

**HBL**

**ASSET MANAGEMENT LTD.**  
ایسٹٹ مینجمنٹ لمیٹڈ



# HBL Pension Fund & HBL Islamic Pension Fund

## Quarterly REPORT 2020

For the period ended September 30, 2020

MOVING TOWARDS  
**EXCELLENCE**

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# CORPORATE INFORMATION

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## Management Company

HBL Asset Management Limited

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

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

## Audit Committee

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

## Human Resource Committee

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

## Risk Management Committee

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

## Technology Committee

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

## Company Secretary & Chief Financial Officer

Mr. Noman Qurban

## AMC Rating

AM2+ (Positive Outlook)

## Legal Advisors

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

## Website

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

## Head Office & Registered Office

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

\* Appointment is subject to SECP approval

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

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The Board of Directors of HBL Asset Management Limited is pleased to present its report along with Financial Statements Report of HBL Pension Fund and HBL Islamic Pension Fund (the Funds) for the three months ended September 30, 2020.

## **Economic Review**

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

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

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

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

## **Stock Market Review**

The market sustained its bullish momentum in 1QFY21 as it rallied by 49.0% from its recent low in Mar-20. The stellar performance of the index can be attributed to 1) improvement in domestic COVID-19 infection and recovery rates, 2) flows into equities post 625bps cut in interest rates, 3) business friendly policies induced by the GoP and 4) Improvement in macroeconomic indicators led by stable currency and current account surplus.

The benchmark KSE-100 index recorded 6,150 points increase (+17.9%) during 1QFY21 to close at 40,571 points. During the quarter cyclical sectors and construction linked industries (Cement, Steel, and Glass) rallied on the back of the monetary easing done by the SBP. Technology sector also remained in limelight due to increasing focus on technology post Covid-19 pandemic. Banking Sector also rallied due to attractive valuations. On the flows side, foreigners were the net sellers during the 1QFY21 and sold shares of worth USD95mn, compared to net buy of USD23mn during same period last year.

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

## **Money Market Review**

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

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Yields across all the tenors changed between -5bps to +110 bps during 1QFY21 due to some uptick in inflation. Secondary market yields of 3, 5 and 10-year PIBs decreased by 76, 102 and 106 bps respectively while yields of 3, 6 and 12 month T-Bills increased in tandem by 1, 11 and 24 bps respectively during the quarter. Latest cut-off yields stood at 8.20%, 8.45%, 8.99%, and 10.5498% for the 3Y, 5Y, 10Y, and 20Y tenor respectively.

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

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

## **Fund's Performance**

### **HBL Pension Fund**

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

The Fund as a whole earned total and net income of Rs. 35.03 million and Rs. 31.28 million respectively during the period under review. The fund size increased from Rs. 545 million as on June 30, 2020 to Rs. 578 million as at September 30, 2020 thereby showing an increase of 6% during the period under review. Performance review for each sub Fund is given below:

#### **Equity Sub-Fund**

During the period under review, the Equity sub-fund earned a total and net income of Rs. 31.91 million and Rs. 29.89 million respectively. The net assets of the Equity sub-fund was Rs. 231 million representing Net Asset Value (NAV) of Rs. 372.8245 per unit as at September 30, 2020. The Sub Fund earned a return of 14.94% for the period under review.

#### **Debt Sub-Fund**

During the period under review, the Debt sub-fund earned and incurred total income and net loss of Rs. 0.52 million and Rs. 0.44 million respectively. The net assets of the Debt sub-fund was Rs. 194 million representing Net Asset Value (NAV) of Rs. 205.4297 per unit as at September 30, 2020. The Fund yielded annualized return of negative 0.95% for the period under review.

#### **Money Market Sub-Fund**

During the period under review, the Money Market sub-fund earned total and net income of Rs. 2.60 million and Rs. 1.82 million respectively. The net assets of the Money Market sub-fund was Rs. 153 million representing Net Asset Value (NAV) of Rs. 179.7116 per unit as at September 30, 2020. An annualized return of 4.71% was earned by the Fund for the period under review.

### **HBL Islamic Pension Fund**

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

The Fund as a whole earned a total and net income of Rs. 22.92 million and Rs. 21.27 million respectively during the period under review. The fund size increased from Rs. 248 million as at June 30, 2020 to Rs. 287 million as at September 30, 2020 showing an increase of 16%. Performance review for each sub Fund is given below:

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### **Equity Sub-Fund**

During the period under review, the Equity sub-fund earned a total and net income of Rs. 21.37 million and Rs. 19.92 million respectively. The net assets of the Equity sub-fund was Rs. 157 million representing Net Asset Value (NAV) of Rs. 396.9473 per unit as at September 30, 2020. The Fund yielded a return of 15.59% for the period under review.

### **Debt Sub-Fund**

During the period under review, the Debt sub-fund earned total and net income of Rs. 1.40 million and Rs. 0.99 million respectively. The net assets of the Debt sub-fund was Rs. 77 million representing Net Asset Value (NAV) of Rs. 165.6656 per unit as at September 30, 2020. The Fund yielded annualized return of 5.52% for the period under review.

### **Money Market Sub-Fund**

During the period under review, the Money Market sub-fund earned total and net income of Rs. 0.80 million Rs. 0.52 million respectively. The net assets of the Money Market sub-fund was Rs. 53 million representing Net Asset Value (NAV) of Rs. 162.3510 per unit as at September 30, 2020. An annualized return of 3.90% was earned by the Fund for the period under review.

### **Acknowledgement**

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

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

On behalf of the Board of  
HBL Asset Management Limited

**Chief Executive Officer**

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# **HBL**

## **Pension Fund**

## FUND INFORMATION

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Name of Fund	HBL Pension Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants.
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Faysal Bank Limited Allied Bank Limited JS Bank Limited NIB Bank Limited Sindh Bank Limited Soneri Bank Limited Zarai Taraqati Bank Limited



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

	Note	September 30, 2020 (Un-audited)				June 30, 2020 (Audited)			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)				(Rupees in '000)			
<b>ASSETS</b>									
Bank balances	4	13,214	70,769	64,392	148,375	8,088	19,604	55,999	83,691
Investments - net	# 5	220,875	123,944	90,231	435,050	194,609	188,732	83,644	466,985
Dividend receivable and accrued mark-up		521	1,531	323	2,375	59	3,430	255	3,744
Advances, deposits, prepayments and other receivables		100	100	100	300	131	207	180	518
<b>Total assets</b>		<b>234,710</b>	<b>196,344</b>	<b>155,046</b>	<b>586,100</b>	<b>202,887</b>	<b>211,973</b>	<b>140,078</b>	<b>554,938</b>
<b>LIABILITIES</b>									
Payable to HBL Asset Management Limited - Pension Fund Manager		327	260	207	794	281	339	234	854
Payable to the Central Depository Company of Pakistan Limited - Trustee		35	27	22	84	28	29	19	76
Payable to the Securities and Exchange Commission of Pakistan		15	12	9	36	59	50	36	145
Accrued expenses and other liabilities	6	3,423	2,313	1,686	7,422	4,210	2,305	1,643	8,158
<b>Total liabilities</b>		<b>3,800</b>	<b>2,612</b>	<b>1,924</b>	<b>8,336</b>	<b>4,578</b>	<b>2,723</b>	<b>1,932</b>	<b>9,233</b>
<b>NET ASSETS</b>		<b>230,910</b>	<b>193,732</b>	<b>153,122</b>	<b>577,764</b>	<b>198,309</b>	<b>209,250</b>	<b>138,146</b>	<b>545,705</b>
<b>PARTICIPANTS' SUB-FUNDS (as per statement attached)</b>		<b>230,910</b>	<b>193,732</b>	<b>153,122</b>	<b>577,764</b>	<b>198,309</b>	<b>209,250</b>	<b>138,146</b>	<b>545,705</b>
<b>Contingencies and commitments</b>									
Number of units in issue	7	619,352	943,055	852,046	2,414,453	611,379	1,016,164	777,841	2,405,384
		Rupees				Rupees			
<b>Net asset value per unit</b>		<b>372.8245</b>	<b>205.4297</b>	<b>179.7104</b>		<b>324.3643</b>	<b>205.9216</b>	<b>177.6024</b>	

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Pension Fund**  
**Condensed Interim Income Statement (Un-audited)**  
**For The Three Months Ended September 30, 2020**

Note	Three months ended ended September 30, 2020				Three months ended ended September 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
<b>Income</b>								
Dividend income	562	-	-	562	2,961	-	-	2,961
Profit on bank deposits	157	209	482	848	436	595	1,711	2,742
Mark-up / return on investments	-	4,189	2,157	6,346	-	3,994	2,282	6,276
Capital (loss) / gain on sale of investments - net	10,923	(193)	(30)	10,700	(5,673)	4,355	(24)	(1,342)
Unrealized (loss) / gain on revaluation of investments at fair value through profit or loss	20,268	(3,684)	(11)	16,573	(5,254)	564	39	(4,651)
	<b>31,910</b>	<b>521</b>	<b>2,598</b>	<b>35,029</b>	<b>(7,530)</b>	<b>9,508</b>	<b>4,008</b>	<b>5,986</b>
<b>Expenses</b>								
Remuneration to HBL Asset Management Limited - Pension Fund Manager	985	826	643	2,454	788	636	499	1,923
Remuneration of Central Depository Company of Pakistan Limited - Trustee	99	83	64	246	79	64	50	193
Annual fee to the Securities and Exchange Commission of Pakistan	15	12	9	36	15	12	10	37
Auditors' remuneration	38	30	21	89	38	29	23	90
Other expenses	272	-	1	273	164	4	2	170
Settlement and bank charges	9	6	2	17	5	13	3	21
	<b>1,418</b>	<b>957</b>	<b>740</b>	<b>3,115</b>	<b>1,089</b>	<b>758</b>	<b>587</b>	<b>2,434</b>
<b>Net (loss) / income from operating activities</b>	<b>30,492</b>	<b>(436)</b>	<b>1,858</b>	<b>31,914</b>	<b>(8,619)</b>	<b>8,750</b>	<b>3,421</b>	<b>3,552</b>
Provision for Workers' Welfare Fund	(598)		(36)	(634)	-	(172)	(67)	(239)
<b>Net (loss) / income for the period before taxation</b>	<b>29,894</b>	<b>(436)</b>	<b>1,822</b>	<b>31,280</b>	<b>(8,619)</b>	<b>8,578</b>	<b>3,354</b>	<b>3,313</b>
Taxation	-	-	-	-	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>	<b>29,894</b>	<b>(436)</b>	<b>1,822</b>	<b>31,280</b>	<b>(8,619)</b>	<b>8,578</b>	<b>3,354</b>	<b>3,313</b>
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>29,894</b>	<b>(436)</b>	<b>1,822</b>	<b>31,280</b>	<b>(8,619)</b>	<b>8,578</b>	<b>3,354</b>	<b>3,313</b>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

# HBL Pension Fund

## Condensed Interim Statement Of Movement In Participants Sub Funds (Un-audited)

For The Three Months Ended September 30, 2020

	Three months ended ended September 30, 2020				Three months ended ended September 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
Net assets at beginning of the period	198,309	209,250	138,146	545,705	192,704	144,720	124,210	461,634
Amount received on issuance of units	7,379	14,646	29,744	51,769	13,851	15,395	5,125	34,371
Amount paid on redemption of units	(4,672)	(29,728)	(16,590)	(50,990)	(11,250)	(8,618)	(13,588)	(33,456)
Reallocation among Sub-Funds	-			-	11,376	(8,003)	(3,373)	-
Net income for the period	29,894	(436)	1,822	31,280	(8,619)	8,578	3,354	3,313
Total comprehensive (loss) / income for the period	29,894	(436)	1,822	31,280	(8,619)	8,578	3,354	3,313
Net assets at end of the period	230,910	193,732	153,122	577,764	198,062	152,072	115,728	465,862

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Pension Fund**  
**Condensed Interim Cash Flow Statement (Un-audited)**  
**For The Three Months Ended September 30, 2020**

	Three months ended ended September 30, 2020				Three months ended ended September 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Net (loss) / income for the period before taxation	29,894	(436)	1,822	31,280	(8,619)	8,578	3,354	3,313
<b>Adjustments:</b>								
Unrealized (loss) / gain on revaluation of investments at fair value through 'profit or loss'	(20,268)	3,684	11	(16,573)	5,254	(564)	(39)	4,651
	9,626	3,248	1,833	30,682	(3,365)	8,014	3,315	3,313
<b>(Increase) / decrease in assets</b>								
Investments - net	(5,998)	61,104	(6,598)	48,508	(11,996)	(8,694)	(35,957)	(56,647)
Dividend & profit receivable	(462)	1,899	(68)	1,369	(2,184)	98	231	(1,855)
Advances, deposits, prepayments and other receivables	31	107	80	218	1,031	106	78	1,215
	(6,429)	63,110	(6,586)	50,095	(13,149)	(8,490)	(35,648)	(57,287)
<b>Increase / (decrease) in liabilities</b>								
Payable to HBL Asset Management Limited - Pension Fund Manager	46	(79)	(27)	(60)	(10)	17	(6)	1
Payable to Central Depository Company of Pakistan Limited - Trustee	7	(2)	3	8	-	2	(1)	1
Payable to the Securities and Exchange Commission of Pakistan	(44)	(38)	(27)	(109)	(65)	(41)	(38)	(144)
Accrued expenses and other liabilities	(787)	8	43	(736)	(9)	(118)	(493)	(620)
	(778)	(111)	(8)	(897)	(84)	(140)	(538)	(762)
	2,419	66,247	(4,761)	79,880	(16,598)	(616)	(32,871)	(54,736)
<b>Net cash (used in) / generated from operating activities</b>	2,419	66,247	(4,761)	79,880	(16,598)	(616)	(32,871)	(54,736)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Amount received on issue of units	7,379	14,646	29,744	51,769	13,851	15,395	5,125	34,371
Amount paid on redemption of units	(4,672)	(29,728)	(16,590)	(50,990)	(11,250)	(8,618)	(13,588)	(33,456)
Reallocation among Sub-Funds	-	-	-	-	11,376	(8,003)	(3,373)	-
<b>Net cash (used in) / generted from financing activities</b>	2,707	(15,082)	13,154	779	13,977	(1,226)	(11,836)	915
<b>Net increase / (decrease) in cash and cash equivalents</b>	5,126	51,165	8,393	64,684	(2,621)	(1,842)	(44,707)	(49,170)
Cash and cash equivalents at beginning of the period	8,088	19,604	55,999	83,691	16,045	59,315	110,412	185,772
<b>Cash and cash equivalents at end of the period</b>	13,214	70,769	64,392	148,375	13,424	57,473	65,705	136,602

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Pension Fund**

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

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

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

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

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

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

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

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

- The Equity Sub-Fund consists of a minimum 90% of net assets invested in listed equity securities. Investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, subject to a maximum of 35% of NAV. Remaining assets of the Equity Sub-Fund may be invested in any government security having less than one year time to maturity, or be deposited with scheduled commercial banks having at least 'A' rating.
- The Debt Sub-Fund consist of tradable debt securities with weighted average duration of the investment portfolio of the Sub-Fund not exceeding five years. At least twenty five percent (25%) of the assets in the Sub-Fund shall be invested in debt securities issued by the Federal Government. Up to twenty five percent (20%) may be deposited with banks having not less than 'AA+' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Money Market sub-fund consists of short term debt instruments with weighted average time to maturity not exceeding ninety days. There is no restriction on the amount of investment in securities issued by the Federal Government and the commercial banks having 'A+' rating provided that deposit with any one bank shall not exceed twenty (20%) of net assets. Investment in securities issued by provincial government, city government, government entity with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be made upto 10%, 5% and 5% and 5% of net assets of the Sub-Fund respectively.

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

The Pension Fund Manager also offers a HBL Monthly Pension Plan ("the Income Plan") to the participants of the Fund or any other approved pension fund, at the retirement date of participants. The Income Plan intends to provide investors a monthly income stream based on investment according to the investor's desired risk exposure, within the prescribed allocation limits.

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JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2' + to the Pension Fund Manager.

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

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the VPS Rules or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the VPS Rules or the directives issued by the SECP shall prevail.

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

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

### **2.2 Basis of measurement**

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

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

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

## **3 Significant Accounting and Risk Management policies, Accounting Estimates Judgement and Changes Therein**

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2019.

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

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

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

**3.5** The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2019.

4. **BANK BALANCES**

	Sep 30, 2020 (Unaudited)				June 30, 2020 (Audited)				
	Equity	Debt	Money	Total	Equity	Debt	Money	Total	
	Sub-Fund	Sub-Fund	Market Sub-Fund		Sub-Fund	Sub-Fund	Market Sub-Fund		
Savings accounts	-	13,214	70,769	64,392	148,375	8,088	19,604	55,999	83,691
	-	<b>13,214</b>	<b>70,769</b>	<b>64,392</b>	<b>148,375</b>	<b>8,088</b>	<b>19,604</b>	<b>55,999</b>	<b>83,691</b>

4.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 8.75% to 14.40% per annum (2020: 7.00% - 13.4% per annum).

5. **INVESTMENTS - NET**

	September 30, 2020 (Un-audited)				June 30, 2020 (Audited)			
	Equity	Debt	Money	Total	Equity	Debt	Money	Total
	Sub-Fund	Sub-Fund	Market Sub-Fund		Sub-Fund	Sub-Fund	Market Sub-Fund	

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

**Investments by category**

**At Fair value through Profit or Loss-Held for Trading**

Listed equity securities	220,875	-	-	220,875	194,609	-	-	194,609
Treasury Bills	-	67,495	90,231	157,726	-	75,931	78,770	154,701
Pakistan Investment Bonds	-	32,094	-	32,094	-	86,642	-	86,642
Term Finance Certificates and Sukuks	-	24,355		24,355	-	26,159	-	26,159
	<b>220,875</b>	<b>123,944</b>	<b>90,231</b>	<b>435,050</b>	<b>194,609</b>	<b>188,732</b>	<b>78,770</b>	<b>462,111</b>

**At Ammortized Cost**

Commercial papers	-	-	-	-	-		4,874	4,874
	<b>220,875</b>	<b>123,944</b>	<b>90,231</b>	<b>435,050</b>	<b>194,609</b>	<b>188,732</b>	<b>83,644</b>	<b>466,985</b>

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

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2020	Purchases during the year	Bonus / Rights issue	Sales during the year	As at Sep 30, 2020	Cost of holdings as at Sep 30, 2020	Market value as at Sep 30, 2020	Market value as a percentage of total investments of sub-fund	Market value as a percentage of net assets of sub-fund
	----- (Number of Shares) -----					----- (Rupees in '000) -----		----- (%) -----	
<b>Automobile Assembler</b>									
Pak Suzuki Motor Company Limited	24,000	-	-	12,500	11,500	1,938	2,317	1.05	1.00
Millat Tractors Ltd	-	5,500	-	-	5,500	5,002	4,759	2.15	2.06
Honda Atlas Cars	-	7,000	-	-	7,000	2,415	1,813	0.82	0.79
Sazgar Engineering Works Limited	10,100	-	-	10,100	-	-	-	0.00	0.00
	<u>34,100</u>	<u>12,500</u>	<u>-</u>	<u>22,600</u>	<u>24,000</u>	<u>9,355</u>	<u>8,889</u>	<u>4.02</u>	<u>3.85</u>
<b>Automobile Parts and Accessories</b>									
Thal Limited (Rs. 5 each)	16,500	-	-	500	16,000	5,803	6,725	3.04	2.91
	<u>16,500</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>16,000</u>	<u>5,803</u>	<u>6,725</u>	<u>3.04</u>	<u>2.91</u>
<b>Cement</b>									
Cherat Cement Company Limited	33,500	-	-	33,500	-	-	-	0.00	0.00
D.G.Khan Cement Company Limited	23,000	36,000	-	3,000	56,000	5,289	5,774	2.61	2.50
Fauji Cement Company Limited	-	100,000	-	-	100,000	2,225	1,988	0.90	0.86
Kohat Cement Limited	31,000	-	-	31,000	-	-	-	0.00	0.00
Lucky Cement Limited	26,350	1,000	-	2,100	25,250	11,577	16,339	7.40	7.08
Maple Leaf Cement Factory Limited	132,500	21,000	-	35,000	118,500	3,083	4,253	1.93	1.84
	<u>246,350</u>	<u>158,000</u>	<u>-</u>	<u>104,600</u>	<u>299,750</u>	<u>22,174</u>	<u>28,354</u>	<u>12.84</u>	<u>12.28</u>
<b>Chemical</b>									
Engro Polymer and Chemicals Limited	75,000	-	-	15,000	60,000	1,808	2,416	1.09	1.05
I.C.I Pakistan Limited	5,000	1,000	-	-	6,000	3,578	4,342	1.97	1.88
Lotte Chemical Pakistan Limited	-	272,000	-	182,000	90,000	1,116	1,080	0.49	0.47
Sitara Chemical Industries Limited	9,100	500	-	-	9,600	3,002	3,088	1.40	1.34
Sitara Peroxide Limited	89,000	5,000	-	94,000	-	-	-	0.00	0.00
	<u>178,100</u>	<u>278,500</u>	<u>-</u>	<u>291,000</u>	<u>165,600</u>	<u>9,504</u>	<u>10,926</u>	<u>4.95</u>	<u>4.74</u>
<b>Commercial Banks</b>									
Allied Bank Limited	100	-	-	100	-	-	-	0.00	0.00
Bank Al-Falah Limited	267,185	-	-	148,800	118,385	5,177	4,117	1.86	1.78
Bank Al-Habib Limited	56,000	-	-	22,500	33,500	2,282	2,163	0.98	0.94
Habib Metropolitan bank	-	52,500	-	52,500	-	-	-	0.00	0.00
Bank of Punjab Limited	549,000	-	-	65,000	484,000	5,470	4,782	2.17	2.07
Faysal Bank Limited	156,340	70,000	-	24,500	201,840	3,935	3,458	1.57	1.50
MCB Bank Limited	25,100	7,000	-	5,000	27,100	4,867	4,711	2.13	2.04
Meezan Bank Limited	270	-	27	-	297	20	24	0.01	0.01
National Bank of Pakistan	80,000	-	-	80,000	-	-	-	0.00	0.00
Standard Chartered Bank (Pakistan) Limited	165,000	-	-	-	165,000	4,110	5,194	2.35	2.25
United Bank Limited	59,762	75,000	-	3,200	131,562	17,485	15,144	6.86	6.56
	<u>1,358,757</u>	<u>204,500</u>	<u>27</u>	<u>401,600</u>	<u>1,161,684</u>	<u>43,346</u>	<u>39,593</u>	<u>17.93</u>	<u>17.15</u>
<b>Engineering</b>									
International Industries Limited	10,700	-	-	4,500	6,200	671	899	0.41	0.39
International Steels Limited	19,000	-	-	19,000	-	-	-	0.00	0.00
Mughal Iron and Steel Industries Limited***	100,675	-	-	83,500	17,175	705	1,104	0.50	0.48
	<u>130,375</u>	<u>-</u>	<u>-</u>	<u>107,000</u>	<u>23,375</u>	<u>1,376</u>	<u>2,003</u>	<u>0.91</u>	<u>0.87</u>
<b>Fertilizer</b>									
Engro Fertilizers Limited	33,500	68,000	-	88,301	13,199	858	803	0.36	0.35
Engro Corporation Limited	33,860	6,000	-	-	39,860	11,026	11,999	5.43	5.20
Fauji Fertilizer Company Limited	55,000	-	-	55,000	-	-	-	0.00	0.00
	<u>122,360</u>	<u>74,000</u>	<u>-</u>	<u>143,301</u>	<u>53,059</u>	<u>11,884</u>	<u>12,802</u>	<u>5.79</u>	<u>5.55</u>
<b>Glass &amp; Ceramics</b>									
Tariq Glass Limited	50,000	-	-	50,000	-	-	-	0.00	0.00
	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00</u>	<u>0.00</u>
<b>Insurance</b>									
Adamjee Insurance Company Limited	72,000	-	-	18,500	53,500	1,812	2,145	0.97	0.93
IGI Holdings Limited	16,500	-	-	-	16,500	3,957	3,613	1.64	1.56
	<u>88,500</u>	<u>-</u>	<u>-</u>	<u>18,500</u>	<u>70,000</u>	<u>5,769</u>	<u>5,758</u>	<u>2.61</u>	<u>2.49</u>
<b>Leather &amp; Tanneries</b>									
Service Industries Ltd.	-	1,800	-	-	1,800	1,376	1,362	0.62	0.59
BATA Pakistan Limited	1,060	-	-	1,060	-	-	-	0.00	0.00
	<u>1,060</u>	<u>1,800</u>	<u>-</u>	<u>1,060</u>	<u>1,800</u>	<u>1,376</u>	<u>1,362</u>	<u>1</u>	<u>1</u>
<b>Oil and Gas Exploration Companies</b>									
Mari Petroleum Company Limited	9,320	-	-	1,700	7,620	7,621	10,436	4.72	4.52
Oil and Gas Development Company Limited	129,600	-	-	3,000	126,600	16,853	13,116	5.94	5.68
Pakistan Oilfields Limited	5,500	5,700	-	-	11,200	4,155	4,719	2.14	2.04
Pakistan Petroleum Limited	106,298	55,293	-	1,500	160,091	18,045	14,738	6.67	6.38
	<u>250,718</u>	<u>60,993</u>	<u>-</u>	<u>6,200</u>	<u>305,511</u>	<u>46,674</u>	<u>43,009</u>	<u>19.47</u>	<u>18.62</u>
<b>Oil and Gas Marketing Companies</b>									
Pakistan State Oil Company Limited***	42,977	4,000	-	17,500	29,477	5,099	5,901	2.67	2.56
Sui Northern Gas Pipelines Limited	60,200	16,000	-	3,000	73,200	5,814	4,524	2.05	1.96
	<u>103,177</u>	<u>20,000</u>	<u>-</u>	<u>20,500</u>	<u>102,677</u>	<u>10,913</u>	<u>10,425</u>	<u>4.72</u>	<u>4.52</u>



<b>Pharmaceuticals</b>									
Abbott Laboratories (Pakistan) Limited	-	-	-	-	-	-	-	0.00	0.00
AGP Limited	18,375	9,000	-	17,500	9,875	856	1,076	0.49	0.47
Ferozsons Laboratories Ltd	-	5,800	-	-	5,800	1,903	2,306	1.04	1.00
Glaxosmithkline (Pakistan) Limited	11,300	-	-	11,300	-	-	-	0.00	0.00
Highnoon Laboratories Limited***	9,587	-	-	1,950	7,637	2,861	4,689	2.12	2.03
The Searle Company Limited***	11,079	-	-	10,665	414	75	106	0.05	0.05
	<u>50,341</u>	<u>14,800</u>	<u>-</u>	<u>41,415</u>	<u>23,726</u>	<u>5,695</u>	<u>8,177</u>	<u>3.70</u>	<u>3.55</u>
<b>Power Generation and Distribution</b>									
Hub Power Company Limited	108,240	68,000	-	7,000	169,240	13,634	13,279	6.01	5.75
Pakgen Power Limited	57,000	-	-	57,000	-	-	-	0.00	0.00
K-Electric Limited (Rs. 3.5 each)	-	-	-	-	-	-	-	0.00	0.00
	<u>165,240</u>	<u>68,000</u>	<u>-</u>	<u>64,000</u>	<u>169,240</u>	<u>13,634</u>	<u>13,279</u>	<u>6.01</u>	<u>5.75</u>
<b>Sugar &amp; Allied Industries</b>									
Unity Foods Limited	-	75,000	-	75,000	-	-	-	-	-
	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Technology &amp; Communication</b>									
Avanceon Limited	-	34,000	-	-	34,000	2,600	2,285	1.03	0.99
Systems Limited	23,000	-	-	14,700	8,300	935	2,258	1.02	0.98
	<u>23,000</u>	<u>34,000</u>	<u>-</u>	<u>14,700</u>	<u>42,300</u>	<u>3,535</u>	<u>4,543</u>	<u>2</u>	<u>2</u>
<b>Textile Composite</b>									
Gul Ahmed Textile Mills Limited	104,500	-	-	4,500	100,000	3,761	3,732	1.69	1.62
Kohinoor Textile Mills	-	59,000	-	-	59,000	3,448	3,192	1.45	1.38
Interloop Limited	42,488	-	-	-	42,488	1,923	2,849	1.29	1.23
Nishat Mills Limited	39,000	-	-	5,500	33,500	3,101	3,386	1.53	1.47
	<u>185,988</u>	<u>59,000</u>	<u>-</u>	<u>10,000</u>	<u>234,988</u>	<u>12,233</u>	<u>13,159</u>	<u>5.96</u>	<u>5.70</u>
<b>ENGINEERING</b>									
Amreli Steels Ltd	-	54,000	-	-	54,000	2,264	2,364	1.07	1.02
	<u>-</u>	<u>54,000</u>	<u>-</u>	<u>-</u>	<u>54,000</u>	<u>2,264</u>	<u>2,364</u>	<u>1</u>	<u>1</u>
<b>REFINERY</b>									
National Refinery Ltd	-	11,500	-	-	11,500	2,437	2,001	0.91	0.87
A ttock Refinery Limited.	-	14,000	-	500	13,500	2,334	1,883	0.85	0.82
	<u>-</u>	<u>25,500</u>	<u>-</u>	<u>500</u>	<u>25,000</u>	<u>4,771</u>	<u>3,884</u>	<u>2</u>	<u>2</u>
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Waves Singer Pakistan	-	94,000	-	50,000	44,000	1,198	1,151	0.52	0.50
	<u>-</u>	<u>94,000</u>	<u>-</u>	<u>50,000</u>	<u>44,000</u>	<u>1,198</u>	<u>1,151</u>	<u>1</u>	<u>1</u>
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>									
The Organic Meat Co	-	72,515	-	-	72,515	1,450	2,133	0.97	0.92
	<u>-</u>	<u>72,515</u>	<u>-</u>	<u>-</u>	<u>72,515</u>	<u>1,450</u>	<u>2,133</u>	<u>1</u>	<u>1</u>
<b>Transport</b>									
Pakistan National Shipping Corporation	-	25,700	-	-	25,700	1,616	2,339	1.06	1.01
	<u>-</u>	<u>25,700</u>	<u>-</u>	<u>-</u>	<u>25,700</u>	<u>1,616</u>	<u>2,339</u>	<u>1.06</u>	<u>1.01</u>
	<u>3,030,266</u>	<u>1,307,108</u>	<u>27</u>	<u>1,422,476</u>	<u>2,914,925</u>	<u>214,570</u>	<u>220,875</u>		

\*\*\* These include gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Pension Fund Manager of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, have filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 57(3)(viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case. However, the investee companies have withheld the share equivalent to 5% of bonus announcement amounting Rs. 0.3365 million (2020: Rs. 0.118 million) and not yet deposited with Government Treasury. Pension Fund Manager is of the view that the decision will be in its favour and accordingly has recorded the bonus shares on gross basis.

5.2 Government securities - Treasury bills- At fair value through Profit or loss-Held for Trading  
5.2.1 Held by Debt Sub-Fund

Treasury bills - having face value of Rs. 100 each	Issue date	Face value				Amortised cost end of the year	Market value end of the year	Market value as a percentage of	
		As at July 1, 2020	Purchases during the period	Sales / matured during the period	As at September 30, 2020			Total investments of the sub-fund	Net assets of the sub-fund
		(Rupees in '000)						%	
Treasury Bill - 12 months	March 12, 2020	10,000	-	10,000	-	-	-	-	
Treasury Bill - 12 months	April 9, 2020	70,000	-	-	70,000	66,834	67,495	54.46	
Treasury Bill - 3 months	July 16, 2020	-	22,000	22,000	-	-	-	-	
Treasury Bill - 3 months	May 21, 2020	-	80,000	80,000	-	-	-	-	
Treasury Bill - 12 months	October 24, 2019	-	10,000	10,000	-	-	-	-	
Treasury Bill - 3 months	May, 07, 2020	-	10,000	10,000	-	-	-	-	
		<u>80,000</u>	<u>122,000</u>	<u>132,000</u>	<u>70,000</u>	<u>66,834</u>	<u>67,495</u>	<u>54</u>	<u>35</u>

		Face value				Amortized Cost end of the year	Market value as at September 30, 2020 end of the year	Market value as a percentage of	
		As at July 1, 2020	Purchases during the period	Sales / matured during the period	As at September 30, 2020			Total investments of the sub-fund	Net assets of the sub-fund
----- (Rupees in '000) -----									
<b>Pakistan investment bonds</b>									
Pakistan Investment Bonds 5 years	July 12, 2018	33,500	-	-	33,500	27,439	32,094	25.89	16.57
Pakistan Investment Bonds 5 years	Sep, 19,2019	50,000	-	50,000	-	-	-	-	-
		<u>83,500</u>	<u>-</u>	<u>50,000</u>	<u>33,500</u>	<u>27,439</u>	<u>32,094</u>	<u>25.89</u>	<u>16.57</u>

#### 5.2.2 Held by Money Market Sub-Fund

Treasury bills - having face value of Rs. 100 each	Issue date	Face value				Amortised cost as at Sep 30, 2020	Market value as at Sep 30, 2020	Market value as a percentage of	
		As at July 1, 2020	Purchases during the period	Sales / matured during the	As at Sep 30, 2020			Total investments of sub-fund	Net assets of sub-fund
----- (Rupees in '000) ----- % -----									
Treasury Bill - 3 months	April 23, 2020	79,000	-	79,000	-	-	-	-	-
Treasury Bill - 3 months	July 16, 2020	-	50,000	39,000	11,000	10,987	10,986	12.18	7.17
Treasury Bill - 3 months	July 2, 2020	-	75,000	-	-	-	-	-	-
Treasury Bill - 3 months	May 21, 2020	-	17,000	-	-	-	-	-	-
Treasury Bill - 3 months	April 23, 2020	-	5,000	-	-	-	-	-	-
Treasury Bill - 3 months	March 26, 2020	-	6,000	-	-	-	-	-	-
Treasury Bill - 3 months	August 27, 2020	-	100,000	20,000	80,000	79,254	79,245	87.82	51.75
Treasury Bill - 3 months	May 7, 2020	-	14,000	-	-	-	-	-	-
		<u>79,000</u>	<u>267,000</u>	<u>138,000</u>	<u>91,000</u>	<u>90,241</u>	<u>90,231</u>	<u>100.00</u>	<u>58.92</u>

#### 5.4 Term Finance Certificates and Sukuk bonds - At fair value through Profit or loss-Held For Trading

##### 5.4.1 Held by Debt Sub-Fund

Name of the investee company	Number of certificates				Amortized cost as at September 30, 2020	Market value / Carrying value as at September 30, 2020	Market value as a percentage of	
	As at July 1, 2020	Purchases during the year	Sales / Matured during the year	As at September 30, 2020			Total investments of the sub-fund	Net assets of the sub-fund
----- (Rupees in '000) ----- % -----								
<b>Commercial Banks</b>								
Bank of Punjab	60	-	-	60	5,933	5,998	4.84	3.10
<b>Fertilizers</b>								
Dawood Hercules Corporation Limited Sukuk *	60	-	-	60	4,194	4,255	3.43	2.20
<b>Multiutilities</b>								
K-Electric Limited	1,200	-	-	1,200	2,100	2,127	1.72	1.10
<b>Miscellaneous</b>								
International Brands Limited Sukuk	40	-	-	40	4,000	2,862	2.31	1.48
Jahangir Siddiqui and Company Limited	2,000	-	-	2,000	8,333	8,259	6.66	4.26
<b>Multiutilities</b>								
Water and Power Development Authority	798	-	-	798	911	854	0.69	0.44
	<u>4,158</u>	<u>-</u>	<u>-</u>	<u>4,158</u>	<u>25,471</u>	<u>24,355</u>	<u>19.65</u>	<u>12.58</u>

\* Related party due to common directorship

##### 5.4.2 Held by Money Market Fund

Name of Company	Maturity Date	As at July 1, 2020	Placement made during the year	Income Accrued	Matured during the year	As at Sep 30, 2020	Percentage of total value of investments	Percentage of Net Assets
k-Electric	September 10, 2020	4,677	-	323	5,000	-	-	-
		<u>12,644</u>	<u>-</u>	<u>323</u>	<u>12,967</u>	<u>-</u>	<u>-</u>	<u>-</u>

5.4.2.1 This commercial paper has been placed at discount at a rate of 13.64% per annum and is being amortised over a period of 113 days.

## 6. ACCRUED EXPENSES AND OTHER LIABILITIES

	September 30, 2020 (Un-audited)				June 30, 2020 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	Note ----- (Rupees in '000) -----				----- (Rupees in '000) -----				
Auditors' remuneration	129	109	78	316	91	78	56	225	
Payable against purchase of investments	126	-	-	126	1,526	-	-	1,526	
Payable against redemption of units	-	-	-	-	-	-	-	-	
Federal Excise Duty	6.1	763	878	836	2,477	763	878	836	2,477
Provision for Sindh Workers' Welfare Fund	6.2	2,401	1,321	770	4,492	1,803	1,321	733	3,857
Other payable	4	5	2	11	27	28	18	73	
	<b>3,423</b>	<b>2,313</b>	<b>1,686</b>	<b>7,422</b>	<b>4,210</b>	<b>2,305</b>	<b>1,643</b>	<b>8,158</b>	

### 6.1 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 13.1 to the annual audited financial statements of the Fund for the year ended June 30, 2019, and the appeal filed by tax authorities against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 0.763 million, 0.878 million and 0.836 million (2020: Rs. 0.763 million, Rs. 0.878 million and Rs. 0.836 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at Sep 30, 2020 would have been higher by Rs. 1.23, Rs. 0.93 and Rs. 0.98 (2020: Rs. 1.25, Rs. 0.86 and Rs. 1.07) per unit respectively. However after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

### 6.2 PROVISION FOR WORKERS' WELFARE FUND

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 20 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

As there is a loss for the three months ended September 30, 2018, therefore, no provision for SWWF has been maderecognised in this condensed interim financial information. Had the provision not been made, net asset value per unit of Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund at September 30, 2019 would have been higher by Rs. 2.65 Rs.0.75 and Rs 0.57 (June 30, 2020 Rs. 2.6865, Re.0.6956 and Re. 0.6204) per unit.

## 7. CONTINGENCIES AND COMMITMENTS

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

## 8. TAXATION

No provision for taxation for the period ended September 30, 2019, has been made in the view of exemption available under clause 57 (3) (viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001.

## 9. TRANSACTIONS WITH CONNECTED PERSONS

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

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

### 9.1 Transactions during the period

	Three months ended ended September 30, 2020				Three months ended ended September 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
<b>HBL Asset Management Limited - Pension Fund Manager</b>								
Management fee	985	826	643	2,454	788	636	499	1,923
<b>Habib Bank Limited - Sponsor</b>								
Profit on bank deposits earned	177	228	320	725	177	228	320	725
Profit received on bank deposits	121	187	168	476	161	201	168	530
<b>Central Depository Company of Pakistan Limited - Trustee</b>								
	(Rupees in '000)				(Rupees in '000)			
Remuneration	99	83	64	246	79	64	50	193
<b>Directors and their relatives</b>								
	Number				Number			
Reallocation of units					2,680	(3,500)	(854)	(1,674)
Amount of units Reallocated				-	754	(616)	(138)	-
<b>Executives and their relatives</b>								
	Number				Number			
Issuance of units	212	3,054	-	3,266	703	2,252	-	-
Amount of Issuance	70	630		700	210	390		-
Reallocation of units	1,707	(2,739)	-	(1,032)	(1,626)	2,716	-	1,090
Amount of units Reallocated	565	(565)	-	-	(472)	472	-	-
Redemption of units	-	-	-	-	-	-	-	-
Amount of units Redeemed	-	-	-	-	-	-	-	-

9.2 Balances outstanding as at period end

	September 30, 2020 (Un-audited)				June 30, 2020 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
<b>HBL Asset Management Limited - Pension Fund Manager</b>								
Management fee payable	289	230	183	702	238	249	160	647
Sindh Sales Tax payable	38	30	24	92	31	32	21	84
Sales load payable	-	-	-	-	12	58	53	123
Federal Excise Duty payable	763	878	836	2,477	763	878	836	2,477
<b>Habib Bank Limited - Sponsor</b>								
	Number				Number			
Units held	203,077	-	-	203,077	203,077	-	-	203,077
	(Rupees in '000)				(Rupees in '000)			
Amount of units held	75,712	-	-	75,712	65,871	-	-	65,871
Mark-up accrued on deposits with bank	39	56	37	132	42	8	44	94
Balance in savings account	12,963	34,019	27,013	73,995	7,759	1,525	29,090	38,374
<b>Directors and Executives of the Pension Fund Manager and their relatives</b>								
<b>Directors and their relatives</b>								
	Number				Number			
Units held	12,949	49,670	13,538	76,157	12,949	49,670	13,538	76,157
Amount of units held	4,828	10,204	2,433	17,465	4,200	10,228	2,404	16,832
<b>Executives and their relatives</b>								
Units held	4,793	16,167	-	26,472	2,874	15,852	-	94,884
Amount of units held	1,787	3,321	-	6,010	932	3,264	-	21,028
<b>Central Depository Company of Pakistan Limited - Trustee</b>								
	(Rupees in '000)				(Rupees in '000)			
Remuneration payable	35	27	22	84	28	29	19	76
Security deposit receivable	100	100	100	300	100	100	100.00	300
<b>Directors of Connected Persons</b>								
	Number				Number			
Units held	863	22,074	23,614	46,551	863	22,074	23,614	46,551
Amount of units held	321	4,534	4,244	9,099	279	4,545	4,194	9,018

## 9 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

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

		Sep 30, 2020						
		Carrying Amount			Fair Value			
		Held for trading	At Amortized Cost	Other Financial asset/Liabilities	Total	Level 1	Level 2	Total
<b>Note</b>		(Rupees in '000)						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	4.1	220,875	-	-	220,875	220,875	-	220,875
Government securities								
- Treasury Bills		157,726	-	-	157,726	-	157,726	157,726
- Pakistan Investment Bonds		32,094	-	-	32,094	-	32,094	32,094
Term Finance Certificates and Sukuk Bonds - Unlisted		24,355	-	-	24,355	-	24,355	24,355
		<u>435,050</u>	<u>-</u>	<u>-</u>	<u>435,050</u>	<u>220,875</u>	<u>214,175</u>	<u>435,050</u>
<b>Financial assets not measured at fair value</b>								
Bank balances	9.1	-	148,375	-	148,375	-	-	-
Investments								
- Unlisted equity securities		-	-	-	-	-	-	-
- Term Deposit Receipts (TDRs)		-	-	-	-	-	-	-
Dividend receivable and accrued mark-up		-	2,375	-	2,375	-	-	-
Placements		-	-	-	-	-	-	-
Advances, deposits, prepayments and other receivables		-	300	-	300	-	-	-
		<u>-</u>	<u>151,050</u>	<u>-</u>	<u>151,050</u>	<u>-</u>	<u>-</u>	<u>-</u>

Sep 30, 2020						
Carrying Amount				Fair Value		
Held for trade	Loans and receivables	Other Financial asset/Liabilities	Total	Level 1	Level 2	Total

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

**Financial liabilities not measured at fair value**

Payable to the Pension Fund Manager	-	703	703	-	-	-
Payable to the Trustee	-	74	74	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	36	36	-	-	-
Accrued expenses and other liabilities	-	327	327	-	-	-
Participants' Sub Funds	-	577,764	577,764	-	-	-
	-	578,904	578,904	-	-	-

June 30, 2020						
Carrying Amount			Fair Value			
Held for trading	At Ammortized Cost	Held to maturity	Total	Level 1	Level 2	Total

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

**On-balance sheet financial instruments**

**Financial assets measured at fair value**

Investments	5					
- Listed equity securities	194,609	-	-	194,609	194,609	-
Government securities						
- Treasury Bills	154,701	-	-	154,701	-	154,701
- Pakistan Investment Bonds	86,642	-	-	86,642	-	86,642
Term Finance Certificates and Sukuk Bonds - Unlisted	26,159	-	-	26,159	-	26,159
	462,111	-	-	462,111	194,609	267,502
						462,111

**Financial assets not measured at fair value**

Bank balances	-	83,691	-	83,691	-	-
Investments						
- Unlisted equity securities	-	-	-	-	-	-
-Term Deposit Receipts (TDRs)	-	-	-	-	-	-
-Dividend Receivables and accrued markup	-	3,744	-	3,744	-	-
Advances, deposits, prepayments and other receivables	-	518	-	-	-	-
Placements	-	-	-	-	-	-
	-	87,953	-	87,435	-	-

June 30, 2020						
Carrying Amount			Fair Value			
Held for trading	At amortized Cost	Held to maturity	Total	Level 1	Level 2	Total

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

**Financial liabilities not measured at fair value**

Payable to the Pension Fund Manager	854	-	-	854	-	-
Payable to the Trustee	76	-	-	76	-	-
Payable to the Securities and Exchange Commission of Pakistan	145	-	-	145	-	-
Accrued expenses and other liabilities	1,199	-	-	1,199	-	-
Participants' Sub Funds	545,705	-	-	545,705	-	-
	547,979	-	-	547,979	-	-

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**9.1** 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.

**9.2 Valuation techniques**

For level 1 investments at fair value through other comprehensive income - available-for-sale investment in respect of equity securities, Fund uses daily quotation shares which are taken from Pakistan Stock Exchange Limited at reporting date.

**9.3 Transfers during the year**

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

**10. DATE OF AUTHORISATION FOR ISSUE**

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

**11. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2020 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

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

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

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



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# **HBL**

## **Islamic Pension Fund**

## FUND INFORMATION

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Name of Fund	Islamic Pension Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants.
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Faysal Bank Limited Bank Islami Pakistan Limited Soneri Bank Limited Bank Al Habib Limited Meezan Bank Limited Dubai Islamic Bank Summit Bank Limited Allied Bank Limited Habib Metropolitan Bank Limited

**HBL Islamic Pension Fund**  
**Condensed Interim Balance Sheet**  
*As At September 30, 2020*

	September 30, 2020 (Un-Audited)				June 30, 2020 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
Note	(Rupees in '000)				(Rupees in '000)				
<b>ASSETS</b>									
Bank balances	4	13,115	34,212	31,847	79,174	9,271	57,147	50,483	116,901
Investments - net	5	147,358	41,278	21,195	209,831	120,809	14,685	1,953	137,447
Dividend receivable and accrued mark-up		577	1,367	767	2,711	66	620	390	1,076
Advances, deposits, prepayments and other receivables		436	936	134	1,506	193	549	133	875
<b>Total assets</b>		<b>161,486</b>	<b>77,793</b>	<b>53,943</b>	<b>293,222</b>	<b>130,339</b>	<b>73,001</b>	<b>52,959</b>	<b>256,299</b>
<b>LIABILITIES</b>									
Payable to HBL Asset Management Limited - Pension Fund Manager		220	104	72	396	204	106	68	378
Payable to the Central Depository Company of Pakistan Limited - Trustees		24	12	8	44	17	11	7	35
Payable to the Securities and Exchange Commission of Pakistan		10	5	3	18	38	20	15	73
Accrued expenses and other liabilities	6	4,135	1,046	769	5,950	6,761	1,011	742	8,514
<b>Total liabilities</b>		<b>4,389</b>	<b>1,167</b>	<b>852</b>	<b>6,408</b>	<b>7,020</b>	<b>1,148</b>	<b>832</b>	<b>9,000</b>
<b>NET ASSETS</b>		<b>157,097</b>	<b>76,626</b>	<b>53,091</b>	<b>286,814</b>	<b>123,319</b>	<b>71,853</b>	<b>52,127</b>	<b>247,299</b>
<b>PARTICIPANTS' SUB-FUNDS (as per statement attached)</b>		<b>157,097</b>	<b>76,626</b>	<b>53,091</b>	<b>-</b>	<b>123,319</b>	<b>71,853</b>	<b>52,127</b>	<b>247,299</b>
<b>Contingencies and commitments</b>									
Number of units in issue	7	395,764	462,532	327,015	-	359,107	439,427	324,233	1,122,767
<b>Net asset value per unit</b>		<b>396.9473</b>	<b>165.6656</b>	<b>162.3510</b>		<b>343.4056</b>	<b>163.5160</b>	<b>160.7700</b>	

The annexed notes 1 to 12 form an integral part of financial statements

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Pension Fund**  
**Condensed Interim Income Statement (Un-audited)**  
**For The Three Months Ended September 30, 2020**

	Three months ended September 30, 2020				Three months ended September 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees in '000)				(Rupees in '000)			
<b>Income</b>								
Dividend income	610	-	-	610	1,579	-	-	1,579
Profit on bank deposits and Term Deposit	117	804	693	1,614	237	1,466	1,441	3,144
Mark-up / return on investments	-	519	146	665	-	801	50	851
Capital gain on sale of investments	4,653	-	-	4,653	(3,835)	(24)	-	(3,859)
	5,380	1,323	839	6,877	(2,019)	2,243	1,491	864
Unrealized (loss) / gain on investment classified as 'held for trading'	15,994	81	(37)	16,038	(2,964)	20	-	(2,944)
	21,374	1,404	802	22,915	(4,983)	2,263	1,491	(2,080)
<b>Expenses</b>								
Remuneration of HBL Asset Management Limited - Pension Fund Manager	648	324	226	1,198	482	318	229	1,029
Remuneration of Central Depository Company of Pakistan Limited - Trustee	65	33	23	121	48	32	23	103
Annual fee to the Securities and Exchange Commission of Pakistan	10	5	3	18	9	6	5	20
Auditors' remuneration	30	25	18	73	44	23	19	86
Settlement and bank charges	5	6	4	15	4	3	3	10
Other expenses	224	-	-	224	79	-	-	79
	982	393	274	1,649	666	382	279	1,327
<b>Net (loss) / income from operating activities</b>	20,392	1,011	528	21,266	(5,649)	1,881	1,212	(3,407)
Provision for Workers' Welfare Fund	(400)	(20)	(10)	-	-	37	24	-
<b>Net income for the period before taxation</b>	19,992	991	518	21,266	(5,649)	1,844	1,188	(3,407)
Taxation	-	-	-	-	-	-	-	-
<b>Net income for the period after taxation</b>	19,992	991	518	21,266	(5,649)	1,844	1,188	(3,407)
<b>Other comprehensive income for the period</b>	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	19,992	991	518	21,266	(5,649)	1,844	1,188	(3,407)

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

Chief Financial Officer

Chief Executive Officer

Director

# HBL Islamic Pension Fund

## Condensed Interim Statement Of Movement In Participants' Sub Funds (Un-audited)

For The Three Months Ended September 30, 2020

	Three months ended September 30, 2020				Three months ended September 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
Net assets at beginning of the period	123,319	71,853	52,127	247,299	121,889	72,599	53,244	247,732
Amount received on issuance of units	15,858	7,272	2,103	25,233	1,268	9,494	4,719	15,481
Amount paid on redemption of units	(2,072)	(3,490)	(1,657)	(7,219)	(5,141)	(5,998)	(3,924)	(15,063)
Reallocation among Sub-Funds				-	8,364	(6,246)	(2,118)	-
Net income for the period	19,992	991	518	21,501	(5,649)	1,844	1,188	(2,617)
Total comprehensive income for the period	-	-	-	-	-	-	-	-
Net assets at end of the period	157,097	76,626	53,091	265,313	120,731	71,693	53,109	248,150

The annexed notes 1 to 12 form an integral part of financial statements

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Islamic Pension Fund

## Condensed Interim Cash Flow Statement (Un-audited)

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

	Three months ended September 30, 2020				Three months ended September 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Net income for the period before taxation	19,992	991	518	21,501	(5,649)	1,844	1,188	(2,617)
Investments - net	(26,549)	(26,593)	(19,242)	(72,384)	932	3,388	1,624	5,944
Dividend and profit receivables	(511)	(747)	(377)	-	(1,334)	(165)	269	-
Advances, deposits, prepayments and other receivables	(243)	(387)	(1)	(631)	(53)	(387)	-	(440)
	(27,303)	(27,727)	(19,620)	(73,015)	(455)	2,836	1,893	5,504
<b>Increase / (decrease) in liabilities</b>								
Payable to HBL Asset Management Limited - Pension Fund Manager	16	(2)	4	18	(11)	(3)	(3)	(17)
Payable to Central Depository Company of Pakistan Limited - Trustee	7	1	1	9	(1)	-	(1)	(2)
Payable to Securities and Exchange Commission of Pakistan	(28)	(15)	(12)	(55)	(51)	(25)	(20)	(96)
Accrued expenses and other liabilities	(2,626)	35	27	(2,564)	16	(54)	(227)	(265)
	(2,631)	19	20	(2,592)	(47)	(82)	(251)	(380)
	(9,942)	(26,717)	(19,082)	(54,106)	(6,151)	4,598	2,830	2,507
Dividend income received	-	-	-	-	-	-	-	-
Mark-up income received	-	-	-	-	-	-	-	-
<b>Net cash (used in) / generated from operating activities</b>	<b>(9,942)</b>	<b>(26,717)</b>	<b>(19,082)</b>	<b>(54,106)</b>	<b>(6,151)</b>	<b>4,598</b>	<b>2,830</b>	<b>2,507</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Amount received on issue of units	15,858	7,272	2,103	25,233	1,268	9,494	4,719	15,481
Amount paid on redemption of units	(2,072)	(3,490)	(1,657)	(7,219)	(5,141)	(5,998)	(3,924)	(15,063)
Reallocation among Sub-Funds	-	-	-	-	8,364	(6,246)	(2,118)	-
<b>Net cash generated from / (used in) financing activities</b>	<b>13,786</b>	<b>3,782</b>	<b>446</b>	<b>18,014</b>	<b>4,491</b>	<b>(2,750)</b>	<b>(1,323)</b>	<b>418</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3,844</b>	<b>(22,935)</b>	<b>(18,636)</b>	<b>(37,727)</b>	<b>(1,660)</b>	<b>1,848</b>	<b>1,507</b>	<b>1,695</b>
Cash and cash equivalents at beginning of the period	9,271	57,147	50,483	116,901	12,902	47,175	49,444	109,521
<b>Cash and cash equivalents at end of the period</b>	<b>13,115</b>	<b>34,212</b>	<b>31,847</b>	<b>79,174</b>	<b>11,242</b>	<b>49,023</b>	<b>50,951</b>	<b>111,216</b>

The annexed notes 1 to 12 form an integral part of financial statements

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

# HBL Islamic Pension Fund

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

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

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

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

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

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

The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Pension Fund Manager has appointed Mufti Yahya Asim as Shariah Advisor to the Pension Fund to ensure that the activities of the Fund are in compliance with the principles of Shariah.

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

- The Equity sub-fund consists of a minimum 90% of net assets invested in Shariah compliant listed equity securities. Investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, subject to a maximum of 35% of NAV. Remaining assets of the Equity Sub-Fund may be invested in any government security having less than one year time to maturity, or be deposited with Islamic Commercial banks or Islamic window of a commercial bank having at least 'A' rating.
- The Debt Sub-Fund consist of tradable debt securities with weighted average duration of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the assets in the sub-fund shall be invested in debt securities issued by the Federal Government. Up to twenty five percent (25%) may be deposited with banks having not less than 'AA+' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Money Market Sub-Fund consists of short term debt instruments with weighted average time to maturity not exceeding one year. There is no restriction on the amount of investment in securities issued by the Federal Government and the commercial banks having 'A+' or higher rating provided that deposit with any one bank shall not exceed twenty (20%) of net assets. Investment in securities issued by provincial government, city government, government entity with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be made up to 10%, 5%, 5% and 5% of net assets of the sub-fund respectively.

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

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The Pension Fund Manager also offers a HBL Monthly Islamic Pension Plan ("the Income Plan") to the participants of the Fund or any other approved pension fund, at the retirement date of participants. The Income Plan intends to provide investors a monthly income stream based on investment according to the investor's desired risk exposure, within the prescribed allocation limits.

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

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2 + to the Pension Fund Manager.

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

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the VPS Rules or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the VPS Rules or the directives issued by the SECP shall prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2017.

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

### **2.2 Basis of measurement**

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

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

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

## **3 Significant Accounting and Risk Management policies, Accounting Estimates Judgement and Changes Therein**

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

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



- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2018.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2019.

#### 4. BANK BALANCES

	September 30, 2020 (Un-audited)				June 30, 2020 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Savings accounts	13,115	34,212	31,847	79,174	9,271	57,147	50,483	116,901
	<b>13,115</b>	<b>34,212</b>	<b>31,847</b>	<b>79,174</b>	<b>9,271</b>	<b>57,147</b>	<b>50,483</b>	<b>116,901</b>

- 4.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 3.75% to 7.10% per annum (2020: 6% - 14.5% per annum).

#### 5. INVESTMENTS

	September 30, 2020 (Un-audited)				June 30, 2020 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	----- (Rupees in '000) -----				----- (Rupees in '000) -----			

##### Investments by category: At Fair value through Profit or Loss- Held for trading

Listed equity securities	5.1	147,358	-	-	147,358	120,809	-	-	120,809
Ijarah Sukuks		-	26,973	21,195	48,168	-	-	-	-
Sukuk certificates - Unlisted	5.2	-	14,305	-	14,305	-	14,685	-	14,685
		<b>147,358</b>	<b>41,278</b>	<b>21,195</b>	<b>209,831</b>	<b>120,809</b>	<b>14,685</b>	<b>-</b>	<b>135,494</b>

##### At Amortized Cost

Commercial papers	5.3	-	-	-	-	-	1,953	-	-
		<b>147,358</b>	<b>41,278</b>	<b>-</b>	<b>209,831</b>	<b>120,809</b>	<b>14,685</b>	<b>1,953</b>	<b>135,494</b>

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

Held by Equity Sub-Fund

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

Name of the Investee Company	As at July 1, 2020	Purchases during the year	Bonus / Rights issue	Sales during the year	As at Sep 30, 2020	Cost of holdings as at Sep 30, 2020	Market value as at Sep 30, 2020	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund
	-----Number of shares-----				----- (Rupees in '000) -----			-----%-----	
<b>Automobile Assembler</b>									
Pak Suzuki Motor Company Limited	14,000	3,000	-	17,000	-	-	0	0.00	0.00
Millat Tractors Ltd		3,500	-	-	3,500	3,176	3028	2.05	1.93
Honda Atlas Cars		11,000	-	-	11,000	3,779	2848	1.93	1.81
Sazgar Engineering Works Limited	8,000	-	-	8,000	-	-	0	0.00	0.00
	<u>22,000</u>	<u>17,500</u>	<u>-</u>	<u>25,000</u>	<u>14,500</u>	<u>6,955</u>	<u>5876</u>	<u>0.00</u>	<u>0.00</u>
<b>Automobile Parts &amp; Accessories</b>									
Thal Limited (Rs. 5 each)	10,950	-	-	-	10,950	4,336	4603	3.12	2.93
	<u>10,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,950</u>	<u>4,336</u>	<u>4603</u>	<u>3.81</u>	<u>3.73</u>
<b>Cement</b>									
Lucky Cement Limited	21,300	2,700	-	1,700	22,300	10,564	14430	9.79	9.19
D.G. Khan Cement Company Limited	14,000	40,000	-	2,000	52,000	5,080	5362	3.64	3.41
Fauji Cement Company Limited		75,000	-	-	75,000	1,669	1491	1.01	0.95
Cherat Cement Company Limited	22,500	-	-	17,000	5,500	342	642	0.44	0.41
Kohat Cement Company Limited	24,100	-	-	10,300	13,800	1,103	2356	1.60	1.50
Maple Leaf Cement Factory Limited	84,000	46,000	-	19,500	110,500	3,051	3966	2.69	2.52
	<u>165,900</u>	<u>163,700</u>	<u>-</u>	<u>50,500</u>	<u>279,100</u>	<u>21,809</u>	<u>28247</u>	<u>22.14</u>	<u>21.70</u>
<b>Chemical</b>									
Engro Polymer & Chemicals Limited	105,385	-	-	64,000	41,385	1,344	1666	1.13	1.06
I.C.I Pakistan Limited	3,000	1,000	-	-	4,000	2,475	2894	1.96	1.84
Sitara Chemical Industries Limited	5,100	-	-	-	5,100	1,580	1640	1.11	1.04
Sitara Peroxide Limited	54,000	7,000	-	61,000	-	-	0	0.00	0.00
Lotte Chemical Pakistan Limited	-	178,000	-	117,000	61,000	766	732	0.50	0.47
	<u>167,485</u>	<u>186,000</u>	<u>-</u>	<u>242,000</u>	<u>111,485</u>	<u>6,165</u>	<u>6932</u>	<u>5.75</u>	<u>5.62</u>
<b>Commercial Banks</b>									
Bank Islami Pakistan Limited	-	-	-	-	-	-	-	0.00	0.00
Meezan Bank Limited	58,005	-	3,050	27,500	33,555	2,269	2759	1.87	1.76
	<u>58,005</u>	<u>-</u>	<u>3,050</u>	<u>27,500</u>	<u>33,555</u>	<u>2,269</u>	<u>2759</u>	<u>2.28</u>	<u>2.24</u>
<b>Engineering</b>									
International Industries Limited	6,200	-	-	1,000	5,200	563	754	0.51	0.48
Amreli Steels Ltd		35,000	-	35,000	-	-	0	0.00	0.00
International Steels Limited	11,500	-	-	1,000	10,500	615	809	0.55	0.51
Mughal Iron and Steel Industries Limited	46,000	-	-	22,500	23,500	963	1511	1.03	0.96
	<u>63,700</u>	<u>35,000</u>	<u>-</u>	<u>59,500</u>	<u>39,200</u>	<u>2,141</u>	<u>3074</u>	<u>2.54</u>	<u>2.50</u>
<b>Fertilizer</b>									
Engro Corporation Limited	36,090	3,800	-	2,500	37,390	10,248	11256	7.64	7.16
Engro Fertilizer Limited	30,200	32,000	-	36,000	26,200	1,708	1593	1.08	1.01
Fauji Fertilizer Company Limited	32,500	-	-	32,500	-	-	0	0.00	0.00
	<u>98,790</u>	<u>35,800</u>	<u>-</u>	<u>71,000</u>	<u>63,590</u>	<u>11,956</u>	<u>12849</u>	<u>10.64</u>	<u>10.42</u>
<b>Glass and Ceramics</b>									
Tariq Glass Industries Limited	-	-	-	-	-	-	0	0.00	0.00
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>-</u>	<u>-</u>
<b>Investment Companies</b>									
Dawood Hercules Corporation Limited	5,000	10,000	-	10,000	5,000	676	620	0.42	0.39
	<u>5,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>5,000</u>	<u>676</u>	<u>620</u>	<u>0.51</u>	<u>0.50</u>
<b>Oil and Gas Exploration Companies</b>									
Oil and Gas Development Company Limited	98,600	1,500	-	10,500	89,600	12,378	9283	6.30	5.91
Pakistan Petroleum Limited	84,300	16,500	-	-	100,800	12,300	9280	6.30	5.91
Mari Petroleum Company Limited	7,746	1,000	-	800	7,946	8,338	10882	7.38	6.93
Pakistan Oilfields Limited	3,500	3,600	-	-	7,100	2,634	2991	2.03	1.90
	<u>194,146</u>	<u>22,600</u>	<u>-</u>	<u>11,300</u>	<u>205,446</u>	<u>35,650</u>	<u>32436</u>	<u>26.82</u>	<u>26.31</u>
<b>Oil and Gas Marketing Companies</b>									
Pakistan State Oil Company Limited ***	34,323	3,300	-	10,000	27,623	4,364	5530	3.75	3.52
Sui Northern Gas Pipelines Limited	54,700	19,000	-	24,000	49,700	3,868	3072	2.08	1.96
	<u>89,023</u>	<u>22,300</u>	<u>-</u>	<u>34,000</u>	<u>77,323</u>	<u>8,232</u>	<u>8602</u>	<u>7.12</u>	<u>6.97</u>
<b>Paper and Board</b>									
Security Papers Limited	-	-	-	-	-	-	0	0.00	0.00
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>-</u>	<u>-</u>

**Pharmaceuticals**

Abbott Laboratories (Pakistan) Limited	-	-	-	-	-	-	-	0.00	0.00
AGP Limited	10,875	6,000	-	4,000	12,875	1,153	1403	0.95	0.89
Ferozsons Laboratories Ltd	-	7,800	-	-	7,800	2,610	3102	2.11	1.97
The Searle Company Limited ***	7,411	-	-	7,129	282	46	72	0.05	0.05
GlaxoSmithKline (Pakistan) Limited	9,900	-	-	9,900	-	-	0	0.00	0.00
Highnoon Laboratories Limited ***	5,313	-	-	500	4,813	1,703	2955	2.01	1.88
	<u>33,499</u>	<u>13,800</u>	<u>-</u>	<u>21,529</u>	<u>25,770</u>	<u>5,512</u>	<u>7532</u>	<u>3.67</u>	<u>3.60</u>

**Power Generation and Distribution**

The Hub Power Company Limited	100,931	50,500	-	7,000	144,431	11,616	11332	7.69	7.21
K-Electric Limited (Rs. 3.5 each)	723,500	-	-	723,500	-	-	0	0.00	0.00
	<u>824,431</u>	<u>50,500</u>	<u>-</u>	<u>730,500</u>	<u>144,431</u>	<u>11,616</u>	<u>11332</u>	<u>9.38</u>	<u>9.19</u>

**Textile Composite**

Nishat Mills Limited	35,200	-	-	5,000	30,200	2,764	3052	2.07	1.94
Kohinoor Textile Mills	-	48,500	-	-	48,500	2,868	2624	1.78	1.67
Interloop Limited	57,445	-	-	-	57,445	2,650	3852	2.61	2.45
	<u>92,645</u>	<u>48,500</u>	<u>-</u>	<u>5,000</u>	<u>136,145</u>	<u>8,282</u>	<u>9528</u>	<u>5.72</u>	<u>5.59</u>

**Technology & Communication**

Service Industries Ltd.	-	2,100	-	2,100	-	-	-	-	-
Avanceon Limited	-	23,000	-	-	23,000	1,758	1546	1.05	0.98
Systems Limited	14,500	-	-	3,400	11,100	1,249	3020	2.05	1.92
	<u>14,500</u>	<u>25,100</u>	<u>-</u>	<u>5,500</u>	<u>34,100</u>	<u>3,007</u>	<u>4566</u>	<u>3</u>	<u>2</u>

**Leather and Tanneries**

Bata (Pakistan) Limited	1,040	-	-	1,040	-	-	0	0.00	0.00
	<u>1,040</u>	<u>-</u>	<u>-</u>	<u>1,040</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>0.00</u>	<u>0.00</u>

**Transport**

Pakistan National Shipping Corporation	20,000	-	-	-	20,000	1,264	1820	1.24	1.16
	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>1,264</u>	<u>1820</u>	<u>1.51</u>	<u>1.48</u>

**CABLE & ELECTRICAL GOODS**

Waves Singer Pakistan	-	60,000	-	30,000	30,000	815	785	0.53	0.50
	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>815</u>	<u>785</u>	<u>1</u>	<u>1</u>

**FOOD & PERSONAL CARE PRODUCTS**

The Organic Meat Co	-	68,000	-	-	68,000	1,629	2001	1.36	1.27
	<u>-</u>	<u>68,000</u>	<u>-</u>	<u>-</u>	<u>68,000</u>	<u>1,629</u>	<u>2001</u>	<u>1</u>	<u>1</u>

**Sugar & Allied Industries**

Unity Foods Limited	-	50,000	-	50,000	-	-	0	0.00	0.00
	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>-</u>	<u>-</u>

**REFINERY**

National Refinery Ltd	-	12,000	-	1,000	11,000	2,105	1914	1.30	1.22
A ttock Refinery Limited.	-	14,000	-	500	13,500	2,097	1882	1.28	1.20
	<u>-</u>	<u>26,000</u>	<u>-</u>	<u>1,500</u>	<u>24,500</u>	<u>4,202</u>	<u>3796</u>	<u>3</u>	<u>2</u>

<b>1,861,114</b>	<b>834,800</b>	<b>3,050</b>	<b>1,375,869</b>	<b>1,323,095</b>	<b>136,516</b>	<b>147358</b>
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\*\*\* These represent gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Pension Fund Manager of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, have 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 57(3)(viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee companies have withheld the share equivalent to 5% of bonus announcement amounting Rs. 0.192 million (2020: 0.094 million) and not yet deposited with Government Treasury. Pension Fund Manager is of the view that the decision will be in its favour and accordingly has recorded the bonus shares on gross basis.

5.2 Investment in Government Securities - Ijarah Sukuk - At fair value through profit or loss

5.2.1 Held by Debt Sub-Fund

Issue Date	Tenor	Face value				Amortised cost as at Sep 30, 2020	Market value as at Sep 30, 2020	Market value as a percentage of	
		As at July 1, 2020	Purchases during the year	Sales / matured during the year	As at Sep 30 2020			Total investments of sub-fund	Net assets of sub- fund
		----- (Rupees in '000) -----						----- (%) -----	
April 30, 2020	5 Years	-	28,000	-	28,000	27,020	26,973	65.34	35.20
		<u>-</u>	<u>28,000</u>	<u>-</u>	<u>28,000</u>	<u>27,020</u>	<u>26,973</u>	<u>65.34</u>	<u>35.20</u>

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

5.3.1 Held by Debt Sub-Fund

Name of the Investee Company	Face value				Amortised cost as at Sep 30, 2020	Market value as at Sep 30, 2020	Market value as a percentage of		
	As at July 1, 2020	Purchases during the year	Sales / matured during the year	As at Sep 30, 2020			Total investments of sub-fund	Net assets of sub- funds	
		----- (Number of certificates) -----				----- (Rupees in '000) -----		----- (%) -----	
<b>Fertilizers</b>									
Dawood Hercules Corporation Limited Sukuk	30	-	-	30	2,097	2,127	5.15	2.78	
Fatima Fertilizers Company Limited	357	-	-	357	542	539	1.31	0.70	
	<u>387</u>	<u>-</u>	<u>-</u>	<u>387</u>	<u>2,639</u>	<u>2,666</u>	<u>6.46</u>	<u>3.48</u>	
<b>Multitiilities</b>									
Water and Power Development Authority	474	-	-	474	508	507	1.23	0.66	
K-Electric	1,550	-	-	1,550	2,713	2,747	6.65	3.58	
Hub Power Company Limited	50	-	-	50	5,000	5,150	12.48	6.72	
	<u>2,074</u>	<u>-</u>	<u>-</u>	<u>2,074</u>	<u>8,221</u>	<u>8,404</u>	<u>20.36</u>	<u>10.96</u>	
<b>Pharmaceuticals</b>									
AGP Limited	24	-	-	24	840	847	2.05	1.11	
	<u>24</u>	<u>-</u>	<u>-</u>	<u>24</u>	<u>840</u>	<u>847</u>	<u>2.05</u>	<u>1.11</u>	
<b>Miscellaneous</b>									
International Brands Limited Sukuk	20	-	-	20	1,430	1,432	3.47	1.87	
Agha Steel Industries Limited Sukuk	1	-	-	1	1,000	956	2.32	1.25	
	<u>21</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>2,430</u>	<u>2,388</u>	<u>5.79</u>	<u>3.12</u>	
<b>Total</b>	<u>2,506</u>	<u>-</u>	<u>-</u>	<u>2,506</u>	<u>14,130</u>	<u>14,305</u>	<u>34.66</u>	<u>18.67</u>	

\* Related party due to common directorship

5.2 Investment in Government Securities - Ijarah Sukuk - At fair value through profit or loss

5.2.1 Held by Money Market Sub Fund

Issue Date	Tenor	Face value				Amortised cost as at Sep 30, 2020	Market value as at Sep 30, 2020	Market value as a percentage of	
		As at July 1, 2020	Purchases during the year	Sales / matured during the year	As at Sep 30 2020			Total investments of sub-fund	Net assets of sub- fund
		----- (Rupees in '000) -----							
April 30, 2020	5 Years	0	22,000	-	22,000	21,230	21,195	100.00	39.92
		<u>-</u>	<u>22,000</u>	<u>-</u>	<u>22,000</u>	<u>21,230</u>	<u>21,195</u>	<u>100.00</u>	<u>39.92</u>

5.4.1 Held by Money Market Sub-Fund

Name of Company	Note	Maturity date	Face value				Matured during the year	As at Sep 30, 2020	Market value as a percentage of	
			As at July 1, 2020	Placements made during the year	Income accrued	As at Sep 30, 2020			Total investments of sub-fund	Net Assets of sub- fund
		----- (Rupees in '000) -----						----- (%) -----		
K- Electric Limited	5.4.1.1	September 10, 2020	1,953	-	47	2,000	-	-	-	
			<u>1,953</u>	<u>-</u>	<u>47</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	

5.4.1.1 This commercial paper has been placed at discount at a rate of 13.64% and is being amortised over a year of 113 days.

## 6. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	September 30, 2020 (Un-audited)				June 30, 2020 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
Auditors' remuneration	148	90	65	303	119	65	46	230
Payable against purchase of investments	-	-	-	-	3,069	-	-	3,069
Federal Excise Duty	6.1	880	488	383	1,751	880	488	383
Provision for Sindh Workers' Welfare Fund	6.2	2,599	315	235	3,149	2,199	295	225
Payable against redemption of units	-	-	-	-	-	-	-	-
Other payable	508	153	86	747	494	163	88	745
	<b>4,135</b>	<b>1,046</b>	<b>769</b>	<b>5,950</b>	<b>6,761</b>	<b>1,011</b>	<b>742</b>	<b>8,514</b>

### 6.1 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2019, and the appeal filed by tax authorities against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 0.879 million, 0.488 million and 0.383 million (2020: Rs. 0.879 million, Rs. 0.488 million and Rs. 0.383 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. . Had the provision not been made, the Net Asset Value per unit of Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund as at September 30, 2020 would have been higher by Rs. 2.22, Re 1.05 and 1.17 (June 30, 2020: Rs. 2.44, Re 1.11 & Re.1.18 ) per unit.

### 6.2 PROVISION FOR WORKERS' WELFARE FUND

The legal status of applicability of Woekers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 20 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

As there is a loss for the three months ended September 30, 2019, therefore, no provision for SWWF has been recognised in this condensed interim financial information Had the provision not been made, net asset value per unit of Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund at September 30, 2020 would have been higher by Rs. 6.56, Re.0.68 and Re 0.72 (June 30, 2020 Rs. 5.43, Re.0.51 and Re. 0.52) per unit.

## 7. CONTINGENCIES AND COMMITMENTS

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

## 8. TAXATION

No provision for taxation for the period ended September 30, 2016, has been made in the view of exemption available under clause 57 (3) (viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001.

## 9. TRANSACTIONS WITH CONNECTED PERSONS

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

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

### 9.1 Transactions during the period

	Three months ended September 30, 2020				Three months ended September 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
<b>HBL Asset Management Limited - Pension Fund Manager</b>								
Management remuneration	648	324	226	1,198	482	318	229	1,029
<b>Habib Bank Limited - Sponsor</b>								
Profit on bank deposits earned	88	225	172	485	88	225	172	485
Profit received on bank deposits	56	115	91	262	56	115	91	262
<b>Directors and Executives of the Pension Fund Manager and their relatives</b>								
Reallocation of units	-	-	-	-	3,663	(4,631)	(2,208)	(3,176)
Amount of units Reallocated	-	-	-	-	1,049	(716)	(333)	-
<b>Executives and their relatives</b>								
Reallocation of units	-	-	-	-	(9,612)	20,205	-	10,593
Amount of units Reallocated	-	-	-	-	(3,086)	3,086	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>								
Remuneration	65	33	23	121	48	32	23	103

### 9.2 Balances outstanding as at period / year end

	September 30, 2020 (Un-audited)				June 30, 2020 (Audited)			
	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Total	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Total
	(Rupees in '000)				(Rupees in '000)			
<b>HBL Asset Management Limited - Pension Fund Manager</b>								
Management fee payable	195	92	64	451	147	85	59	291
Sales load Payable	-	-	-	-	19	11	8	38
Sindh Sales Tax payable	25	12	8	58	38	10	1	49
Federal Excise Duty payable	880	488	383	1,751	880	488	383	1,751
<b>Habib Bank Limited - Sponsor</b>								
	Number				Number			
Units held	128,334	-	-	128,334	128,334	-	-	128,334

	(Rupees in '000)				(Rupees in '000)			
Amount of units held	50,942	-	-	39,399	44,071	-	-	44,071
Profit accrued on deposits with bank	28	106	82	216	41	36	53	130
Balance in savings account	11,956	13,771	9,927	27,996	8,194	14,677	9,042	31,913
<b>Directors and Executives of the Pension Fund Manager and their relatives</b>								
<b>Directors of the Management Company and their relatives</b>								
	Number				Number			
Units held	19,671	36,426	18,677	74,774	19,671	36,426	18,677	74,774
	(Rupees in '000)				(Rupees in '000)			
Amount of units held	7,808	6,035	3,032	16,875	6,755	5,956	3,003	15,714
<b>Executives and their relatives</b>								
	Number				Number			
Units held								
	(Rupees in '000)				(Rupees in '000)			
Amount of units held								
<b>Directors of the Habib Bank Limited - Sponsor and their relatives</b>								
Units held	-	-	-	-	-	-	-	-
	(Rupees in '000)				(Rupees in '000)			
Amount of units held	-	-	-	-	-	-	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>								
	(Rupees in '000)				(Rupees in '000)			
Remuneration payable	24	12	8	44	17	11	7	35
Security deposit receivable	100	100	100	300	100	100	100.00	300
<b>Directors of connected persons</b>								
	Number				Number			
Units held	30	16	8.00	54	30	16	8	54
	(Rupees in '000)				(Rupees in '000)			
Amount of units held	12	3	1	16	10	3	1	14

## 10 FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets i.e. 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).

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

		Sep 30, 2020							
		Carrying amount			Fair Value				
Note	Held For trade	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments:									
- Listed equity securities	5	147,358	-	-	147,358	147,358	-	-	147,358
- Government of Pakistan - Ijarah Sukuks		14,305	-	-	14,305	-	14,305	-	14,305
- Sukuk certificates		26,973	-	-	26,973	-	26,973	-	26,973
		<b>188,636</b>	<b>-</b>	<b>-</b>	<b>188,636</b>	<b>147,358</b>	<b>41,278</b>	<b>-</b>	<b>188,636</b>
<b>Financial assets not measured at fair value</b>									
	10.1								
Bank balances		-	79,174	-	79,174	-	-	-	-
Dividend receivable and accrued mark-up		-	2,711	-	2,711	-	-	-	-
Advances, deposits and other receivables		-	1,506	-	1,506	-	-	-	-
Placements		-	-	-	-	-	-	-	-
		<b>-</b>	<b>83,391</b>	<b>-</b>	<b>83,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>									
	10.1								
Payable to the Pension Fund Manager		-	-	350	350	-	-	-	-
Payable to the Trustee		-	-	39	39	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	-	18	18	-	-	-	-
Accrued expenses and other liabilities		-	-	814	814	-	-	-	-
Participants' sub-funds		-	-	-	-	-	-	-	-
		<b>-</b>	<b>-</b>	<b>1,221</b>	<b>1,221</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



		June 30, 2020							
		Carrying amount			Fair Value				
		Held for Trade	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments:	5								
- Listed equity securities		120,809	-	-	120,809	120,809	-	-	120,809
- Government of Pakistan - Ijarah Sukuks		-	-	-	-	-	-	-	-
- Sukuk certificates - Unlisted		14,685	-	-	14,685	-	14,685	-	14,685
		<u>135,494</u>	<u>-</u>	<u>-</u>	<u>135,494</u>	<u>120,809</u>	<u>14,685</u>	<u>-</u>	<u>135,494</u>
Financial assets not measured at fair value 10.1									
Bank balances		-	116,901	-	116,901	-	-	-	-
Investments:									
-Unlisted Equity Securities		-	-	-	-	-	-	-	-
Dividend receivable and accrued mark-up		-	1,076	-	1,076	-	-	-	-
Advances, deposits and other receivables		-	875	-	875	-	-	-	-
		<u>-</u>	<u>118,852</u>	<u>-</u>	<u>118,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value 10.1									
Payable to the Pension Fund Manager		-	-	378	378	-	-	-	-
Payable to the Trustee		-	-	35	54	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	-	73	119	-	-	-	-
Accrued expenses and other liabilities		-	-	8,514	5,566	-	-	-	-
Participants' sub-funds		-	-	247,299	247,299	-	-	-	-
		<u>-</u>	<u>-</u>	<u>256,299</u>	<u>253,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

**11. DATE OF AUTHORIZATION FOR ISSUE**

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

**12. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2020 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

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

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

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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
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# HBL

# ASSET MANAGEMENT LTD.

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