</b>

Class B				
----- As at June 30, 2021 -----				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000'				
Individuals	8,545	58,391,908	1,162,343	62.46%
Associated company	1	146,124	2,909	0.16%
Director	1	18,000	358	0.02%
Banks and DFIs	3	2,087,256	41,549	2.23%
Insurance companies	4	27,399,018	545,402	29.31%
Retirement funds	6	755,072	15,030	0.81%
Trust	7	528,519	10,521	0.57%
Foreign Investor	1	5,127	102	0.01%
Others	83	4,152,755	82,664	4.44%
	<b>8,651</b>	<b>93,483,779</b>	<b>1,860,878</b>	<b>100%</b>

Class A				
----- As at June 30, 2020 -----				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000'				
Individuals	8,672	80,686,377	1,459,029	28.46%
Director	1	18,000	325	0.01%
Associated companies	2	6,609,300	119,514	2.33%
Insurance companies	5	42,691,625	771,981	15.06%
Banks and DFIs	12	53,226,324	962,477	18.77%
NBFCs	8	110,512	1,998	0.04%
Foreign companies	6	59,004,650	1,066,964	20.81%
Modarba	1	15,000	271	0.01%
Others	89	26,284,869	475,302	9.27%
Foreign individuals	463	14,853,343	268,589	5.24%
	<b>9,259</b>	<b>283,500,000</b>	<b>5,126,450</b>	<b>100.00%</b>

Class B

----- As at June 30, 2020 -----

Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000'				
Individuals	8,796	63,492,343	965,818	64.18%
Associated company	1	146,124	2,223	0.15%
Director	1	18,000	274	0.02%
Banks and DFIs	3	2,087,256	31,750	2.11%
Insurance companies	4	27,399,017	416,782	27.70%
Retirement funds	6	755,072	11,486	0.76%
Trust	7	528,519	8,040	0.53%
Foreign Investors	2	25,801	392	0.03%
Others	90	4,477,009	68,102	4.53%
	8,910	98,929,141	1,504,867	100.00%

#### 24. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

Seven meetings of the Board of Directors were held on July 28 & 29, 2020, August 27, 2020, September 30, 2020, October 12, 2020, October 29, 2020, February 10, 2021 and April 30, 2021 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Mir Adil Rashid	7	7	-	-
2	Ms. Ava A. Cowasjee	7	7	-	-
3	Mr. Rayomond H. Kotwal	7	7	-	-
4	Mr. Rizwan Haider <sup>1</sup>	2	2	-	-
5	Mr. Shabbir Hussain Hashmi	7	7	-	-
6	Mr. Shahid Ghaffar	7	7	-	-
7	Mr. Muhammad Afaq Khan	6	6	-	-
8	Mr .Abrar Ahmed Mir <sup>2</sup>	6	6	-	-
9	Mr .Tariq Masaud <sup>3</sup>	4	4	-	-

<sup>1</sup> Resigned on September 18, 2020.

<sup>2</sup> Appointed on July 29, 2020.

<sup>3</sup> Appointed on September 22, 2020.

#### 25. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in a portfolio of equity investments, government securities and in other money market instruments.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

**25.1 Market risk**

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk ; currency risk, interest rate risk and other price risk.

**25.1.1 Currency risk**

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

**25.1.3 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

**a) Cash flow interest rate risk**

The Fund's interest rate risk arises from the balances in savings accounts. The net income for the year would have increased / (decreased) by Rs. 2.364 million in Class A and Rs. 3.815 million in Class B (2020: Rs. 2.789 million in Class A and Rs.3.142 million in Class B ), had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

**b) Fair value interest rate risk**

Since the Fund currently does not have any fixed rate instruments that are impacted by market interest rates, therefore, it is not exposed to fair value interest rate risk.

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

----- As at June 30, 2021 -----						
Yield / interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
%	----- Rupees in '000 -----					
<b>CLASS A</b>						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5% to 7.4%	236,374	236,374	-	-	-
Investments - Listed equity securities		6,618,068	-	-	-	6,618,068
Dividend receivable and accrued mark-up		6,596	-	-	-	6,596
Deposits and other receivables		204	-	-	-	204
		<b>6,861,242</b>	<b>236,374</b>	<b>-</b>	<b>-</b>	<b>6,624,868</b>
<b>Financial liabilities</b>						
Payable to the Management Company		13,027	-	-	-	13,027
Payable to the Trustee		749	-	-	-	749
Accrued expenses and other liabilities		352	-	-	-	352
Net assets attributable to redeemable units		6,843,722	-	-	-	6,843,722
		<b>6,857,850</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,857,850</b>
<b>On-balance sheet gap</b>		<b>3,392</b>	<b>236,374</b>	<b>-</b>	<b>-</b>	<b>(232,982)</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Class B</b>						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5% to 7.4%	381,491	381,491	-	-	-
Investments - Listed equity securities		1,792,927	-	-	-	1,792,927
Dividend receivable and accrued mark-up		1,576	-	-	-	1,576
Deposits and other receivables		11,971	-	-	-	11,971
Receivable against sale of investments		45,633	-	-	-	45,633
		<b>2,233,598</b>	<b>381,491</b>	<b>-</b>	<b>-</b>	<b>1,852,107</b>
<b>Financial liabilities</b>						
Payable to the Management Company		9,038	-	-	-	9,038
Payable to the Trustee		297	-	-	-	297
Payable against purchase of investments		52,114	-	-	-	52,114
Unclaimed dividend		133,120	-	-	-	133,120
Accrued expenses and other liabilities		2,497	-	-	-	2,497
Net assets attributable to redeemable units		1,860,878	-	-	-	1,860,878
		<b>2,057,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,057,944</b>
<b>On-balance sheet gap</b>		<b>175,653</b>	<b>381,491</b>	<b>-</b>	<b>-</b>	<b>(205,838)</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

----- As at June 30, 2020 -----

Yield / interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	

% ----- Rupees in 000 -----

CLASS A

On-balance sheet financial instruments

Financial assets

Bank balances	7% to 14.05%	278,910	278,910	-	-	-
Investments - Listed equity securities		4,869,187	-	-	-	4,869,187
Dividend receivable and accrued mark-up		6,022	-	-	-	6,022
Deposits and other receivables		184	-	-	-	184
		<u>5,154,303</u>	<u>278,910</u>	<u>-</u>	<u>-</u>	<u>4,875,393</u>

Financial liabilities

Payable to the Management Company	23,844	-	-	-	23,844
Payable to the Trustee	556	-	-	-	556
Accrued expenses and other liabilities	337	-	-	-	337
Net assets attributable to redeemable units	<u>5,126,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,126,450</u>
	<u>5,151,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,151,187</u>

On-balance sheet gap		<u>3,116</u>	<u>278,910</u>	<u>-</u>	<u>-</u>	<u>(275,794)</u>
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Off-balance sheet financial instruments		-	-	-	-	-
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Off-balance sheet gap		-	-	-	-	-
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CLASS B

On-balance sheet financial instruments

Financial assets

Bank balances	7% to 14.05%	314,221	314,221	-	-	-
Investments - Listed equity securities		1,502,570	-	-	-	1,502,570
Dividend receivable and accrued mark-up		1,777	-	-	-	1,777
Deposits and other receivables		3,546	-	-	-	3,546
Receivable against sale of investments		9,144	-	-	-	9,144
		<u>1,831,258</u>	<u>314,221</u>	<u>-</u>	<u>-</u>	<u>1,517,037</u>

Financial liabilities

Payable to the Management Company	7,330	-	-	-	7,330
Payable to the Trustee	265	-	-	-	265
Unclaimed dividend	142,808	-	-	-	142,808
Accrued expenses and other liabilities	1,239	-	-	-	1,239
Net assets attributable to redeemable units	<u>1,504,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,504,867</u>
	<u>1,656,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,656,509</u>

On-balance sheet gap		<u>174,749</u>	<u>314,221</u>	<u>-</u>	<u>-</u>	<u>(139,472)</u>
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Off-balance sheet financial instruments		-	-	-	-	-
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Off-balance sheet gap		-	-	-	-	-
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### 25.1.3 Other market price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund's equity securities are primarily exposed to equity price risk because of investments held and classified by the Fund on the statement of assets and liabilities as 'FVTPL' and 'FVTOCI'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Fund's constitutive documents. The Fund's constitutive documents / NBFC Regulations also limit investment in individual equity securities to not more than 10% of its net assets, or issued capital of the investee company, whichever is lower, and the sector exposure limit to 30% of net assets. However, relaxation in this regard has been obtained from the regulator in respect of frozen investments classified as 'at fair value through other comprehensive income' as disclosed in note 6.2.

In case of 5% increase / decrease in the fair value of the Fund's Class A equity securities on June 30, 2021, net assets of the Fund would have increased / decreased by Rs. 330.903 million (2020: Rs. 243.459 million) as a result of gains / losses on equity securities in 'at fair value through other comprehensive income' category, with corresponding effect on other comprehensive income reported in 'Statement of comprehensive income'.

In case of 5% increase / (decrease) in the fair value of the Fund's equity securities on June 30, 2021, net assets of the Fund would have increased / (decreased) by Rs. 89.646 million (2020: Rs. 75.129 million).

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of PSX 100 Index.

### 25.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk mainly arises from bank balances, dividend receivable, accrued mark-up, receivable against sale of investments and deposits and other receivables.

#### Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protections. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

The analysis below summarises the credit quality of the bank balances and accrued interest thereon:

Name of the bank	Balance as at June 30, 2021			Latest available published rating as at June 30, 2021	Rating agency
	Class A	Class B	Total		

----- Rupees in '000 -----

**Savings accounts**

MCB Bank Limited	3	266,490	266,493	AAA	PACRA
JS Bank Limited	146,671	114,307	260,979	AA-	PACRA
Habib Bank Limited	-	1,578	1,578	AAA	JCR-VIS
Soneri Bank Limited	90,749	623	91,372	AA-	PACRA
Habib Metro Bank Limited	-	3	3	AA+	PACRA
Zarai Taraqiyati Bank Limited	130	35	165	AAA	JCR-VIS
	<b>237,554</b>	<b>383,036</b>	<b>620,589</b>		

Name of the bank	Balance as at June 30, 2020			Latest available published rating as at June 30, 2020	Rating agency
	Class A	Class B	Total		

----- Rupees in '000 -----

**Savings accounts**

MCB Bank Limited	194	223,729	223,923	AAA	PACRA
JS Bank Limited	276,120	88,746	364,866	AA-	PACRA
Habib Bank Limited	-	1,500	1,500	AAA	JCR-VIS
Soneri Bank Limited	4,218	1,965	6,183	AA-	PACRA
Zarai Taraqiyati Bank Limited	124	35	159	AAA	JCR-VIS
	<b>280,656</b>	<b>315,975</b>	<b>596,631</b>		

Other exposure to credit risks are as follows:

	2021		2020	
	Class A	Class B	Class A	Class B
	----- Rupees in '000 -----			
Dividend receivable	5,416	31	4,276	23
Deposits	100	2,675	100	2,675
Receivable against sale of investments	-	45,633	-	9,144

The maximum exposure to credit risk before considering any collateral as at June 30, 2021 and June 30, 2020 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk. None of these assets are 'impaired' nor 'past due but not impaired'.

**Concentration of credit risk**

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.



The Fund's major bank balance is held with two Bank in respective classes. Management believes that such banks are reputed institutions.

Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	2021			
	Class A		Class B	
	Rupees in '000	%	Rupees in '000	%
Commercial banks (including profit due)	237,554	98%	383,036	87%
National Clearing Company of Pakistan Limited - security deposit	100	0%	2,500	1%
Central Depository Company of Pakistan Limited - security deposit	-	-	175	0%
National Clearing Company of Pakistan Limited - receivable against sale of investments	-	-	45,633	10%
Dividend receivable	5,416	2%	31	0%
Advance against IPO subscription (Miscellaneous sect	-	-	9,296	2%
	<b>243,070</b>	<b>100%</b>	<b>440,671</b>	<b>100%</b>

	2020			
	Class A		Class B	
	Rupees in '000	%	Rupees in '000	%
Commercial banks (including profit due)	280,656	98%	315,975	96%
National Clearing Company of Pakistan Limited - security deposit	100	0%	2,500	1%
Central Depository Company of Pakistan Limited - security deposit	-	-	175	0%
National Clearing Company of Pakistan Limited - receivable against sale of investments	-	-	9,144	3%
Dividend receivable	4,276	2%	23	0%
	<b>285,032</b>	<b>100%</b>	<b>327,817</b>	<b>100%</b>

### Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

### 25.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has a policy to invest the majority of its assets in investments that are traded in an active market and can be readily disposed off. The Fund's listed securities are considered readily realisable, as they are listed on the Pakistan Stock Exchange Limited.

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short-term in nature and are restricted to the extent of available liquidity and significant assets of the Fund are readily disposable in the market.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

<b>CLASS A</b>				
----- As at June 30, 2021 -----				
	Carrying amount	Total	Less than 1 month	Within 3 months
----- Rupees in '000 -----				
Payable to the Management Company	13,027	13,027	13,027	-
Payable to the Trustee	749	749	749	-
Accrued expenses and other liabilities	352	352	352	-
	<b>14,128</b>	<b>14,128</b>	<b>14,128</b>	<b>-</b>
Net assets attributable to redeemable units	<b>6,843,722</b>	<b>6,843,722</b>	<b>6,843,722</b>	<b>-</b>

<b>CLASS B</b>				
----- As at June 30, 2021 -----				
	Carrying amount	Total	Less than 1 month	Within 3 months
----- Rupees in '000 -----				
Payable to the Management Company	9,038	9,038	9,038	-
Payable to the Trustee	297	297	297	-
Accrued expenses and other liabilities	2,497	2,497	2,497	-
Payable against purchase of investments	52,114	52,114	52,114	-
Unclaimed dividend	133,120	133,120	133,120	-
	<b>197,066</b>	<b>197,066</b>	<b>197,066</b>	<b>-</b>
Net assets attributable to redeemable units	<b>1,860,878</b>	<b>1,860,878</b>	<b>1,860,878</b>	<b>-</b>

CLASS A				
----- As at June 30, 2020 -----				
Carrying amount	Total	Less than 1 month	Within 3 months	
----- Rupees in '000 -----				
Payable to the Management Company	23,844	23,844	23,844	-
Payable to the Trustee	556	556	556	-
Accrued expenses and other liabilities	337	337	337	-
	<u>24,737</u>	<u>24,737</u>	<u>24,737</u>	<u>-</u>
Net assets attributable to redeemable units	<u>5,126,450</u>	<u>5,126,450</u>	<u>5,126,450</u>	<u>-</u>
CLASS B				
----- As at June 30, 2020 -----				
Carrying amount	Total	Less than 1 month	Within 3 months	
----- Rupees in '000 -----				
Payable to the Management Company	7,330	7,330	-	-
Payable to the Trustee	265	265	-	-
Accrued expenses and other liabilities	1,239	1,239	-	-
Unclaimed dividend	142,808	142,808	-	-
	<u>151,642</u>	<u>151,642</u>	<u>-</u>	<u>-</u>
Net assets attributable to redeemable units	<u>1,504,867</u>	<u>1,504,867</u>	<u>1,504,867</u>	<u>-</u>

## 26. 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 year 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 or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

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

		CLASS A					
		June 30, 2021					
		Carrying amount				Fair value	
	Note	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total	Level 1	Total
		----- Rupees in '000 -----					
<b>Financial assets measured at fair value</b>							
Investment - Listed equity securities		-	6,618,068	-	6,618,068	6,618,068	6,618,068
		-	6,618,068	-	6,618,068	6,618,068	6,618,068
<b>Financial assets not measured at fair value</b>							
	26.1						
Bank balances		-	-	236,374	236,374		
Dividend receivable and accrued mark-up		-	-	6,596	6,596		
Deposits and other receivables		-	-	204	204		
		-	-	243,174	243,174		
<b>Financial liabilities not measured at fair value</b>							
	26.1						
Payable to the Management Company		-	-	13,027	13,027		
Payable to the Trustee		-	-	749	749		
Accrued expenses and other liabilities		-	-	352	352		
Net assets attributable to redeemable units		-	-	6,843,722	6,843,722		
		-	-	6,857,850	6,857,850		
		----- Rupees in '000 -----					
		CLASS B					
		June 30, 2021					
		Carrying amount				Fair value	
	Note	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total	Level 1	Total
		----- Rupees in '000 -----					
<b>Financial assets measured at fair value</b>							
Investment - Listed equity securities		1,792,927	-	-	1,792,927	1,792,927	1,792,927
		1,792,927	-	-	1,792,927	1,792,927	1,792,927
<b>Financial assets not measured at fair value</b>							
	26.1						
Bank balances		-	-	381,491	381,491		
Dividend receivable and accrued mark-up		-	-	1,576	1,576		
Deposits and other receivables		-	-	11,971	11,971		
Receivable against sale of investments		-	-	45,633	45,633		
		-	-	440,671	440,671		
<b>Financial liabilities not measured at fair value</b>							
	26.1						
Payable to the Management Company		-	-	9,038	9,038		
Payable to the Trustee		-	-	297	297		
Accrued expenses and other liabilities		-	-	2,497	2,497		
Payable against purchase of investments		-	-	133,120	133,120		
Net assets attributable to redeemable units		-	-	1,860,878	1,860,878		
		-	-	2,005,830	2,005,830		

		CLASS A					
		June 30, 2020					
		Carrying amount			Fair value		
	Note	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Total	Level 1	Total
		----- Rupees in '000 -----					
Financial assets measured at fair value							
Investment in listed equity securities		-	4,869,187	-	4,869,187	4,869,187	4,869,187
		-	4,869,187	-	4,869,187	4,869,187	4,869,187
Financial assets not measured at fair value							
Bank balances	26.1	-	-	278,910	278,910		
Dividend receivable and accrued markup		-	-	6,022	6,022		
Deposits and other receivables		-	-	184	184		
		-	-	285,116	285,116		
Financial liabilities not measured at fair value							
Payable to the Management Company	26.1	-	-	23,844	23,844		
Payable to the Trustee		-	-	556	556		
Accrued expenses and other liabilities		-	-	337	337		
Net assets attributable to redeemable units		-	-	5,126,450	5,126,450		
		-	-	5,151,187	5,151,187		

		CLASS B					
		June 30, 2020					
		Carrying amount			Fair value		
	Note	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Total	Level 1	Total
		----- Rupees in '000 -----					
Financial assets measured at fair value							
Investment in listed equity securities		1,502,570	-	-	1,502,570	1,502,570	1,502,570
		1,502,570	-	-	1,502,570	1,502,570	1,502,570
Financial assets not measured at fair value							
Bank balances	26.1	-	-	314,221	314,221		
Dividend receivable and accrued markup		-	-	1,777	1,777		
Deposits and other receivables		-	-	3,546	3,546		
Receivable against sale of investments		-	-	9,144	9,144		
		-	-	328,688	328,688		
Financial liabilities not measured at fair value							
Payable to Management Company	26.1	-	-	7,330	7,330		
Payable to Trustee		-	-	265	265		
Accrued expenses and other liabilities		-	-	1,239	1,239		
Unclaimed dividend		-	-	142,808	142,808		
Net assets attributable to redeemable units		-	-	1,504,867	1,504,867		
		-	-	1,656,509	1,656,509		

**26.1** 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.

**27. UNITS HOLDERS' FUND RISK MANAGEMENT**

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g., yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

**28. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 26, 2021.

**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 Investment Fund**

## FUND INFORMATION

<b>NAME OF FUND</b>	HBL INVESTMENT FUND
<b>NAME OF AUDITOR</b>	Yousuf Adil, Chartered Accountants
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited.
<b>NAME OF BANKERS</b>	MCB Bank Limited JS Bank Limited Habib Bank Limited Soneri Bank limited



## Type and Category of Fund

### Equity / Open-end

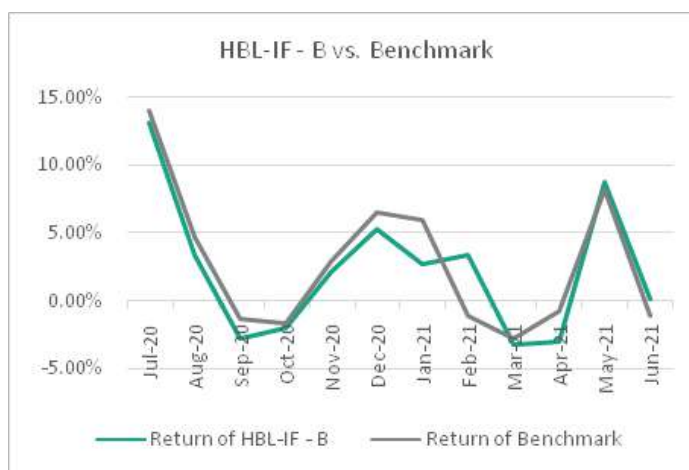
#### Investment Objective and Accomplishment of Objective

The objective of HBL Investment Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations. The Collective Investment Scheme achieved its stated objective.

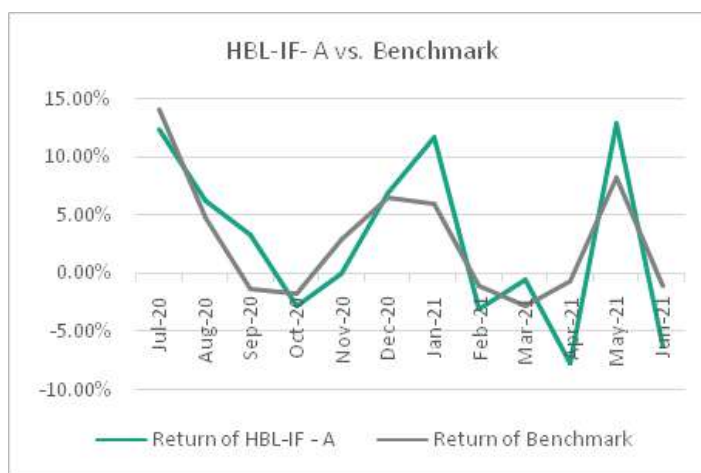
#### Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KSE-100 Index.

Month	Return of Fund	
	HBL-IF - B	Benchmark
Jun-21	0.08%	-1.13%
May-21	8.75%	8.21%
Apr-21	-3.02%	-0.73%
Mar-21	-3.28%	-2.78%
Feb-21	3.42%	-1.12%
Jan-21	2.66%	6.01%
Dec-20	5.33%	6.54%
Nov-20	2.09%	2.96%
Oct-20	-2.05%	-1.68%
Sep-20	-2.81%	-1.31%
Aug-20	3.34%	4.72%
Jul-20	13.17%	14.05%



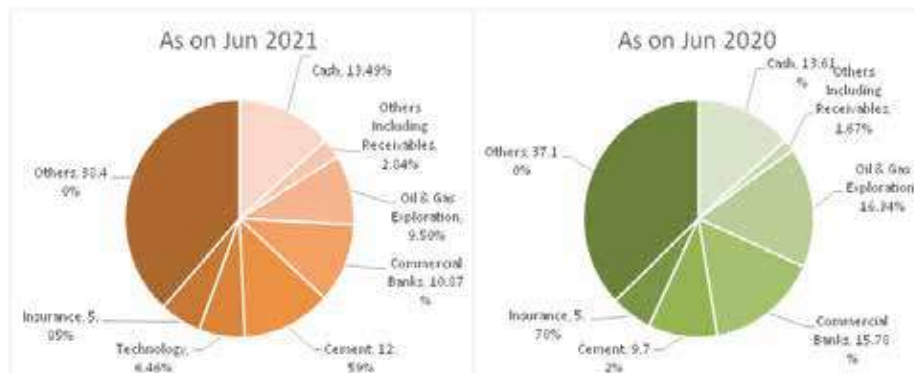
Month	Return of Fund	
	HBL-IF - A	Benchmark
Jun-21	-6.21%	-1.13%
May-21	12.94%	8.21%
Apr-21	-7.68%	-0.73%
Mar-21	-0.50%	-2.78%
Feb-21	-3.13%	-1.12%
Jan-21	11.75%	6.01%
Dec-20	6.90%	6.54%
Nov-20	-0.05%	2.96%
Oct-20	-2.75%	-1.68%
Sep-20	3.35%	-1.31%
Aug-20	6.27%	4.72%
Jul-20	12.38%	14.05%



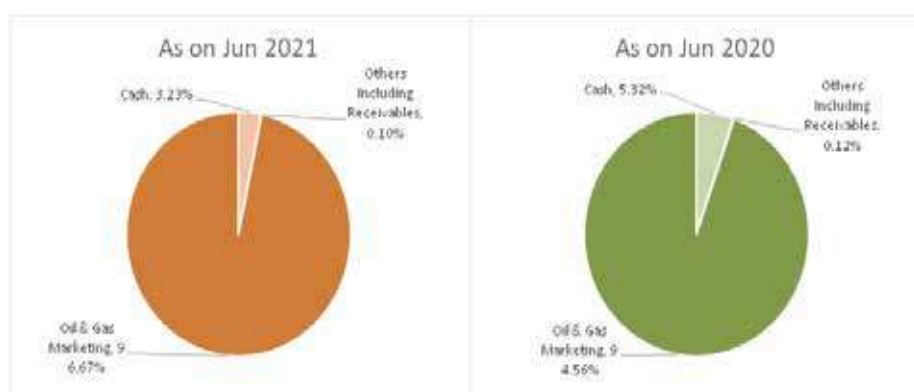
#### Strategies and Policies employed during the Year

During the year under review, the Fund reduced its exposure in equities from 85% on June 30, 2020 to 84% on June 30, 2021. Furthermore, sector-wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in cements technology and insurance companies was increased, while exposure in fertilizers, commercial banks and oil & gas exploration companies was decreased.

## Asset Allocation HBL Investment Fund - B



## HBL Investment Fund – A



### Significant Changes in Asset Allocation during the Year

The following table shows a comparison of top sector wise allocation of equity investments in the Fund as on June 30, 2021 and June 30, 2020:

#### HBL Investment Fund – B

Sector Name	As on Jun 2021	As on Jun 2020
Cash	13.49%	13.61%
Others Including Receivables	2.84%	1.67%
Oil & Gas Exploration	9.50%	16.34%
Commercial Banks	10.87%	15.78%
Cement	12.59%	9.72%
Technology	6.46%	0.00%
Insurance	5.85%	5.78%
Others	38.4%	37.1%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

#### HBL Investment Fund - A

Sector Name	As on Jun 2021	As on Jun 2020
Cash	3.23%	5.32%
Others Including Receivables	0.10%	0.12%
Oil & Gas Marketing	96.67%	94.56%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Fund Performance

Effective from July 2, 2018 the Fund has been converted into an open-ended Equity Fund as per the duly approved Conversion Plan. This matter is fully disclosed in note 1.4 of the financial statements of the Fund.

The Fund as a whole earned a total and net income of Rs. 466.16 million and Rs. 323.47 million respectively during the year under review. The fund size of the fund stood at Rs. 3.88 billion as on June 30, 2021.

### Performance review of each class is presented below:

#### HBL Investment Fund – Class ‘A’

HBL Investment Fund – Class ‘A’ earned and incurred a total income and net loss of Rs. 60.77 million and Rs. 14.07 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Class ‘A’ was Rs. 8.7715 per unit as on June 30, 2021 as compared to Rs. 6.4934 as at June 30, 2020, thereby giving a return of 35.08%. During the year the benchmark KSE 100 index yielded a return of 37.58%. The size of Class ‘A’ was Rs. 2.49 billion as on June 30, 2021 as compared to Rs. 1.84 billion at the start of the year.

#### HBL Investment Fund – Class ‘B’

HBL Investment Fund – Class ‘B’ earned a total and net income of Rs. 405.39 million and Rs. 337.54 million respectively during the year ended June 30, 2021. The Net Asset Value (NAV) per unit of the Class ‘B’ was Rs. 10.2262 per unit as on June 30, 2021 as compared to Rs. 7.8872 as at June 30, 2020, thereby giving a return of 29.66%. During the year the benchmark KSE 100 index yielded a return of 37.58%. The size of Class ‘B’ was Rs. 1.39 billion as on June 30, 2021 as compared to Rs. 1.16 billion at the start of the year.

### Review of Market invested in

The market sustained its bullish momentum in FY21 as the KSE-100 index recorded 12,934 points increase (+37.6%) during the period to close at 47,356 points. The stellar performance of the index can be attributed to 1) relative 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 strengthening currency and better current account position.

During the period construction linked industries (Cement, Steel, and Glass) rallied on the back of the monetary easing done by the SBP and government focus on construction sector. Technology sector also remained in limelight due to increasing focus on technology post Covid-19 pandemic. Banking Sector also rallied due to attractive valuations. On the flows side, foreigners were the net sellers during FY21 and sold shares of worth USD 387mn, compared to net selling of USD 285mn during same period last year.

Pakistan equities are likely to continue the positive momentum due to cheaper valuation (trading at a Forward P/E of 6.1x against peer average 15.7x) and improvement in the macroeconomic landscape. Market participants would closely follow trend of coronavirus cases and the ensuring macro numbers. Cyclical sectors (Cement, Steel) are expected to continue their rally due to Government’s push towards Naya Pakistan Housing Scheme. Textile sector is also expected to garner investors’ attention due to huge export potential. Technology sector would also remain in limelight due to rerating of the sector due to improved earnings outlook. We will maintain our strategic focus towards "bottom-up" approach and align exposure towards stocks with strong earnings potential.

### Distribution

The Board of Directors approved nil dividend to the unit holders for the year ended June 30, 2021.

### Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.

### Breakdown of Certificate Holding by Size

From – To (No. of Certificates)	No. of Certificate Holders (Class 'A' Units)	Total No. of Certificates Held (Class 'A' Units)	No. of Certificate Holders (Class 'B' Units)	Total No. of Certificates Held (Class 'B' Units)
1 – 100	3,148	197,161	2,414	127,313
101 – 500	6,762	1,717,675	7,307	1,750,375
501 – 1,000	2,192	1,617,675	2,053	1,462,995
100,1 – 10,000	2,464	7,906,118	2,384	6,592,081
10,001 – 100,000	580	19,129,434	511	13,683,213
100,001 – 500,000	101	20,678,808	82	14,950,229
500,001 – 1,000,000	20	13,936,170	8	6,252,002
1,000,001 – 5,000,000	17	43,428,288	9	20,843,589
5,000,001 and above	9	175,513,671	4	69,930,797
<b>Total</b>	<b>15,293</b>	<b>284,125,000</b>	<b>14,772</b>	<b>135,592,594</b>

### Certificate Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Certificate Holders

Investments are subject to market risk.

### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –  
HBL INVESTMENT FUND**  
As at June 30, 2021

	2021		2020		2019		2018	2017	2016	2015
	Class A	Class B	Class A	Class B	Class A	Class B				
Net assets at the period end(Rs'000)	2,492,208	1,386,597	1,844,924	1,155,705	1,721,698	2,340,009	5,435,289	6,330,569	5,251,256	5,043,364
NET ASSETS VALUE PER UNIT/CERTIFICATE AT 30 JUNE - RUPEES	8.7715	10.2262	6.4934	7.8872	6.0597	8.4072	19.13	22.28	18.48	17.75
Redemption - Class B unit type B	-	10.2262	-	7.8872	-	7.9868	-	-	-	-
Redemption - Class B unit type C	-	10.2262	-	7.8872	-	8.4072	-	-	-	-
Offer - Class B unit type C	-	10.4573	-	8.0655	-	8.5972	-	-	-	-
OFFER / REDEMPTION DURING THE PERIOD - RUPEES										
Highest offer price per unit - Class B unit type C	-	10.6571	-	10.878	-	10.7063	-	-	-	-
Lowest offer price per unit - Class B unit type C	-	8.2026	-	6.8247	-	8.4074	-	-	-	-
Highest redemption price per unit - Class B unit type B	-	10.4216	-	10.6376	-	9.8040	-	-	-	-
Lowest redemption price per unit - Class B unit type B	-	8.0213	-	6.6739	-	7.8105	-	-	-	-
Highest redemption price per unit - Class B unit type C	-	10.4216	-	10.6376	-	10.4697	-	-	-	-
Lowest redemption price per unit - Class B unit type C	-	8.0213	-	6.6739	-	8.2216	-	-	-	-
RETURN ( % )										
Total return	35.08%	29.66%	7.16%	-2.94%	*-33.34%	*-16.26%	-8.54%	23.18%	4.11%	-1.12%
Income distribution	0.00%	0.00%	0.00%	0.27%	0.00%	0.00%	0.00%	13.50%	4.20%	-
Capital growth	35.08%	29.66%	7.16%	-3.21%	*-33.34%	*-16.26%	-8.54%	9.68%	-0.09%	-1.12%
DISTRIBUTION										
First Interim dividend distribution										
Second Interim dividend distribution										
Third Interim dividend distribution										
First Interim dividend distribution	-	-	-	0.27	-	-	-	1.35	0.42	-
Date of Income Distribution	-	-	-	26-Jun-20	-	-	-	25-Aug-17	26-Aug-16	-
Total dividend distribution for the year/ period	-	-	-	0.27	-	-	-	1.35	0.42	-
AVERAGE RETURNS ( % )										
Average annual return 1 year	35.08%	29.66%	7.16%	-2.94%	-33.34%	-16.26%	-8.54%	23.18%	4.11%	-1.12%
Average annual return 2 year	20.31%	12.18%	-15.48%	-9.85%	N/A	N/A	2.84%	13.25%	1.46%	15.70%
Average annual return 3 year	-1.18%	1.76%	N/A	N/A	N/A	N/A	3.26%	8.24%	11.70%	27.52%
PORTFOLIO COMPOSITION - ( % )										
Percentage of Assets as at 30 June:										
Bank Balances	3.23%	13.49%	5.32%	13.61%	2.86%	15.17%	6.59%	5%	6%	7%
GoP Ijarah Sukuks			-	-	-	-	-	-	-	-
Placement with Banks and DFIs			-	-	-	-	-	-	-	-
Corporate Sukuks			-	-	-	-	-	-	-	-
Stock / Equities	96.67%	83.67%	94.56%	84.72%	93.58%	83.72%	91.93%	94%	93%	92%
Others	0.10%	2.84%	0.12%	1.67%	3.56%	1.11%	1.49%	1%	1%	1%

Note:

The Fund converted to open end fund on July 02, 2018

\* Since conversion from Closed-End to Open-End

Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

# PROXY VOTING DISCLOURE

## Summary of Actual Proxy voted by CIS

HBL IF	Meetings	Resolutions	For	Against
Number	9	33	33	-
(%ages)		100%	100%	-

(h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Adamjee Insurance Co Limited		16/03/2021 - 26/04/2021
Agha Steel Ind.Ltd		
AGP Limited		9-Jun-21
Aisha Steel Mills Ltd	24-Sep-20	
Allied Bank Limited	25-Mar-21	
Al Shaheer Corporation Ltd		
Amreli Steels Limited	27-Oct-20	6-May-21
Attock Cement Pakistan Ltd	22-Oct-20	
Attock Refinery Ltd	19-Oct-20	
Avanceon Limited	26-May-21	
Azgard Nine Ltd	28-Oct-20	
Bank Al-Falah Ltd	27/03/2020 09-03-2021	27-May-21
Bank Al-Habib Limited	25-03-2021,	
Bank of Punjab Ltd	30-03-2021,	
BankIslami Pakistan	30-Mar-21	11-Feb-21
Berger PaintsPakistan Ltd	27-Oct-20	
Bunnys Limited	28-Oct-20	21-06-2021,04-02-2021
Byco Petroleum Pakistan Ltd	22-Oct-20	26-04-2021
Cherat Cement Company Ltd.	27-Oct-20	
Clover Pakistan Limited	20-Jan-21	5-May-21
D G Khan Cement Co.Ltd.	28-Oct-20	
Engro Corporation Ltd		26-04-2021,
Engro Fertilizers Limited	30-03-2021,	
Engro Polymer & Chemicals Ltd	08-04-2021,	
Fauji Cement Company Limited	14-Oct-20	10-Jan-20
Fauji Fertilizer Bin Qasim Ltd	29-Mar-21	25-11-2020, 09-09-2020
Fauji Fertilizer Co Ltd	18-03-2021,	6-Nov-20
Faysal Bank Limited		29-Mar-21
Ferozsons Laboratories Limited	26-Oct-20	12/02/2021'06-07-2020
General Tyre & Rubber Co of Pakistan Ltd	28-Oct-20	20-Aug-20
Ghandhara Nissan Ltd.	28-Oct-20	
Ghandhara Industries Limited	28-Oct-20	10-Apr-21
Ghani Global Holdings Limited	28-Oct-20	05-09-2020
Ghani Value Glass Limited	21-Oct-20	9-Nov-20
GlaxoSmithKline Pakistan Ltd		27/04/2021,
Gul Ahmed Textile Mills Ltd	28-Oct-20	29-Jun-21
Habib Bank Ltd	26-Mar-21	
Hascol Petroleum Ltd	23-02-2021, 11-08-2020	08-09-2020
Highnoon Laboratories Limited	27-Apr-21	
Honda Atlas Cars (Pakistan) Ltd	14-07-2020, 29/06/2021,	27-Apr-21
Hub Power Company Ltd	24-Sep-20	
ICI Pakistan Ltd	29-09-2020,	30-Jun-21
IGI Holdings Limited	29-04-2021,	
IGI LIFE INSURANCE LIMITED	28-04-2021	
Indus Motor Company Limited	30-Sep-20	28-Oct-20
Interloop Limited	15/10/2020,	10-Dec-20
International Industries Ltd	30-Sep-20	
International Steels Limited	29-Sep-20	
Ittefaq Iron Industries Limited	28-Oct-20	
Hi-Tec Lubricants Limited	23/10/2020,	

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Jahangir Siddiqui & Co.	28-Apr-21	
K-Electric Limited	26/11/2020 ; 03-06-2020	
Kot Addu Power Company Ltd	28-Oct-20	24-Mar-21
Kohat Cement Limited	28-Oct-20	
Kohinoor Textile Mills Limited	27/10/2020,	23-Apr-20
Lotte Chemical Pakistan Ltd	21-04-2021,	17-06-2020
Lucky Cement Ltd	29-Sep-20	
Maple Leaf Cement Factory Ltd	27-Oct-20	
Mari Petroleum Company Ltd	29/09/2020,	24-Jun-21
MCB Bank Ltd	27-03-2021,	
Meezan Bank Limited	29-03-2021,	
Millat Tractors Ltd	26/10/2020,	
Mughal Iron & Steel Inds Ltd	28-Oct-20	19-Apr-21
National Bank of Pakistan Ltd	29-Mar-21	
National Foods Ltd	21/10/2020,	
National Refinery Ltd	22-Oct-20	
Netsol Technologies	23-Oct-20	
Nimir Resins Limited	21-10-2020	10-Jun-21
Nishat (Chunian) Ltd	28-Oct-20	16-Apr-21
Nishat Mills Ltd	28/10/2020,	15-Dec-20
Oil & Gas Development Co Ltd	28/10/2020,	17-Mar-21
Pak Elektron Ltd	29-Apr-21	
Pak Suzuki Motor Company Limited	22-Apr-21	29-Jan-21
Pakistan International Bulk Terminal Limited	22-Oct-20	
Pakistan National Shipping Corporation	26-Oct-20	
Pakistan Oilfields Ltd	19-Oct-20	
Pakistan Petroleum Ltd	26-Oct-20	23-Dec-20
Pakistan Refinery Limited	7-Oct-20	1-Sep-20
Pakistan State Oil Company Ltd	21-Oct-20	
PANTHER TYRES LIMITED		
Pioneer Cement Limited	28-Oct-20	
Sazgar Engineering Works Limited	27-Oct-20	
Service Industries Ltd	17-07-2020,	04-08-2020
Shell Pakistan Limited	21-04-2021	9-Dec-20
Sitara Chemical Industries Limited	26-Oct-20	
Sitara Peroxide Limited	24-Oct-20	
Standard Chartered Bank (Pakistan) Ltd	29-03-2021,	
Sui Northern Gas Pipeline Ltd	15-08-2020,	
Systems Limited	31-03-2021,	3-Dec-20
Tariq Glass Industries Ltd	28-Oct-20	2-Sep-20
thal Limited	22/10/2020,	
Thatta Cement Co. Ltd	26-Oct-20	
The Organic Meat Company Limited	27-Oct-20	
The Searle Company Ltd	28/10/2020,	28-06-2021
TPL Corp Limited	28-Oct-20	21/12/2020 10-06-2021
TPL Insurance Limited	22-Apr-21	21-12-2020
TPL Trakker Limited	26-Oct-20	
Treet Corporation Ltd	31-Oct-20	02/12/2020 01-07-2020
TRG Pakistan Ltd	27-Nov-20	
Tri-Pak Films		14-04-2021,
United Bank Limited	31-03-2021,	
Unity Foods Limited	23-Oct-20	22-Mar-21
Waves Singer Pakistan Limited	23-04-2021,	09/09/2020 11-08-2020

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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Fax: (92-21) 34326021 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL INVESTMENT FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Investment Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 17, 2021





## INDEPENDENT AUDITOR'S REPORT

**To the unit holders of HBL Investment Fund**

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Investment Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and HBL Asset Management Limited (the Management Company) in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investment</b></p> <p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent a significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in listed equity securities; which is the main driver of the Fund's performance.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> <li>• obtained understanding of relevant controls placed by the Management Company applicable to the balance;</li> <li>• independently verified existence of investments from the Central Deposit Company (CDC) account statement;</li> </ul>



S. No.	Key audit matter	How the matter was addressed in our audit
	Considering the above factors the valuation and existence are significant areas during our audit due to which we have considered this as a Key Audit Matter.	<ul style="list-style-type: none"> <li>independently tested the valuations directly with the prices quoted on Pakistan Stock Exchange Limited (PSX);</li> <li>performed test of details on sale and purchase of investments on a sample basis; and</li> <li>any differences identified during our testing that were over our acceptable threshold were investigated further.</li> </ul>

#### Information other than the financial statements and auditor's report thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management Company and Board of Directors for the financial statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company are responsible for overseeing the Fund's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance of Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

  
Chartered Accountants

Place: Karachi  
Dated: September 27, 2021

**HBL Investment Fund**  
**Statement of Assets and Liabilities**  
*As at June 30, 2021*

		2021			2020		
		Class A	Class B	Total	Class A	Class B	Total
<b>Note</b>		----- Rupees in '000 -----					
<b>ASSETS</b>							
Bank balances	5	80,798	216,276	297,074	98,673	183,558	282,231
Investments	6	2,415,724	1,341,920	3,757,644	1,754,372	1,142,187	2,896,559
Dividend receivable and accrued mark-up	7	2,425	643	3,068	2,211	852	3,063
Receivable against sale of investments		-	33,792	33,792	-	18,141	18,141
Advances and deposits	8	160	10,758	10,918	100	3,480	3,580
<b>Total assets</b>		<b>2,499,107</b>	<b>1,603,389</b>	<b>4,102,496</b>	<b>1,855,356</b>	<b>1,348,218</b>	<b>3,203,574</b>
<b>LIABILITIES</b>							
Payable to the Management Company	9	4,749	6,744	11,493	8,573	5,650	14,223
Payable to the Trustee	10	332	259	591	259	239	498
Payable to the Securities and Exchange Commission of Pakistan	11	476	266	742	371	329	700
Payable against purchase of investments		-	36,111	36,111	-	1,090	1,090
Accrued expenses and other liabilities	12	1,342	87,989	89,331	1,229	84,190	85,419
Unclaimed dividend		-	85,420	85,420	-	101,015	101,015
<b>Total liabilities</b>		<b>6,899</b>	<b>216,789</b>	<b>223,688</b>	<b>10,432</b>	<b>192,513</b>	<b>202,945</b>
<b>NET ASSETS</b>		<b>2,492,208</b>	<b>1,386,600</b>	<b>3,878,808</b>	<b>1,844,924</b>	<b>1,155,705</b>	<b>3,000,629</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,492,208</b>	<b>1,386,600</b>	<b>3,878,808</b>	<b>1,844,924</b>	<b>1,155,705</b>	<b>3,000,629</b>
<b>Contingencies and commitments</b>							
		----- Number of units -----					
Number of units in issue	15	284,125,000	135,592,594		284,125,000	146,528,632	
		----- Rupees -----					
Net assets value per unit	4.6	8.7715	10.2262		6.4934	7.8872	

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

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

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

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

**HBL Investment Fund**  
**Income Statement**  
For the year ended June 30, 2021

	Note	2021			2020		
		Class A	Class B	Total	Class A	Class B	Total
----- Rupees in '000 -----							
<b>INCOME</b>							
Net gain on sale of investments		-	216,961	216,961	8	96,180	96,188
Dividend income		56,143	58,165	114,308	42,639	77,148	119,787
Income from government securities	6.3	-	-	-	1,967	860	2,827
Mark-up on bank deposits		4,631	10,526	15,157	10,949	27,506	38,455
Net unrealised gain / (loss) on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	6.1.1	-	119,737	119,737	-	(76,079)	(76,079)
<b>Total Income</b>		<b>60,774</b>	<b>405,389</b>	<b>466,163</b>	<b>55,563</b>	<b>125,615</b>	<b>181,178</b>
<b>EXPENSES</b>							
Remuneration of the Management Company	9.1	42,750	26,649	69,399	36,470	31,958	68,428
Sindh Sales Tax on remuneration of the Management Company	9.2	5,558	3,464	9,022	4,741	4,154	8,895
Remuneration of the Trustee	10.1	3,019	1,696	4,715	2,378	2,127	4,505
Sindh Sales Tax on remuneration of the Trustee	10.2	393	220	613	309	277	586
Annual fee to the Securities and Exchange Commission of Pakistan	11	476	266	742	371	329	700
Selling and marketing expenses	9.4	7,731	13,991	21,722	15,422	13,249	28,671
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	13,104	7,328	20,432	5,768	5,023	10,791
Securities transaction costs		-	6,319	6,319	-	6,977	6,977
Auditors' remuneration	14	407	231	638	362	350	712
Printing charges		37	-	37	3	-	3
Fee and subscription charges		496	28	524	604	28	632
Settlement and bank charges		871	774	1,645	800	1,002	1,802
<b>Total expenses</b>		<b>74,842</b>	<b>60,966</b>	<b>135,808</b>	<b>67,228</b>	<b>65,474</b>	<b>132,702</b>
<b>Net (loss) / income from operating activities</b>		<b>(14,068)</b>	<b>344,423</b>	<b>330,355</b>	<b>(11,665)</b>	<b>60,141</b>	<b>48,476</b>
Provision for Sindh Workers' Welfare Fund	12.2	-	(6,888)	(6,888)	-	(1,203)	(1,203)
<b>Net (loss) / income for the year before taxation</b>		<b>(14,068)</b>	<b>337,535</b>	<b>323,467</b>	<b>(11,665)</b>	<b>58,938</b>	<b>47,273</b>
Taxation	16	-	-	-	-	-	-
<b>Net (loss) / income for the year after taxation</b>		<b>(14,068)</b>	<b>337,535</b>	<b>323,467</b>	<b>(11,665)</b>	<b>58,938</b>	<b>47,273</b>
<b>Allocation of net income for the year</b>							
Net income for the year after taxation		-	337,535	337,535	-	58,938	58,938
Income already paid on redemption of units		-	(21,075)	(21,075)	-	(789)	(789)
		-	316,460	316,460	-	58,149	58,149
<b>Accounting income available for distribution:</b>							
- Relating to capital gains		-	315,662	315,662	-	19,449	19,449
- Excluding capital gains		-	798	798	-	38,700	38,700
		-	316,460	316,460	-	58,149	58,149
<b>Earning per unit</b>	17						

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Investment Fund**  
**Statement of Comprehensive Income**  
*For the year ended June 30, 2021*

	2021			2020			
	Class A	Class B	Total	Class A	Class B	Total	
<b>Note</b>	----- Rupees in '000 -----						
<b>Net (loss) / income for the year after taxation</b>	<b>(14,068)</b>	<b>337,535</b>	<b>323,467</b>	<b>(11,665)</b>	<b>58,938</b>	<b>47,273</b>	
<b>Items that will not be reclassified to income statement</b>							
Unrealised gain on re-measurement of investments classified as financial assets at 'fair value through other comprehensive income'	6.1.2	661,352	-	661,352	134,891	-	134,891
<b>Total comprehensive income for the year</b>		<b>647,284</b>	<b>337,535</b>	<b>984,819</b>	<b>123,226</b>	<b>58,938</b>	<b>182,164</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

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

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

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

**HBL Investment Fund**  
**Statement of Movement In Unitholders' Fund**  
For the year ended June 30, 2021

	2021						2020							
	Class A			Class B			Class A			Class B				
	Capital value	Accumulated loss	Unrealised income on investment	Total	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Unrealised income on investment	Total	Capital value	Accumulated loss	Total
	Rupees in '000													
<b>Net assets at beginning of the year</b>	2,841,250	(2,233,206)	1,236,880	1,844,924	1,580,790	(425,085)	1,155,705	2,841,250	(2,221,541)	1,101,989	1,721,698	2,784,354	(444,345)	2,340,009
Issuance of 517,213 units (2020: 15,865,632 units)														
- Capital value	-	-	-	-	4,079	-	4,079	-	-	-	-	-	-	-
- Element of income	-	-	-	-	935	-	935	-	-	-	-	133,386	-	133,386
Total proceeds on issuance of units	-	-	-	-	5,014	-	5,014	-	-	-	-	141,727	-	141,727
Redemption of 11,453,249 units (2020: 147,672,333 units)														
- Capital value	-	-	-	-	(90,334)	-	(90,334)	-	-	-	-	(1,241,511)	-	(1,241,511)
- Element of income	-	-	-	-	(245)	(21,075)	(21,320)	-	-	-	-	(103,780)	(789)	(104,569)
Total payment on redemption of units	-	-	-	-	(90,579)	(21,075)	(111,654)	-	-	-	-	(1,345,291)	(789)	(1,346,080)
Net (loss) / income for the year after taxation	-	(14,068)	-	(14,068)	-	337,535	337,535	-	(11,665)	-	(11,665)	-	58,938	58,938
Other comprehensive income for the year	-	-	661,352	661,352	-	-	-	-	-	134,891	134,891	-	-	-
Distribution for the year ended June 30, 2020 (cash distribution @ Rs. 0.27 per unit declared on June 28, 2020)	-	-	-	-	-	-	-	-	-	-	-	-	(38,889)	(38,889)
Net (loss) / income for the year less distribution	-	(14,068)	661,352	647,284	-	337,535	337,535	-	(11,665)	134,891	123,226	-	20,049	20,049
<b>Net assets at end of the year</b>	<b>2,841,250</b>	<b>(2,247,274)</b>	<b>1,898,232</b>	<b>2,492,208</b>	<b>1,495,225</b>	<b>(108,625)</b>	<b>1,386,600</b>	<b>2,841,250</b>	<b>(2,233,206)</b>	<b>1,236,880</b>	<b>1,844,924</b>	<b>1,580,790</b>	<b>(425,085)</b>	<b>1,155,705</b>
<b>Accumulated loss brought forward comprising of:</b>														
- Realised		(2,233,206)				(349,006)			(2,221,541)				(69,471)	
- Unrealised		-				(76,079)			-				(374,874)	
		(2,233,206)				(425,085)			(2,221,541)				(444,345)	
<b>Accounting income available for distribution</b>														
- Relating to capital gains	-	-	-	-	315,662	-	315,662	-	-	-	-	19,449	-	19,449
- Excluding to capital gains	-	-	-	-	798	-	798	-	-	-	-	38,700	-	38,700
	-	-	-	-	316,460	-	316,460	-	-	-	-	58,149	-	58,149
Net loss for the year after taxation	(14,068)				-			(11,665)				-		
Distribution during the year	-				-			-				(38,889)		
<b>Accumulated loss carried forward</b>	<b>(2,247,274)</b>				<b>(108,625)</b>			<b>(2,233,206)</b>				<b>(425,085)</b>		
<b>Accumulated loss carried forward comprising of:</b>														
- Realised	(2,247,274)				(228,362)			(2,233,206)				(349,006)		
- Unrealised	-				119,737			-				(76,079)		
	(2,247,274)				(108,625)			(2,233,206)				(425,085)		
					-- Rupees--			-- Rupees--				-- Rupees--		-- Rupees--
<b>Net assets value per unit at beginning of the year</b>		<u>6.4934</u>				<u>7.8872</u>			<u>6.0597</u>				<u>8.4072</u>	
<b>Net assets value per unit at end of the year</b>		<u>8.7715</u>				<u>10.2262</u>			<u>6.4934</u>				<u>7.8872</u>	

NOTE: Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

**HBL Investment Fund**  
**Statement of Cash Flow**  
For the year ended June 30, 2021

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
Note	----- Rupees in '000 -----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net (loss) / income for the period before taxation	(14,068)	337,535	323,467	(11,665)	58,938	47,273
<b>Adjustments for:</b>						
Net gain on sale of investment	-	(216,961)	(216,961)	(8)	(96,180)	(96,188)
Income from government securities	-	-	-	(1,967)	(860)	(2,827)
Net unrealised (gain) / loss on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	-	(119,737)	(119,737)	-	76,079	76,079
Dividend income	(56,143)	(58,165)	(114,308)	(42,639)	(77,148)	(119,787)
Mark-up on bank deposits	(4,631)	(10,526)	(15,157)	(10,949)	(27,506)	(38,455)
Provision for Sindh Workers' Welfare Fund	-	6,888	6,888	-	1,203	1,203
	<b>(74,842)</b>	<b>(60,966)</b>	<b>(135,808)</b>	<b>(67,228)</b>	<b>(65,474)</b>	<b>(132,702)</b>
<b>(Increase) / decrease in assets</b>						
Investments - net	-	136,965	136,965	6	1,032,333	1,032,339
Receivable against sale of investments	-	(15,651)	(15,651)	-	3,792	3,792
Advances and deposits	(60)	(7,278)	(7,338)	-	(263)	(263)
	<b>(60)</b>	<b>114,036</b>	<b>113,976</b>	<b>6</b>	<b>1,035,862</b>	<b>1,035,868</b>
<b>Increase / (decrease) in liabilities</b>						
Payable to the Management Company	(3,824)	1,094	(2,730)	3,269	(1,449)	1,820
Payable to the Trustee	73	20	93	-	(113)	(113)
Payable to the Securities and Exchange Commission of Pakistan	105	(63)	42	(1,785)	(2,219)	(4,004)
Payable against purchase of investments	-	35,021	35,021	-	(14,974)	(14,974)
Accrued expenses and other liabilities	113	(3,089)	(2,976)	71	(39,366)	(39,295)
	<b>(3,533)</b>	<b>32,983</b>	<b>29,450</b>	<b>1,555</b>	<b>(58,121)</b>	<b>(56,566)</b>
Dividend income received	55,717	58,162	113,879	102,108	78,670	180,778
Mark-up received on bank deposits	4,843	10,739	15,582	10,715	29,386	40,101
Income received on government securities	-	-	-	1,967	860	2,827
<b>Net cash (used in) / generated from operating activities</b>	<b>(17,875)</b>	<b>154,953</b>	<b>137,078</b>	<b>49,123</b>	<b>1,021,183</b>	<b>1,070,306</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Amount received on issue of units	-	5,014	5,014	-	141,727	141,727
Amount paid on redemption of units	-	(111,654)	(111,654)	-	(1,346,079)	(1,346,079)
Dividend paid	-	(15,595)	(15,595)	-	(23,894)	(23,894)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(122,235)</b>	<b>(122,235)</b>	<b>-</b>	<b>(1,228,246)</b>	<b>(1,228,246)</b>
Net (decrease) / increase in cash and cash equivalents during the year	(17,875)	32,718	14,843	49,123	(207,063)	(157,940)
<b>Cash and cash equivalents at beginning of the year</b>	<b>98,673</b>	<b>183,557</b>	<b>282,230</b>	<b>49,550</b>	<b>390,621</b>	<b>440,171</b>
<b>Cash and cash equivalents at end of the year</b>	<b>80,798</b>	<b>216,275</b>	<b>297,073</b>	<b>98,673</b>	<b>183,558</b>	<b>282,231</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



**1. STATUS AND NATURE OF BUSINESS**

- 1.1** HBL Investment Fund was established under a Trust Deed, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The objective of the Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.
- 1.4** As per Regulation 65 of the NBFC Regulations, all closed end funds were required to be converted into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. However closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has Frozen Portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, its conversion into an open end scheme was deferred.

The Board of the Management Company (HBL Asset Management Limited) of the Fund in its meeting held on November 23, 2017 approved the Conversion Plan (the Plan) for the conversion of the Fund into an open end scheme, with the approval of the certificate holders of the Fund to fulfill the requirements of the merger order dated August 31, 2016. For this purpose, the Plan was presented to and approved by the certificate holders of the Fund in its General Meeting dated January 10, 2018. The Plan was also approved by Securities and Exchange Commission of Pakistan (the Commission) on February 16, 2018.

The Replacement Trust Deed and Replacement Offering Document were approved by SECP vide its letter no. SCD/AMCW/HIF/339/2018 dated April 18, 2018 and letter no. SCD/AMCW/HIF/398/2018 dated June 7, 2018 respectively. As per the approved Plan, the conversion took place on July 2, 2018 and every certificate holder of the closed end fund was entitled to following for each certificate held;

- One Class-a Unit of the Fund was issued to every certificate holder of the Fund for each certificate held representing Frozen Portfolio and related assets and liabilities.
- One Class-B Unit of the Fund was issued to the every certificate holder of the Fund for each certificate held representing Unfrozen Portfolio and related assets and liabilities.

The Plan also envisages that Class-A Units would not be redeemable and would be traded on the Pakistan Stock Exchange. Whereas Class-B Units can be redeemed at the redemption price.

- 1.5** JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2++' (stable outlook) to the Management Company.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company Limited as the Trustee of the Fund.
- 1.7** **COVID - 19 impact**

The coronavirus (COVID-19) outbreak situation emerged last year in March 2020, has caused governments around the world to implement measures to help control its spread, including, smart lock-downs, travel bans, quarantines, social-distancing closures or reduced operations for non-essential businesses, governmental agencies, schools and other institutions and vaccination.

General economic activities in Pakistan was although affected but continued since then. Stock markets and financial institutions remained open throughout the year. Activities of the Fund were operational during the year as staff of the Management Company were working without any disruption either from office or online remotely.

The management of the Fund is closely monitoring the situation, and there has not been any material adverse impact on fiscal and economic fronts facing the country and therefore not materially affected the financial performance of the Fund.

## **2. BASIS OF PREPARATION**

### **2.1 Statements 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; 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, 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, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

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

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All amounts have been rounded to the nearest thousands of Rupee, unless otherwise indicated.

### **2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

(i) Classification and valuation of financial assets (notes 4.2)

(ii) Provision (note 4.4)

### 3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS

#### 3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	<b>Effective from accounting periods beginning on or after:</b>
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

#### 3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	<b>Effective from accounting periods beginning on or after:</b>
Interest rate benchmark - phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021

**Effective from accounting periods  
beginning on or after:**

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these 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.

##### **4.1 Cash and cash equivalents**

Cash comprises savings accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

##### **4.2 Financial instruments**

###### **4.2.1 Initial recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

#### **4.2.2 Classification and measurement**

##### **4.2.2.1 Financial assets**

There are three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through profit or loss ("FVTPL").

##### **Financial asset at amortised cost**

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

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

##### **Financial asset at FVTOCI**

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

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

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

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

##### **Financial asset at FVTPL**

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

#### **Business model assessment**

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

#### **4.2.2.2 Financial liabilities**

The Fund classifies its financial liabilities in the following categories:

- Measured at amortized cost ("AC"), or
- Fair value through profit or loss ("FVTPL").

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

#### **4.2.3 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

#### **4.2.4 Impairment of financial assets**

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. The Fund is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

#### **4.2.5 Fair value measurement principles and provision**

The fair value of financial instruments is determined as follows:

##### **Basis of valuation of government securities**

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKIRSV rates) which are based on the remaining tenor of the securities.

##### **Basis of valuation of equity securities**

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement..

##### **Basis of valuation of securities at amortised cost**

Subsequent to initial recognition, financial assets classified as amortised cost are carried at amortised cost using the effective interest method.

Subsequent to initial recognition, financial assets classified as amortised cost are carried at amortised cost using the effective interest method.

#### **4.2.6 Derecognition**

##### **Financial assets**

The Fund derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

##### **Financial liabilities**

The Fund derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired.

#### **4.2.7 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.3 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.4 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.5 Taxation**

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders (excluding distribution made by issuance of bonus units).

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.



The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.6 Net assets value per unit**

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in issue at the year end.

#### **4.7 Distribution to the unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

#### **4.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

An equalisation account called the element of income / (loss) included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the Fund.

#### **4.9 Revenue recognition**

- Gain / (loss) arising on sale of investments are included in the 'income statement' on the date at which the sale transaction takes place.
- Unrealised gain / (loss) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the 'income statement' and an investment classified as 'financial asset at fair value through OCI' are included in the 'statement of comprehensive income' in the period in which they arise.
- Dividend income is recognized when the right to receive the dividend is established.

- Mark-up / return on bank balances and government securities are recognised at effective profit rates based on a time proportion basis using the effective interest method.

#### 4.10 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP, and selling and marketing expense) are recognised in the 'income statement' on an accrual basis.

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
Note	----- Rupees in '000 -----					

#### 5 BANK BALANCES

		2021			2020		
		Class A	Class B	Total	Class A	Class B	Total
Savings accounts	5.1	80,798	216,276	297,074	98,673	183,558	282,231

- 5.1 This includes balances of Rs. 0.479 million (2020: 0.457 million) with Habib Bank Limited (a related party). These accounts carry profit at the rates of 5% (2020: 6.56%) per annum. Other PLS accounts of the Fund carry profit at the rates of 5% to 7.4% (2020: 7% to 14.05%) per annum.

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
Note	----- Rupees in '000 -----					

#### 6 INVESTMENTS

##### At fair value through profit or loss

Listed equity securities	6.1	-	1,341,920	1,341,920	-	1,142,187	1,142,187
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##### At fair value through other comprehensive income

Listed equity securities	6.2	2,415,724	-	2,415,724	1,754,372	-	1,754,372
		2,415,724	1,341,920	3,757,644	1,754,372	1,142,187	2,896,559

#### 6.1 Listed equity securities - At fair value through profit or loss

Sector / Name of the investee company	----- Number of shares -----					Market value as at June 30, 2021 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2020	Acquired during the year	Bonus / rights issue during the year	Disposed during the year	As at June 30, 2021		Total investments	Net assets	

##### CLASS B

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

##### TEXTILE COMPOSITE

Gul Ahmed Textile Mills Limited	588,500	71,500	57,900	314,000	403,900	20,490	1.53%	1.48%	0.08%
Interloop Limited	279,642	26,500	-	103,000	203,142	14,227	1.06%	1.03%	0.02%
Azgard Nine Limited	-	1,921,000	-	599,000	1,322,000	44,802	3.34%	3.23%	0.27%
Nishat (Chunian) Limited	-	488,000	-	217,000	271,000	13,629	1.02%	0.98%	0.11%
Nishat Mills Limited	273,500	45,000	-	318,500	-	-	-	-	-
	1,141,642	2,552,000	57,900	1,551,500	2,200,042	93,147			

##### CEMENT

Cherat Cement Company Limited	181,000	4,000	-	128,000	57,000	10,111	0.75%	0.73%	0.03%
Attock Cement Pakistan Limited	-	342,000	-	40,000	302,000	54,306	4.05%	3.92%	0.22%
Fauji Cement Company Limited	-	200,000	-	200,000	-	-	-	-	-
D G Khan Cement Company Limited	-	329,500	-	184,000	145,500	17,157	1.28%	1.24%	0.03%
Pioneer Cement Limited	-	180,500	-	94,500	86,000	11,272	0.84%	0.81%	0.04%
Kohat Cement Limited	123,500	8,000	-	71,900	59,600	12,307	0.92%	0.89%	0.03%
Lucky Cement Limited	174,200	2,000	-	80,500	95,700	82,631	6.16%	5.96%	0.03%
Maple Leaf Cement Factory Limited	688,000	60,000	-	447,500	300,500	14,117	1.05%	1.02%	0.03%
	1,166,700	1,126,000	-	1,246,400	1,046,300	201,901			

# HBL Investment Fund

## Notes to the financial statements

For the year ended June 30, 2021

Sector / Name of the investee company	Number of shares					Market value as at June 30, 2021 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2020	Acquired during the year	Bonus / rights issue during the year	Disposed during the year	As at June 30, 2021		Total investments	Net assets	
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Limited (note 6.1.2)	746,909	-	-	141,000	605,909	48,273	3.60%	3.48%	0.05%
K-Electric Limited (Par value Rs. 3 / share)	2,640,500	-	-	2,640,500	-	-	-	-	-
	<b>3,387,409</b>	<b>-</b>	<b>-</b>	<b>2,781,500</b>	<b>605,909</b>	<b>48,273</b>			
<b>ENGINEERING</b>									
Aisha Steel Mills Limited	-	2,433,525	-	1,609,000	824,525	20,539	1.53%	1.48%	0.11%
Aisha Steel Mills Limited - Conv. Cum. Pref. Shares	1,065,000	-	-	1,065,000	-	-	-	-	-
Agha Steel Industries Limited	-	420,000	-	25,000	395,000	13,323	0.99%	0.96%	0.07%
Amreli Steels Limited	-	143,500	-	-	143,500	6,234	0.46%	0.45%	0.05%
Mughal Iron & Steel Industries Limited	-	284,280	-	157,140	127,140	13,273	0.99%	0.96%	0.04%
International Industries Limited	61,800	64,000	-	61,800	64,000	13,505	1.01%	0.97%	0.05%
International Steels Limited	257,000	317,500	-	358,000	216,500	20,223	1.51%	1.46%	0.05%
	<b>1,383,800</b>	<b>3,662,805</b>	<b>-</b>	<b>3,275,940</b>	<b>1,770,665</b>	<b>87,098</b>			
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
General Tyre & Rubber Company Limitec	-	497,000	-	85,500	411,500	36,142	2.69%	2.61%	0.34%
Panther Tyres Limited	-	377,213	-	117,000	260,213	17,989	1.34%	1.30%	0.19%
Thal Limited (Par value Rs. 5 / share)	82,800	-	-	82,800	-	-	-	-	-
	<b>82,800</b>	<b>874,213</b>	<b>-</b>	<b>285,300</b>	<b>671,713</b>	<b>54,131</b>			
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Avanceon Limited	-	274,000	-	200,000	74,000	6,784	0.51%	0.49%	0.03%
Netsol Technologies Limitec	-	179,000	-	68,000	111,000	18,868	1.41%	1.36%	0.12%
WorldCall Telecom Limited	-	2,000,000	-	1,000,000	1,000,000	3,960	0.30%	0.29%	0.06%
TPL Trakker Limited	-	3,020,500	-	500,000	2,520,500	44,134	3.29%	3.18%	1.35%
TRG Pakistan Limited	-	515,500	-	441,000	74,500	12,392	0.92%	0.89%	0.01%
TPL Corporation Limited	-	4,036,000	-	4,036,000	-	-	-	-	-
Systems Limited	-	31,300	-	-	31,300	17,535	1.31%	1.26%	0.02%
Pakistan Telecommunication Company Limited	-	270,000	-	270,000	-	-	0.00%	0.00%	0.00%
	<b>-</b>	<b>10,326,300</b>	<b>-</b>	<b>6,515,000</b>	<b>3,811,300</b>	<b>103,673</b>			
<b>PHARMACEUTICALS</b>									
AGP Limited	150,500	38,500	-	189,000	-	-	-	-	-
GlaxoSmithKline Pakistan Limited	85,900	-	-	85,900	-	-	-	-	-
Hignoon Laboratories Limited	49,500	1,200	-	50,700	-	-	-	-	-
The Searle Company Limitec	68,996	3,319	-	70,852	1,463	355	0.03%	0.03%	0.00%
	<b>354,896</b>	<b>43,019</b>	<b>-</b>	<b>396,452</b>	<b>1,463</b>	<b>355</b>			
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limitec	64,806	-	-	40,140	24,666	37,601	2.80%	2.71%	0.02%
Oil & Gas Development Company Limited (note 6.1.2)	781,200	40,000	-	288,605	532,595	50,613	3.77%	3.65%	0.01%
Pakistan Oilfields Limited	16,500	17,000	-	5,500	28,000	11,028	0.82%	0.80%	0.01%
Pakistan Petroleum Limited (note 6.1.2)	567,246	149,500	-	107,200	609,546	52,926	3.94%	3.82%	0.02%
	<b>1,429,752</b>	<b>206,500</b>	<b>-</b>	<b>441,445</b>	<b>1,194,807</b>	<b>152,168</b>			
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Pakistan State Oil Company Limited (note 6.1.2)	234,692	31,000	-	48,000	217,692	48,817	3.64%	3.52%	0.05%
Sui Northern Gas Pipeline Limitec	545,000	-	-	545,000	-	-	-	-	-
Hascol Petroleum Limited	-	200,000	-	200,000	-	-	-	-	-
	<b>779,692</b>	<b>231,000</b>	<b>-</b>	<b>793,000</b>	<b>217,692</b>	<b>48,817</b>			
<b>COMMERCIAL BANKS</b>									
Bank Alfalah Limited (note 6.1.2)	1,623,650	-	-	1,623,650	-	-	-	-	-
Bank Al-Habib Limited	185,967	-	-	185,967	-	-	-	-	-
Bank of Punjab Limited	4,084,500	-	-	4,084,500	-	-	-	-	-
Bank Islami Pakistan Limited	584,500	-	-	584,500	-	-	-	-	-
Faysal Bank Limited	18,000	-	-	9,000	9,000	153	0.01%	0.01%	0.00%
Habib Bank Limited**	265,600	194,500	-	293,000	167,100	20,448	1.52%	1.47%	0.01%
MCB Bank Limited	182,800	51,554	-	57,101	177,253	28,330	2.11%	2.04%	0.01%
National Bank of Pakistan Limitec	480,000	100,000	-	580,000	-	-	-	-	-
Standard Chartered Bank (Pakistan) Limited	127,000	1,548,000	-	-	1,675,000	56,749	4.23%	4.09%	0.04%
United Bank Limited (note 6.1.2)	362,200	584,500	-	386,500	560,200	68,456	5.10%	4.94%	0.05%
	<b>7,914,217</b>	<b>2,478,554</b>	<b>-</b>	<b>7,804,218</b>	<b>2,588,553</b>	<b>174,136</b>			
<b>FERTILIZER</b>									
Engro Corporation Limited	214,300	168,500	-	243,800	139,000	40,951	3.05%	2.95%	0.02%
Engro Fertilizers Limited	291,500	8,000	-	299,500	-	-	-	-	-
Fauji Fertilizer Company Limited	323,500	251,100	-	380,500	194,100	20,594	1.53%	1.49%	0.02%
Fauji Fertilizer Bin Qasim Limited	-	1,040,000	-	700,000	340,000	8,979	0.67%	0.65%	0.03%
	<b>829,300</b>	<b>1,467,600</b>	<b>-</b>	<b>1,623,800</b>	<b>673,100</b>	<b>70,524</b>			
<b>CHEMICAL</b>									
Engro Polymer & Chemicals Limited	567,462	160,000	-	727,462	-	-	-	-	-
Lotte Chemical Pakistan Limitec	-	443,000	-	443,000	-	-	-	-	-
Sitara Chemical Industries Limited	64,200	2,000	-	66,200	-	-	-	-	-
ICI Pakistan Limited	-	8,200	-	8,200	-	-	-	-	-
Ghani Global Holdings Limitec	-	482,000	-	482,000	-	-	-	-	-
Sitara Peroxide Limitec	-	291,000	-	291,000	-	-	-	-	-
Nimir Resins Limited (Par value Rs. 5 / share)	-	1,026,000	-	-	1,026,000	20,674	1.54%	1.49%	0.36%
	<b>631,662</b>	<b>2,412,200</b>	<b>-</b>	<b>2,017,862</b>	<b>1,026,000</b>	<b>20,674</b>			

# HBL Investment Fund

## Notes to the financial statements

For the year ended June 30, 2021

Sector / Name of the investee company	Number of shares					Market value as at June 30, 2021 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 01, 2020	Acquired during the year	Bonus / rights issue during the year	Disposed during the year	As at June 30, 2021		Total investments	Net assets	
<b>TRANSPORT</b>									
Pakistan National Shipping Corp Limited	74,500	-	-	74,500	-	-	-	-	-
	<b>74,500</b>	<b>-</b>	<b>-</b>	<b>74,500</b>	<b>-</b>	<b>-</b>			
<b>GLASS &amp; CERAMICS</b>									
Tariq Glass Industries Limited	83,000	149,000	30,750	262,750	-	-	-	-	-
	<b>83,000</b>	<b>149,000</b>	<b>30,750</b>	<b>262,750</b>	<b>-</b>	<b>-</b>			
<b>AUTOMOBILE ASSEMBLER</b>									
Sazgar Engineering Works Limited	-	25,000	-	25,000	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	-	42,700	-	42,700	-	-	-	-	-
Indus Motor Company Limited	-	5,500	-	5,500	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	88,000	-	68,100	19,900	7,073	0.53%	0.51%	0.02%
	<b>-</b>	<b>161,200</b>	<b>-</b>	<b>141,300</b>	<b>19,900</b>	<b>7,073</b>			
<b>LEATHER AND TANNARIES</b>									
The Service Industries	-	7,450	-	7,450	-	-	-	-	-
	<b>-</b>	<b>7,450</b>	<b>-</b>	<b>7,450</b>	<b>-</b>	<b>-</b>			
<b>TEXTILE SPINNING</b>									
Sunshine Cloth*	50,000	-	-	-	50,000	-	-	-	-
	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>			
<b>TEXTILE WEAVING</b>									
Mohib Textile*	40,820	-	-	-	40,820	-	-	-	-
	<b>40,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,820</b>	<b>-</b>			
<b>INSURANCE</b>									
Adamjee Insurance Company Limited	527,000	-	-	527,000	-	-	-	-	-
IGI Holdings Limited	269,900	61,000	-	25,000	305,900	59,210	4.41%	4.27%	0.21%
IGI Life Insurance Limited	-	290,500	-	-	290,500	13,691	1.02%	0.99%	0.17%
TPL Insurance Limited	536,189	-	-	-	536,189	20,986	1.56%	1.51%	0.46%
	<b>1,333,089</b>	<b>351,500</b>	<b>-</b>	<b>552,000</b>	<b>1,132,589</b>	<b>93,888</b>			
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Elektron Limited	-	755,500	-	254,000	501,500	17,583	1.31%	1.27%	0.10%
Waves Singer Pakistan Limited	-	1,429,500	-	909,500	520,000	14,175	1.06%	1.02%	0.18%
	<b>-</b>	<b>2,185,000</b>	<b>-</b>	<b>1,163,500</b>	<b>1,021,500</b>	<b>31,758</b>			
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>									
The Organic Meat Company Limitec	-	4,140,072	-	3,414,500	725,572	26,658	1.99%	1.92%	0.65%
National Foods Limited (Par value Rs. 5 / share)	-	58,800	-	58,800	-	-	-	-	-
Unity Foods Limited	-	5,549,316	-	4,606,500	942,816	41,974	3.13%	3.03%	0.09%
Clover Pakistan Limited	-	167,000	-	45,000	122,000	7,922	0.59%	0.57%	0.39%
Fauji Foods Limited	-	1,953,000	-	1,936,000	17,000	307	0.02%	0.02%	0.00%
	<b>-</b>	<b>11,868,188</b>	<b>-</b>	<b>10,060,800</b>	<b>1,807,388</b>	<b>76,862</b>			
<b>REFINERY</b>									
Attock Refinery Limited	-	195,000	-	142,500	52,500	13,464	1.00%	0.97%	0.05%
Pakistan Refinery Limited	-	1,213,500	-	1,213,500	-	-	-	-	-
National Refinery Limited	-	182,100	-	100,100	82,000	42,902	3.20%	3.09%	0.10%
	<b>-</b>	<b>1,590,600</b>	<b>-</b>	<b>1,456,100</b>	<b>134,500</b>	<b>56,366</b>			
<b>MISCELLANEOUS</b>									
Pace (Pakistan) Limited	-	1,400,000	-	1,400,000	-	-	-	-	-
TPL Properties Limited	-	700,000	-	-	700,000	21,077	1.57%	1.52%	0.21%
Tri-Pack Films Limited	-	19,500	-	19,500	-	-	-	-	-
	<b>-</b>	<b>2,119,500</b>	<b>-</b>	<b>1,419,500</b>	<b>700,000</b>	<b>21,077</b>			
<b>Total as at June 30, 2021</b>	<b>20,683,279</b>	<b>43,805,179</b>	<b>88,650</b>	<b>43,862,867</b>	<b>20,714,241</b>	<b>1,341,920</b>			
<b>Total as at June 30, 2020</b>	<b>34,068,341</b>	<b>23,828,460</b>	<b>229,391</b>	<b>37,442,913</b>	<b>20,683,279</b>	<b>1,142,187</b>			
<b>Carrying value as at June 30, 2021</b>						<b>1,222,183</b>			
<b>Carrying value as at June 30, 2020</b>						<b>1,218,266</b>			

\*Suspended /delisted companies

\*\*Sponsors of Management Company

### 6.1.1 Net unrealised gain / (loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

2021 2020  
----- Rupees in '000 -----

Market value of investments	<b>1,341,920</b>	1,142,187
Less: carrying value of investments before mark to market	<b>(1,222,183)</b>	(1,218,266)
	<b>119,738</b>	(76,079)

**6.1.2** Investments include 300,000 shares of Oil & Gas Development Company Limited, 300,000 shares of The Hub Power Company Limited, 50,000 shares of Pakistan Petroleum Limited, 105,000 shares of Pakistan State Oil Company Limited and 490,000 shares of United Bank Limited (2020: 1,690,000 shares of Bank Alfalah Limited, 200,000 shares of The Hub Power Company Limited, 50,000 shares of Pakistan Petroleum Limited, 105,000 shares of Pakistan State Oil Company Limited and 360,000 shares of United Bank Limited) having market value of Rs. 28.509 million, Rs. 23.901 million, Rs. 4.342 million, Rs. 23.546 million and Rs. 59.878 million (June 30, 2020: Rs. 57.274 million, Rs. 14.140 million, Rs. 4.470 million, Rs. 15.152 million and Rs. 36.824 million), respectively, that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

**6.1.3** Finance Act, 2014 has brought amendments to the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld shares equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.526 million at June 30, 2021 (June 30, 2020: Rs. 0.426 million) and not yet deposited in CDC account of Department of Income tax. Management is of the view that the decision will be in their favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

Further, Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 therefore, bonus shares, subsequent to this amendment, issued to the Fund were not withheld by the investee companies.

## 6.2 Listed equity securities - fair value through other comprehensive income

Sector / Name of investee company	Number of shares				Market value as at June 30, 2021 (Rs. in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at June 30, 2020	Acquired / bonus during the year	Disposed during the year	As at June 30, 2021		Total investments	Net assets	
<b>CLASS A</b>								
<b>OIL AND GAS MARKETING COMPANIES</b>								
Pakistan State Oil Company Limited	10,233,471	-	-	10,233,471	2,294,856	95.00%	92.08%	48.88%
Sui Northern Gas Pipeline Limited	2,488,024	-	-	2,488,024	120,868	5.00%	4.85%	1.91%
<b>Total June 30, 2021</b>	<b>12,721,495</b>	<b>-</b>	<b>-</b>	<b>12,721,495</b>	<b>2,415,724</b>			
Total as at June 30, 2020	11,015,917	1,705,578	-	12,721,495	1,754,372			
Cost as at June 30, 2021 / June 30, 2020					<b>517,491</b>			

### 6.2.1 Net unrealised gain on re-measurement of investments classified as 'financial asset at fair value through other comprehensive income'

Market value of investments  
Less: Cost of investments

	2021	2020
	----- Rupees in '000 -----	
Market value of investments	2,415,724	1,754,372
Less: Cost of investments	(517,491)	(517,491)
	<b>1,898,233</b>	<b>1,236,881</b>

**6.2.2** The above mentioned shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited are blocked / frozen by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the NBFC Regulations, 2008 does not apply to the above frozen shares.

**6.2.3** Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable 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. 48.341 million at June 30, 2021 (June 30, 2020: Rs.13.488 million) and not yet deposited in CDC account of Department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

Further, Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 therefore, bonus shares, subsequent to this amendment, issued to the Fund were not withheld by the investee companies.

**6.3** Income from government securities was related to market treasury bills acquired and disposed off during last year. There is no such transaction in current year.

**7. DIVIDEND RECEIVABLE AND ACCRUED MARK-UP**

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
	----- Rupees in '000 -----					
Mark-up accrued on bank deposits	400	628	1,028	612	841	1,453
Dividend receivable	2,025	15	2,040	1,599	11	1,610
	<b>2,425</b>	<b>643</b>	<b>3,068</b>	<b>2,211</b>	<b>852</b>	<b>3,063</b>

**8. ADVANCES AND DEPOSITS**

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
	----- Rupees in '000 -----					
Security deposits with:						
- National Clearing Company of Pakistan Limited	-	2,500	2,500	-	2,500	2,500
- Central Depository Company of Pakistan Limited	100	200	300	100	200	300
Advance tax	60	1,123	1,183	-	780	780
Advance against IPO subscription	-	6,935	6,935	-	-	-
	<b>160</b>	<b>10,758</b>	<b>10,918</b>	<b>100</b>	<b>3,480</b>	<b>3,580</b>

Note

**8.1** This represents advance paid against the participation of the Fund in the book building process of Pakistan Aluminum Beverage Cans Limited.

**9. PAYABLE TO THE MANAGEMENT COMPANY**

	Note	2021			2020		
		Class A	Class B	Total	Class A	Class B	Total
----- Rupees in '000 -----							
Remuneration of the Management Company	9.1	3,173	2,297	5,470	2,943	1,941	4,884
Sindh Sales Tax on remuneration of the Management Company	9.2	412	298	710	383	252	635
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	1,164	632	1,796	809	534	1,343
Selling and marketing expenses	9.4	-	3,517	3,517	4,438	2,923	7,361
		<u>4,749</u>	<u>6,744</u>	<u>11,493</u>	<u>8,573</u>	<u>5,650</u>	<u>14,223</u>

**9.1** 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 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets of the Fund. As per the instructions of SECP via letter No. SCD/AMCW/HBLAML/9/2020 dated October 19, 2020, it was advised to HBL AMC to take up the matter at their Board level for lowering the rate of management fee keeping in view the passive nature of investments in Class A units of HBL Investment Fund and in the best interest of the certificate holders. Subsequently, management of HBL AMC in its 83rd Board meeting held on February 10, 2021 has approved the reduction in rate of 2% to 1.5% effective from February 10, 2021. Currently, the management fee is charged at the rate of 1.5% and 2% (2020: 1.7% to 2% and 2%) of average annual net assets of the fund for Class A and Class B, respectively.

**9.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2020: 13%) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.

**9.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company has charged expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). The expense charged by the asset Management Company at the rate of 0.55% (2020: 0.1% to 0.55%) during the year of average annual net assets of the fund.

**9.4** SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed cap of 0.4 percent (of average net assets, calculated on daily basis), on charging of selling and marketing expenses which are charged by Asset Management Companies to all categories of open-end mutual funds (except fund of funds). The selling and marketing expense charge by the Management Company at the rate of 1.05% (2020: 0.4% to 1.05%) of the average annual net assets of the Fund. However, as per the instructions of SECP via letter No. SCD/AMCW/HBLAML/9/2020 dated October 19, 2020, Management Company ceased to charge selling and marketing expenses to the certificate holders of Class A with effect from November 01, 2020.

**10. PAYABLE TO THE TRUSTEE**

	Note	2021			2020		
		Class A	Class B	Total	Class A	Class B	Total
----- Rupees in '000 -----							
Remuneration of the Trustee	10.1	294	197	491	229	180	409
Sindh Sales Tax on remuneration of the Trustee	10.2	38	26	64	30	23	53
CDS charges payable		-	36	36	-	36	36
		<u>332</u>	<u>259</u>	<u>591</u>	<u>259</u>	<u>239</u>	<u>498</u>

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund is as follows:

Amount of funds under management [Average Net Assets Value (NAV)]	Tariff per annum
Up to Rs. 1 billion	0.20% p.a. of NAV
Over Rs. 1 billion	Rs. 2.0 million plus 0.10% p.a. of NAV on amount exceeding Rs. 1,000 million

- 10.2** The Sindh Provincial Government had levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

**11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

As per SRO 685(I)/2019 dated June 28, 2019 has revised the rate of annual fee at 0.02% (2020: 0.02%) of the net assets of the fund has been charged during the year by Securities and Exchange Commission of Pakistan.

**12. ACCRUED EXPENSES AND OTHER LIABILITIES**

Note	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
	----- Rupees in '000 -----					
Provision for Federal Excise Duty payable						
on Management Company's remuneration	12.1	-	55,961	-	55,961	55,961
Provision for Workers' Welfare Fund	12.2					
Provision for Sindh Workers' Welfare Fund	12.2	634	29,166	634	22,278	22,912
Printing charges		-	-	-	-	-
Auditors' remuneration		569	370	283	211	494
Security transaction costs		-	1,079	-	391	391
Withholding tax		139	276	312	4,182	4,494
Other payables		-	1,137	-	1,167	1,167
		<b>1,342</b>	<b>87,989</b>	<b>1,229</b>	<b>84,190</b>	<b>85,419</b>

- 12.1** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.



The Finance Act 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ending June 30, 2021.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company, aggregating to Rs. 55.961 million (2020: Rs. 55.961 million). Had the provision not being made, the Net Asset Value per certificate as at June 30, 2021 would have been higher by Rs. 0.413 (2020: Rs. 0.382) per unit for Class B Fund.

- 12.2** The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 0.634 million for Class 'A' and Rs. 29.166 million for Class 'B' for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 0.002 in Class 'A' and Rs. 0.215 in Class 'B' (2020: Rs. 0.002 in Class 'A' and Rs. 0.152 in Class 'B') per unit.

### **13. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
	----- Rupees in '000 -----					
<b>14. AUDITORS' REMUNERATION</b>						
Annual audit fee	263	153	416	280	182	462
Fee for half yearly review	76	59	135	72	64	136
Other certifications and out of pocket	68	19	87	10	104	114
	<b>407</b>	<b>231</b>	<b>638</b>	<b>362</b>	<b>350</b>	<b>712</b>

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
	----- Number of units in '000 -----					
<b>15. NUMBER OF UNITS IN ISSUE</b>						
Total outstanding as of July 01	284,125	146,529	430,654	284,125	278,335	562,460
Add: Issued during the year	-	517	517	-	15,866	15,866
Less: Redemptions during the year	-	(11,453)	(11,453)	-	(147,672)	(147,672)
Total units in issue as of June 30	<b>284,125</b>	<b>135,593</b>	<b>419,718</b>	<b>284,125</b>	<b>146,529</b>	<b>430,654</b>

**16. TAXATION**

No provision for taxation has been made for Class A as the Fund has incurred a net loss in Class A. The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 if it has distributed not less than 90 percent of its accounting income (excluding capital gains realised or unrealised). The Fund has not distributed any amount for the year ended June 30, 2021 being whole of the accounting income pertaining to capital gains (realised or unrealised) in Class B and therefore has not accrued and recorded taxation charge for the year in Class B. The Fund is also exempt from provision of Section 113 (minimum tax) under clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. Hence, no provision with respect to taxation has been recognized in these financial statements.

**17. EARNING PER UNIT**

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

**18. FINANCIAL INSTRUMENTS BY CATEGORY**

	Class A			Total
	As on June 30, 2021			
	At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	
	----- Rupees in '000 -----			
<b>Financial assets</b>				
Bank balances	-	-	80,798	80,798
Investments - Listed equity securities	2,415,724	-	-	2,415,724
Dividend receivable and accrued mark-up	-	-	2,425	2,425
Deposits	-	-	100	100
	<u>2,415,724</u>	<u>-</u>	<u>83,323</u>	<u>2,499,047</u>
<b>Financial liabilities</b>				
Payable to the Management Company	-	-	4,749	4,749
Payable to the Trustee	-	-	332	332
Accrued expenses and other liabilities	-	-	569	569
Net assets attributable to redeemable units	-	-	2,492,208	2,492,208
	<u>-</u>	<u>-</u>	<u>2,497,858</u>	<u>2,497,858</u>
	Class B			
	As on June 30, 2021			
	At fair value through profit or loss	At amortised cost	Total	
	----- Rupees in '000 -----			
<b>Financial assets</b>				
Bank balances	-	216,276	216,276	
Investments - Listed equity securities	1,341,920	-	1,341,920	
Dividend receivable and accrued mark-up	-	643	643	
Receivable against sale of investments	-	33,792	33,792	
Advances and deposits	-	9,635	9,635	
	<u>1,341,920</u>	<u>260,346</u>	<u>1,602,266</u>	
<b>Financial liabilities</b>				
Payable to the Management Company	-	6,744	6,744	
Payable to the Trustee	-	259	259	
Payable against purchase of investments	-	36,111	36,111	
Accrued expenses and other liabilities	-	2,586	2,586	
Unclaimed dividend	-	85,420	85,420	
Net assets attributable to redeemable units	-	1,386,600	1,386,600	
	<u>-</u>	<u>1,517,720</u>	<u>1,517,720</u>	

	Class A			Total
	As on June 30, 2020			
	At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	
	Rupees in '000			
<b>Financial assets</b>				
Bank balances	-	-	98,673	98,673
Investments - Listed equity securities	1,754,372	-	-	1,754,372
Dividend receivable and accrued mark-up	-	-	2,211	2,211
Deposits	-	-	100	100
	<u>1,754,372</u>	<u>-</u>	<u>100,984</u>	<u>1,855,356</u>
<b>Financial liabilities</b>				
Payable to the Management Company	-	-	8,573	8,573
Payable to the Trustee	-	-	259	259
Accrued expenses and other liabilities	-	-	283	283
Net assets attributable to redeemable units	-	-	1,844,924	1,844,924
	<u>-</u>	<u>-</u>	<u>1,854,039</u>	<u>1,854,039</u>

	Class B			Total
	As on June 30, 2020			
	At fair value through profit or loss	At amortised cost		
	Rupees in '000			
<b>Financial assets</b>				
Bank balances	-	183,558		183,558
Investments - Listed equity securities	1,142,187	-		1,142,187
Dividend receivable and accrued mark-up	-	852		852
Receivable against sale of investments	-	18,141		18,141
Deposits	-	2,700		2,700
	<u>1,142,187</u>	<u>205,251</u>		<u>1,347,438</u>

	Class B			Total
	As on June 30, 2020			
	At fair value through profit or loss	At amortised cost		
	Rupees in '000			
<b>Financial liabilities</b>				
Payable to the Management Company	-	5,650		5,650
Payable to the Trustee	-	239		239
Payable against purchase of investments	-	1,090		1,090
Accrued expenses and other liabilities	-	1,769		1,769
Unclaimed dividend	-	101,015		101,015
Net assets attributable to redeemable units	-	1,155,705		1,155,705
	<u>-</u>	<u>1,265,468</u>		<u>1,265,468</u>

## 19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Connected persons/related parties include HBL Asset Management Limited (HBL-AML) being the Management Company of the Fund, Habib Bank Limited (HBL) being the Sponsor (holding 100% shares of HBL Asset Management Limited), Central Depository Company of Pakistan Limited being the Trustee of the Fund, other associated companies of HBL, HBL-AML and its subsidiaries, 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 terms.

Remuneration payable to the Management Company and Trustee is determined in accordance with the provisions of the Non-Banking Financial Company 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:

## 19.1 Transactions during the year

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
Rupees in '000						
<b>HBL Asset Management Limited - Management Company</b>						
Remuneration of the Management Company	42,750	26,649	69,399	36,470	31,958	68,428
Sindh Sales tax on remuneration of the Management Company	5,558	3,464	9,022	4,741	4,154	8,895
Allocation of expenses related to registrar services, accounting, operation and valuation services	13,104	7,328	20,432	5,768	5,023	10,791
Selling and marketing expense	7,731	13,991	21,722	15,422	13,249	28,671
Issuance of Nil units (2020: 6,873,603 units)	-	-	-	-	70,000	70,000
Redemption of Nil units (2020: 6,873,603 units)	-	-	-	-	67,669	67,669
<b>Habib Bank Limited - Sponsor</b>						
Dividend income	-	1,247	1,247	-	2,719	2,719
Mark-up on bank deposits	-	26	26	-	48	48
Dividend paid	-	-	-	-	13,139	13,139
Issuance of Nil units (2020: 12 units)	-	-	-	-	0.10	0.10
<b>MCB Bank Limited - Connected Person due to holding more than 10% certificates</b>						
Mark-up on bank deposits	8	854	861	13	14,043	14,056
Dividend income	-	3,456	3,456	-	4,287	4,287
<b>Central Depository Company of Pakistan Limited - Trustee</b>						
Trustee Fee including sales tax thereon	3,019	1,696	4,715	2,687	2,404	5,091
CDC Connection charges	870	304	1,175	768	404	1,172
<b>Jubilee General Insurance Company Limited - Associate</b>						
Issuance of Nil units (2020: 2,954 units)	-	-	-	-	23	23
Dividend paid	-	-	-	-	27	27
<b>Jubilee General Insurance Company Limited Staff Provident Fund Trust - Associate</b>						
Issuance of Nil units (2020: 3,486 units)	-	-	-	-	27	27
Dividend paid	-	-	-	-	32	32
<b>Jubilee General Insurance Company Limited Gratuity Fund Trust - Associate</b>						
Issuance of Nil units (2020: 6,592 units)	-	-	-	-	51	51
Dividend paid	-	-	-	-	60	60
<b>Directors and Executives of the Management Company</b>						
Issuance of Nil units (2020: 618 units)	-	-	-	-	5	5
Dividend paid	-	-	-	-	7	7

## 19.2 Balances outstanding at the year end

	2021			2020		
	Class A	Class B	Total	Class A	Class B	Total
<b>HBL Asset Management Limited - Management Company</b>						
Remuneration of the Management Company	42,750	26,649	69,399	36,470	31,958	
Sindh Sales tax on remuneration of the Management Company	5,558	3,464	9,022	4,741	4,154	
Allocation of expenses related to registrar services, accounting, operation and valuation services	13,104	7,328	20,432	5,768	5,023	
Selling and marketing expense	7,731	13,991	21,722	15,422	13,249	
Issuance of Nil units (2020: 6,873,603 units)	-	-	-	-	70,000	
Redemption of Nil units (2020: 6,873,603 units)	-	-	-	-	67,669	
<b>Habib Bank Limited - Sponsor</b>						
Dividend income	-	1,247	1,247	-	2,719	

	2021			2020	
	Class A	Class B	Total	Class A	Class B
Dividend income	-	1,247	1,247	-	2,719
Mark-up on bank deposits	-	26	26	-	48
Dividend paid	-	-	-	-	13,139
Issuance of Nil units (2020: 12 units)	-	-	-	-	0.10
<b>MCB Bank Limited - Connected Person due to holding more than 10% certificates</b>					
Mark-up on bank deposits	8	854	861	13	14,043
Dividend income	-	3,456	3,456	-	4,287
<b>Central Depository Company of Pakistan Limited - Trustee</b>					
Trustee Fee including sales tax thereon	3,019	1,696	4,715	2,687	2,404
CDC Connection charges	870	304	1,175	768	404
<b>Jubilee General Insurance Company Limited - Associate</b>					
Issuance of Nil units (2020: 2,954 units)	-	-	-	-	23
Dividend paid	-	-	-	-	27
<b>Jubilee General Insurance Company Limited Staff Provident Fund Trust - Associate</b>					
Issuance of Nil units (2020: 3,486 units)	-	-	-	-	27
Dividend paid	-	-	-	-	32
<b>Jubilee General Insurance Company Limited Gratuity Fund Trust - Associate</b>					
Issuance of Nil units (2020: 6,592 units)	-	-	-	-	51
Dividend paid	-	-	-	-	60
<b>Directors and Executives of the Management Company</b>					
Issuance of Nil units (2020: 618 units)	-	-	-	-	5
Dividend paid	-	-	-	-	7

## 20. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in a portfolio of equity investments, government securities and in other money market instruments.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 20.1.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk ; currency risk, interest rate risk and other price risk.

### 20.1.2 Currency risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

### 20.1.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

#### a) Cash flow interest rate risk

The Fund's interest rate risk arises from the balances in savings accounts. The net income for the period would have increased / (decreased) by Rs. 0.81 million and Rs. 2.16 million (2020: Rs 0.99 million and Rs.1.84 million) of Class A and B respectively.

#### b) Fair value interest rate risk

Since the Fund currently does not have any fixed rate instruments that are impacted by market interest rates, therefore, it is not exposed to fair value interest rate risk.

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

----- As at June 30, 2021 -----					
Yield / interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
%	----- Rupees in '000 -----				
<b>CLASS - A</b>					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	80.798	80.798	-	-	-
Investments - Listed equity securities	2,415,724	-	-	-	2,415,724
Dividend receivable and accrued mark-up	2,425	-	-	-	2,425
Deposits	100	-	-	-	100
	2,499,047	80,798	-	-	2,418,249
<b>Financial liabilities</b>					
Payable to the Management Company	4,749	-	-	-	4,749
Payable to the Trustee	332	-	-	-	332
Accrued expenses and other liabilities	569	-	-	-	569
Net assets attributable to redeemable units	2,492,208	-	-	-	2,492,208
	2,497,858	-	-	-	2,497,858
<b>On-balance sheet gap</b>	<b>1,189</b>	<b>80,798</b>	<b>-</b>	<b>-</b>	<b>(79,609)</b>
<b>Off-balance sheet financial instruments</b>	-	-	-	-	-
<b>Off-balance sheet gap</b>	-	-	-	-	-

----- As at June 30, 2021 -----

Yield / interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
%					
		----- Rupees in '000 -----			
<b>CLASS - B</b>					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	5% to 7.4%	216,276	216,276	-	-
Investments - Listed equity securities		1,341,920	-	-	1,341,920
Dividend receivable and accrued mark-up		643	-	-	643
Advances and deposits		9,635	-	-	9,635
Receivable against sale of investments		<u>33,792</u>	-	-	<u>33,792</u>
		<u>1,602,266</u>	<u>216,276</u>	-	<u>1,385,990</u>
<b>Financial liabilities</b>					
Payable to the Management Company		2,586	-	-	2,586
Payable to the Trustee		85,420	-	-	85,420
Accrued expenses and other liabilities		1,386,600	-	-	1,386,600
Net assets attributable to redeemable units		<u>2,492,208</u>	-	-	<u>2,492,208</u>
		<u>3,966,814</u>	-	-	<u>3,966,814</u>
<b>On-balance sheet gap</b>		<u>(2,364,548)</u>	<u>216,276</u>	-	<u>(2,580,824)</u>
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-

----- As at June 30, 2020 -----

Yield / interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
<b>CLASS - A</b>					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	7% to 14.05%	98,673	98,673	-	-
Investments - Listed equity securities		1,754,372	-	-	1,754,372
Dividend receivable and accrued mark-up		2,211	-	-	2,211
Deposits and other receivables		<u>100</u>	-	-	<u>100</u>
		<u>1,855,356</u>	<u>98,673</u>	-	<u>1,756,683</u>
<b>Financial liabilities</b>					
Payable to the Management Company		8,573	-	-	8,573
Payable to the Trustee		259	-	-	259
Accrued expenses and other liabilities		283	-	-	283
Net assets attributable to redeemable units		<u>1,844,924</u>	-	-	<u>1,844,924</u>
		<u>1,854,039</u>	-	-	<u>1,854,039</u>
<b>On-balance sheet gap</b>		<u>1,317</u>	<u>98,673</u>	-	<u>(97,356)</u>
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-

----- As at June 30, 2020 -----

Yield / interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
<b>CLASS - B</b>					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	7% to 14.05%	183,558	183,558	-	-
Investments - Listed equity securities		1,142,187	-	-	1,142,187
Dividend receivable and accrued mark-up		852	-	-	852
Receivable against sale of investments		18,141	-	-	18,141
Deposits		<u>2,700</u>	-	-	<u>2,700</u>
		<u>1,347,438</u>	<u>183,558</u>	-	<u>1,163,880</u>
<b>Financial liabilities</b>					
Payable to the Management Company		5,650	-	-	5,650
Payable to the Trustee		239	-	-	239
Payable against purchase of investments		1,090	-	-	1,090
Accrued expenses and other liabilities		1,769	-	-	1,769
Unclaimed dividend		101,015	-	-	101,015
Net assets attributable to redeemable units		<u>1,155,705</u>	-	-	<u>1,155,705</u>
		<u>1,265,468</u>	-	-	<u>1,265,468</u>
<b>On-balance sheet gap</b>		<u>81,970</u>	<u>183,558</u>	-	<u>(101,588)</u>
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-



#### **20.1.4 Other market price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities as financial assets 'at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to 30% of net assets. However, relaxation in this regard has been obtained from the regulators in respect of frozen investments classified as fair value through comprehensive income as disclosed in note 6.2.

In case of 5% increase / decrease in the fair value of the Fund's Class A equity securities on June 30, 2021, net assets of the Fund would have increased / decreased by Rs. 120.786 million (2020: Rs. 87.718 million) as a result of gains / losses on equity securities in 'at fair value through other comprehensive income' category, with corresponding effect on other comprehensive income reported in 'statement of comprehensive income'.

In case of 5% increase / decrease in the fair value of the Fund's Class B equity securities on June 30, 2021, net assets of the Fund would have increased / decreased by Rs.67.096 million (2020: Rs. 57.109 million) as a result of gains / losses on equity securities in 'fair value through profit and loss' category, with corresponding effect on operating income reported in 'Income statement'.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of PSX 100 Index.

#### **20.2 Credit risk**

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk mainly arises from bank balances, dividend, receivable, accrued mark-up and deposits and advances.

##### **Management of credit risk**

For banks and financial institutions, the Fund keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protections. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

The analysis below summarises the credit quality of the bank balances and accrued interest thereon:

Class A

Name of the bank	Balance as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
Rupees in '000			
Savings accounts			
MCB Bank Limited	142	AAA	PACRA
Soneri Bank	24,202	AA-	PACRA
JS Bank Limited	56,810	AA-	PACRA
Zarai Taraqiati Bank Limited	44	AAA	JCR-VIS
	81,198		

Class B

Name of the bank	Balance as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
Rupees in '000			
Savings accounts			
MCB Bank Limited	179,790	AAA	PACRA
Soneri Bank	2,892	AA-	PACRA
Habib Bank Limited	478	AAA	JCR-VIS
JS Bank Limited	33,724	AA-	PACRA
Habib Metro Bank Limited	2	AA+	PACRA
Zarai Taraqiati Bank Limited	18	AAA	JCR-VIS
	216,904		

Class A

Name of the bank	Balance as at June 30, 2020	Latest available published rating as at June 30, 2020	Rating agency
Rupees in '000			
Savings accounts			
MCB Bank Limited	135	AAA	PACRA
Soneri Bank	892	AA-	PACRA
JS Bank Limited	98,216	AA-	PACRA
Zarai Taraqiati Bank Limited	42	AAA	JCR-VIS
	99,285		

CLASS B

Name of the bank	Balance as at June 30, 2020	Latest available published rating as at June 30, 2020	Rating agency
Rupees in '000			
Savings accounts			
MCB Bank Limited	153,243	AAA	PACRA
Soneri Bank	2,700	AA-	PACRA
Habib Bank Limited	457	AAA	JCR-VIS
JS Bank Limited	27,979	AA-	PACRA
Zarai Taraqiati Bank Limited	20	AAA	JCR-VIS
	184,399		

The maximum exposure to credit risk before considering any collateral as at June 30, 2021 and June 30, 2020 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk. None of these assets are 'impaired' nor 'past due but not impaired'.

### Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

The Fund's major bank balance is held with two Bank in respective classes. Management believes that such banks are reputed institutions.

Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

June 30, 2021	Class A		Class B	
	Rupees in 000'	%	Rupees in 000'	%
Commercial banks (including profit due)	81,198	97%	216,904	83%
National Clearing Company of Pakistan Limited - security deposit	-	0%	2,500	1%
Central Depository Company of Pakistan Limited - security deposit	100	0%	200	0%
National Clearing Company of Pakistan Limited - receivable against sale of investments	-	0%	33,792	13%
Dividend receivable	2,025	2%	15	0%
Advance against IPO subscription (Miscellaneous sector)	-	0%	6,935	3%
	<b>83,323</b>	<b>100%</b>	<b>260,346</b>	<b>100%</b>
June 30, 2020				
Commercial banks (including profit due)	99,285	98%	184,399	90%
National Clearing Company of Pakistan Limited - security deposit	-	0%	2,500	1%
Central Depository Company of Pakistan Limited - security deposit	100	0%	200	0%
National Clearing Company of Pakistan Limited - receivable against sale of investments	-	0%	18,141	9%
Dividend receivable	1,599	2%	11	0%
	<b>100,984</b>	<b>100%</b>	<b>205,251</b>	<b>100%</b>

### Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

### 20.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has a policy to invest the majority of its assets in investments that are traded in an active market and can be readily disposed off. The Fund's listed securities are considered readily realisable, as they are listed on the Pakistan Stock Exchange Limited.

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short-term in nature and are restricted to the extent of available liquidity and significant assets of the Fund are readily disposable in the market.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Class A				
----- As at June 30, 2021 -----				
Carrying amount	Total	Less than 1 month	Within 3 months	
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	4,749	4,749	4,749	-
Payable to the Trustee	332	332	332	-
Accrued expenses and other liabilities	569	569	569	-
	<b>5,650</b>	<b>5,650</b>	<b>5,650</b>	<b>-</b>
Net assets attributable to redeemable units	<b>2,492,208</b>	<b>2,492,208</b>	<b>2,492,208</b>	<b>-</b>

Class B				
----- As at June 30, 2021 -----				
Carrying amount	Total	Less than 1 month	Within 3 months	
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	6,744	6,744	6,744	-
Payable to the Trustee	259	259	259	-
Payable against purchase of investments	36,111	36,111	36,111	-
Accrued expenses and other liabilities	2,586	2,586	2,586	-
Unclaimed dividend	85,420	85,420	85,420	-
	<b>131,120</b>	<b>131,120</b>	<b>131,120</b>	<b>-</b>
Net assets attributable to redeemable units	<b>1,386,600</b>	<b>1,386,600</b>	<b>1,386,600</b>	<b>-</b>

Class A				
----- As at June 30, 2020 -----				
Carrying amount	Total	Less than 1 month	Within 3 months	
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	8,573	8,573	17,146	-
Payable to the Trustee	259	259	518	-
Accrued expenses and other liabilities	283	283	566	-
	<b>9,115</b>	<b>9,115</b>	<b>18,230</b>	<b>-</b>
Net assets attributable to redeemable units	<b>1,844,924</b>	<b>1,844,924</b>	<b>1,844,924</b>	<b>-</b>

Class B				
----- As at June 30, 2020 -----				
Carrying amount	Total	Less than 1 month	Within 3 months	
----- Rupees in '000 -----				
Financial liabilities				
Payable to the Management Company	5,650	5,650	5,650	-
Payable to the Trustee	239	239	239	-
Payable against purchase of investments	1,090	1,090	1,090	-
Accrued expenses and other liabilities	1,769	1,769	1,769	-
Unclaimed dividend	101,015	101,015	101,015	-
	<u>109,763</u>	<u>109,763</u>	<u>109,763</u>	<u>-</u>
Net assets attributable to redeemable units	<u>1,155,705</u>	<u>1,155,705</u>	<u>1,155,705</u>	<u>-</u>

## 21. 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 year 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 or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

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

		Class A					
		June 30, 2021					
		Carrying amount				Fair value	
	Note	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total	Level 1	Total
		----- Rupees in '000 -----					
<b>Financial assets measured at fair value</b>							
Investments - Listed equity securities		-	2,415,724	-	2,415,724	2,415,724	2,415,724
		-	2,415,724	-	2,415,724	2,415,724	2,415,724
<b>Financial assets not measured at fair value</b>							
Bank balances	21.1	-	-	80,798	80,798		
Dividend receivable and accrued markup		-	-	2,425	2,425		
Deposits		-	-	100	100		
		-	-	83,323	83,323		
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	21.1	-	-	4,749	4,749		
Payable to the Trustee		-	-	332	332		
Accrued expenses and other liabilities		-	-	569	569		
Net assets attributable to unitholders		-	-	2,492,208	2,492,208		
		-	-	2,497,858	2,497,858		
		----- Rupees in '000 -----					
		----- Rupees in '000 -----					
		Class B					
		June 30, 2021					
		Carrying amount				Fair value	
	Note	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Total	Level 1	Total
		----- Rupees in '000 -----					
<b>Financial assets measured at fair value</b>							
Investments - Listed equity securities		1,341,920	-	-	1,341,920	1,341,920	1,341,920
		1,341,920	-	-	1,341,920	1,341,920	1,341,920
<b>Financial assets not measured at fair value</b>							
Bank balances	21.1	-	-	216,276	216,276		
Dividend receivable and accrued mark-up		-	-	643	643		
Receivable against sale of investments		-	-	33,792	33,792		
Advances and deposits		-	-	9,635	9,635		
		-	-	260,346	260,346		
<b>Financial liabilities not measured at fair value</b>							
Payable to Management Company	21.1	-	-	6,744	6,744		
Payable to Trustee		-	-	259	259		
Payable against purchase of investment		-	-	36,111	36,111		
Accrued expenses and other liabilities		-	-	2,586	2,586		
Unclaimed dividend		-	-	85,420	85,420		
Net assets attributable to unitholders		-	-	1,386,600	1,386,600		
		-	-	1,517,720	1,517,720		

		Class A					
		June 30, 2020					
		Carrying amount				Fair value	
	Note	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total	Level 1	Total
		----- Rupees in '000 -----					
Financial assets measured at fair value							
Investments - Listed equity securities		-	1,754,372	-	1,754,372	1,754,372	1,754,372
		-	1,754,372	-	1,754,372	1,754,372	1,754,372
Financial assets not measured at fair value							
Bank balances		-	-	98,673	98,673		
Dividend receivable and accrued mark-up		-	-	2,211	2,211		
Deposits		-	-	100	100		
		-	-	100,984	100,984		
Financial liabilities not measured at fair value							
Payable to Management Company		-	-	8,573	8,573		
Payable to Trustee		-	-	259	259		
Accrued expenses and other liabilities		-	-	283	283		
Net assets attributable to unitholders		-	-	1,844,924	1,844,924		
		-	-	1,854,039	1,854,039		
		----- Rupees in '000 -----					
		----- Rupees in '000 -----					
		Class B					
		June 30, 2020					
		Carrying amount				Fair value	
	Note	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Total	Level 1	Total
		----- Rupees in '000 -----					
Financial assets measured at fair value							
Investments - Listed equity securities		1,142,187	-	-	1,142,187	1,142,187	1,142,187
		1,142,187	-	-	1,142,187	1,142,187	1,142,187
Financial assets not measured at fair value							
Bank balances		-	-	183,558	183,558		
Dividend and profit receivable		-	-	852	852		
Deposits		-	-	2,700	2,700		
Receivable against sale of investments		-	-	18,141	18,141		
		-	-	205,251	205,251		
Financial liabilities not measured at fair value							
Payable to Management Company		-	-	5,650	5,650		
Payable to Trustee		-	-	239	239		
Payable against purchase of investments		-	-	1,090	1,090		
Accrued expenses and other liabilities		-	-	1,769	1,769		
Unclaimed dividend		-	-	101,015	101,015		
Net assets attributable to unitholders		-	-	1,155,705	1,155,705		
		-	-	1,265,468	1,265,468		

**21.1** 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.

**22. LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

**Top ten brokers during the year ended June 30, 2021**

- 1 AKD Securities Limited
- 2 Intermarket Securities Limited
- 3 Cedar Capital (Private) Limited
- 4 AL Falah Securities (Private) Limited
- 5 Ismail Iqbal Securities (Private) Limited
- 6 EFG Hermes Pakistan Limited
- 7 BIPL Securities Limited
- 8 Next Capital Limited
- 9 JS Global Capital Limited
- 10 BMA Capital Management Limited

**Top ten brokers during the year ended June 30, 2020**

- 1 EFG Hermes Pakistan Limited
- 2 Intermarket Securities Limited
- 3 JS Global Capital Limited
- 4 DJM Securities Limited
- 5 Optimus Capital Management (Private) Limited
- 6 Ismail Iqbal Securities (Private) Limited
- 7 Topline Securities (Private) Limited
- 8 Taurus Securities Limited
- 9 Monaco Securities (Private) Limited
- 10 Fortune Securities Limited

**23. PARTICULARS OF THE INVESTMENT COMMITTEE**

Details of members of the Investment Committee of the Fund as on June 30, 2021 are as follows:

S.No.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	22 + years
2	Adeel Abdul Wahab	Head of Equity	ACCA	13+ years
3	Raza Inam	Acting Head of Research	Bsc (Hons), CFA	8+ years
4	Karim Khawaja	Head of Risk	MBA, CMA	18 + years



**24. PATTERN OF UNITHOLDING**

Class A				
As at June 30, 2021				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000				
Individuals	15,000	97,731,966	857,258	34.40%
Associated companies and directors	11	60,026,037	526,520	21.13%
Insurance companies	15	5,936,530	52,072	2.09%
NBFCs	20	45,648	400	0.02%
Bank/DFIs	24	76,116,997	667,662	26.79%
Foreign companies	3	22,356,706	196,102	7.87%
Modarabas	4	6,084	53	0.00%
Foreign individuals	119	5,955,262	52,237	2.10%
Others	97	15,949,770	139,904	5.61%
	<b>15,293</b>	<b>284,125,000</b>	<b>2,492,208</b>	<b>100%</b>

Class B				
As at June 30, 2021				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000				
Individuals	14,616	63,587,417	650,259	46.90%
Associated companies and directors	8	49,207,357	503,205	36.29%
Insurance companies	12	5,912,073	60,458	4.36%
Trust	12	5,971,516	61,066	4.40%
Bank/DFIs	15	7,808,436	79,851	5.76%
Retirement funds	5	1,419,199	14,513	1.05%
Other corporate	103	1,681,449	17,195	1.24%
Foreign investor	1	5,147	53	0.00%
	<b>14,772</b>	<b>135,592,594</b>	<b>1,386,600</b>	<b>100%</b>

Class A				
As at June 30, 2020				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000				
Individuals	15,000	97,731,966	634,609	34.40%
Associated companies and directors	11	60,026,037	389,771	21.13%
Insurance companies	15	5,936,530	38,548	2.09%
NBFCs	20	45,648	296	0.02%
Bank/DFIs	24	76,116,997	494,255	26.79%
Foreign companies	3	22,356,706	145,170	7.87%
Modarabas	4	6,084	40	0.00%
Foreign individuals	119	5,955,262	38,670	2.10%
Others	97	15,949,770	103,568	5.61%
	<b>15,293</b>	<b>284,125,000</b>	<b>1,844,924</b>	<b>100%</b>

Class A				
As at June 30, 2021				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000				
Individuals	15,000	97,731,966	857,258	34.40%
Associated companies and directors	11	60,026,037	526,520	21.13%
Insurance companies	15	5,936,530	52,072	2.09%
NBFCs	20	45,648	400	0.02%
Bank/DFIs	24	76,116,997	667,662	26.79%
Foreign companies	3	22,356,706	196,102	7.87%
Modarabas	4	6,084	53	0.00%
Foreign individuals	119	5,955,262	52,237	2.10%
Others	97	15,949,770	139,904	5.61%
	<b>15,293</b>	<b>284,125,000</b>	<b>2,492,208</b>	<b>100%</b>

Class B				
As at June 30, 2021				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000				
Individuals	14,616	63,587,417	650,259	46.90%
Associated companies and directors	8	49,207,357	503,205	36.29%
Insurance companies	12	5,912,073	60,458	4.36%
Trust	12	5,971,516	61,066	4.40%
Bank/DFIs	15	7,808,436	79,851	5.76%
Retirement funds	5	1,419,199	14,513	1.05%
Other corporate	103	1,681,449	17,195	1.24%
Foreign investor	1	5,147	53	0.00%
	<b>14,772</b>	<b>135,592,594</b>	<b>1,386,600</b>	<b>100%</b>

Class A				
As at June 30, 2020				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000				
Individuals	15,000	97,731,966	634,609	34.40%
Associated companies and directors	11	60,026,037	389,771	21.13%
Insurance companies	15	5,936,530	38,548	2.09%
NBFCs	20	45,648	296	0.02%
Bank/DFIs	24	76,116,997	494,255	26.79%
Foreign companies	3	22,356,706	145,170	7.87%
Modarabas	4	6,084	40	0.00%
Foreign individuals	119	5,955,262	38,670	2.10%
Others	97	15,949,770	103,568	5.61%
	<b>15,293</b>	<b>284,125,000</b>	<b>1,844,924</b>	<b>100%</b>

**25. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

Seven meetings of the Board of Directors were held on July 28 & 29, 2020 , August 27, 2020 , September 12, 2020 , September 30, 2020 , October 29, 2020 , February 10, 2021 and April 30, 2021 respectively. Information in respect of the attendance by the directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Mir Adil Rashid	7	7	-	-
2	Ms. Ava A. Cowasjee	7	7	-	-
3	Mr. Rayomond H. Kotwal	7	7	-	-
4	Mr. Rizwan Haider 1	2	2	-	-
5	Mr. Shabbir Hussain Hashmi	7	7	-	-
6	Mr. Shahid Ghaffar	7	7	-	-
7	Mr. Muhammad Afaq Khan	6	6	-	-
8	Mr .Abrar Ahmed Mir 2	6	6	-	-
9	Mr .Tariq Masaud 3	4	4	-	-

1 Resigned on September 18, 2020.

2 Appointed on July 29, 2020.

3 Appointed on July 29, 2020.

**26. 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 year ended June 30, 2021 of Class A is 3.14% and of Class B is 5.09% (2020: 3.62% and 4.06% respectively) which includes 0.27% of Class A and 0.87% of Class B (2020: 0.29% and 0.42% respectively) representing government levy and SECP fee.

**27. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 26, 2021 by the Board of Directors of the Management Company.

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

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

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








\_\_\_\_\_  
Director



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# HBL

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