

HBL

ASSET MANAGEMENT LTD.

ایسبٹ مینجمنٹ لمیٹڈ

AM2++ (Positive Outlook) by VIS



# Annual Report 2021-22

MOVING TOWARDS  
**EXCELLENCE**



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# OUR VISION

Enabling people to  
advance with  
confidence and  
success.

# OUR MISSION

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

## PROGRESSIVENESS

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

## MERITOCRACY

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

## EXCELLENCE

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

## OUR CORPORATE VALUES

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

## CUSTOMER FOCUS

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

## INTEGRITY

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

## Management Company

### HBL Asset Management Limited

#### Board of Directors (Composition as of August 29, 2022)

<b>Chairman</b>	Mr. Shahid Ghaffar	(Independent Director)
<b>Directors</b>	Mr. Mir Adil Rashid Ms. Ava Ardeshir Cowasjee Mr. Khalid Malik Mr. Rayomond H. Kotwal Mr. Tariq Masaud Mr. Abrar Ahmed Mir Mr. Abid Sattar	(Chief Executive Officer) (Independent Director) (Independent Director) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director) (Independent Director)

#### Audit Committee

Chairman	Mr. Khalid Malik	(Independent Director)
Members	Ms. Ava Ardeshir Cowasjee Mr. Rayomond H. Kotwal	(Independent Director) (Non-Executive Director)

#### Human Resource Committee

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

#### Risk Management Committee

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Members	Mr. Tariq Masaud Mr. Mir Adil Rashid Mr. Abid Sattar	(Non-Executive Director) (Chief Executive Officer) (Independent Director)

#### Technology Committee

Chairman	Mr. Abrar Ahmed Mir	(Non-Executive Director)
Members	Mr. Abid Sattar Ms. Ava Ardeshir Cowasjee	(Independent Director) (Independent Director)

#### Company Secretary & Chief Financial Officer

Mr. Noman Qurban

#### AMC Rating

AM2++ (Positive Outlook)

#### Legal Advisor

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

#### Website

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

#### Head Office & Registered Office

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

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Income Fund, HBL Government Securities Fund, HBL Money Market Fund, HBL Cash Fund, HBL Stock Fund, HBL Equity Fund, HBL Energy Fund, HBL Multi Asset Fund, HBL Financial Planning Fund, HBL Growth Fund, HBL Investment Fund and HBL Financial Sector Income Fund – Plan-1 (the Funds) for the year ended June 30, 2022.

### ECONOMIC REVIEW

The Government adopted a pro-growth budget for FY22, whereby it projected GDP growth of 4.8%. However, the growth rate exceeded expectations, and clocked in at 5.97%, based on 4.40%, 7.19% and 6.19% growth in Agriculture, Industries and Services sectors, respectively. For FY23, the government is targeting GDP growth of 5.0%, based on 3.9%, 7.1%, and 5.1% growth in Agriculture, Industrial and Services sectors, respectively.

Although the growth momentum remained intact in FY22, there are risks to future economic growth in the form of rapid increase in Current Account Deficit (CAD) and inflationary pressures on account of elevated international commodity prices. In order to achieve more sustainable economic growth, the authorities have taken some contractionary monetary and fiscal policy measures; however, recent geopolitical developments pose further risks to widening of twin deficits, which may lead to slowdown in economic activity.

The CAD for Jun-22 clocked in at USD 2.28bn, taking FY22 CAD to USD 17.41bn, compared to a Deficit of USD 2.82bn during the same period last year. This was primarily driven by a higher trade deficit as the growth in imports (up 34.2%) outstripped the growth in exports (up 24.8%) due to increase in international commodity prices, higher machinery imports under TERF, and increase in import of food items and COVID-19 vaccines. The higher trade deficit was partially offset by increase in remittances, which amounted to USD 31.24bn (up 6.07% YoY), compared to USD 29.45bn during the same period last year. In order to curtail the rapid increase in CAD, the Government has taken several measures, such as imposition of 100% cash margin requirement on import of certain items, and imposing a ban on import of certain luxury items, among others.

CPI for Jun-22 clocked in at 21.32% YoY, taking FY22 average inflation to 12.15%, compared to 8.90% during the SPLY. The increase in CPI was largely driven by higher food and fuel prices, which have been on a rising trajectory owing to demand-side pressures as global economies begin to reopen, while supply-side constraints still persist.

Fiscal deficit during FY22 was recorded at 7.9% of GDP (PKR 5,260bn), compared to 6.1% of GDP (PKR 3,403bn) during the same period last year (SPLY). Similarly, Primary balance posted a deficit of 3.1% of GDP (PKR 2,077bn), compared to 1.2% of GDP (PKR 654bn) during the SPLY. FBR collected PKR 6,143bn during FY22, compared to PKR 4,764bn during the SPLY. The net collection exceeded the upward revised target by PKR ~25bn.

Rebased LSMI output was up 14.2% in June-22, taking FY22 LSMI growth to 7.7% YoY. This was primarily driven by Food, Beverages and Tobacco (up 15.2%), Pharmaceuticals (up 19.9%), and Automobiles (up 24.6%).

### STOCK MARKET REVIEW

During FY22, the KSE-100 index declined by 5,815pts or 12.8% to close at 41,541pts. The poor performance of the market is primarily attributable to i) Rapid increase in CAD due to rising domestic demand and significant increase in international commodity prices, which were further fueled by the war between Russia and Ukraine, ii) Rising inflation due to the commodity super cycle, iii) Commencement of monetary tightening, iv) Uncertain local political situation, v) Geopolitical issues in the region, vi) Delay in the resumption of IMF program, vii) Depleting foreign exchange reserves resulting in PKR losing significant ground against the USD, and viii) Continued foreign selling after Pakistan's reclassification from MSCI Emerging to Frontier Market Index.

During FY22, major negative contribution came from Cement (2,328 pts), Technology & Communication (912 pts), Commercial Banks (520 pts) and Refinery (424 pts) sectors. On the other hand, major positive contribution came from Fertilizer (668 pts), and Chemical (424 pts) sectors.

During the period, average traded volume declined by 56% YoY to 115mn shares, while average traded value declined by 53% YoY to PKR 6.3bn. On the flows side, Foreigners were net sellers during FY22 and sold shares worth USD 297.5Mn.

We expect the equity market to remain range-bound in the near-term due to the prevailing local and geopolitical uncertainty, rising commodity prices, and depleting foreign exchange reserves. However, the additional revenue measures announced have paved the way for resumption of the IMF program, which is crucial for the country to secure financing from other sources. This may alleviate the downward pressure on the PKR and potentially limit any downside in the equity market. Our longer-term equity outlook remains positive due to attractive valuations. The market is likely to regain its positive momentum once there is more clarity on the Government's economic policies, along with easing of geopolitical tensions. Reversal in international commodity prices, either on the back of disruption in demand or increase in supply, is likely to reignite investor interest in Equities.

## **MONEY MARKET REVIEW**

Post-COVID, the SBP shifted its focus from catalyzing economic recovery toward sustaining it. Accordingly, the Monetary Policy Committee (MPC) increased the Policy Rate by 2.75% to 9.75% during 1HFY22. However, the onset of war between Russia and Ukraine during 2HFY22 led to a spike in international commodity prices, fueling inflationary concerns and prompting the MPC to increase the Policy Rate by another 400bps to 13.75%. Resultantly, during FY22, secondary market yields on T-bills increased in the range of 7.49-7.70%, while those on PIBs increased in the range of 2.98-4.46%.

The cut-off yields in the last T-bills auction were 15.23%, 14.80%, and 14.95% for 3M, 6M and 12M tenors, respectively. The cut-off yields in the last PIBs auction were 13.97%, 13.18%, and 13.15% in 3Y, 5Y and 10Y tenors, respectively, while bids for 15Y tenors were rejected.

GOP Ijarah Sukuk auction was held on 20-Jun-22, with a target of PKR 100bn (PKR 25bn Fixed Rental and PKR 75bn Variable Rental Rate) for a period of 5 years. The Ministry of Finance accepted bids worth PKR 6.03bn (at 12.9406%) in FRR Sukuk, and PKR 61.11bn (at 13.64%) in VRR Sukuk.

The latest hike in the Policy Rate to 13.75% is expected to help moderate demand to a more sustainable pace, while keeping inflation expectations anchored, and containing risks to external stability. However, we believe that given the current geopolitical scenario and inflationary concerns on the back of elevated international commodity prices, further monetary tightening cannot be ruled out in order to cushion the adverse impact on CAD and local currency.

## **FUTURE OUTLOOK**

Moving ahead, we expect economic growth to slow down to ~4.0% in FY23 on the back of much needed fiscal consolidation by the government. Moreover, the ongoing local and geopolitical uncertainty, along with global inflationary pressures pose major risks to economic growth. Focus would remain on how the Government keeps economic growth at a sustainable level, while keeping the external and fiscal accounts in check.

On the fiscal side, the government expects Fiscal deficit of PKR 3.80tn (~4.6% of GDP) in FY23. The decline is primarily based on the government's projection of ~20% increase in FBR's tax collection to PKR 7.4tn, along with increase in collection of petroleum levy to PKR 550bn.

On the fixed income front, we believe that gradual imposition of PDL on fuel, along with hike in electricity and gas tariffs, will translate adversely in CPI. Resultantly, we expect average inflation for FY23 to be in the range of 19-21%. However, inflation is expected to taper down from FY24 onwards due to high-base effect and expectation of easing in international commodity prices. Upside risks to our estimates remain in the form of elevated international commodity prices for an extended period due to geopolitical concerns. On the Islamic front, we expect the Government to issue GoP Ijara Sukuk and other GoP Guaranteed Sukuk in FY23 to bridge the fiscal gap.

Our long-term view on Pakistan equities is positive due to cheap valuations. The equity market is trading at an eye catching P/E multiple of 4.1x compared to regional average of 14.5x, and offers an attractive dividend yield of 10.9%, compared to regional average of 2.8%. It is pertinent to note that the spread between KSE-100 index earnings yield and 10Y PKRV is 11.7%, compared to 5-year historical average spread of 4.4%, which implies an upside of ~42%. Hence, we believe that Pakistan equities offer a good opportunity for long-term investors.

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

### **HBL Income Fund**

The total income and net income of the Fund was Rs. 478.71 million and Rs. 436.52 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs. 111.4310 per unit as on June 30, 2022 as compared to Rs. 110.5617 per unit as on June 30, 2021, after incorporating dividend of Rs. 11.75 per unit, thereby giving an annualized return of 11.43%. During the year the benchmark (6 Month KIBOR) return was 10.81%. The size of Fund was Rs. 4.25 billion as on June 30, 2022 as compared to Rs. 2.27 billion at the start of the year.

VIS Credit Rating Company Limited has reaffirmed the Fund stability rating of A+(f) to the Fund.

### **HBL Government Securities Fund**

The total income and net income of the Fund was Rs. 72.48 million and Rs. 71.02 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs. 112.4774 per unit as on June 30, 2022 as compared to Rs. 112.5377 per unit as on June 30, 2021, after incorporating dividend of Rs. 8.95 per unit, thereby giving an annualized return of 7.89%. During the same year the benchmark (6 Month PKRV Rates) return was 10.67%.The size of Fund was Rs. 0.63 billion as on June 30, 2022 as compared to Rs. 1.07 billion at the start of the year.

VIS Credit Rating Company Limited has reaffirmed the Fund stability rating of AA(f) to the Fund.

### **HBL Money Market Fund**

The total income and net income of the Fund was Rs. 1.47 billion and Rs. 1.39 billion respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs. 102.8274 per unit as on June 30, 2022 as compared to Rs. 102.6193 per unit as on June 30, 2021, after incorporating dividend of Rs. 10.30 per unit, thereby giving an annualized return of 10.26%. During the year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 9.28%.The size of Fund was Rs. 15.60 billion as on June 30, 2022 as compared to Rs.12.84 billion at the start of the year.

VIS Credit Rating Company Limited has reaffirmed the Fund stability rating of AA+(f) to the Fund.

### **HBL Cash Fund**

The total income and net income of the Fund was Rs. 3.21 billion and Rs. 3.16 billion respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs 101.3611 per unit as on June 30, 2022 as compared to Rs 101.2227 per unit as on June 30, 2021, after incorporating dividends of Rs. 10.4432 per unit, thereby giving an annualized return of 10.97%. During the year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 9.28%.The size of Fund was Rs 36.07 billion as on June 30, 2022 as compared to Rs. 26.54 billion at the start of the year.

VIS Credit Rating Company Limited has reaffirmed the Fund stability rating of AA+(f) to the Fund.

### **HBL Stock Fund**

The total and net loss of the Fund was Rs. 297.44 million and Rs. 286.60 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs 71.9274 per unit as on June 30, 2022 as compared to Rs 112.1020 per unit as on June 30, 2021, thereby giving a negative return of 35.84%. During the same year the benchmark KSE 30 index yielded a negative return of 10.44%.The size of Fund was Rs 0.24 billion as on June 30, 2022 as compared to Rs. 0.95 billion at the start of the year.

### **HBL Equity Fund**

The total and net loss of the Fund was Rs. 804.60 million and Rs. 870.83 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs. 76.8634 per unit as on June 30, 2022 as compared to Rs. 139.9454 per unit as on June 30, 2021, thereby giving a negative return of 45.08%. During the year the benchmark KSE 100 index yielded a negative return of 12.28%. The size of Fund was Rs. 0.82 billion as on June 30, 2022 as compared to Rs. 2.27 billion at the start of the year.

### **HBL Energy Fund**

The total and net loss of the Fund was Rs. 110.56 million and Rs. 134.21 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs. 9.8637 per unit as on June 30, 2022 as compared to Rs. 11.9855 per unit as on June 30, 2021, thereby giving a negative return of 17.70%. During the same year the benchmark KSE 30 index yielded a negative return of 10.44%. The size of Fund was Rs. 0.43 billion as on June 30, 2022 as compared to Rs. 0.77 billion at the start of the year.

### **HBL Multi Asset Fund**

The total and net loss of the Fund was Rs. 30.54 million and Rs. 32.92 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs 92.9902 per unit as on June 30, 2022 as compared to Rs 112.7464 per unit as on June 30, 2021, thereby giving a negative return of 17.52%. During the same year the benchmark index (Weighted average daily return KSE 100 and 6 Month PKRV rates) yielded a negative return of 5.42%. The size of Fund was Rs 0.10 billion as on June 30, 2022 as compared to Rs. 0.20 billion at the start of the year.

### **HBL Financial Planning Fund**

The Fund comprises of three sub funds (plans) namely Active Allocation Plan, Conservative Allocation Plan and Special Income Plan. The Special income plan marked its maturity on September 13, 2021.

The Fund as a whole incurred a total and net loss of Rs. 15.70 million and Rs. 16.16 million respectively during the year under review. The fund size of the fund stood at Rs. 0.16 billion as on June 30, 2022.

Performance review for plans is given below:

#### **Active Allocation Plan**

During the year under review, the Active allocation plan incurred a total and net loss of Rs. 15.57 million and Rs 15.85 million respectively. The net assets of the Active allocation plan stood at Rs. 0.09 billion representing Net Asset Value (NAV) of Rs. 74.1068 per unit as at June 30, 2022 as compared to Rs. 115.7579 per unit as at June 30, 2021. The plan earned a negative return of 35.98% for the year under review against the benchmark return of negative 7.18%. The plan is invested to the extent of 23% in equity funds & 72% in cash.

#### **Conservative Allocation Plan**

During the year under review, the Conservative allocation plan incurred a total and net loss of Rs. 1.69 million and Rs. 2.13 million respectively. The net assets of the Conservative allocation plan stood at Rs. 0.08 billion representing Net Asset Value (NAV) of Rs. 111.7040 per unit as at June 30, 2022 as compared to Rs. 115.2069 per unit as at June 30, 2021. The plan earned a negative return of 3.04% for the year under review against the benchmark return of 5.15%. The plan is invested to the extent of 19% in equity funds & 79% in fixed income funds.

#### **Special Income Plan**

During the period under review, the Special income plan earned total and net income of Rs. 1.56 million and Rs 1.82 million respectively. The plan has matured on September 13, 2021 and all the proceeds were redeemed to the investors of the plan.

## HBL Growth Fund

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

The Fund as a whole incurred a total and net loss of Rs. 223.63 million and Rs. 385.79 million respectively during the year under review. The fund size of the fund stood at Rs. 6.55 billion as on June 30, 2022.

Performance review of each class is presented below:

### HBL Growth Fund – Class ‘A’

HBL Growth Fund – Class ‘A’ earned a total income and net income of Rs. 374.39 million and Rs. 233.04 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Class ‘A’ was Rs. 19.4009 per unit as on June 30, 2022 as compared to Rs. 24.1401 as at June 30, 2021, thereby giving a negative return of 19.63%. During the year the benchmark KSE 100 index yielded a negative return of 12.28%. The size of Class ‘A’ was Rs. 5.50 billion as on June 30, 2022 as compared to Rs. 6.84 billion at the start of the year.

### HBL Growth Fund – Class ‘B’

HBL Growth Fund – Class ‘B’ incurred a total and net loss of Rs. 598.02 million and Rs. 618.83 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Class ‘B’ was Rs. 12.8951 per unit as on June 30, 2022 as compared to Rs. 19.9059 as at June 30, 2021, thereby giving a negative return of 35.22%. During the year the benchmark KSE 100 index yielded a negative return of 12.28%. The size of Class ‘B’ was Rs. 1.05 billion as on June 30, 2022 as compared to Rs. 1.86 billion at the start of the year.

## HBL Investment Fund

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

The Fund as a whole incurred a total and net loss of Rs. 333.30 million and Rs. 411.88 million respectively during the year under review. The fund size of the fund stood at Rs. 2.71 billion as on June 30, 2022.

Performance review of each class is presented below:

### HBL Investment Fund – Class ‘A’

HBL Investment Fund – Class ‘A’ earned a total income and net income of Rs. 131.08 million and Rs. 77.98 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Class ‘A’ was Rs. 7.0325 per unit as on June 30, 2022 as compared to Rs. 8.7715 as at June 30, 2021, thereby giving a negative return of 19.83%. During the year the benchmark KSE 100 index yielded a negative return of 12.28%. The size of Class ‘A’ was Rs. 2.00 billion as on June 30, 2022 as compared to Rs. 2.49 billion at the start of the year.

### HBL Investment Fund – Class ‘B’

HBL Investment Fund – Class ‘B’ incurred a total and net loss of Rs. 464.38 million and Rs. 489.87 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Class ‘B’ was Rs. 7.0325 per unit as on June 30, 2022 as compared to Rs. 10.2262 as at June 30, 2021, thereby giving a negative return of 36.76%. During the year the benchmark KSE 100 index yielded a negative return of 12.28%. The size of Class ‘B’ was Rs. 0.71 billion as on June 30, 2022 as compared to Rs. 1.39 billion at the start of the year.

## **HBL Financial Sector Income Fund – Plan-1**

The Fund commenced its operations on January 18, 2022.

The total income and net income of the Fund was Rs. 1.97 billion and Rs. 1.84 billion respectively during the period ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs. 100.0454 per unit as on June 30, 2022 (after incorporating dividends of Rs. 5.7692 per unit), thereby giving an annualized return of 13.26%. During the same period, the benchmark (6 Month KIBOR) return was 13.11%. The size of Fund was Rs. 45.83 billion as on June 30, 2022.

### **MANAGEMENT COMPANY RATING**

The VIS Credit Rating Company Limited (VIS) has maintained the management quality rating of HBL Asset Management Limited at 'AM2++' (AM Two Plus Plus) and the outlook on the assigned rating has been revised from 'Stable' to 'Positive'.

### **AUDITORS**

M/s BDO Ebrahim & Co., Chartered Accountants, existing auditors of HBL Government Securities Fund, HBL Cash Fund, HBL Equity Fund, HBL Energy Fund and HBL Financial Planning Fund have retired. The Board of Directors on the recommendation of the Audit Committee, has re-appointed M/s BDO Ebrahim & Co., Chartered Accountants as Auditors of these Funds for the year ending June 30, 2023.

M/s A.F.Fergusons & Co., Chartered Accountants, existing auditors of HBL Income Fund, HBL Money Market Fund, HBL Stock Fund, HBL Growth Fund and HBL Investment Fund have retired. The Board of Directors on the recommendation of the Audit Committee, has re-appointed M/s. A.F.Fergusons & Co., Chartered Accountants as Auditors of these Funds for the year ending June 30, 2023.

M/s KPMG Taseer Hadi & Co., Chartered Accountants, existing auditors of HBL Multi Asset Fund have retired. The Board of Directors on the recommendation of the Audit Committee, has re-appointed M/s. KPMG Taseer Hadi & Co., Chartered Accountants as Auditors of HBL Multi Asset Fund for the year ending June 30, 2023.

M/s Yousuf Adil & Co., Chartered Accountants, existing auditors of HBL Financial Sector Income Fund have retired. The Board of Directors on the recommendation of the Audit Committee, has re-appointed M/s. Yousuf Adil & Co., Chartered Accountants as Auditors of HBL Financial Sector Income Fund for the year ending June 30, 2023.

### **PATTERN OF UNIT HOLDING**

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

### **ACKNOWLEDGEMENT**

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

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

On behalf of the Board of  
**HBL Asset Management Limited**

**Chief Executive Officer**

## مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

ایچ بی ایل ایسیٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کو 30 جون 2022 کو ختم ہونے والے سال کے لیے ایچ بی ایل اگم فنڈ، ایچ بی ایل گورنمنٹ سیکورٹیز فنڈ، ایچ بی ایل منی مارکیٹ فنڈ، ایچ بی ایل کیش فنڈ، ایچ بی ایل اسٹاک فنڈ، ایچ بی ایل ایکویٹی فنڈ، ایچ بی ایل انرجی فنڈ، ایچ بی ایل ملٹی ایسیٹ فنڈ، ایچ بی ایل فنانشل پلاننگ فنڈ، ایچ بی ایل گروتھ فنڈ، ایچ بی ایل انویسٹمنٹ فنڈ اور ایچ بی ایل فنانشل سیٹلر کم فنڈ۔ پلان ون (فنڈز) کے مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

### اقتصادی جائزہ

حکومت نے مالی سال 22 کے لیے ایک پروگریٹو بجٹ اپنایا، جس کے تحت جی ڈی پی کی متوقع شرح نمو 4.8 فیصد کی تھی۔ تاہم شرح نمو توقعات سے تجاوز کر گئی، نمو کی بنیاد پر 5.97 فیصد تک پہنچ گئی۔ زراعت، صنعت اور خدمات کے شعبوں میں بالترتیب 4.40 فیصد، 7.19 فیصد اور 6.19 فیصد رہی۔ مالی سال 2023 کے لیے حکومت نے جی ڈی پی کی ترقی کا ہدف 5.0 فیصد رکھا ہے۔ جس میں زراعت، صنعتی اور خدمات کے شعبوں میں بالترتیب 3.9 فیصد، 7.1 فیصد، اور 5.1 فیصد کو بنیاد بنایا گیا ہے۔

اگرچہ مالی سال 22 میں ترقی کی رفتار برقرار رہی، کرنٹ اکاؤنٹ خسارے (CAD) میں تیزی سے اضافے اور ایشیاء کی بین الاقوامی قیمتوں میں اضافے کی وجہ سے افراط زر کے دباؤ کی صورت میں مستقبل کی اقتصادی ترقی کے لیے خطرات موجود ہیں۔ مزید پائیدار اقتصادی ترقی حاصل کرنے کے لیے حکام نے اختصاری ماٹریٹری اور مالیاتی پالیسی اقدامات کیے ہیں۔ تاہم، حالیہ جغرافیائی سیاسی پیش رفتوں نے دوہرے خسارے کو وسیع کرنے کے لیے مزید خطرات پیدا کیے ہیں، جو معاشی سرگرمیوں میں سست روی کا باعث بن سکتی ہیں۔

CAD جون 22 کے لئے 2.28 بلین امریکی ڈالر تک متوقع تھا جو CAD مالی سال 22 میں 17.41 بلین امریکی ڈالر تک لے گیا، جو گزشتہ سال کی اسی مدت کے دوران 2.82 بلین ڈالر تھا۔ یہ بنیادی طور پر بڑے تجارتی خسارے کی وجہ سے ہوا کیونکہ درآمدات میں اضافہ (34.2 فیصد) نے برآمدات میں نمو (24.8 فیصد) کو پیچھے چھوڑ دیا جس کی وجہ بین الاقوامی اجناس کی قیمتوں میں اضافہ، TERF کے تحت مشینری کی زیادہ درآمدات، اور کھانے پینے کی اشیاء کی درآمد میں اضافہ اور COVID-19 ویکسین ہے۔ بڑے تجارتی خسارے کو جزوی طور پر ترسیلات زر میں اضافے سے پورا کیا گیا، جو 31.24 بلین امریکی ڈالر رہے (جو زیادہ ہیں 6.07 فیصد) گزشتہ سال کی اسی مدت کے دوران 29.45 بلین امریکی ڈالر یا تھا۔ CAD میں تیزی سے اضافے کو کم کرنے کے لیے حکومت نے کئی اقدامات کیے ہیں، جیسے کہ بعض اشیاء کی درآمد پر 100 فیصد نقد مارجن کی شرط عائد کرنا، اور بعض پر تیش اشیاء کی درآمد پر پابندی لگانا، اور دیگر اس کے علاوہ۔

جون 22 کے لیے CPI، 21.32 فیصد رہا، جس سے مالی سال 22 کی اوسط افراط زر 12.15 فیصد ہو گئی، جو SPLY کے دوران 8.90 فیصد تھی۔ CPI میں اضافہ زیادہ تر خوراک اور ایندھن کی قیمتوں کی وجہ سے ہوا، جو کہ عالمی معیشتوں کے دوبارہ کھلنے کے ساتھ ساتھ مانگ کی طرف دباؤ کی وجہ سے بڑھتی ہوئی رفتار پر ہے، جب کہ سپلائی کی طرف کی رکاوٹیں اب بھی برقرار ہیں۔

مالی سال 22 کے دوران مالیاتی خسارہ GDP کا 7.9 فیصد (5,260 بلین روپے) ریکارڈ کیا گیا، جو کہ گزشتہ سال کی اسی مدت (SPLY) کے دوران GDP کا 6.1 فیصد (3,403 بلین روپے) تھا۔ اسی طرح، پرائمری بیلنس پوسٹڈ خسارہ جی ڈی پی کا 3.1 فیصد (2,077 بلین روپے) رہا جو کہ گزشتہ SPLY کے دوران جی ڈی پی کا 1.2 فیصد (654 بلین روپے) تھا۔ ایف بی آر نے مالی سال 22 کے دوران 6,143 بلین روپے جمع کیے، جبکہ گزشتہ SPLY کے دوران 4,764 بلین روپے تھے۔ خالص مجموعہ 25 بلین روپے سے بڑھ کر نظر ثانی شدہ ہدف سے تجاوز کر گیا۔

ری میڈ LSMI آؤٹ پٹ جون 22 میں 2.14 فیصد بڑھ گیا، جس سے مالی سال 22 LSMI کی نمو 7.7 فیصد سالانہ ہو گئی۔ یہ بنیادی طور پر خوراک، مشروبات اور تبا کو (2.15 فیصد تک)، دو اساز (9.19 فیصد)، اور آٹو موٹو بانلز (6.24 فیصد تک) کے ذریعے کارفرما تھا۔

### اسٹاک مارکیٹ کا جائزہ

مالی سال 22 کے دوران کے ای ایس 100 انڈیکس 5,815 پوائنٹس یا 12.8 فیصد کی کمی کے ساتھ 41,541 پوائنٹس پر بند ہوا۔ مارکیٹ کی خراب کارکردگی بنیادی طور پر (i) بڑھتی ہوئی گھریلو طلب اور بین الاقوامی اجناس کی قیمتوں میں نمایاں اضافے کی وجہ سے CAD میں تیزی سے اضافہ، جو کہ روس اور یوکرین کے درمیان جنگ کی وجہ سے مزید ہوا، (ii) سپر ایشیاء سائیکل کی وجہ سے بڑھتی ہوئی افراط زر، (iii) ماٹریٹری سختی کا آغاز، (iv) غیر یقینی مقامی سیاسی صورتحال، (v) خطے میں جغرافیائی سیاسی مسائل، IMF پر وگرام کی بحالی میں تاخیر، (vii) زرمبادلہ کے ذخائر میں کمی جس کے نتیجے میں پاکستانی روپے نے ڈالر کے مقابلے میں اپنی قدر کو کھو یا، اور (viii) ایم ایس سی آئی ایمر جنگ سے فرینجنگ مارکیٹ انڈیکس میں پاکستان کی دوبارہ درجہ بندی کے بعد مسلسل غیر یقینی فرخندگی۔

مالی سال 22 کے دوران سیمنٹ (2,328 pts)، بیکنالوجی اینڈ کیوٹیشن (912 pts)، کرشل پنکس (520 pts) اور ریفاٹری سیکٹر (424 pts) کے شعبوں سے بڑا منفی حصہ آیا۔ دوسری طرف، اہم مثبت شراکت فرٹائلٹرز (668 pts) اور کیمیکل (424 pts) کے شعبوں سے آئی۔

اس عرصے کے دوران، اوسط تجارت کا حجم 56 فیصد ساہا سال کی سے 115mn حصص پر آ گیا، جبکہ اوسط تجارت کی قیمت 53 فیصد ساہا سال کی سے 3.6 بلین روپے ہو گئی۔ غیر ملکی مالی سال 22 کے دوران خالص فروخت کنندگان تھے اور انہوں نے 297.5 بلین امریکی ڈالر کے حصص فروخت کیے۔

ہم توقع کرتے ہیں کہ موجودہ مقامی اور جغرافیائی سیاسی غیر یقینی صورتحال، اجناس کی بڑھتی ہوئی قیمتوں، اور غیر ملکی زرمبادلہ کے ذخائر میں کمی کی وجہ سے ایکویٹی مارکیٹ محدود رہے گی۔ تاہم، اعلان کردہ اضافی محصولات اقدامات نے آئی ایم ایف پروگرام کو دوبارہ شروع کرنے کی راہ ہموار کر دی ہے، جو ملک کے لیے دوسرے ذرائع سے مالی اعانت حاصل کرنے کے لیے انتہائی اہم ہے۔ یہ پاکستانی روپے پر دباؤ کو کم کر سکتا ہے اور ملحد طور پر ایکویٹی مارکیٹ میں کمی بھی کی کو محدود کر سکتا ہے۔ پرکشش قیمتوں کی وجہ سے ہمارے طویل مدتی ایکویٹی آؤٹ لک مثبت رہتا ہے۔ جغرافیائی سیاسی تناؤ کو کم کرنے کے ساتھ ساتھ حکومت کی اقتصادی پالیسیوں کے بارے میں مزید واضح ہونے کے بعد مارکیٹ کے دوبارہ مثبت رفتار حاصل کرنے کا امکان ہے۔ بین الاقوامی اجناس کی قیمتوں میں ردوبدل، یا تو طلب میں رکاوٹ یا رسد میں اضافے کی وجہ سے ایکویٹی میں سرمایہ کاروں کی دلچسپی کو دوبارہ سے روشن کرنے کا امکان ہے۔

## منی مارکیٹ کا جائزہ

کووڈ کے بعد، اسٹیٹ بینک آف پاکستان نے اپنی توجہ معاشی بحالی کو برقرار رکھنے کی طرف منتقل کر دی۔ اس کے مطابق، مانیٹری پالیسی کمیٹی (MPC) نے مالی سال پہلی ششماہی 22 کے دوران پالیسی کی شرح کو 2.75 فیصد سے بڑھا کر 9.75 فیصد کر دیا۔ تاہم، دوسری ششماہی 22 کے دوران روس اور یوکرین کے درمیان جنگ کے آغاز نے ایشیاء کی بین الاقوامی قیمتوں میں اضافہ ہوا، افراط زر کے خدشات کو ہوا ملی اور MPC کو پالیسی کی شرح کو مزید 400bps سے بڑھا کر 13.75 فیصد کرنے پر مجبور کیا۔ ثانوی مارکیٹ کی پیداواری بلز میں 7.49-7.70 فیصد کی حد میں بڑھی جبکہ PIBs پر 4.46-98 فیصد کی حد میں اضافہ ہوا۔

آخری ٹی بلز کی نیلامی میں کٹ آف پیداوار بالترتیب 15.23 فیصد، 14.80 فیصد اور 14.95 فیصد، 6M، 3M اور 12M ٹینر تھی۔ PIBs کی آخری نیلامی میں کٹ آف پیداوار بالترتیب 3 سال، 5 سال اور 10 سال ٹینر میں 13.97 فیصد، 13.18 فیصد اور 13.15 فیصد تھی۔ جبکہ 15 سال ٹینر کے لئے بولیاں مسترد کر دی گئیں۔

GOP اجارہ سکوٹ کی نیلامی 20 جون 22 کو ہوئی، جس کا ہدف 100 بلین پاکستانی روپے (25 بلین پاکستانی روپے فیکسڈ ریٹیل اور 75 بلین پاکستانی روپے متغیر ریٹیل ریٹ) 5 سالہ مدت کیلئے تھا۔ وزارت خزانہ نے FRR سکوٹ میں 6.03 بلین پاکستانی روپے (12.9406 فیصد پر) اور VRR سکوٹ میں 61.11 بلین (13.64 فیصد پر) کی بولیاں قبول کیں۔

پالیسی ریٹ میں 13.75 تک تازہ ترین اضافے سے توقع ہے کہ افراط زر کی توقعات کو برقرار رکھتے ہوئے اور بیرونی استحکام کے لیے خطرات کو مد نظر رکھتے ہوئے، اعتدال پسند طلب کو زیادہ پائیدار رفتار تک پہنچانے میں مدد ملے گی۔ تاہم، ہم سمجھتے ہیں کہ موجودہ جغرافیائی سیاسی منظر نامے اور بین الاقوامی اجناس کی قیمتوں میں اضافے کی وجہ سے افراط زر کے خدشات کو دیکھتے ہوئے، CAD اور مقامی کرنسی پر منفی اثرات کو کم کرنے کے لیے مزید مالیاتی سختی سے انکار نہیں کیا جاسکتا۔

## مستقبل کا نقطہ نظر

آگے بڑھتے ہوئے، ہم توقع کرتے ہیں کہ حکومت کی طرف سے انتہائی ضروری مالیاتی استحکام کی وجہ سے مالی سال 23 میں معاشی نمو 4.0 فیصد تک کم ہو جائے گی۔ مزید برآں، جاری مقامی اور جغرافیائی سیاسی غیر یقینی صورتحال، عالمی افراط زر کے دباؤ کے ساتھ اقتصادی ترقی کے لیے بڑے خطرات ہیں۔ توجہ اس بات پر رہے گی کہ حکومت کس طرح بیرونی اور مالیاتی کھاتوں کو برقرار رکھتے ہوئے معاشی ترقی کو پائیدار سطح پر رکھتی ہے۔

مالیاتی طور پر حکومت کو مالی سال 23 میں 3.80 بلین پاکستانی روپے (6.4 فیصد) کے مالیاتی خسارے کی توقع ہے۔ یہ کمی بنیادی طور پر حکومت کی جانب سے ایف بی آر کی ٹیکس وصولی میں 20 فیصد اضافے کے ساتھ 7.4 بلین پاکستانی روپے کے ساتھ بیٹروئم لیوی کی وصولی میں 550 بلین پاکستانی روپے تک اضافے کے تخمینے پر مبنی ہے۔

مقررہ آمدنی کے محاذ پر، ہم سمجھتے ہیں کہ بجلی اور گیس کے نرخوں میں اضافے کے ساتھ ایندھن پر PDL کا ہندسہ نفاذ، CPI میں منفی رجحان پیدا کرے گا۔ نتیجے کے طور پر، ہم توقع کرتے ہیں کہ مالی سال 23 کے لیے اوسط افراط زر 19-21 فیصد کی حد میں رہے گا۔ تاہم، اعلیٰ بنیاد کے اثر اور بین الاقوامی اجناس کی قیمتوں میں زری کی توقع کی وجہ سے مالی سال 24 سے افراط زر کے کم ہونے کی توقع ہے۔ جغرافیائی سیاسی خدشات کی وجہ سے بے عرصے کے لیے ہمارے تخمینوں کے اوپری خطرات بین الاقوامی اجناس کی قیمتوں میں اضافے کی صورت میں برقرار ہیں۔ اسلامی محاذ پر، ہم توقع کرتے ہیں کہ حکومت مالیاتی فرق کو پر کرنے کے لیے مالی سال 23 میں GoP اجارہ اسکوٹ اور دیگر GoP گارنٹیڈ اسکوٹ جاری کرے گی۔

سستی قیمتوں کی وجہ سے پاکستانی ایکویٹی کے بارے میں ہمارا طویل المدتی نقطہ نظر مثبت ہے۔ ایکویٹی مارکیٹ 14.5x کی علاقائی اوسط کے مقابلے میں 4.1x کے P/E ملٹی پل پر ٹریڈ کر رہی ہے اور 2.8 فیصد کی علاقائی اوسط کے مقابلے میں 10.9 فیصد کی پرکشش ڈیویڈنڈ پیداوار پیش کرتی ہے۔

لہذا، ہم سمجھتے ہیں کہ پاکستان کی ایکویٹی طویل مدتی سرمایہ کاروں کے لیے ایک اچھا موقع فراہم کرتی ہے۔

نیوٹ کر نامناسب ہے کہ 100-KSE انڈیکس کی آمدنی کی پیداوار اور 10Y PKRV کے درمیان پھیلاؤ 11.7 فیصد ہے، جو کہ 4.4 فیصد کے 5 سالہ تاریخی اوسط پھیلاؤ کے مقابلے میں ہے، جو کہ 42 فیصد کا اضافہ ہے۔ لہذا، ہم سمجھتے ہیں کہ پاکستان کی ایکویٹی طویل مدتی سرمایہ کاروں کے لیے ایک اچھا موقع فراہم کرتی ہے۔

## فنڈ کی کارکردگی اور ادائیگیاں

### ایچ بی ایل انکم فنڈ

فنڈ کی کل آمدنی اور خالص آمدنی 30 جون کو ختم ہونے والے سال کے دوران بالترتیب 478.71 ملین روپے اور 436.52 ملین روپے تھی۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 111.4310 روپے کے مقابلے میں 110.5617 فی یونٹ تھی۔ منافع کو شامل کرنے کے بعد 11.75 فیصد یونٹ اس طرح 11.75 کا سالانہ منافع دیتا ہے۔ سال کے دوران بیچ مارک ریٹرن (6 ماہ KLBOR) 10.81 فیصد تھی۔ فنڈ کا حجم 30 جون 2022 تک 4.25 بلین روپے تھا جو کہ سال کے آغاز میں 27.2 بلین روپے تھا۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کو A+(f) کی فنڈ اسٹیٹ کام کی درجہ بندی کی دوبارہ تصدیق کی ہے۔

### ایچ بی ایل گورنمنٹ سیکورٹیز فنڈ

فنڈ کی کل آمدنی اور خالص آمدنی 30 جون کو ختم ہونے والے سال کے دوران بالترتیب 72.48 ملین روپے اور 71.02 ملین روپے تھی۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 112.5377 روپے کے مقابلے میں 112.4774 فی یونٹ تھی۔ منافع کو شامل کرنے کے بعد 8.95 فیصد یونٹ اس طرح 7.89 فیصد کا سالانہ منافع دیتا ہے۔ سال کے دوران بیچ مارک ریٹرن (6 ماہ PKRV) 10.67 فیصد تھی۔ فنڈ کا حجم 30 جون 2022 تک 0.63 بلین روپے تھا جو کہ سال کے آغاز میں 1.07 بلین روپے تھا۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کو AA(f) کی فنڈ اسٹیٹ کام کی درجہ بندی کی دوبارہ تصدیق کی ہے۔

### ایچ بی ایل منی مارکیٹ فنڈ

فنڈ کی کل آمدنی اور خالص آمدنی 30 جون کو ختم ہونے والے سال کے دوران بالترتیب 1.47 بلین روپے اور 1.39 بلین روپے تھی۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 102.6193 روپے کے مقابلے میں 102.8274 فی یونٹ تھی۔ منافع کو شامل کرنے کے بعد 10.30 فیصد یونٹ اس طرح 10.26 فیصد کا سالانہ منافع دیتا ہے۔ سال کے دوران بیچ مارک ریٹرن (70 فیصد 3M PKRV اور 30 فیصد 3M ڈپازٹ ریٹس) 9.28 فیصد تھی۔ فنڈ کا حجم 30 جون 2022 تک 15.60 بلین روپے تھا جو کہ سال کے آغاز میں 12.84 بلین روپے تھا۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کو AA+(f) کی فنڈ اسٹیٹ کام کی درجہ بندی کی دوبارہ تصدیق کی ہے۔

## ایچ بی ایل کیش فنڈ

فنڈ کی کل آمدنی اور خالص آمدنی 30 جون کو ختم ہونے والے سال کے دوران بالترتیب 3.21 بلین روپے اور 3.16 بلین روپے تھی۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 101.2227 روپے کے مقابلے میں 101.3611 فی یونٹ تھی۔ منافع کو شامل کرنے کے بعد 10.4432 فیصد یونٹ اس طرح 10.97 فیصد کا سالانہ منافع دیتا ہے۔ سال کے دوران بیچ مارک ریٹرن (70 فیصد 3M PKRV اور 3M ڈیپازٹ ریٹس) 9.28 فیصد تھی۔ فنڈ کا حجم 30 جون 2022 تک 36.07 بلین روپے تھا جو کہ سال کے آغاز میں 26.54 بلین روپے تھا۔ VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کو (f) AA+ کی فنڈ اسٹیٹ کام کی درجہ بندی کی دوبارہ تصدیق کی ہے۔

## ایچ بی ایل اسٹاک فنڈ

فنڈ کی کل آمدنی اور خالص خسارہ 30 جون کو ختم ہونے والے سال کے دوران بالترتیب 297.44 بلین روپے اور 286.60 بلین روپے تھی۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 71.9274 روپے تھا جو کہ 30 جون 2021 میں 112.1020 فی یونٹ تھا۔ اس طرح 35.84 فیصد کی منفی ریٹرن دیتا ہے۔ اسی سال کے دوران بیچ مارک کے ایس ای 30 انڈیکس نے 10.44 فیصد کا منفی ریٹرن حاصل کیا۔ 30 جون 2022 تک فنڈ کا حجم 0.24 بلین روپے تھا جو کہ سال کے آغاز میں 0.95 بلین روپے تھا۔

## ایچ بی ایل ایکویٹی فنڈ

فنڈ کی کل آمدنی اور خالص خسارہ 30 جون کو ختم ہونے والے سال کے دوران بالترتیب 804.60 بلین روپے اور 870.83 بلین روپے تھی۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 176.8634 فی یونٹ تھی۔ جو کہ 30 جون 2021 میں 139.9454 فی یونٹ تھا۔ اس طرح 45.08 فیصد کی منفی ریٹرن دیتا ہے۔ اسی سال کے دوران بیچ مارک کے ایس ای 100 انڈیکس نے 12.28 فیصد کا منفی ریٹرن حاصل کیا۔ 30 جون 2022 تک فنڈ کا حجم 0.82 بلین روپے تھا جو کہ سال کے آغاز میں 2.27 بلین روپے تھا۔

## ایچ بی ایل انرجی فنڈ

فنڈ کی کل آمدنی اور خالص خسارہ 30 جون کو ختم ہونے والے سال کے دوران بالترتیب 110.56 بلین روپے اور 134.21 بلین روپے تھی۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 9.8637 روپے فی یونٹ تھی۔ جو کہ 30 جون 2021 میں 11.9855 فی یونٹ تھا۔ اس طرح 17.70 فیصد کی منفی ریٹرن دیتا ہے۔ اسی سال کے دوران بیچ مارک کے ایس ای 30 انڈیکس نے 10.44 فیصد کا منفی ریٹرن حاصل کیا۔ 30 جون 2022 تک فنڈ کا حجم 0.43 بلین روپے تھا جو کہ سال کے آغاز میں 0.77 بلین روپے تھا۔

## ایچ بی ایل ملٹی ایسیٹ فنڈ

فنڈ کی کل آمدنی اور خالص خسارہ 30 جون کو ختم ہونے والے سال کے دوران بالترتیب 30.54 بلین روپے اور 32.92 بلین روپے تھی۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 92.9902 روپے فی یونٹ تھی۔ جو کہ 30 جون 2021 میں 112.7464 فی یونٹ تھا۔ اس طرح 17.52 فیصد کی منفی ریٹرن دیتا ہے۔ اسی سال کے دوران بیچ مارک انڈیکس (اوسط یومیہ واپسی KSE 100 اور 6 PKRV شرح) نے 5.42 فیصد کا منفی ریٹرن حاصل کیا۔ 30 جون 2022 تک فنڈ کا حجم 0.10 بلین روپے تھا جو کہ سال کے آغاز میں 0.20 بلین روپے تھا۔

## ایچ بی ایل فنانشل پلاننگ فنڈ

فنڈ تین ذیلی فنڈز (منصوبوں) پر مشتمل ہے یعنی ایکٹو ایلوکیشن پلان، کنزرویٹو ایلوکیشن پلان اور اسٹیبل انکم پلان۔ خصوصی آمدنی کے منصوبے نے 13 ستمبر 2021 کو اپنی پینگی کا اظہار کیا۔ فنڈ کو جائزہ سال کے دوران بالترتیب مجموعی اور خالص 15.70 بلین روپے اور 16.16 بلین روپے کا نقصان ہوا۔ فنڈ کا حجم 30 جون 2022 تک 0.16 بلین روپے تھا۔

پلازہ کے لیے کارکردگی کا جائزہ ذیل میں دیا گیا ہے

## ایکٹو ایلوکیشن پلان

موجودہ سال کے دوران ایکٹو ایلوکیشن پلان نے مجموعی طور پر بالترتیب 15.57 ملین روپے اور 15.85 ملین روپے کا خالص نقصان اٹھایا۔ ایکٹو ایلوکیشن پلان کے 0.09 ملین روپے کی خالص اثاثہ قیمت (NAV) کی نمائندگی کرتا ہے۔ 30 جون 2022 تک فی یونٹ 74.1068 روپے تھا جبکہ 30 جون 2021 تک 115.7579 تھا۔ پلان نے زیر جائزہ سال کے لیے منفی 35.98 فیصد کے شیئنگ مارک ریٹرن کے مقابلے میں 7.18 فیصد کا منفی ریٹرن حاصل کیا۔ پلان میں 23 فیصد کی حد تک ایکویٹی فنڈز زاور 72 فیصد نقد سرمایہ کاری کی گئی ہے۔

## کنزرویٹو ایلوکیشن پلان

موجودہ سال کے دوران، کنزرویٹو ایلوکیشن پلان نے کمائی اور کل آمدنی پر بالترتیب 1.69 ملین اور روپے اور 2.13 ملین روپے کا خالص نقصان اٹھایا۔ 30 جون 2022 تک کنزرویٹو ایلوکیشن پلان کے خالص اثاثے 0.08 ملین روپے تھے۔ خالص اثاثہ قیمت (NAV) کی نمائندگی کرتے ہوئے 30 جون 2022 تک فی یونٹ 111.7040 روپے تھا جو کہ 30 جون 2021 تک 115.2069 روپے تھا۔ پلان نے 3.04 فیصد کے شیئنگ مارک ریٹرن کے مقابلے میں زیر جائزہ سال کے لیے 5.15 فیصد کا ریٹرن حاصل کیا۔ پلان میں 19 فیصد کی حد تک ایکویٹی فنڈز زاور 79 فیصد فیکسڈ انکم فنڈز میں سرمایہ کاری کی گئی ہے۔

## اسپیشل انکم پلان

زیر جائزہ مدت کے دوران اسپیشل انکم پلان نے کل اور خالص آمدنی بالترتیب 1.56 ملین اور 1.82 ملین روپے حاصل کیے۔ یہ پلان 13 ستمبر 2021 کو تشکیل پایا اور تمام آمدنی منصوبے کے سرمایہ کاروں کو واپس کر دی گئی۔ فنڈز زیر جائزہ سال میں بالترتیب 223.63 ملین اور 385.79 ملین کا مجموعی اور خالص نقصان ہوا۔ فنڈ کا حجم 30 جون 2022 تک 6.55 ملین روپے رہا۔

ہر درجہ بندی کی کارکردگی کا جائزہ ذیل میں پیش کیا گیا ہے:

## ایچ بی ایل گروٹھ فنڈ۔۔۔ درجہ A

HBL گروتھ فنڈ درجہ A نے 30 جون 2022 کو ختم ہونے والے سال کے دوران بالترتیب 374.39 ملین روپے اور 233.04 ملین روپے کی کل اور خالص آمدنی حاصل کی۔ 30 جون 2022 تک کلاس A کے فی یونٹ خالص اثاثہ قیمت (NAV) 19.4009 فی یونٹ تھی جبکہ 30 جون 2021 کو فی یونٹ 24.1401 کا تھا۔ اس طرح 19.63 فیصد کا منفی ریٹرن حاصل ہوا۔ سال کے دوران شیئنگ مارک کے ایس ای 100 انڈیکس نے 12.28 فیصد کا منفی ریٹرن حاصل کیا۔ 30 جون 2022 تک کلاس اے کا حجم 5.50 ملین تھا۔ جبکہ سال کے آغاز میں 6.84 ملین تھا۔

## ایچ بی ایل گروٹھ فنڈ۔۔۔ درجہ B

HBL گروتھ فنڈ درجہ B نے 30 جون 2022 کو ختم ہونے والے سال کے دوران بالترتیب 598.02 ملین روپے اور 618.83 ملین روپے کی کل اور خالص نقصان حاصل کیا۔ 30 جون 2022 تک کلاس B کے فی یونٹ خالص اثاثہ قیمت (NAV) 12.8951 فی یونٹ تھی جبکہ 30 جون 2021 کو فی یونٹ 19.9059 کا تھا۔ اس طرح 35.22 فیصد کا منفی ریٹرن حاصل ہوا۔ سال کے دوران شیئنگ مارک کے ایس ای 100 انڈیکس نے 12.28 فیصد کا منفی ریٹرن حاصل کیا۔ 30 جون 2022 تک کلاس بی کا حجم 1.05 ملین تھا۔ جبکہ سال کے آغاز میں 1.86 ملین تھا۔

## ایچ بی ایل انویسٹمنٹ فنڈ

2 جولائی 2018 سے مؤثر طریقے سے منظور شدہ کنورژن پلان کے مطابق فنڈ کو اوپن اینڈ ایکویٹی فنڈ میں تبدیل کر دیا گیا ہے۔ یہ معاملہ فنڈ کے مالی بیانات کے نوٹ 4.1 میں مکمل طور پر ظاہر کیا گیا ہے۔ زیر جائزہ سال کے دوران فنڈ کو مجموعی طور پر بالترتیب 333.30 ملین روپے اور 411.88 ملین کا خالص نقصان ہوا۔ 30 جون 2022 کو فنڈ کا حجم 2.71 ملین روپے تھا۔

ہر درجہ بندی کی کارکردگی کا جائزہ ذیل میں پیش کیا گیا ہے

## ایچ بی ایل انویسٹمنٹ فنڈ درجہ A

HBL انویسٹمنٹ فنڈ درجہ A نے 30 جون 2022 کو ختم ہونے والے سال کے دوران بالترتیب 131.08 بلین روپے اور 77.98 بلین روپے کی کل اور خالص آمدنی حاصل کی۔ 30 جون 2022 تک کلاس A کے فی یونٹ خالص اثاثہ قیمت (NAV) 7.0325 فی یونٹ تھی جبکہ 30 جون 2021 کو فی یونٹ 8.7715 کا تھا۔ اس طرح 19.83 فیصد کا منفی ریٹرن حاصل ہوا۔ سال کے دوران بیٹج مارک کے ایس ای 100 انڈیکس نے 12.28 فیصد کا منفی ریٹرن حاصل کیا۔ 30 جون 2022 تک کلاس اے کا حجم 2.00 بلین تھا۔ جبکہ سال کے آغاز میں 2.49 بلین تھا۔

## ایچ بی ایل انویسٹمنٹ فنڈ۔۔ درجہ B

HBL انویسٹمنٹ فنڈ درجہ B نے 30 جون 2022 کو ختم ہونے والے سال کے دوران بالترتیب 464.38 بلین روپے اور 489.87 بلین روپے کی کل اور خالص نقصان حاصل کیا۔ 30 جون 2022 تک کلاس B کے فی یونٹ خالص اثاثہ قیمت (NAV) 7.0325 فی یونٹ تھی جبکہ 30 جون 2021 کو فی یونٹ 10.2262 کا تھا۔ اس طرح 36.76 فیصد کا منفی ریٹرن حاصل ہوا۔ سال کے دوران بیٹج مارک کے ایس ای 100 انڈیکس نے 12.28 فیصد کا منفی ریٹرن حاصل کیا۔ 30 جون 2022 تک کلاس بی کا حجم 0.71 بلین تھا۔ جبکہ سال کے آغاز میں 1.39 بلین تھا۔

## ایچ بی ایل فنانشل سیکٹرز انکم فنڈ پلان-1

فنڈ نے اپنا کام 18 جنوری 2022 کو شروع کیا۔

فنڈ کی کل آمدنی اور خالص خسارہ 30 جون کو ختم ہونے والے سال کے دوران بالترتیب 1.97 بلین روپے اور 1.84 بلین روپے تھی۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 100.0454 روپے فی یونٹ تھی۔ (5.7692 روپے فی یونٹ کے منافع کو شامل کرنے کے بعد) اس طرح 26.13 فیصد کا سالانہ منافع دیتا ہے۔ اسی مدت کے دوران، بیٹج مارک (6 ماہ KIBOR) کی واپسی 13.11 فیصد تھی۔ فنڈ کا حجم 30 جون 2022 تک 45.83 بلین روپے تھا۔

## مینجمنٹ کمپنی کی درجہ بندی

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے HBL Asset Management Limited کی انتظامی معیار کی درجہ بندی کو AM2++ (AM Two Plus Plus) پر برقرار رکھا ہے اور تقویض کردہ درجہ بندی پر آڈٹ لک کو مستحکم سے مثبت میں تبدیل کر دیا گیا ہے

## آڈیٹرز

میسرز BDO ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ایچ بی ایل اسلامک ایکویٹی فنڈ کے موجودہ آڈیٹرز ریٹائر ہو چکے ہیں۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے میسرز BDO ابراہیم اینڈ کمپنی کو دوبارہ مقرر کیا ہے۔ BDO ابراہیم اینڈ کمپنی، 30 جون 2023 کو ختم ہونے والے سال کے لیے HBL اسلامی ایکویٹی فنڈ کے آڈیٹرز کے طور پر خدمات انجام دے گی۔

میسرز A.F.Fergusons & Co چارٹرڈ اکاؤنٹنٹس ایچ بی ایل اسلامک اسٹاک فنڈ کے موجودہ آڈیٹرز ریٹائر ہو گئے ہیں۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے میسرز کو دوبارہ مقرر کیا ہے۔ میسرز A.F.Fergusons & Co ایچ بی ایل اسلامک اسٹاک فنڈ کے آڈیٹرز کے طور پر 30 جون 2023 کو ختم ہونے والے سال کے لیے چارٹرڈ اکاؤنٹنٹس ہو گئے۔

میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ایچ بی ایل اسلامک منی مارکیٹ فنڈ، ایچ بی ایل اسلامک ایسٹ ایلوکیٹیشن فنڈ اور ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ کے موجودہ آڈیٹرز ریٹائر ہو گئے ہیں۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے میسرز کے لیے ان فنڈز کے آڈیٹرز کے طور پر دوبارہ مقرر کیا ہے۔

میسرز یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، HBL اسلامک انکم فنڈ اور HBL اسلامک ڈیڈ ویلٹیٹی ایکویٹی فنڈ کے موجودہ آڈیٹرز ریٹائر ہو گئے ہیں۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے میسرز

کو دوبارہ مقرر کیا ہے۔ یوسف عادل اینڈ کمپنی، 30 جون 2023 کو ختم ہونے والے سال کے لیے ان فنڈز کے آڈیٹرز کے طور پر خدمات انجام دیں گے۔

## یونٹ ہولڈنگ کاپیٹرن

یونٹ ہولڈنگ کے پیٹرن سے متعلق تفصیلات فنڈز کے متعلقہ مالی بیانات میں فراہم کی گئی ہیں۔ سائز کے لحاظ سے یونٹ ہولڈنگ کی تقسیم متعلقہ فنڈز کی سالانہ فنڈ بیچر رپورٹ کے متعلقہ حصے میں فراہم کی گئی ہے۔

## اعتراف

بورڈ اس موقع سے اپنے قابل قدر یونٹ ہولڈرز کے اعتماد اور سرپرستی کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز ریگولیشنز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمیٹی آف پاکستان اور ڈیجیٹل کسٹوڈین کمیٹی لمیٹڈ کی بطور ٹرسٹیز، پاکستان اسٹاک ایکسچینج لمیٹڈ اور اسٹیٹ بینک آف پاکستان کی طرف سے فراہم کردہ مدد اور رہنمائی کے لیے اپنی تعریف ریکارڈ پر رکھنا چاہتا ہے۔

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

از طرف بورڈ آف

ایچ بی ایل ایس ایٹ بینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر



**HBL Money Market Fund**

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Money Market Fund</b>
<b>NAME OF AUDITOR</b>	<b>A.F. Ferguson &amp; Co.</b>
<b>NAME OF TRUSTEE</b>	<b>Central Depository Company of Pakistan Limited</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Faysal Bank Limited Allied Bank Limited Meezan Bank Limited Askari Bank Limited Samba Bank Limited Zarai Taraqati Bank Limited United Bank Limited Sindh Bank Limited JS Bank Limited</b>
<b>FUND RATING</b>	<b>AA+(f) (JCR-VIS)</b>

**Type and Category of Fund**

**Open end Money Market Fund**

**Investment Objective and Accomplishment of Objective**

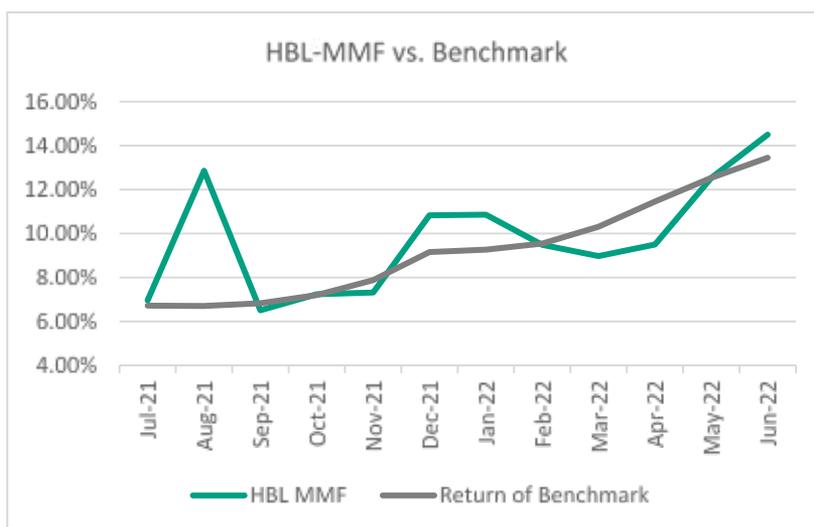
The investment objective of the Fund is to seek high liquidity and competitive return for investors by investing in low risk securities of shorter duration and maturity. The investment objective is achieved.

**Benchmark and Performance Comparison with Benchmark**

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

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

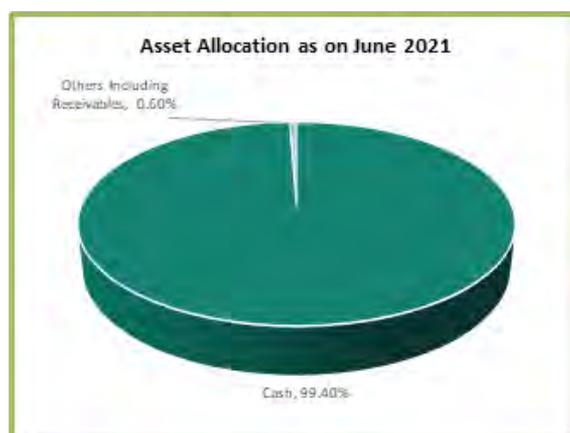
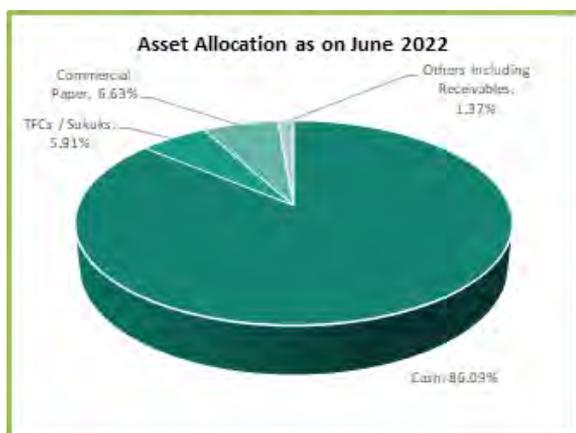
Month	HBL-MMF	Benchmark
Jun-22	14.50%	13.45%
May-22	12.54%	12.54%
Apr-22	9.50%	11.46%
Mar-22	8.98%	10.31%
Feb-22	9.49%	9.55%
Jan-22	10.86%	9.27%
Dec-21	10.83%	9.16%
Nov-21	7.32%	7.88%
Oct-21	7.24%	7.20%
Sep-21	6.51%	6.83%
Aug-21	12.86%	6.71%
Jul-21	6.96%	6.72%



**Strategies and Policies employed during the Year**

During the year, the fund was majorly invested in Government Securities of 3 months tenors, placements with DFIs while some exposures were built in Short Term Sukuk and Commercial Papers as well. HBL Money Market Fund posted an annualized return (YTD) of 10.26% against the benchmark return of 9.28% in FY22. In line with the investment policy of the Fund, the Fund continued to hold major investments in the form of short maturity T-Bills and placements with Commercial Banks and DFIs in Daily Product Accounts and LOPs. During the year, investment was made in short term commercial papers and short term sukuk to support bottom line. During quarter, Calendar and Fiscal year ends, better opportunities were offered in Bank Deposits which assisted the Fund Manager in optimizing Fund returns.

**Asset Allocation**



## Significant Changes in Asset Allocation during the Year

No major changes were made in asset allocation during the year due to nature of the fund. The investment in Government Securities was trimmed and the exposure was diverted towards Bank Deposits in June 2022. At the end of the year, 86.09% assets were deployed in Cash at bank as banks were offering better returns, while 12.54% were kept in Commercial Papers and Short Term Sukuk when compared with other approved asset classes.

## Fund Performance

The total income and net income of the Fund was Rs. 1.47 billion and Rs. 1.39 billion respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs. 102.8274 per unit as on June 30, 2022 as compared to Rs. 102.6193 per unit as on June 30, 2021, after incorporating dividend of Rs. 10.30 per unit, thereby giving an annualized return of 10.26%. During the year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 9.28%. The size of Fund was Rs. 15.60 billion as on June 30, 2022 as compared to Rs.12.84 billion at the start of the year.

## Market Review

Post-COVID, the SBP shifted its focus from catalyzing economic recovery toward sustaining it. Accordingly, the Monetary Policy Committee (MPC) increased the Policy Rate by 2.75% to 9.75% during 1HFY22. However, the onset of war between Russia and Ukraine during 2HFY22 led to a spike in international commodity prices, fueling inflationary concerns and prompting the MPC to increase the Policy Rate by another 400bps to 13.75%. Resultantly, during FY22, secondary market yields on T-bills increased in the range of 7.49-7.70%, while those on PIBs increased in the range of 2.98-4.46%.

The cut-off yields in the last T-bills auction were 15.23%, 14.80%, and 14.95% for 3M, 6M and 12M tenors, respectively. The cut-off yields in the last PIBs auction were 13.97%, 13.18%, and 13.15% in 3Y, 5Y and 10Y tenors, respectively, while bids for 15Y tenors were rejected.

GOP Ijarah Sukuk auction was held on 20-Jun-22, with a target of PKR 100bn (PKR 25bn Fixed Rental and PKR 75bn Variable Rental Rate) for a period of 5 years. The Ministry of Finance accepted bids worth PKR 6.03bn (at 12.9406%) in FRR Sukuk, and PKR 61.11bn (at 13.64%) in VRR Sukuk.

The latest hike in the Policy Rate to 13.75% is expected to help moderate demand to a more sustainable pace, while keeping inflation expectations anchored, and containing risks to external stability. However, we believe that gradual imposition of PDL on fuel, along with hike in electricity and gas tariffs, will translate adversely in CPI. Resultantly, we expect average inflation for FY23 to be in the range of 15.0-16.0%. Hence, further monetary tightening cannot be ruled out in order to cushion the adverse impact on CAD and local currency.

However, inflation is expected to taper down from FY24 onwards due to high-base effect and expectation of easing in international commodity prices. Upside risks to our estimates remain in the form of elevated international commodity prices for an extended period due to geopolitical concerns.

## Distribution

The Fund has distributed cash dividend up-to Rs. 10.30 per unit for the year ended June 30, 2022.

## Significant Changes in the State of Affairs

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

### Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	4,254	56,585
101 – 500	506	115,442
501 – 1,000	130	93,424
1,001 – 10,000	905	4,964,134
10,001 – 100,000	1,408	48,297,092
100,001 – 500,000	167	34,269,895
500,001 – 1,000,000	14	9,902,500
1,000,001 – 5,000,000	20	41,352,998
5,000001 and more	2	12,645,520
<b>Total</b>	<b>7,406</b>	<b>151,697,590</b>

### Unit Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

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

**PERFORMANCE TABLE –  
HBL MONEY MARKET FUND**  
As at June 30, 2022

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the period ended June 30, 2020	For the period ended June 30, 2019	For the period ended June 30, 2018	For the period ended June 30, 2017
<b>NET ASSETS AND PRICES</b>						
Net assets at the period end (Rs'000)	15,598,673	12,836,970	9,977,368	6,252,738	7,249,502	3,942,010
Net asset value per unit at the period end/period end (Rs)	102.8274	102.6193	102.3799	102.2200	107.1869	101.7683
Selling price/repurchasing price	103.9893	103.7789	102.3799	103.3751	107.1869	101.7683
Earning per unit (Rs) (note 3.10)						
Highest selling price per unit (Rs)	114.1003	110.3250	116.0114	111.7235	107.1869	107.6259
Lowest selling price per unit (Rs)	103.8002	103.5368	103.4401	102.1026	101.8380	101.5871
Highest repurchase price per unit (Rs)	112.8254	109.0923	114.7151	110.4751	107.1869	107.6259
Lowest repurchasing price per unit (Rs)	102.6404	102.7990	102.2843	102.0607	101.8380	101.5871
<b>RETURN ( % )</b>						
Total return	10.26%	6.84%	12.38%	8.47%	5.32%	6.45%
Income distribution	9.78%	6.75%	12.50%	8.45%	5.15%	6.30%
Capital growth	0.48%	0.09%	-0.12%	0.02%	0.17%	0.15%
<b>DISTRIBUTION</b>						
First Interim dividend distribution	-	-	-	-	-	-
Second Interim dividend distribution	-	-	-	-	-	-
Third Interim dividend distribution	-	-	-	-	-	-
Fourth Interim dividend distribution	-	-	-	-	-	-
Fifth Interim dividend distribution	-	-	-	-	-	-
Sixth Interim dividend distribution	-	-	-	-	-	-
Seventh Interim dividend distribution	-	-	-	-	-	-
Eighth Interim dividend distribution	-	-	-	-	-	-
Ninth Interim dividend distribution	-	-	-	-	-	-
Tenth Interim dividend distribution	-	-	-	-	-	-
Eleven Interim dividend distribution	-	-	-	-	-	-
Twelve Interim dividend distribution	-	-	-	-	-	-
Final dividend distribution	9.78	6.75	12.5	8.45	5.15	6.30
Total dividend distribution for the year/ period	9.78	6.75	12.50	8.45	5.15	6.30
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	10.26%	6.84%	12.38%	8.47%	5.32%	6.45%
Average annual return 2 year	8.54%	9.57%	10.41%	6.89%	5.89%	6.45%
Average annual return 3 year	9.80%	9.21%	8.69%	6.74%	5.64%	6.45%
Weighted average portfolio during (No. of days)	15	1	33	15	3	19
<b>Portfolio Composition- (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	86.09%	99.40%	70.74%	70.15%	92.91%	87.65%
T. Bills	0.00%	0.00%	26.31%	0.00%	0.00%	0.00%
Placement with banks & DFIs	0.00%	0.00%	0.00%	8.61%	6.83%	9.40%
Government Securities	0.00%	0.00%	0.00%	7.07%	0.00%	0.00%
Commercial Paper	6.63%	0.00%	3.04%	13.37%	0.00%	2.41%
TFC / Sukuks	5.91%	0.00%	0.00%	0.00%	0.00%	0.00%
Others including Receivables	1.37%	0.60%	0.31%	0.80%	0.26%	0.54%

**Disclaimer:**

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL MONEY MARKET FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Money Market Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

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

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

Karachi, September 21, 2022



**INDEPENDENT AUDITOR'S REPORT**

**To the Unit holders of HBL Money Market Fund**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of HBL Money Market Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

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

**Key Audit Matters**

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2022 amounted to Rs 1,985,515 million and balances with banks aggregated to Rs 13,661,227 million.  The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"><li>• Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2022 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>• Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

Affco

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**Other Matter**

The financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 27, 2021.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

**Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements**

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

A.F. FERGUSON & Co.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: September 29, 2022

UDIN: AR202210061kvNDBqSty

**HBL Money Market Fund**  
**Statement of Assets and Liabilities**  
AS AT JUNE 30, 2022

	Note	2022	2021
----- Rupees in '000 -----			
<b>ASSETS</b>			
Bank balances	5	13,661,227	12,963,462
Investments	6	1,985,515	-
Accrued mark-up	7	198,722	77,714
Deposits and prepayments	8	105	105
<b>Total assets</b>		<u>15,845,569</u>	<u>13,041,281</u>
<b>LIABILITIES</b>			
Payable to HBL Asset Management Limited - Management Company	9	41,799	4,072
Payable to Central Depository Company of Pakistan Limited - Trustee	10	721	710
Payable to the Securities and Exchange Commission of Pakistan	11	2,839	2,599
Dividend payable		9,261	2,942
Accrued expenses and other liabilities	12	192,276	193,988
<b>Total liabilities</b>		<u>246,896</u>	<u>204,311</u>
<b>NET ASSETS</b>		<u>15,598,673</u>	<u>12,836,970</u>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<u>15,598,673</u>	<u>12,836,970</u>
<b>Contingencies and commitments</b>	13		
----- Number of units -----			
<b>Number of units in issue</b>	14	<u>151,697,590</u>	<u>125,093,106</u>
----- Rupees -----			
<b>Net asset value per unit</b>	4.8	<u>102.8274</u>	<u>102.6193</u>

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

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

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

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

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

**HBL Money Market Fund**  
**Income Statement**  
 FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
----- Rupees in '000 -----			
<b>INCOME</b>			
Mark-up / return on investments	15	603,107	602,718
Mark-up on bank deposits	16	904,769	360,855
Loss on sale of investments - net		(33,504)	(3,622)
<b>Total income</b>		<b>1,474,372</b>	<b>959,951</b>
<b>EXPENSES</b>			
Remuneration of HBL Asset Management Limited - Management Company	9.1 & 9.2	75,985	65,170
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	10.1 & 10.2	9,172	9,546
Annual fee to the Securities and Exchange Commission of Pakistan	11	2,839	2,599
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	26,034	-
Selling and marketing expenses	9.4	26,034	-
Securities transaction costs		11	47
Settlement and bank charges		1,703	1,583
Auditors' remuneration	17	701	647
Annual listing fee		28	28
Printing expenses		76	29
Annual rating fee		305	290
		-	-
<b>Total expenses</b>		<b>142,888</b>	<b>79,939</b>
<b>Net income from operating activities</b>		<b>1,331,484</b>	<b>880,012</b>
Reversal of provision / (provision) for Sindh Worker's Welfare Fund	12	62,703	(17,600)
<b>Net income for the year before taxation</b>		<b>1,394,187</b>	<b>862,412</b>
Taxation	18	-	-
<b>Net income for the year after taxation</b>		<b>1,394,187</b>	<b>862,412</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		1,394,187	862,412
Income already paid on redemption of units		(637,650)	(440,513)
		<b>756,537</b>	<b>421,899</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gain		-	-
- Excluding capital gain		756,537	421,899
		<b>756,537</b>	<b>421,899</b>

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

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

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

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

\_\_\_\_\_  
 Director

	2022	2021
	----- Rupees in '000 -----	----- Rupees in '000 -----
Net income for the year after taxation	1,394,187	862,412
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>1,394,187</u>	<u>862,412</u>

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

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

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

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

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

**HBL Money Market Fund**  
**Statement of Movement in Unit Holders' Fund**  
 FOR THE YEAR ENDED JUNE 30, 2022

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- Rupees in '000 -----					
<b>Net assets at beginning of the year</b>	12,788,663	48,311	12,836,970	9,909,419	65,876	9,975,295
Issuance of units 376,577,531 (2021: 336,388,015 units)						
- Capital value (at net asset value per unit at the beginning of the year)	38,643,759	-	38,643,759	34,439,375	-	34,439,371
- Element of income	1,644,453	-	1,644,453	808,487	-	808,487
Total proceeds on issuance of units	40,288,212	-	40,288,212	35,247,862	-	35,247,858
Redemption of 349,973,047 units (2021: 308,729,015 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(35,913,989)	-	(35,913,989)	(31,607,649)	-	(31,607,649)
- Element of loss	(1,213,766)	(637,650)	(1,851,416)	(555,781)	(440,513)	(996,294)
Total payment on redemption of units	(37,127,755)	(637,650)	(37,765,405)	(32,163,430)	(440,513)	(32,603,943)
Total comprehensive income for the year	-	1,394,187	1,394,187	-	862,412	862,412
Final distribution for the year ended June 30, 2022 (cash distribution @ Rs 10.04 per unit declared on June 27, 2022)	-	(754,623)	(754,623)	-	-	-
Interim distribution for the year ended June 30, 2021 (cash distribution @ Rs 6.75 per unit declared on June 18, 2021)	-	-	-	-	(439,464)	(439,464)
Refund of capital	(400,668)	-	(400,668)	(205,188)	-	(205,188)
<b>Net income / (loss) for the year less distribution</b>	(400,668)	639,564	238,896	(205,188)	422,948	217,760
<b>Net assets at end of the year</b>	<b>15,548,452</b>	<b>50,225</b>	<b>15,598,673</b>	<b>12,788,663</b>	<b>48,311</b>	<b>12,836,970</b>

**Undistributed income brought forward comprising of:**

- Realised income	48,311	59,424
- Unrealised income	-	6,452
	<u>48,311</u>	<u>65,876</u>

**Accounting income available for distribution**

- Relating to capital gain	-	-
- Excluding capital gain	756,537	421,899
	<u>756,537</u>	<u>421,899</u>
Distribution during the year	(754,623)	(439,464)
Undistributed income carried forward	<u>50,225</u>	<u>48,311</u>

**Undistributed income carried forward comprising of:**

- Realised income	50,225	48,311
- Unrealised income	-	-
	<u>50,225</u>	<u>48,311</u>

	(Rupees)	(Rupees)
Net asset value per unit at the beginning of the year	<u>102.6193</u>	<u>102.3799</u>
Net asset value per unit at the end of the year	<u>102.8274</u>	<u>102.6193</u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

	Note	2022	2021
	-----	Rupees in '000	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		1,394,187	862,412
<b>Adjustments for:</b>			
Mark-up on bank deposits		(904,769)	(360,855)
Mark-up / return from investments		(603,107)	(602,718)
Loss on sale of investments - net		33,504	3,622
(Reversal of provision) / provision for Worker's Welfare Fund		(62,703)	17,600
		<u>(142,888)</u>	<u>(79,939)</u>
<b>(Increase) / decrease in assets</b>			
Investments - net		<u>(2,019,019)</u>	<u>3,330,478</u>
		(2,019,019)	3,330,478
<b>Increase / (decrease) in liabilities</b>			
Payable to HBL Asset Management Limited - Management Company		<u>37,727</u>	<u>(592)</u>
Payable to Central Depository Company of Pakistan Limited - Trustee		11	106
Payable to Securities and Exchange Commission of Pakistan		240	846
Payable against purchase of investments		-	(1,181,200)
Accrued expenses and other liabilities		<u>60,992</u>	<u>(20,060)</u>
		98,970	(1,200,900)
Mark-up received on bank deposits		954,376	317,672
Mark-up received on investments		432,491	602,718
<b>Net cash (used in) / generated from operating activities</b>		<u>(676,070)</u>	<u>2,970,029</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Amount received on issuance of units		<u>39,887,544</u>	<u>35,042,670</u>
Payment against redemption of units		<u>(37,765,405)</u>	<u>(32,603,943)</u>
Cash dividend paid		<u>(748,304)</u>	<u>(438,280)</u>
<b>Net cash generated from financing activities</b>		1,373,835	2,000,447
<b>Net increase in cash and cash equivalents during the year</b>		<u>697,765</u>	<u>4,970,476</u>
Cash and cash equivalents at beginning of the year		12,963,462	7,992,986
<b>Cash and cash equivalents at end of the year</b>	5	<u><u>13,661,227</u></u>	<u><u>12,963,462</u></u>

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

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

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

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

\_\_\_\_\_  
 Director

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

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

During the year ended June 30, 2021, the Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on September 8, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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

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

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

**1.5** The Management Company has been assigned a quality rating of 'AM2++' (positive outlook) by VIS Credit Rating Company Limited dated December 31, 2021 (2020: 'AM2++' dated December 31, 2020)

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

**2 BASIS OF PREPARATION**

**2.1 Statements of compliance**

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

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

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

**2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year:**

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been disclosed in these financial statements.

**2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

There are certain new amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these will not have any significant impact on the Fund's operations and, therefore, have not been disclosed in these financial statements.

**2.4 Critical accounting estimates and judgments**

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.2 and 6), provision for SWWF (note 12.1) and provision for FED (note 12.2).

**2.5 Functional and presentation currency**

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

**3 Accounting convention**

These financial statements have been prepared under the historical cost convention except for investments classified as at fair value through profit or loss which are measured at their respective fair values.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented.

## **2.1 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

## **2.2 Financial assets**

### **4.2.1 Classification and subsequent measurement**

#### **4.2.2.1 Debt instrument**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified based on the business model of the entity as:

- at amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL),

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

#### **4.2.2 Impairment**

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### **4.2.3 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

#### **4.2.4 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

#### **4.2.5 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are recognised in the income statement.

#### **4.2.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the income statement.

#### **4.2.2.2 Financial liabilities**

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the income statement.

#### **4.2.7 Offsetting of financial assets and financial liabilities**

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

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

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

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

#### **4.4 Provisions**

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

#### **4.5 Taxation**

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of part IV of the Second Schedule to the Income Tax Ordinance, 2001.

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

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

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

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

Element of income represents the difference between net asset value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

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

The Net Asset Value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

#### **4.9 Revenue recognition**

- Gains / (losses) arising on sale of investments are included in the income statement on the date when the transaction takes place.
- Profit on balances with bank is recognised on time proportion basis using the effective yield method.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets at fair value through profit or loss are included in the income statement in the period in which they arise.
- Income on sukuk certificates, placements, certificate of investments, commercial papers and government securities is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular no. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.

#### **2.10 Expenses**

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the income statement on an accrual basis.

5	BANK BALANCES	Note	2022	2021
			----- Rupees in '000 -----	
	Saving accounts	5.1	<u>13,661,227</u>	<u>12,963,462</u>

5.1 These include a balance of Rs. 6,022 million (2021: 12,445 million) with Habib Bank Limited (a related party) and this account carries mark-up at the rates of 17.56% (2021: 7.84%). Other profit and loss saving accounts of the Fund carry mark-up at the rates ranging from 5% to 16.70 % (2021: 5% to 8%) per annum.

6	INVESTMENTS	Note	2022	2021
			----- Rupees in '000 -----	
<b>At fair value through profit or loss</b>				
	- Government securities - Market Treasury bills	6.1	-	-
	- Commercial papers	6.2	1,050,515	-
	- Letter of placements	6.3	-	-
	- Sukuk certificates	6.4	<u>935,000</u>	-
			<u>1,985,515</u>	<u>-</u>

#### 6.1 Government securities - Market treasury bills

Name of the security	Issue date	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to	
		As at July 1, 2021	Purchased during the year	Matured / sold during the year	As at June 30, 2022				Net assets of the Fund	Total market value of investment
----- Rupees in '000 -----										
<b>Market treasury bills - 3-months</b>										
---										
Treasury bills - 3 months	2-Jul-21	-	5,300,000	5,300,000	-	-	-	-	-	
Treasury bills - 3 months	24-Sep-20	-	1,580,000	1,580,000	-	-	-	-	-	
Treasury bills - 3 months	12-Aug-21	-	750,000	750,000	-	-	-	-	-	
Treasury bills - 3 months	15-Jul-21	-	1,225,000	1,225,000	-	-	-	-	-	
Treasury bills - 3 months	23-Sep-21	-	1,650,000	1,650,000	-	-	-	-	-	
Treasury bills - 3 months	26-Aug-21	-	50,000	50,000	-	-	-	-	-	
Treasury bills - 3 months	12-Aug-21	-	500,000	500,000	-	-	-	-	-	
Treasury bills - 3 months	2-Dec-21	-	17,100,000	17,100,000	-	-	-	-	-	
Treasury bills - 3 months	3-Jun-21	-	2,700,000	2,700,000	-	-	-	-	-	
Treasury bills - 3 months	7-Apr-22	-	2,000,000	2,000,000	-	-	-	-	-	
Treasury bills - 3 months	7-Oct-21	-	18,910,000	18,910,000	-	-	-	-	-	
Treasury bills - 3 months	10-Feb-22	-	37,000,000	37,000,000	-	-	-	-	-	
Treasury bills - 3 months	16-Dec-21	-	800,000	800,000	-	-	-	-	-	
Treasury bills - 3 months	20-May-21	-	3,545,000	3,545,000	-	-	-	-	-	
Treasury bills - 3 months	21-Apr-22	-	6,010,000	6,010,000	-	-	-	-	-	
Treasury bills - 3 months	27-Jan-22	-	48,360,000	48,360,000	-	-	-	-	-	
Treasury bills - 3 months	28-Apr-2022	-	2,000,000	2,000,000	-	-	-	-	-	
Treasury bills - 3 months	30-Dec-21	-	26,050,000	26,050,000	-	-	-	-	-	
Treasury bills - 3 months	9-Sep-21	-	4,000,000	4,000,000	-	-	-	-	-	
<b>Market treasury bills - 6-months</b>										
Treasury bills - 6 months	2-Jul-21	-	16,650,000	16,650,000	-	-	-	-	-	
Treasury bills - 6 months	3-Jun-2021	-	2,230,000	2,230,000	-	-	-	-	-	
Treasury bills - 6 months	28-Jan-21	-	1,500,000	1,500,000	-	-	-	-	-	
Treasury bills - 6 months	30-Dec-21	-	10,200,000	10,200,000	-	-	-	-	-	
Treasury bills - 6 months	29-Jul-21	-	3,000,000	3,000,000	-	-	-	-	-	
Treasury bills - 6 months	27-Jan-22	-	10,750,000	10,750,000	-	-	-	-	-	
Treasury bills - 6 months	26-Aug-21	-	500,000	500,000	-	-	-	-	-	
Treasury bills - 6 months	25-Mar-21	-	2,030,000	2,030,000	-	-	-	-	-	
Treasury bills - 6 months	22-Apr-21	-	4,180,000	4,180,000	-	-	-	-	-	
Treasury bills - 6 months	20-May-21	-	2,600,000	2,600,000	-	-	-	-	-	
Treasury bills - 6 months	17-Jun-21	-	10,600,000	10,600,000	-	-	-	-	-	
Treasury bills - 6 months	16-Dec-21	-	710,000	710,000	-	-	-	-	-	
Treasury bills - 6 months	15-Jul-21	-	7,100,000	7,100,000	-	-	-	-	-	
Treasury bills - 6 months	10-Mar-22	-	72,000	72,000	-	-	-	-	-	
Treasury bills - 6 months	10-Feb-22	-	1,000,000	1,000,000	-	-	-	-	-	
Treasury bills - 6 months	8-Apr-21	-	3,250,000	3,250,000	-	-	-	-	-	
Treasury bills - 6 months	6-May-21	-	16,580,000	16,580,000	-	-	-	-	-	
<b>Total as at June 30, 2022</b>		-	<b>272,482,000</b>	<b>272,482,000</b>	-	-	-	-	-	
Total as at June 30, 2021		3,044,000	109,336,900	112,380,900	-	-	-	-	-	

## 6.2 Commercial papers

Name of the security	Effective yield	Maturity date	Face value				Carrying value as at June 30, 2022	Market Value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to	
			As at July 01, 2021	Placement during the year	Matured / sold during the year	As at June 30, 2022				Net assets of the Fund	Total market value of investment
----- Rupees in '000 -----											
K-Electric Limited ICP14	7.26%	10-Aug-2021	-	70,000	70,000	-	-	-	-	-	
K-Electric Limited ICP 20	8.05%	27-Jan-2022	-	66,000	66,000	-	-	-	-	-	
K-Electric Limited CP	8.01%	28-Feb-2022	-	132,000	132,000	-	-	-	-	-	
K-Electric Limited ICP21	8.21%	28-Feb-2022	-	174,000	174,000	-	-	-	-	-	
K-Electric Limited ICP 18	7.76%	19-Oct-2021	-	40,000	40,000	-	-	-	-	-	
K-Electric Limited ICP22	8.66%	6-Apr-2022	-	450,000	450,000	-	-	-	-	-	
K-Electric Limited ICP 23	9.41%	4-May-2022	-	365,000	365,000	-	-	-	-	-	
K-Electric Limited ICP24	9.57%	16-May-2022	-	445,000	445,000	-	-	-	-	-	
China Power Hub Limited (AA+, PACRA)	13.97%	11-Oct-2022	-	500,000	-	500,000	481,475	481,475	-	3.09%	
Lucky Electric Company Limited (AA-, PACRA)	16.21%	2-Nov-2022	-	600,000	-	600,000	569,040	569,040	-	3.65%	
<b>Total as at June 30, 2022</b>							<b>1,050,515</b>	<b>1,050,515</b>	<b>-</b>		
Total as at June 30, 2021							-	-	-		

## 6.3 Letter of placements

Name of investee company	Maturity date	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to	
		As at July 01, 2021	Purchased during the year	Matured / sold during the year	As at June 30, 2022				Net assets of the Fund	Total market value of investment
----- Rupees in '000 -----										
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	15-Sep-2021	-	275,000	275,000	-	-	-	-	-	-
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	30-Nov-2021	-	920,000	920,000	-	-	-	-	-	-
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	29-Nov-2021	-	200,000	200,000	-	-	-	-	-	-
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	26-Nov-2021	-	1,000,000	1,000,000	-	-	-	-	-	-
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	26-Nov-2021	-	975,000	975,000	-	-	-	-	-	-
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	2-Dec-2021	-	900,000	900,000	-	-	-	-	-	-
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	30-Nov-2021	-	1,300,000	1,300,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	10-Dec-2021	-	1,550,000	1,550,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	7-Dec-2021	-	1,600,000	1,600,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	10-Dec-2021	-	1,300,000	1,300,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	13-Dec-2021	-	1,303,129	1,303,129	-	-	-	-	-	-
Pak Oman Investment Company Limited	27-Jan-2022	-	1,306,328	1,306,328	-	-	-	-	-	-
Pak Brunei Investment Company Limited	31-Jan-2022	-	1,550,000	1,550,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	25-Jan-2022	-	1,300,000	1,300,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	15-Feb-2022	-	1,550,000	1,550,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	18-Mar-2022	-	1,000,000	1,000,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	17-Mar-2022	-	1,200,000	1,200,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	29-Apr-2022	-	253,000	253,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	29-Apr-2022	-	1,800,000	1,800,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	29-Apr-2022	-	1,700,000	1,700,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	6-May-2022	-	1,100,000	1,100,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	13-May-2022	-	1,100,000	1,100,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	24-May-2022	-	1,300,000	1,300,000	-	-	-	-	-	-
<b>Total as at June 30, 2022</b>							<b>-</b>	<b>-</b>	<b>-</b>	
Total as at June 30, 2021							-	-	-	

## 6.4 Sukuk certificates

Name of investee company	Rate of return	Maturity date	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to	
			As at July 01, 2021	Purchased during the year	Matured / sold during the year	As at June 30, 2022				Net assets of the Fund	Total market value of investment
----- Rupees in '000 -----											
<b>POWER GENERATION AND DISTRIBUTION</b>											
Hub Power Company Limited (AA+, PACRA)	14.00%	27-Oct-22	-	85,000	-	85,000	85,000	85,000	-	0.54%	4.28%
K-Electric Limited (AA, PACRA)	14.23%	12-Oct-22	-	250,000	-	250,000	250,000	250,000	-	1.60%	12.59%
Lucky Electric Power Company Limited (AA, PACRA)	15.10%	14-Oct-22	-	600,000	-	600,000	600,000	600,000	-	3.85%	30.22%
<b>Total as at June 30, 2022</b>							<b>935,000</b>	<b>935,000</b>	<b>-</b>		
Total as at June 30, 2021							-	-	-		

	Note	2022	2021
		----- Rupees in '000 -----	
<b>7</b>	<b>ACCRUED MARK-UP</b>		
	Mark-up accrued on bank deposits	170,615	77,714
	Mark-up accrued on sukuk certificates	28,107	-
		<u>198,722</u>	<u>77,714</u>
<b>8</b>	<b>DEPOSITS AND PREPAYMENTS</b>		
	Security deposit with Central Depository Company of Pakistan Limited	100	100
	Prepayment	5	5
		<u>105</u>	<u>105</u>
<b>9</b>	<b>PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
	Management fee payable	9.1 8,421	3,538
	Sindh sales tax payable on management fee	9.2 1,095	460
	Allocation of expenses related to registrar services, accounting, operation and valuation services payable	9.3 7,863	-
	Selling and marketing expense payable	9.4 18,708	-
	Sales load payable	5,712	74
		<u>41,799</u>	<u>4,072</u>

**9.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rates ranging from 0.20% to 0.75% (2021:0.20 %to 0.45%)

**9.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2021: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

**9.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company may charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). The Management Company based on its own discretion has charged allocated expenses at the rates ranging from 0.05% to 0.70% (2021: Nil)

**9.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.The Management Company based on its own discretion has charged allocated expenses at the rates ranging from 0.05% to 0.70% (2021: Nil)

	Note	2022	2021
		----- Rupees in '000 -----	
<b>10</b>	<b>PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
	Trustee fee payable	10.1 638	628
	Sindh sales tax payable on trustee fee	10.2 83	82
		<u>721</u>	<u>710</u>

**10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed at the rate of 0.055% (2021: 0.065%) per annum of net assets of the Fund.

**10.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2021: 13%) on the remuneration of the trustee through Sindh Sales Tax on Services Act, 2011.

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

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% per annum of the average annual net assets of the Fund.

<b>12 ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		----- Rupees in '000 -----	
Auditors' remuneration payable		508	643
Withholding tax payable		130,484	73,476
Provision for Sindh Workers' Welfare Fund	12.1	-	62,703
Federal Excise Duty payable on Management Company's remuneration	12.2	41,211	41,211
Capital gain tax payable		17,066	9,124
Advance against units to be issued		2,500	2,500
Other payables		506	4,331
		<u>192,276</u>	<u>193,988</u>

**12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). However, the Fund had recorded provision in respect of SWWF with effect from July 1, 2014.

During the year, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP. All the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

**12.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16% on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 41.211 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.27 (2021: Re 0.33) per unit.

## **13 CONTINGENCIES AND COMMITMENTS**

**13.1** There are no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021

		2022	2021
	----- Number of units -----		
<b>14</b>	<b>NUMBER OF UNITS IN ISSUE</b>		
	Total outstanding as of July 01	125,093,106	97,434,106
	Add: issued during the year	376,577,531	336,388,015
	Less: redeemed during the year	<u>(349,973,047)</u>	<u>(308,729,015)</u>
	Total units in issue as of June 30	<u>151,697,590</u>	<u>125,093,106</u>
<b>15</b>	<b>MARK-UP / RETURN ON INVESTMENTS</b>		
	----- Rupees in '000 -----		
	Mark-up / return on:		
	- Government securities	454,876	554,952
	- Sukuk certificates	28,107	591
	- Letter of placements	24,580	33,815
	- Commercial papers	<u>95,544</u>	<u>13,360</u>
		<u>603,107</u>	<u>602,718</u>
<b>16</b>	<b>MARK-UP ON BANK DEPOSITS</b>		
	Mark-up on:		
	- Saving accounts	865,885	360,855
	- Term deposit receipts	<u>38,884</u>	<u>-</u>
		<u>904,769</u>	<u>360,855</u>
<b>17</b>	<b>AUDITORS' REMUNERATION</b>		
	Annual audit fee	450	424
	Fee for half yearly review of condensed interim financial statements	174	161
	Other certifications and out of pocket expenses	<u>77</u>	<u>62</u>
		<u>701</u>	<u>647</u>

**18 TAXATION**

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year. The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

**19 EARNINGS PER UNIT**

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

**20 FINANCIAL INSTRUMENTS BY CATEGORY**

	-----2022-----		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Bank balances	13,661,227	-	13,661,227
Investments	-	1,985,515	1,985,515
Accrued mark-up	198,722	-	198,722
Deposit	100	-	100
	<u>13,860,049</u>	<u>1,985,515</u>	<u>15,845,564</u>
<b>Financial liabilities</b>			
Payable to HBL Asset Management Limited - Management Company	41,799	-	41,799
Payable to Central Depository Company of Pakistan Limited - Trustee	721	-	721
Dividend payable	9,261	-	9,261
Accrued expenses and other liabilities	1,085	-	1,085
	<u>52,866</u>	<u>-</u>	<u>52,866</u>
	-----2021-----		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Bank balances	12,963,462	-	12,963,462
Accrued mark-up	77,714	-	77,714
Deposit	100	-	100
	<u>13,041,276</u>	<u>-</u>	<u>13,041,276</u>
<b>Financial liabilities</b>			
Payable to the Management Company	4,072	-	4,072
Payable to the Trustee	710	-	710
Dividend payable	2,942	-	2,942
Accrued expenses and other liabilities	4,974	-	4,974
	<u>12,698</u>	<u>-</u>	<u>12,698</u>

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

Connected persons / related parties include HBL Asset Management Limited (HBL-AML) being the Management Company of the Fund, Habib Bank Limited (HBL) being the Sponsor (holding 100% shares of HBL Asset Management Limited), Central Depository Company of Pakistan Limited being the Trustee of the Fund, other associated companies of HBL, HBL-AML and its subsidiaries, other collective investment schemes managed by the Management Company, directors, their close family members and officers of the Management Company and the Trustee, key management personnel, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons essentially comprise of sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

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

Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

**21.1 Transactions during the year**

	2022	2021
	----- Rupees in '000 -----	
<b>HBL Asset Management Limited - Management Company</b>		
Management remuneration including sales tax thereon	75,985	65,170
Allocation of expenses related to registrar services, accounting, operation and valuation services	26,034	-
Selling and marketing expenses	26,034	-
Redemption of 236,726 units (2021: Nil units)	26,000	-
<b>Habib Bank Limited - Sponsor</b>		
Dividend paid	458	27,785
Bank charges paid	1,185	1,089
Mark-up earned during the year	865,885	263,806
Issuance of 444,413 units (2021: Nil units)	50,000	-
Refund of capital of 42,618 units (2021: Nil units)	4,375	-
<b>Habib Bank Limited - Treasury Division</b>		
Dividend paid	62	-
Issuance of 622,178 units (2021: Nil units )	70,000	-
Refund of capital of 59,666 units (2021: Nil units)	6,126	-

	2022	2021
	----- Rupees in '000 -----	
<b>MCBFSL Trustee HBL Financial Planning Fund</b>		
<b>Active Allocation Plan - Associate</b>		
Issuance of 30,955 units (2021: Nil units)	3,367	-
Redemption of 20,816 units (2021: Nil units)	2,146	-
Refund of capital of 1,793 units (2021: Nil units)	184	-
Dividend paid	298	-
<b>MCBFSL Trustee HBL Financial Planning Fund</b>		
<b>Conservative Allocation Plan - Associate</b>		
Issuance of 79,607 units (2021: 1,193,780 units)	8,595	123,644
Redemption of 418,840 units (2021: 1,210,549 units)	45,621	125,689
Refund of Capital of 3,402 units (2021: nil units)	349	-
Dividend paid	-	2,562
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee's remuneration including sales tax thereon	9,172	9,546
<b>CDC Trustee HBL Islamic Money Market Fund - Connected Party</b>		
Purchase of Commercial Papers	69,557	-
Sale of Commercial Papers	63,839	656,654
<b>CDC Trustee HBL Income Fund - Connected Party</b>		
Sale of T bills	58,224	-
<b>CDC Trustee HBL Cash Fund - Connected Party</b>		
Sale of T bills	4,769,206	-
<b>Directors, executives and key management personnel</b>		
Issuance of 48,169 units (2021: 86,019 units)	5,166	8,993
Redemption of 42,558 units (2021: 67,063 units)	4,457	7,063
Refund of capital of 2,810 units (2021: nil units)	291	-
Dividend paid	264	198
<b>21.2</b>	<b>Balance outstanding as at year end</b>	
<b>HBL Asset Management Limited - Management Company</b>		
Management fee payable	8,421	3,538
Sindh Sales Tax on management fee payable	1,095	460
Sales load payable	5,712	74
Selling and marketing expense payable	18,708	-
Allocation of expenses related to registrar services, accounting, operation and valuation services payable	7,863	-
Outstanding Nil units ( 2021: 236,726 units)	-	24,293
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	6,022,432	12,445,270
Sales load payable	-	4,048
Outstanding: 4,603,276 units (2021: 4,116,245 units)	473,343	422,406

	2022	2021
	----- Rupees in '000 -----	
<b>Habib Bank Limited - Treasury Division</b>		
Outstanding: 681,844 units ( 2021: Nil )	<u>70,112</u>	<u>-</u>
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative</b>		
Allocation Plan - Associate		
Outstanding: 60,495 units (2021: 396,326 units)	<u>6,221</u>	<u>40,671</u>
<b>MCBFSL Trustee HBL Financial Planning Fund Active</b>		
Allocation Plan - Associate		
Outstanding: 11,931 units (2021: Nil units)	<u>1,227</u>	<u>-</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	<u>638</u>	<u>628</u>
Sindh sales tax payable on trustee fee	<u>83</u>	<u>82</u>
<b>Directors, executives and key management personnel</b>		
Outstanding: 46,644 units (2021: 38,223 units)	<u>4,796</u>	<u>3,922</u>

## 22 PARTICULARS OF INVESTMENT COMMITTEE

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

S. No	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	23 + years
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	26 + years
3	Wamiq Sakrani	Head of Fixed Income	MBA	12 + years
4	Karim Khawaja	Head of Risk	MBA, CMA	19 + years
5	Mustafa Mahmood Khan	Head of Research	ACCA, CFA	12 + years
6	Muhammad Zohaib	Senior Fund Manager	CIMA, MA	14 + years
7	Raza Abbas	Senior Fund Manager	M.Com	19 + years

## 23 LIST OF TOP BROKERS / DEALERS

Top brokers during the year ended June 30, 2022

- Invest One Markets Limited
- Magenta Capital (Private) Limited
- Optimus Markets (Private) Limited
- Bright Capital (Private) Limited
- Arif Habib Limited
- JS Global Capital Limited
- Pearl Securities Limited
- BIPL Securities Limited
- BMA Capital Management Limited
- Paramount Capital (Private) Limited

Top brokers during the year ended June 30, 2021

- Arif Habib Limited
- Invest One Markets Limited
- Paramount Capital (Private) Limited
- Pearl Securities Limited
- JS Global Capital Limited
- Magenta Capital (Private) Limited
- Optimus Markets (Private) Limited
- Icon Securities (Private) Limited
- Currency Market Associates (Private) Limited
- Summit Capital (Private) Limited

## 24 PATTERN OF UNIT HOLDING

-----As at June 30, 2022-----				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000'				
Individuals	7,180	98,408,810	10,119,125	64.87%
Associated company	4	5,296,088	544,583	3.49%
Insurance companies	3	626,073	64,377	0.41%
Retirement funds	23	5,927,038	609,462	3.91%
Trusts	19	393,080	40,419	0.26%
Foreign investors	45	3,646,299	374,940	2.40%
Others	132	37,400,202	3,845,767	24.65%
	<u>7,406</u>	<u>151,697,590</u>	<u>15,598,673</u>	<u>100.00%</u>

-----As at June 30, 2021-----				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000'				
Individuals	5,226	85,350,916	8,758,656	68.23%
Associated company	2	4,512,571	463,077	3.29%
Insurance companies	4	694,081	71,222	0.55%
Retirement funds	24	3,304,250	339,080	2.64%
Trusts	13	216,035	22,169	0.49%
Foreign investors	17	932,717	95,715	0.75%
Others	74	30,082,537	3,087,051	24.05%
	<u>5,360</u>	<u>125,093,106</u>	<u>12,836,970</u>	<u>100.00%</u>

## 25 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Seven meetings of the Board of Directors were held on August 26, 2021, September 09, 2021, October 28, 2021, February 11, 2022, April 26, 2022, May 10, 2022 and May 16, 2022 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave Granted	
Mr. Shahid Ghaffar <sup>1</sup>	7	7	-	-
Ms. Ava A. Cowasjee <sup>1</sup>	7	5	2	May 10,2022 and May 16, 2022
Mr. Shabbir Hussain Hashmi <sup>5</sup>	5	5	-	-
Mr. Rayomond H. Kotwal <sup>1</sup>	7	7	-	-
Mr. Abrar Ahmed Mir <sup>1</sup>	7	7	-	-
Mr. Tariq Masaud <sup>1</sup>	7	7	-	-
Mr. Muhammad Afaq Khan <sup>2</sup>	3	1	2	August 26,2021 and October 28, 2021
Mr. Abid Sattar <sup>3</sup>	3	3	-	-
Mr. Khalid Malik <sup>4</sup>	2	2	-	-

<sup>1</sup> Completed term and reappointed on April 29, 2022.

<sup>2</sup> Resigned on January 20, 2022.

<sup>3</sup> Appointed on February 11, 2022.

<sup>4</sup> Appointed on April 29, 2022.

<sup>5</sup> Completed term and retired on April 28, 2022.

## 26 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP.

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

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

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

### 26.1 Market risk

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

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

Market risk comprises of three types of risks: interest rate risk, currency risk and price risk.

### 26.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on its balances with banks, sukuk certificates and commercial papers. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher/ lower by Rs. 136.615 million (2021: Rs. 129.635 million).

#### b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investment in commercial papers and sukuk certificates. In case of 100 basis points increase / decrease in rates on June 30, 2022, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 19.855 million (2021: Nil).

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

Effective interest rate / yield	2022				
	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
(%)	Rupees in '000				

#### On-balance sheet financial instruments

##### Financial assets

Bank balances	5% to 17.56%	13,661,227	-	-	-	13,661,227
Investments	13.97% to 16.21%	935,000	1,050,515	-	-	1,985,515
Accrued mark-up		-	-	-	198,722	198,722
Deposit		-	-	-	100	100
		14,596,227	1,050,515	-	198,822	15,845,564

##### Financial liabilities

Payable to HBL Asset Management Limited - Management Company		-	-	-	41,799	41,799
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	721	721
Dividend payable		-	-	-	9,261	9,261
Accrued expenses and other liabilities		-	-	-	1,085	1,085
		-	-	-	52,866	52,866

#### On-balance sheet gap (a)

14,596,227	1,050,515	-	145,956	15,792,698
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#### Off-balance sheet financial instruments

-	-	-	-	-
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#### Off-balance sheet gap (b)

-	-	-	-	-
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#### Total interest rate sensitivity gap (a+b)

14,596,227	1,050,515	-		
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#### Cumulative interest rate sensitivity gap

14,596,227	15,646,742	15,646,742		
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2021					
Effective interest rate / yield	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

(%)

Rupees in '000

**On-balance sheet financial instruments**

**Financial assets**

Bank balances	5% to 8%	12,963,462	-	-	-	12,963,462
Accrued mark-up		-	-	-	77,714	77,714
Deposit		-	-	-	100	100
		12,963,462	-	-	77,814	13,041,276

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company		-	-	-	4,072	4,072
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	710	710
Dividend payable		-	-	-	2,942	2,942
Accrued expenses and other liabilities		-	-	-	4,974	4,974
		-	-	-	13,408	13,408

<b>On-balance sheet gap (a)</b>		<u>12,963,462</u>	<u>-</u>	<u>-</u>	<u>64,406</u>	<u>13,027,868</u>
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**Off-balance sheet financial instruments**

<b>Off-balance sheet gap (b)</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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<b>Total interest rate sensitivity gap (a+b)</b>		<u>12,963,462</u>	<u>-</u>	<u>-</u>		
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<b>Cumulative interest rate sensitivity gap</b>		<u>12,963,462</u>	<u>12,963,462</u>	<u>12,963,462</u>		
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### 26.1.2 Currency risk

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

### 26.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Fund has no such financial instrument as at June 30, 2022.

### 26.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks, profit receivable on balances with banks, credit exposure arising as a result of investments. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by the Trustee of the fund minimises the credit risk. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	2022		2021	
	Financial assets	Maximum exposure to credit risk	Financial assets	Maximum exposure to credit risk
	----- Rupees -----			
Bank balances	13,661,227	13,661,227	12,963,462	12,963,462
Investments	1,985,515	1,985,515	-	-
Accrued mark-up	198,722	198,722	77,714	77,714
Deposit	100	100	100	100
	<u>15,845,564</u>	<u>15,845,564</u>	<u>13,041,276</u>	<u>13,041,276</u>

### 26.2.1 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its balances with banks and profit accrued thereon and receivable against sale of units and against investments. The credit rating profile of balances with banks and accrued profit thereon is as follows:

Rating	Balance as at	Balance as at
	June 30, 2022	June 30, 2021
	%	
AAA	99.18%	99.98%
AA-	0.00%	0.00%
AA	0.01%	0.01%
A+	0.00%	0.00%
A	0.00%	0.00%
AA+	0.81%	0.01%
	<u>100.00%</u>	<u>100.00%</u>

### 26.2.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties, therefore any significant concentration of credit risk is mitigated.

### 26.3 Liquidity risk

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

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund.

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

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

-----2022-----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
-----Rupees in '000-----						
<b>Financial assets</b>						
Bank balances	13,661,227	-	-	-	-	13,661,227
Investments	-	-	1,985,515	-	-	1,985,515
Accrued mark-up	198,722	-	-	-	-	198,722
Deposit	-	-	-	-	100	100
	13,859,949	-	1,985,515	-	100	15,845,564
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	41,799	-	-	-	-	41,799
Payable to Central Depository Company of Pakistan Limited - Trustee	721	-	-	-	-	721
Dividend payable	8,764	-	-	-	-	8,764
Accrued expenses and other liabilities	1,085	-	-	-	-	1,085
	52,369	-	-	-	-	52,369
<b>Net financial assets</b>	<b>13,807,580</b>	<b>-</b>	<b>1,985,515</b>	<b>-</b>	<b>100</b>	<b>15,793,195</b>
-----2021-----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
-----Rupees in '000-----						
<b>Financial assets</b>						
Bank balances	12,963,462	-	-	-	-	12,963,462
Accrued mark-up	77,714	-	-	-	-	77,714
Deposit	-	-	-	-	100	100
	13,041,176	-	-	-	100	13,041,276
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	4,072	-	-	-	-	4,072
Payable to Central Depository Company of Pakistan Limited - Trustee	710	-	-	-	-	710
Dividend payable	2,942	-	-	-	-	2,942
Accrued expenses and other liabilities	4,974	-	-	-	-	4,974
	12,698	-	-	-	-	12,698
<b>Net financial assets / (liabilities)</b>	<b>13,028,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>13,028,578</b>

## 27 UNITS HOLDERS' FUND RISK MANAGEMENT

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

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

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

## 28 FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### Fair value hierarchy

- Level 1: Fair value measurements using quoted prices (unadjusted) in an active market for identical assets or liabilities;
- Level 2: 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); and
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2022 the Fund held the following financial instruments measured at fair values:

	2022			Total
	Level 1	Level 2	Level 3	
<b>Financial assets 'at fair value through profit or loss'</b>	----- (Rupees) -----			
Commercial paper	-	1,050,515	-	1,050,515
Sukuk certificates	-	935,000	-	935,000
	-	1,985,515	-	1,985,515
	-----	-----	-----	-----
	-----	-----	-----	-----
	-----	-----	-----	-----

	2021			Total
	Level 1	Level 2	Level 3	
<b>Financial assets 'at fair value through profit or loss'</b>	----- (Rupees) -----			
Commercial paper*	-	-	-	-
Sukuk certificates	-	-	-	-
	-	-	-	-
	-----	-----	-----	-----
	-----	-----	-----	-----
	-----	-----	-----	-----

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

**29 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 1.01% (2021: 0.75%) which includes 0.09% (2021: 0.22%) representing government levies on the Fund such as sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market Scheme.

**30 GENERAL**

Figures have been rounded off to the nearest thousand Rupees unless otherwise stated

**31 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on August 29, 2022.

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

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

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

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



**HBL** Income Fund

## FUND INFORMATION

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

## Type and Category of Fund

### Open end Income Fund

Investment Objective and Accomplishment of Objective

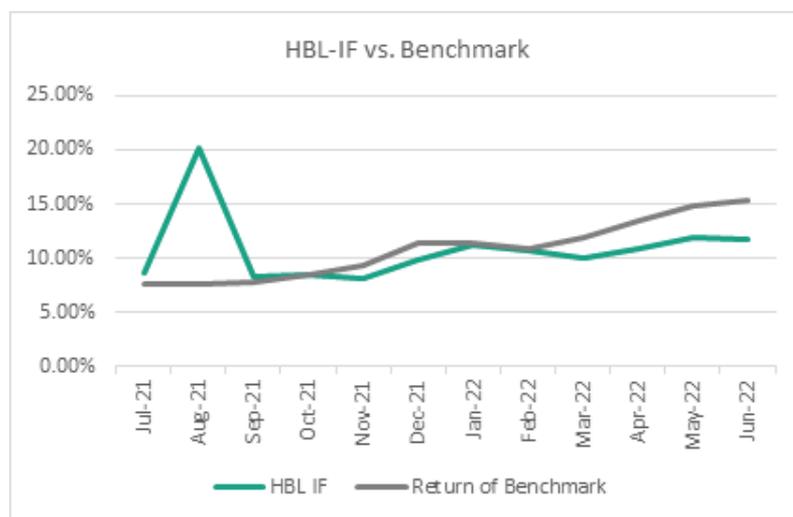
The objective of the Fund is to provide a stable stream of income with moderate level of risk by investing in fixed income securities. The investment objective is achieved.

### Benchmark and Performance Comparison with Benchmark

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

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

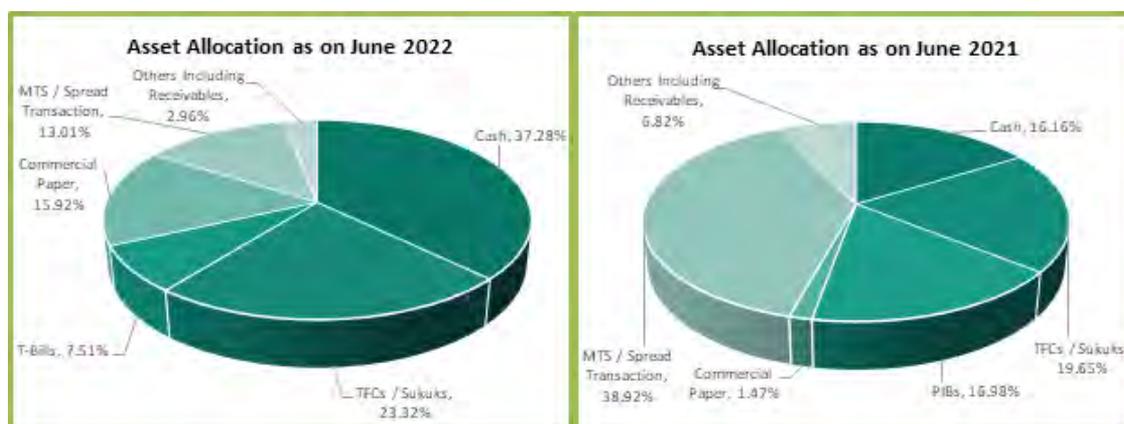
Month	HBL-IF	Benchmark
Jun-22	11.76%	15.41%
May-22	11.93%	14.88%
Apr-22	10.96%	13.40%
Mar-22	10.05%	11.87%
Feb-22	10.74%	10.82%
Jan-22	11.23%	11.32%
Dec-21	9.79%	11.32%
Nov-21	8.18%	9.33%
Oct-21	8.52%	8.47%
Sep-21	8.30%	7.79%
Aug-21	20.20%	7.57%
Jul-21	8.65%	7.63%



## Strategies and Policies employed during the Year

During the year under review, fund size of HBL Income Fund increased to PKR 4,186 million compared to PKR 2,264 million in June, 2021. Combined exposure in TFCs/Sukuk and Commercial Papers were recorded at 23.32% and 15.92% as on June 30, 2022. The Fund was further invested in MTS/ Spread transactions and cash at bank which accounted for 13.01% and 37.28% of the portfolio. In order to capture the benefit from the increasing interest rate, fund generated gains by investing in MTS/ Spread Transactions and floating rate securities. During the year, funds were also invested in T-Bills for managing the Cash and Cash Equivalents.

## Asset Allocation



## Fund Performance

The total income and net income of the Fund was Rs. 478.71 million and Rs. 436.52 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs. 111.4310 per unit as on June 30, 2022 as compared to Rs. 110.5617 per unit as on June 30, 2021, after incorporating dividend of Rs. 11.75 per unit, thereby giving an annualized return of 11.43%. During the year the benchmark (6 Month KIBOR) return was 10.81%. The size of Fund was Rs. 4.25 billion as on June 30, 2022 as compared to Rs. 2.27 billion at the start of the year.

## Money Market Review

Post-COVID, the SBP shifted its focus from catalyzing economic recovery toward sustaining it. Accordingly, the Monetary Policy Committee (MPC) increased the Policy Rate by 2.75% to 9.75% during 1HFY22. However, the onset of war between Russia and Ukraine during 2HFY22 led to a spike in international commodity prices, fueling inflationary concerns and prompting the MPC to increase the Policy Rate by another 400bps to 13.75%. Resultantly, during FY22, secondary market yields on T-bills increased in the range of 7.49-7.70%, while those on PIBs increased in the range of 2.98-4.46%.

The cut-off yields in the last T-bills auction were 15.23%, 14.80%, and 14.95% for 3M, 6M and 12M tenors, respectively. The cut-off yields in the last PIBs auction were 13.97%, 13.18%, and 13.15% in 3Y, 5Y and 10Y tenors, respectively, while bids for 15Y tenors were rejected.

GOP Ijarah Sukuk auction was held on 20-Jun-22, with a target of PKR 100bn (PKR 25bn Fixed Rental and PKR 75bn Variable Rental Rate) for a period of 5 years. The Ministry of Finance accepted bids worth PKR 6.03bn (at 12.9406%) in FRR Sukuk, and PKR 61.11bn (at 13.64%) in VRR Sukuk.

The latest hike in the Policy Rate to 13.75% is expected to help moderate demand to a more sustainable pace, while keeping inflation expectations anchored, and containing risks to external stability. However, we believe that gradual imposition of PDL on fuel, along with hike in electricity and gas tariffs, will translate adversely in CPI. Resultantly, we expect average inflation for FY23 to be in the range of 15.0-16.0%. Hence, further monetary tightening cannot be ruled out in order to cushion the adverse impact on CAD and local currency.

However, inflation is expected to taper down from FY24 onwards due to high-base effect and expectation of easing in international commodity prices. Upside risks to our estimates remain in the form of elevated international commodity prices for an extended period due to geopolitical concerns.

## Distribution

The Fund has distributed cash dividend up-to Rs. 11.75 per unit for the year ended June 30, 2022.

## Significant Changes in the State of Affairs

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

## Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	493	15,181
101 – 500	200	45,462
501 – 1,000	75	57,408
1,001 – 10,000	385	1,790,429
10,001 – 100,000	325	9,937,848
100,001 – 500,000	47	9,923,276
500,001 – 1,000,000	6	4,559,922
1,000,001 – 5,000,000	2	4,151,888
5,000,001 and above	1	7,623,636
<b>Total</b>	<b>1,534</b>	<b>38,105,050</b>

### **Unit Splits**

There were no unit splits during the year.

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

Investments are subject to market risk.

### **Soft Commission**

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

**PERFORMANCE TABLE –  
HBL INCOME FUND**  
As at June 30, 2022

	2022	2021	2020	2019	2018	2017
Net assets at the period end(Rs'000)	4,239,599	2,273,185	1,543,827	1,510,743	2,456,460	4,490,296
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	111.4310	110.5617	108.2828	106.1134	111.2890	106.0146
Offer	113.3198	112.4357	110.1182	107.9120	113.1753	107.8115
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	125.1043	117.6291	122.6415	116.9874	113.1531	112.7930
Lowest offer price per unit	112.5869	109.7430	107.4499	107.6075	107.8570	107.7564
Highest redemption price per unit	123.0191	115.6685	120.5974	115.0375	111.2890	110.9130
Lowest redemption price per unit	110.7104	107.9139	106.1799	105.8140	106.0593	105.9604
<b>RETURN ( % )</b>						
Total return	11.43%	7.10%	13.28%	8.82%	4.98%	4.64%
Income distribution	10.63%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital growth	0.80%	7.10%	13.28%	8.82%	4.98%	4.64%
<b>DISTRIBUTION</b>						
First Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Second Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Third Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Final dividend distribution (Rs)	11.75	5.40	12.00	9.00	5.50	5.00
Date of Income Distribution	23-Jun-21	18-Jun-21	26-Jun-20	27-Jun-19	4-Jul-18	20-Jun-17
Total dividend distribution for the year/ period (Rs)	11.75	5.40	12.00	9.00	5.50	5.00
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	11.43%	7.10%	13.28%	8.82%	4.98%	4.64%
Average annual return 2 year	9.24%	10.15%	11.03%	6.88%	4.81%	5.39%
Average annual return 3 year	10.57%	9.70%	8.97%	6.13%	5.25%	7.69%
Weighted average portfolio during (No. of days)	192	466	857	852	928	850
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	37.28%	16.16%	39.05%	34.38%	40.74%	26.29%
TFCs	23.32%	19.65%	27.22%	52.26%	39.92%	32.20%
PIBs	0.00%	16.98%	26.61%	0.00%	0.00%	0.00%
Government Securities	7.51%	0.00%	0.00%	0.00%	5.48%	0.00%
Placement with Banks and DFIs	0.00%	0.00%	0.00%	0.00%	8.29%	19.48%
MTS / Spread Transaction	13.01%	38.92%	0.00%	0.00%	2.83%	4.87%
Commercial Paper	15.92%	1.47%	3.59%	9.29%	0.00%	2.96%
Others Including receivables	2.96%	6.82%	3.53%	4.07%	2.75%	14%

Note:  
The Launch date of the Fund is March 15, 2007

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

Summary of Actual Proxy voted by CIS

HBL IF	Meetings	Resolutions	For	Against
Number	1	3	3	-
(%ages)	100%			-

(h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
TRG Pakistan Limited		1/11/2022

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL INCOME FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Income Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

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

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

Karachi, September 21, 2022



**INDEPENDENT AUDITOR'S REPORT**

**To the Unit holders of HBL Income Fund  
Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of HBL Income Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

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

**Key Audit Matters**

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 4 and 5 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2022 amounted to Rs 2,484.530 million and balances with banks aggregated to Rs 1,758.049 million.  The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> <li>• Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2022 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li> <li>• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> <li>• Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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**Other Matter**

The financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 27, 2021.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

**Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements**

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

A.F.C.



A·F·FERGUSON & CO.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

*A. F. Ferguson & Co.*

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: September 29, 2022

UDIN: AR202210061Qjsxi6obR

	Note	2022	2021
----- Rupees in '000 -----			
<b>ASSETS</b>			
Bank balances	4	1,758,049	388,557
Investments	5	2,484,530	1,530,342
Receivable against margin trading system		370,025	413,685
Accrued mark-up	6	56,070	18,231
Advance, deposits, prepayments and other receivables	7	47,078	53,347
<b>Total assets</b>		<b>4,715,752</b>	<b>2,404,162</b>
<b>LIABILITIES</b>			
Payable to HBL Asset Management Limited - Management Company	8	9,211	6,242
Payable to Central Depository Company of Pakistan Limited - Trustee	9	600	366
Payable to the Securities and Exchange Commission of Pakistan	10	817	441
Unclaimed dividend		4,491	4,491
Payable against purchase of investments		386,791	48,005
Accrued expenses and other liabilities	11	67,757	71,432
<b>Total liabilities</b>		<b>469,667</b>	<b>130,977</b>
<b>NET ASSETS</b>		<b>4,246,085</b>	<b>2,273,185</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>4,246,085</b>	<b>2,273,185</b>
<b>Contingencies and commitments</b>	12		
----- Number of units -----			
<b>Number of units in issue</b>	13	<b>38,105,050</b>	<b>20,560,323</b>
----- Rupees -----			
<b>Net assets value per unit</b>		<b>111.4310</b>	<b>110.5617</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

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

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

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

	Note	2022	2021
		----- Rupees in '000 -----	
<b>INCOME</b>			
Mark-up / return on investments	14	148,963	105,879
Mark-up on bank deposits		219,866	39,873
Mark-up on margin trading system		82,449	3,435
Gain on sale of investments - net		17,024	16,960
Dividend income		9,244	12,480
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(1,575)	24,127
Other income		2,736	1,579
<b>Total income</b>		<b>478,707</b>	<b>204,333</b>
<b>EXPENSES</b>			
Remuneration of HBL Asset Management Limited - Management Company	8.1	47,817	32,599
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,461	1,869
Annual fee of Securities and Exchange Commission of Pakistan	10	817	441
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	3,280	2,206
Selling and marketing expenses	8.4	5,120	8,822
Settlement and bank charges		11,852	8,929
Auditors' remuneration	15	463	374
Printing and stationery charges		79	-
Fee and subscription		680	318
<b>Total expenses</b>		<b>73,569</b>	<b>55,558</b>
<b>Net income from operating activities</b>		<b>405,138</b>	<b>148,775</b>
Reversal of provision / (provision) for Sindh Workers' Welfare Fund (SWWF)	11.2	31,380	(2,976)
<b>Net income for the year before taxation</b>		<b>436,518</b>	<b>145,799</b>
Taxation	16	-	-
<b>Net income for the year after taxation</b>		<b>436,518</b>	<b>145,799</b>
<b>Allocation of net income for the year after taxation</b>			
Net income for the year after taxation		436,518	145,799
Income already paid on redemption of units		(180,604)	(48,796)
		<b>255,914</b>	<b>97,003</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		4,139	33,328
- Excluding capital gains		251,776	63,674
		<b>255,914</b>	<b>97,003</b>
<b>Earnings per unit</b>	17		

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

	2022	2021
	----- Rupees in '000 -----	
Net income for the year after taxation	436,518	145,799
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>436,518</u>	<u>145,799</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

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

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

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

**HBL Income Fund**  
**Statement of Movement in Unit Holders' Fund**  
 FOR THE YEAR ENDED JUNE 30, 2022

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	-----Rupees in '000-----					
<b>Net assets at beginning of the year</b>	2,130,952	168,626	2,273,185	1,400,100	143,727	1,543,827
Issuance 103,177,646 of units (2021: 30,760,923 units)						
- Capital value	11,407,499	-	11,407,499	3,357,274	-	3,357,274
- Element of income	524,287	-	524,287	95,109	-	95,109
Total proceeds on issuance of units	11,931,786	-	11,931,786	3,452,383	-	3,452,383
Redemption of 85,632,919 units (2021: 24,457,962 units)						
- Capital value	(9,467,724)	-	(9,467,724)	(2,648,377)	-	(2,648,377)
- Element of loss	(360,182)	(180,604)	(540,786)	(73,154)	(48,796)	(121,950)
	(9,827,906)	(180,604)	(10,008,510)	(2,721,531)	(48,796)	(2,770,327)
Total comprehensive income for year	-	436,518	436,518	-	145,799	145,799
Distribution For the year ended June 30, 2022 (cash distribution @ Rs. 5.4 per unit declared on June 21, 2021)	-	-	-	-	(72,104)	(72,104)
Distribution for the year ended June 30, 2022 (cash distribution @ Rs. 11.75 per unit declared on June 25, 2022)		(242,747)	(242,747)			
Refund of capital	(144,147)	-	(144,147)	(26,393)	-	(26,393)
Net (loss)/ income for the year less distribution	(144,147)	193,771	49,624	-	73,695	47,302
<b>Net assets at end of the year</b>	<b>4,090,685</b>	<b>181,793</b>	<b>4,246,085</b>	<b>2,130,952</b>	<b>168,626</b>	<b>2,273,185</b>

**Undistributed income brought forward comprising of:**

- Realised	138,257	132,942
- Unrealised	30,369	10,785
	<u>168,626</u>	<u>143,727</u>

**Accounting income available for distribution:**

- Relating to capital gains	4,139	33,328
- Excluding capital gains	251,776	63,674
	255,914	97,003
Distribution during the year	(242,747)	(72,104)
Undistributed income carried forward	<u>181,793</u>	<u>168,626</u>

**Undistributed income carried forward comprising of:**

- Realised	183,368	138,257
- Unrealised (loss)/ income	(1,575)	30,369
	<u>181,793</u>	<u>168,626</u>

	Rupees	Rupees
<b>Net assets value per unit at beginning of the year</b>	<u>110.5617</u>	<u>108.2828</u>
<b>Net assets value per unit at end of the year</b>	<u>111.4310</u>	<u>110.5617</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Income Fund**  
**Cash Flow Statement**  
 FOR THE YEAR ENDED JUNE 30, 2022

Note	2022	2021
	----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	436,518	145,799
<b>Adjustments for :</b>		
Mark-up on bank deposits	(219,866)	(39,873)
Mark-up / return on investments	(148,963)	(105,879)
Mark-up on margin trading system	(82,449)	(3,435)
Gain on sale of investments - net	(17,024)	(16,960)
Dividend income	(9,244)	(12,480)
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	1,575	(30,369)
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	(31,380)	2,976
	<b>(70,833)</b>	<b>(60,221)</b>
<b>(Increase) / decrease in assets</b>		
Investments - net	<b>(938,739)</b>	<b>(532,659)</b>
Receivable against margin trading system	<b>125,797</b>	<b>(413,685)</b>
Advances, deposits, prepayments and other receivables	<b>380</b>	<b>(12,767)</b>
	<b>(812,562)</b>	<b>(959,111)</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to HBL Asset Management Limited - Management Company	<b>2,969</b>	<b>1,382</b>
Payable to Central Depository Company of Pakistan Limited - Trustee	<b>234</b>	<b>243</b>
Payable to the Securities and Exchange Commission of Pakistan	<b>376</b>	<b>137</b>
Accrued expenses and other liabilities	<b>27,705</b>	<b>(1,444)</b>
Payable against purchase of investments	<b>338,786</b>	<b>48,005</b>
	<b>370,070</b>	<b>48,323</b>
	<b>(513,325)</b>	<b>(971,009)</b>
Mark-up received on bank deposits	190,987	40,173
Mark-up received on investments	140,315	111,478
Dividend income received	15,133	6,591
<b>Net cash used in operating activities</b>	<b>(166,890)</b>	<b>(812,767)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issuance of units	<b>11,787,639</b>	<b>3,425,990</b>
Payment against redemption of units	<b>(10,008,510)</b>	<b>(2,770,327)</b>
Cash dividend paid	<b>(242,747)</b>	<b>(76,471)</b>
<b>Net cash generated from financing activities</b>	<b>1,536,382</b>	<b>579,192</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>	<b>1,369,492</b>	<b>(233,575)</b>
Cash and cash equivalents at beginning of the year	<b>388,557</b>	<b>622,132</b>
<b>Cash and cash equivalents at end of the year</b>	<b>1,758,049</b>	<b>388,557</b>

4

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

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

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

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

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

**1.1** HBL Income Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on September 06, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 25, 2006.

**1.2** During the year ended June 30, 2021, the Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on September 08, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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

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

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

**1.6** JCR-VIS Credit Rating Agency has assigned an asset manager rating of 'AM2++' (positive outlook) to the Management Company and fund stability rating of A+(f) to the Fund on March 1, 2022.

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

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

**2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year**

There are certain amendments to the standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

**2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

There are certain standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2022 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

**2.4 Critical accounting estimates and judgments**

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.2, 5 and 7), provision for FED (note 11.1) and provision for SWWF (note 11.2).

**2.5 Basis of measurement**

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

**2.6 Functional and presentation currency**

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

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented.

### **3.1 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

### **3.2 Financial assets**

#### **3.2.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the income statement.

#### **3.2.2 Classification and subsequent measurement**

##### **3.2.2.1 Debt instruments**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as follows based on the business model of the entity:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL)

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

##### **3.2.2.2 Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the income statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the income statement.

### **3.2.3 Impairment**

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### **3.2.4 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

### **3.2.5 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### **3.2.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the income statement.

### **3.3 Financial liabilities**

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the income statement.

### **3.4 Offsetting of financial assets and financial liabilities**

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

### **3.5 Issue and redemption of units**

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

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

### **3.6 Provisions**

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

### **3.7 Taxation**

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

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

### **3.8 Earnings / (loss) per unit**

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

### **3.9 Net assets value per unit**

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

### **3.10 Distribution to the unit holders**

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

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

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

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

**3.12 Revenue recognition**

- Gains / (losses) arising on sale of investments are included in the income statement, on the date when the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company declaring the dividend.
- Profit on saving accounts with bank and mark-up on investments and margin trading system is recognised on a time proportion basis using the effective yield method.

**3.13 Expenses**

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee and annual fee to the SECP are recognised in the Income Statement on an accrual basis.

4	BANK BALANCES	Note	2022	2021
		----- Rupees in '000 -----		
	Savings accounts	4.1	<u>1,758,049</u>	<u>388,557</u>

**4.1** This includes balance of Rs. 1,668.42 million (2021: Rs. 92.728 million) with Habib Bank Limited (a related party). The account carries profit at the rates of 17.3% (2021: 6.20%). Other profit and loss sharing accounts of the Fund carry profit at the rates ranging from 10.35% to 17.5% (2021: 5.60% to 6.89%) per annum.

5	INVESTMENTS	Note	2022	2021
		----- Rupees in '000 -----		
<b>At fair value through profit or loss</b>				
	Term finance certificates and sukuk bonds - listed	5.1	266,166	127,366
	Term finance certificates and sukuk bonds - unlisted	5.2	830,958	361,975
	Investment in government securities	5.3	354,057	408,115
	Listed equity securities (spread transactions)	5.4	238,833	527,978
	Future stock contracts		4,879	(6,242)
	Commercial papers	5.5	<u>789,637</u>	<u>111,150</u>
			<u>2,484,530</u>	<u>1,530,342</u>

## 5.1 Term finance certificates and sukuk bonds - listed

Name of Investee Company	Rate of return	As at July 1, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	Market value as a percentage of	
									total investments	net assets
						Rupees in '000'		%		
<b>Commercial Banks</b>										
JS Bank Limited (December 29, 2017) Face value: Rs. 99,820	16.71%	1,264	-	-	1,264	127,315	126,803	(512)	5.10%	2.99%
<b>Balance carried forward</b>						<b>127,315</b>	<b>126,803</b>	<b>(512)</b>		
<b>Balance brought forward</b>						<b>127,315</b>	<b>126,803</b>	<b>(512)</b>		
<b>Technology &amp; Communication</b>										
TPL Trakker Limited (March 30, 2021) Face value: Rs. 833,333	17.78%	47	-	-	47	40,095	39,363	(732)	1.58%	0.93%
TPL Corporation Limited (December 31, 2021) Face value: Rs. 100,000	17.29%	-	1,000	-	1,000	100,000	100,000	-	4.02%	2.36%
<b>Financial Services</b>										
Saudi Pak Leasing Company Limited * (March 13, 2008)		2,000	-	-	2,000	-	-	-	-	-
<b>Technology &amp; Communication</b>										
Worldcall Telecom Limited * (note 5.1.1) (October 7, 2008)		23,750	-	-	23,750	-	-	-	-	-
<b>Total as at June 30, 2022</b>						<b>267,410</b>	<b>266,166</b>	<b>(1,244)</b>		
<b>Total as at June 30, 2021</b>						<b>109,531</b>	<b>127,366</b>	<b>17,835</b>		

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

**5.1.1** World call Telecom Limited term finance certificates were classified by MUFAP as non-performing on November 8, 2012 after default of instalment due on October 7, 2012 (earlier default on April 7, 2012) for the second time. A restructuring agreement was signed on December 26, 2012. The restructuring included the extension of repayment period by two years, deferral of principal instalments till October 7, 2014 and payment of regular mark-up during the restructuring period. In accordance with Circular No. 33 of 2012 dated October 24, 2012, a provision of Rs. 47.767 million has been made out of which till June 30, 2022 Rs. 10.440 million has been received leaving outstanding balance as at June 30, 2022 of Rs. 37.33 million, which is fully provided.

## 5.2 Term finance certificates and sukuk bonds - unlisted

Name of Investee Company	Rate of return	As at July 1, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	Market value as a percentage of	
									total investments	net assets
						Rupees in '000'		%		
<b>Chemicals</b>										
Ghani Gases Limited (February 2, 2017) Face value: Rs. 29,167	8.38%	200	-	200	-	-	-	-	-	-
Agritech Limited (note 5.2.1 & 5.2.3)		2,000	-	-	2,000	-	-	-	-	-
Agritech Limited - TFC 4th issue (note 5.2.1)		430	-	-	430	-	-	-	-	-
<b>Commercial Banks</b>										
The Bank of Punjab (December 23, 2016) Face value: Rs. 99,780	16.44%	1,550	135	-	1,685	169,956	168,802	(1,154)	6.79%	3.98%
JS Bank Limited (note 5.2.4) (December 14, 2016) Face Value: Rs 4,989	12.93%	7,450	-	7,450	-	-	-	-	-	-
Bank Alfalah Limited (January 15, 2021) Face Value: Rs 5,000	9.03%	7,600	-	-	7,600	37,275	35,025	(2,250)	1.41%	0.82%

Name of Investee Company	Rate of return	As at July 1, 2021	Number of certificates		As at June 30, 2022	Rupees in '000			Market value as a percentage of		
			Purchased during the year	Sold / matured during the year		Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	total investments	net assets	
									%		
<b>Investment Companies</b>											
Jahangir Siddiqui & Company Limited (March 6, 2018) Face Value: Rs 2,500	12.51%	10,000	-	-	10,000	24,835	25,826	991	1.04%	0.61%	
Jahangir Siddiqui & Company Limited (July 18, 2017) Face Value: Rs 1,750	12.85%	15,100	-	-	15,100	26,527	27,250	723	1.10%	0.64%	
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited (November 15, 2021) Face value: Rs. 1,000,000	16.17%	-	150	-	150	150,000	149,055	(945)	6.00%	3.51%	
<b>Power generation &amp; distribution</b>											
K-Electric Limited (February 4, 2022) Face Value: 1,000,000	11.61%	-	150	-	150	150,000	150,000	-	6.04%	3.53%	
The Hub Power Company Limited (April 27, 2022) Face Value: 100,000	15.10%	-	500	-	500	50,000	50,000	-	2.01%	1.18%	
Lucky Electric Power Company Limited (April 14, 2022) Face Value: 1,000,000	14.23%	-	225	-	225	225,000	225,000	-	9.06%	5.30%	
<b>Others</b>											
New Allied Electronics Industries (Private) Limited - TFC (note 5.2.1)		15,100	-	-	15,100	-	-	-	-	-	
New Allied Electronics Industries (Private) Limited - sukuk (note 5.2.1)		10,000	-	-	10,000	-	-	-	-	-	
<b>Total as at June 30, 2022</b>						<b>833,593</b>	<b>830,958</b>	<b>(2,635)</b>			
<b>Total as at June 30, 2021</b>						<b>356,057</b>	<b>361,975</b>	<b>5,918</b>			

- 5.2.1** These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided.
- 5.2.2** The Term Finance Certificates and Sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the issuer.
- 5.2.3** Installment amounting to Rs. 1.998 million (2021: Rs. 1.998 million) became due for payment on TFCs have been fully provided and are reflected in note 7.
- 5.2.4** The term finance certificates have face value of Rs. 5,000 each and are issued on December 14, 2016 carried interest rate at the rate of 6 months KIBOR plus 1.4%. The original maturities of the term finance certificates were on December 14, 2023, however, were matured early during the year.

5.2.5 Significant terms and conditions of performing term finance certificates and sukuk bonds outstanding as at June 30, 2022 are as follows:

Name of the investee company	Face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date
The Bank of Punjab (AA, PACRA)	99,780	6 month KIBOR + 1%	23-Dec-16	23-Dec-26
Bank Alfalah Limited (AAA, PACRA)	5,000	6 month KIBOR + 0.75%	15-Jan-21	15-Jan-24
JS Bank Limited (A+, PACRA)	99,820	6 month KIBOR + 1.40%	29-Dec-17	29-Dec-24
Jahangir Siddiqui & Company Limited (AA+, PACRA)	2,500	6 month KIBOR + 1.40%	6-Mar-18	6-Sep-23
Jahangir Siddiqui & Company Limited (AA+, PACRA)	1,750	6 month KIBOR + 1.40%	18-Jul-17	18-Jul-23
TPL Corporation Limited (AA-, PACRA)	100,000	3 month KIBOR + 2.5%	31-Dec-21	31-Dec-26
Pak Elektron Limited (A+, PACRA)	1,000,000	3 month KIBOR + 1.3%	15-Nov-21	15-Feb-23
TPL Trakker Limited (A+, PACRA)	833,333	3 month KIBOR + 3%	30-Mar-21	30-Mar-26
K-Electric Limited (AA, PACRA)	1,000,000	6 month KIBOR + 1%	4-Feb-22	4-Aug-22
The Hub Power Company Limited (AA+, PACRA)	100,000	6 month KIBOR + 1%	27-Apr-22	27-Oct-22
Lucky Electric Power Company Limited (AA, PACRA)	1,000,000	6 month KIBOR + 1.20%	14-Apr-22	14-Oct-22

	Note	2022	2021
----- Rupees in '000 -----			
<b>5.3 Investment in government securities</b>			
Pakistan investment bonds	5.3.1	-	408,115
Market treasury bills	5.3.2	354,057	-
		<u>354,057</u>	<u>408,115</u>

**5.3.1 Pakistan investment bonds**

Particulars	Tenor	Issue Date	Face value			Balance as at June 30, 2022			Market value as a percentage of	
			As at June 30, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	total investments
----- (Rupees in '000) -----										
Pakistan investment bonds	3 years	August 20, 2020	325,000	-	325,000	-	-	-	-	-
Pakistan investment bonds	5 years	October 15, 2020	100,000	-	100,000	-	-	-	-	-
<b>Total as at June 30, 2022</b>										
<b>Total as at June 30, 2021</b>						408,124	408,115	(9)		

### 5.3.2 Market Treasury Bills

Particulars	Issue Date		Face value				Balance as at June 30, 2022			Market value as a percentage of	
			As at July 1, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	total investments	net assets
(Rupees in '000)											
<b>Market Treasury Bills - 3 - months</b>											
Market treasury bills	May 20, 2021	-	150,000	150,000	-	-	-	-	-	-	
Market treasury bills	June 3, 2021	-	300,000	300,000	-	-	-	-	-	-	
Market treasury bills	July 15, 2021	-	480,000	480,000	-	-	-	-	-	-	
Market treasury bills	October 7, 2021	-	150,000	150,000	-	-	-	-	-	-	
Market treasury bills	October 21, 2021	-	50,000	50,000	-	-	-	-	-	-	
Market treasury bills	December 2, 2021	-	150,000	150,000	-	-	-	-	-	-	
Market treasury bills	December 30, 2021	-	100,000	100,000	-	-	-	-	-	-	
Market treasury bills	January 27, 2022	-	1,050,000	1,050,000	-	-	-	-	-	-	
Market treasury bills	February 10, 2022	-	900,000	900,000	-	-	-	-	-	-	
Market treasury bills	April 21, 2022	13.41%	-	150,000	-	150,000	149,331	149,287	(44)	6.01%	
Market treasury bills	June 30, 2022	14.71%	-	150,000	-	150,000	145,221	145,371	150	5.85%	
<b>Market Treasury Bills - 6 - months</b>											
Market treasury bills	April 8, 2021	-	200,000	200,000	-	-	-	-	-	-	
Market treasury bills	May 6, 2021	-	150,000	150,000	-	-	-	-	-	-	
Market treasury bills	May 20, 2021	-	400,000	400,000	-	-	-	-	-	-	
Market treasury bills	June 3, 2021	-	226,000	226,000	-	-	-	-	-	-	
Market treasury bills	June 17, 2021	-	282,600	282,600	-	-	-	-	-	-	
Market treasury bills	July 15, 2021	-	100,000	100,000	-	-	-	-	-	-	
Market treasury bills	December 30, 2021	-	50,000	50,000	-	-	-	-	-	-	
Market treasury bills	January 27, 2022	13.68%	-	60,000	-	60,000	59,343	59,399	56	2.39%	
<b>Market Treasury Bills - 1 - Year</b>											
Market treasury bills	May 20, 2021	-	46,000	46,000	-	-	-	-	-	-	
<b>Total as at June 30, 2022</b>						<u>294,552</u>	<u>354,057</u>	<u>162</u>			
<b>Total as at June 30, 2021</b>						-	-	-			

### 5.4 Listed equity securities (spread transactions)

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

Name of the Investee Company	As at July 1, 2021	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
									Net assets of the Fund	Total market value of investments	
Number of shares					Rupees in '000			Percentage			
<b>TEXTILE COMPOSITE</b>											
Nishat Mills Limited	-	10,000	-	10,000	-	-	-	-	-	-	-
Azgard Nine Limited	85,500	3,618,500	-	3,704,000	-	-	-	-	-	-	-
Gul Ahmed Textile Mills Limited	-	310,000	-	310,000	-	-	-	-	-	-	-
<b>CEMENT</b>											
D.G. Khan Cement Company Limited	-	664,500	-	664,500	-	-	-	-	-	-	-
Lucky Cement Limited	-	6,000	-	6,000	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	2,523,000	-	2,523,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
Pioneer Cement Limited	225,000	50,500	-	275,500	-	-	-	-	-	-	-
Cherat Cement Company Limited	-	7,000	-	7,000	-	-	-	-	-	-	-
<b>POWER GENERATION &amp; DISTRIBUTION</b>											
Hub Power Company Limited	100,000	105,500	-	205,500	-	-	-	-	-	-	-
Kot Addu Power Company Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
K-Electric Limited	-	250,000	-	250,000	-	-	-	-	-	-	-
<b>ENGINEERING</b>											
International Steels Limited	-	74,000	-	74,000	-	-	-	-	-	-	-
Aisha Steel Mills Limited	-	81,000	-	81,000	-	-	-	-	-	-	-
International Industries Limited	-	15,000	-	15,000	-	-	-	-	-	-	-
Amreli Steels Limited	-	10,000	-	10,000	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	-	90,000	-	90,000	-	-	-	-	-	-	-

**HBL Income Fund**  
**Notes to the financial statements**  
For the year ended June 30, 2022

Name of the Investee Company	As at July 1, 2021	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
									Net assets of the Fund	Total market value of investments	
	-----Number of shares-----					-----Rupees in '000-----			-----Percentage-----		
<b>AUTOMOBILE ASSEMBLER</b>	-	-	-	-	-	-	-	-	-	-	-
Gandhara Nissan Limited	-	16,000	-	16,000	-	-	-	-	-	-	-
Gandhara Industries Limited	50,000	54,000	-	104,000	-	-	-	-	-	-	-
<b>CABLE &amp; ELECTRICAL GOODS</b>	-	-	-	-	-	-	-	-	-	-	-
Pak Elektron Limited	-	414,000	-	414,000	-	-	-	-	-	-	-
Waves Singer Pakistan Limited	-	1,394,000	-	1,394,000	-	-	-	-	-	-	-
<b>MISCELLANEOUS</b>	-	-	-	-	-	-	-	-	-	-	-
Siddiq Sons Tin Plate Limited	390,000	100,000	-	490,000	-	-	-	-	-	-	-
TPL Properties Limited	-	1,935,000	-	1,935,000	-	-	-	-	-	-	-
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>	-	-	-	-	-	-	-	-	-	-	-
Oil & Gas Development Company Limited	-	132,000	-	132,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	10,000	-	10,000	-	-	-	-	-	-	-
<b>OIL &amp; GAS MARKETING COMPANIES</b>	-	-	-	-	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	-	15,000	-	15,000	-	-	-	-	-	-	-
Sui Northern Gas Pipeline Limited	-	2,086,500	-	2,086,500	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	50,000	-	-	50,000	-	-	-	-	-	-	-
Hascol Petroleum Limited	230,500	-	-	230,500	-	-	-	-	-	-	-
<b>REFINERY</b>	-	-	-	-	-	-	-	-	-	-	-
Attock Refinery Limited	-	103,000	-	103,000	-	-	-	-	-	-	-
Energyco PK Limited	-	697,500	-	697,500	-	-	-	-	-	-	-
National Refinery Limited	-	29,000	-	29,000	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	876,000	-	876,000	-	-	-	-	-	-	-
<b>COMMERCIAL BANKS</b>	-	-	-	-	-	-	-	-	-	-	-
Faysal Bank Limited	-	4,000,000	-	4,000,000	-	-	-	-	-	-	-
BankIslami Pakistan Limited	-	70,000	-	70,000	-	-	-	-	-	-	-
<b>FERTILIZER</b>	-	-	-	-	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	125,000	-	-	125,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	44,500	-	44,500	-	-	-	-	-	-	-
Engro Fertilizers Limited	-	7,000	-	7,000	-	-	-	-	-	-	-
<b>CHEMICAL</b>	-	-	-	-	-	-	-	-	-	-	-
Ghani Global Holdings Limited	-	856,500	-	856,500	-	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	-	259,500	-	259,500	-	-	-	-	-	-	-
<b>TECHNOLOGY &amp; COMMUNICATION</b>	-	-	-	-	-	-	-	-	-	-	-
Telecard Limited	-	2,039,500	-	2,039,500	-	-	-	-	-	-	-
TRG Pakistan Limited	1,325,000	1,314,000	-	2,639,000	-	-	-	-	-	-	-
NetSol Technologies Limited	61,000	29,000	-	90,000	-	-	-	-	-	-	-
WorldCall Telecom Limited	-	1,020,500	-	1,020,500	-	-	-	-	-	-	-
Hum Network Limited	-	-	-	-	-	-	-	-	-	-	-
(Face value of Re. 1 each)	1,466,500	20,995,000	-	22,461,500	-	-	-	-	-	-	-
TPL Corporation Limited	-	1,009,500	-	1,009,500	-	-	-	-	-	-	-
Avanceon Limited	45,000	627,000	-	672,000	-	-	-	-	-	-	-
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>	-	-	-	-	-	-	-	-	-	-	-
Treet Corporation Limited	1,012,000	1,049,500	-	2,061,500	-	-	-	-	-	-	-
Fauji Foods Limited	-	40,000	-	40,000	-	-	-	-	-	-	-
Unity Foods Limited	3,671,500	15,438,500	-	7,210,000	11,900,000	241,570	238,833	(2,737)	9.61%	5.62%	1.00%
<b>Total as at June 30, 2022</b>						<u>241,570</u>	<u>238,833</u>	<u>(2,737)</u>	<u>9.61%</u>	<u>5.62%</u>	
<b>Total as at June 30, 2021</b>						<u>521,353</u>	<u>527,978</u>	<u>6,625</u>			

## 5.5 Commercial papers

Particulars	Rate of return	Issue Date	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of total value of investments	Market value as a percentage of net assets
			As at July 01, 2021	Purchases during the year	Sales / Matured during the year	As at June 30, 2022				
(Rupees '000')										
LEPCL ICP		9-Nov-21	-	60,000	60,000	-	-	-	-	
Next Capital CP		24-Aug-21	-	10,000	10,000	-	-	-	-	
TPL Corp		15-Jul-21	76,086	80,000	156,086	-	-	-	-	
Waves CP (A-, VIS)	11.01%	2-Nov-21	-	100,000	-	100,000	99,162	99,162	3.99%	
Hub Power Holding Co. Ltd (AA+, PACRA)	9.72%	12-Nov-20	32,983	38,905	-	71,888	38,620	38,620	1.55%	
LEPCL ICP 2 (AA-, PACRA)	12.97%	12-Jan-22	-	200,000	-	200,000	199,265	199,265	8.02%	
PEL CP (A+, PACRA)	12.63%	1-Feb-22	-	100,000	-	100,000	96,108	96,108	3.87%	
China Power (AA+, PACRA)	14.05%	12-Apr-22	-	370,000	-	370,000	356,482	356,482	14.35%	
<b>Total as at June 30, 2022</b>						<b>789,637</b>	<b>789,637</b>			
<b>Total as at June 30, 2021</b>						<b>111,150</b>	<b>111,150</b>			

## 5.6 Details of non-compliant investments

The Securities and Exchange Commission of Pakistan (SECP), vide its Circular no. 16 dated July 7, 2010, has prescribed certain disclosures for non-compliances, either with the minimum investment criteria specified for the category assigned to the Collective Investment Schemes or with the investment requirements of their constitutive documents.

Name of non-compliant investment	Note	Type of investment	Value of investment before provision	Provision held	Value of investment after provision	% of net assets	% of total investments
(Rupees) (Rupees) (%)							
Saudi Pak Leasing Company Limited		TFC	5,550	5,550	-	-	-
New Allied Electronics Industries (Private) Limited	5.2.1	TFC	19,025	19,025	-	-	-
New Allied Electronics Industries (Private) Limited	5.2.1	Sukuk	44,149	44,149	-	-	-
World Telecom Limited	5.1.1	TFC	37,330	37,330	-	-	-
AgriTech Limited	5.2.1 & 5.2.3	TFC	9,992	9,992	-	-	-
			<b>116,046</b>	<b>116,046</b>	<b>-</b>		

## 6 ACCRUED MARK-UP

	Note	2022	2021
Rupees in '000			
Mark-up accrued on bank deposits		30,921	2,042
Mark-up / return accrued on term finance certificates and sukuk bonds		23,256	4,797
Mark-up accrued on marginal trading system		1,893	1,581
Mark-up accrued on government securities		-	9,811
		<b>56,070</b>	<b>18,231</b>

7	ADVANCE, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2022	2021
			----- Rupees in '000 -----	
Security deposits:				
	- National Clearing Company of Pakistan Limited		21,471	21,856
	- Central Depository Company of Pakistan Limited		100	100
			21,571	21,956
	Receivable against investments in term finance certificates	5.2.3	1,998	1,998
	Dividend receivable		-	5,889
	Advance tax	7.1	25,212	25,212
	Prepaid expenses		295	290
			49,076	55,345
	Less: Provision against overdue instalments of Term finance certificates		(1,998)	(1,998)
			<u>47,078</u>	<u>53,347</u>

**7.1** As per clause 47(B) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However, withholding tax on profits paid to the Fund was deducted by various withholding agents based on the interpretation issued by the FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on debt amounts to Rs 25.212 million (2021: 25.212 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of the FBR. On January 28, 2016, the Board of Directors of AMCs passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on dividends and profits received by the Fund has been shown as other receivables as at June 30, 2022, as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8	PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2022	2021
			----- (Rupees) -----	
	Management fee payable	8.1	3,668	2,563
	Sindh sales tax payable on management fee	8.2	477	333
	Allocated expenses payable related to registrar services, accounting, operation and valuation services	8.3	917	196
	Selling and marketing expenses payable	8.4	2,503	2,653
	Sales load payable		1,646	497
			<u>9,211</u>	<u>6,242</u>

**8.1** As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration at the rates ranging from 0.75% to 1.308% (2021: 1.308%).

The remuneration is payable to the Management Company monthly in arrears.

**8.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2021: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

**8.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company may charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). The Management Company based on its own discretion has charged allocated expenses at the rates ranging from 0.1% to 0.25% (2021: 0.1%).

**8.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of an annual plan.

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion (duly authorised by the Board of Directors) while keeping in view the overall return, the annual plan and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008 at the rates ranging from 0.4% to 0.25% (2021: 0.4%).

<b>9</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
			----- Rupees in '000 -----	
	Trustee fee payable	9.1	275	147
	Sindh Sales Tax payable on trustee fee	9.2	36	19
	CDS charges payable		289	200
			600	366

**9.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2021: 0.075%) of average annual net assets of the Fund. The remuneration is paid to the trustee monthly in arrears.

**9.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2021: 13%) on the remuneration of the trustee through Sindh Sales Tax on Services Act, 2011.

**10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

**10.1** As per SRO 685(I)/2019 dated June 28, 2019, an annual fee at the rate of 0.02% (2021: 0.02%) of the net assets of the Fund has been charged during the year by the Securities and Exchange Commission of Pakistan.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
			----- Rupees in '000 -----	
	Federal excise Duty payable on Management Company's remuneration	11.1	27,578	27,578
	Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	-	31,380
	Capital gain tax payable		9,120	822
	Withholding tax payable		28,663	8,937
	Auditors' remuneration		229	191
	Brokerage payable		1,115	1,938
	Other payables		1,052	586
			<u>67,757</u>	<u>71,432</u>

**11.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16% on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 27.578 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re. 0.724 (June 30, 2021: Re. 1.341)

**11.2** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). However, the Fund had recorded provision in respect of SWWF with effect from July 1, 2014.

During the year, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from July 1, 2014 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

**12 CONTINGENCIES AND COMMITMENTS**

**12.1 Commitment**

The commitment to sell equity securities at a future date under spread transaction amounting to Rs. 246.449 million (2021: Rs. 527.959 million).

**12.2** Except as disclosed in note 12.1 there were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021

<b>13</b>	<b>NUMBER OF UNITS IN ISSUE</b>	<b>2022</b>	<b>2021</b>
		----- Number of units -----	
	Total outstanding as of July 01	20,560,323	14,257,362
	Issued during the year	103,177,646	30,760,923
	Redeemed during the year	(85,632,919)	(24,457,962)
	Total units in issue as of June 30	<u>38,105,050</u>	<u>20,560,323</u>

<b>14</b>	<b>MARK-UP / RETURN ON INVESTMENTS</b>	<b>2022</b>	<b>2021</b>
		----- Rupees in '000 -----	
	Term finance certificates and sukuk bonds	81,920	42,203
	Government securities	22,439	60,097
	Commercial paper	44,604	3,579
		<u>148,963</u>	<u>105,879</u>

**15 AUDITORS' REMUNERATION**

Statutory audit fee	329	255
Half yearly review fee	87	89
Out of pocket expenses	46	30
	<u>463</u>	<u>374</u>

**16 TAXATION**

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unit holders in the manner as explained above, accordingly no provision for taxation has been made in these financial statements during the year.

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

## 17 EARNINGS PER UNIT

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

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

	2022		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
<b>Financial assets</b>			
Bank balances	1,758,049	-	1,758,049
Investments	-	2,484,530	2,484,530
Receivable against margin trading system	370,025	-	370,025
Accrued mark-up	56,070	-	56,070
Advance, deposits, prepayments and other receivables	21,571	-	21,571
	<u>2,205,715</u>	<u>2,484,530</u>	<u>4,690,245</u>
<b>Financial liabilities</b>			
Payable to HBL Asset Management Limited - Management Company	9,211	-	9,211
Payable to the Central Depository Company of Pakistan Limited - Trustee	600	-	600
Unclaimed dividend	4,491	-	4,491
Payable against purchase of investments	386,791	-	386,791
Accrued expenses and other liabilities	1,956	-	1,956
	<u>403,049</u>	<u>-</u>	<u>403,049</u>
	2021		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
<b>Financial assets</b>			
Bank balances	388,557	-	388,557
Investments	-	1,530,342	1,530,342
Receivable against margin trading system	413,685	-	413,685
Accrued mark-up	18,231	-	18,231
Advance, deposits, prepayments and other receivables	27,845	-	27,845
	<u>848,318</u>	<u>1,530,342</u>	<u>2,378,660</u>
<b>Financial liabilities</b>			
Payable to HBL Asset Management Limited - Management Company	6,242	-	6,242
Payable to the Central Depository Company of Pakistan Limited - Trustee	366	-	366
Unclaimed dividend	4,491	-	4,491
Payable against purchase of investments	48,005	-	48,005
Accrued expenses and other liabilities	2,375	-	2,375
	<u>61,479</u>	<u>-</u>	<u>61,479</u>

**19 TRANSACTIONS / BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons / related parties include HBL Asset Management Limited (HBL-AML) being the Management Company of the Fund, Habib Bank Limited (HBL) being the Sponsor (holding 100% shares of HBL Asset Management Limited), Central Depository Company of Pakistan Limited being the Trustee of the Fund, other associated companies of HBL, HBL-AML and its subsidiaries, other collective investment schemes managed by the Management Company, directors, their close family members and officers of the Management Company and the Trustee, key management personnel, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons essentially comprise of sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

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

Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

19.1 Transactions during the year	2022	2021
	----- Rupees in '000 -----	
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of HBL Asset Management Limited - the Management Company	47,817	32,599
Allocation of expenses related to registrar services, accounting, operation and valuation services	3,280	2,206
Selling and marketing expenses	5,120	8,822
<b>Habib Bank Limited - Sponsor</b>		
Dividend paid	26,203	10,800
Bank charges paid	512	99
Mark-up earned during the year	219,866	4,926
Issue of 5,108,723 units (2021: Nil units)	625,957	-
Refund of capital 514,983 units (2021: Nil units)	57,324	-
<b>Habib Bank Limited - Treasury Division</b>		
Issue of 365,926 units (2021: Nil units)	45,000	-
Refund of capital 38,344 units (2021: Nil units)	4,268	-
Dividend paid	31	-
<b>HBL Microfinance Bank (Formerly: The First Microfinance Bank) - Associate</b>		
Mark-up earned during the year	6,932	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee's remuneration including sales tax thereon	3,461	1,869
CDS charges	1,372	565

	2022	2021
	----- Rupees in '000 -----	
<b>MCBFSL Trustee - HBL Financial Planning Fund Conservative Allocation Plan - CIS Managed by the Management Company</b>		
Issue of 575,518 units (2021: Nil units)	67,285	-
Redemption of 97,050 units (2021: Nil units)	11,515	-
Refund of capital 25,650 units (2021: Nil units)	2,855	-
Dividend paid	1,841	-
		-
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - CIS Managed by the Management Company</b>		
Issue of 20,368 units (2021: 22,297 units)	2,275	2,529
Redemption of 79,716 units (2021: 265 units)	9,368	30
Refund of capital 48 units (2021: 628 units)	5	69
Dividend paid	129	436
<b>Pakistan Society For The Welfare Of Mentally Retarded Children</b>		
Issue of Nil units (2021: 1,468,877 units)	-	163,142
Refund of capital Nil units (2021: 25,202 units)	-	2,780
Dividend paid	-	14,006
<b>CDC Trustee HBL Cash Fund - Connected Party</b>		
Purchase of Market Treasury bill	100,000	-
<b>CDC Trustee HBL Multi Asset Fund - Connected Party</b>		
Purchase of Term Finance Certificate- Bank of Punjab	13,500	-
<b>CDC Trustee HBL Money Market Fund - Connected Party</b>		
Purchase of Market Treasury bill	60,000	-
<b>CDC Trustee HBL Financial Sector Income Fund Plan I - Connected Party</b>		
Sell of Market Treasury bill	7,000	-
<b>Directors and Executives of the Management Company and their relatives</b>		
Issue of 135,700 units (2021: 134,023 units)	15,456	15,167
Redemption of 147,318 units (2021: 107,447 units)	16,961	12,219
Refund of capital 20 units (2021: 938 units)	2	607
Dividend paid	1,067	103
<b>19.2 Balances outstanding as at year end:</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management remuneration payable	3,668	2,563
Sindh Sales tax on management remuneration payable	477	333
Allocation of expenses related to registrar services, accounting, operation and valuation services	917	196
Selling and marketing expenses payable	2,503	2,653
Sales load payable	1,646	497
<b>Habib Bank Limited - Sponsor</b>		
Outstanding 7,623,706 units (2021: 2,000,000 units)	849,517	221,123
Bank balances	1,668,422	92,728

	2022	2021
	----- Rupees in '000 -----	
<b>Habib Bank Limited - Treasury Division</b>		
Outstanding 404,270 units (2021: Nil units)	45,048	-
<b>Pakistan Society For The Welfare Of Mentally Retarded Children*</b>		
Outstanding: Nil units (2021: 2,720,706 units)	-	300,806
<b>HBL Microfinance Bank (Formerly: The First Microfinance Bank) - Associate</b>		
Bank balances	41,973	250,010
<b>MCBFSL Trustee - HBL Financial Planning Fund Conservative</b>		
<b>Allocation Plan - CIS Managed by the Management Company</b>		
Outstanding 504,118 units (2021: Nil units)	56,174	-
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan -</b>		
<b>CIS Managed by the Management Company</b>		
Outstanding 31,088 units (2021: 90,388 units)	3,464	9,993
<b>Directors and Executives of the Management Company</b>		
<b>and their relatives</b>		
Outstanding 99,124 units (2021: 110,722 units)	11,045	12,657
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee's remuneration payable	275	147
Sindh Sales Tax on Trustee's remuneration	36	19
Security deposit	100	100
CDC charges payable	289	200

\*Current year figures have not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2022.

## 20 PATTERN OF UNIT HOLDING

Category	-----As at June 30, 2022-----			
	Number of Unit holders	Number of units held	Investment amount	Percentage investment
			Rupees in '000	
Individuals	1,489	19,282,365	2,148,655	50.60%
Foreign investor	5	118,599	13,216	0.31%
Associated companies	2	8,027,976	894,565	21.07%
Retirement funds	19	3,839,896	427,883	10.08%
Trusts	9	5,291,227	589,607	13.89%
Others	10	1,544,987	172,159	4.05%
	<u>1,534</u>	<u>38,105,050</u>	<u>4,246,085</u>	<u>100%</u>

Category	As at June 30, 2021			
	Number of Unit holders	Number of units held	Investment amount	Percentage investment
			Rupees in '000	
Individuals	1,085	12,467,639	1,378,444	60.64%
Foreign investor	1	1,631	180	0.01%
Associated companies	1	2,000,000	221,123	9.73%
Insurance companies	2	277,068	30,633	1.35%
Retirement funds	12	2,348,551	259,660	11.42%
Bank / DFI	1	0	0	0.00%
Trusts	6	3,212,693	355,201	15.63%
Others	4	252,741	27,944	1.23%
	<u>1,112</u>	<u>20,560,323</u>	<u>2,273,185</u>	<u>100%</u>

## 21 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP.

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

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

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

### 21.1 Market risk

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

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

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

#### 21.1.1 Currency risk

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

**21.1.2 Interest rate risk**

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2022, the fund is exposed to such risk on its balances with bank, term finance certificates, sukuk certificate, market treasury bills and commercial paper. The Investment committee of the Fund reviews the portfolio of the fund on a regular basis to ensure that the risk is managed within the acceptable limits.

**a) Sensitivity analysis for variable rate instruments**

As at June 30, 2022, the Fund holds balance in savings account and KIBOR based interest bearing term finance certificates and Sukuks that expose the Fund to cashflow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2022, with all other variables held constant, the net assets and net income of the Fund would have been higher / lower by Rs. 28.55 million (2021: Rs. 8.78 million).

**b) Sensitivity analysis for fixed rate instruments**

The Fund's fixed rate risk arises from investment in commercial papers and government securities. In case of 100 basis points increase / decrease in market rate on June 30, 2022, with all other variables held constant, the net assets and net income of the Fund for the year would have been lower / higher by Rs. 11.44 million (2021: Rs. 5.19 million). Further, MTS is also subject to interest rate risk but it is not carried at FVTPL, therefore, there is no impact on net income or net assets due to change in market interest rates.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows.

2022					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
<b>On-balance sheet financial instruments</b>	----- Rupees in '000 -----				
	(%)				
<b>Financial assets</b>					
Bank balances	10.35% to 17.5%	1,758,049	-	-	1,758,049
Investments	9.03% to 17.78%	719,658	853,915	1,097,124	2,909,530
Receivable against MTS		370,025	-	-	370,025
Accrued mark-up		-	-	-	56,070
Deposits and other receivable		-	-	-	21,571
		2,847,732	853,915	1,097,124	316,474
					5,115,245
<b>Financial liabilities</b>					
Payable to HBL Asset Management Limited - Management Company		-	-	-	9,211
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	600
Unclaimed dividend		-	-	-	4,491
Payable against purchase of investments		-	-	-	386,791
Accrued expenses and other liabilities		-	-	-	1,956
		-	-	-	403,049
					403,049
<b>On-balance sheet gap (a)</b>		2,847,732	853,915	1,097,124	(86,575)
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		2,847,732	853,915	1,097,124	
<b>Cumulative interest rate sensitivity gap</b>		2,847,732	3,701,647	4,798,771	

	Effective yield / interest rate	2021			Not exposed to yield / interest rate risk	Total
		Exposed to yield / interest rate risk				
		Upto three months	More than three months and upto one year	More than one year		
<b>On-balance sheet financial instruments</b>	(%)	Rupees in '000				
<b>Financial assets</b>						
Bank balances	5.60% to 6.89%	388,557	-	-	-	388,557
Investments	7.00% to 10.63%	127,366	632,886	242,112	527,978	1,530,342
Receivable against MTS		413,685	-	-	-	413,685
Accrued mark-up		-	-	-	18,231	18,231
Deposits and other receivable		-	-	-	27,845	27,845
		929,608	632,886	242,112	574,054	2,378,660
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company		-	-	-	6,242	6,242
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	366	366
Unclaimed dividend		-	-	-	4,491	4,491
Payable against purchase of investments		-	-	-	48,005	48,005
Accrued expenses and other liabilities		-	-	-	2,375	2,375
		-	-	-	61,479	61,479
<b>On-balance sheet gap (a)</b>		929,608	632,886	242,112	512,575	2,317,181
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		929,608	632,886	242,112		
<b>Cumulative interest rate sensitivity gap</b>		929,608	1,562,494	1,804,606		

### 21.1.3 Market price risk

The Fund is exposed to price risk on investments held by the Fund and classified at fair value through profit or loss.

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

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

In case of 5% increase / decrease in KSE 100 index on June 30, 2022, with all other variables held constant, the total income of the Fund for the year would increase / decrease by Rs 0.137 million (2021: Rs. 0.312 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents the management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE 100 Index.

## 21.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due.

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

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

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

The table below analyses the Fund's maximum exposure to credit risk:

	2022		2021	
	Financial assets	Maximum exposure to credit risk	Financial assets	Maximum exposure to credit risk
	Rupees in '000			
Bank balances	1,758,049	1,758,049	388,557	388,557
Investments	2,484,530	1,886,761	1,530,342	600,491
Receivable against margin trading system	370,025	370,025	413,685	413,685
Accrued mark-up	56,070	56,070	18,231	8,420
Advances, deposits, prepayments and other receivables	21,571	21,571	27,845	21,956
	<u>4,690,245</u>	<u>4,092,476</u>	<u>2,378,660</u>	<u>1,433,109</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in treasury bills, however, are not exposed to credit risk and have been excluded from the above analysis as there are guaranteed by the Government of Pakistan.

#### Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon, and against investments. The credit rating profile of balances with banks is as follows.

<b>Bank balances</b>	<b>2022</b>	<b>2021</b>
	----- % -----	----- % -----
A	0.00%	0.01%
A+	0.02%	64.36%
AA	0.00%	0.00%
AA-	0.55%	11.36%
AA+	4.45%	0.01%
AAA	94.97%	24.26%
	<u>100%</u>	<u>100%</u>

Ratings of investments are disclosed in relevant notes to these financial statements.

#### Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties thereby any significant concentration of credit risk is mitigated

All financial assets of the Fund as at June 30, 2022 are unsecured and are not impaired except for instruments mentioned in note 5.6

### 21.3 Liquidity risk

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

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed off and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

2022						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees						
<b>Financial assets</b>						
Bank balances	1,758,049	-	-	-	-	1,758,049
Investments	238,833	719,658	853,915	1,097,124	-	2,909,530
Receivable against margin trading system	-	370,025	-	-	-	370,025
Accrued mark-up	56,070	-	-	-	-	56,070
Advance, deposits, prepayments and other receivables	21,571	-	-	-	-	21,571
	2,074,523	1,089,683	853,915	1,097,124	-	5,115,245
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	9,211	-	-	-	-	9,211
Payable to the Central Depository Company of Pakistan Limited - Trustee	600	-	-	-	-	600
Dividend payable	4,491	-	-	-	-	4,491
Payable against purchase of investments	386,791	-	-	-	-	386,791
Accrued expenses and other liabilities	1,956	-	-	-	-	1,956
	403,049	-	-	-	-	403,049
<b>Net financial assets</b>	<b>1,671,474</b>	<b>1,089,683</b>	<b>853,915</b>	<b>1,097,124</b>	<b>-</b>	<b>4,712,196</b>

2021						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees						
<b>Financial assets</b>						
Bank balances	388,557	-	-	-	-	388,557
Investments	-	127,366	632,886	770,090	-	1,530,342
Receivable against margin trading system	-	413,685	-	-	-	413,685
Accrued mark-up	18,231	-	-	-	-	18,231
Advance, deposits, prepayments and other receivables	27,845	-	-	-	-	27,845
	434,633	541,051	632,886	770,090	-	2,378,660
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	6,242	-	-	-	-	6,242
Payable to the Central Depository Company of Pakistan Limited - Trustee	366	-	-	-	-	366
Dividend payable	4,491	-	-	-	-	4,491
Payable against purchase of investments	48,005	-	-	-	-	48,005
Accrued expenses and other liabilities	2,375	-	-	-	-	2,375
	61,479	-	-	-	-	61,479
<b>Net financial assets</b>	<b>373,154</b>	<b>541,051</b>	<b>632,886</b>	<b>770,090</b>	<b>-</b>	<b>2,317,181</b>

## 22 PARTICULARS OF INVESTMENT COMMITTEE

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

S. No.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	23 + years
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	26 + years
3	Wamiq Sakrani	Head of Fixed Income	MBA	12 + years
4	Karim Khawaja	Head of Risk	MBA, CMA	19 + years
5	Mustafa Mahmood Khan	Head of Research	ACCA, CFA	12 + years
6	Muhammad Zohaib	Senior Fund Manager	CIMA, MA	14 + years
7	Raza Abbas	Senior Fund Manager	M.Com	19 + years

## 23 LIST OF TOP BROKERS / DEALERS

Top brokers during the year ended June 30, 2022

- Pearl Securities Limited
- Invest One Markets Limited
- Magenta Capital (Private) Limited
- BIPL Securities Limited
- C & M Management (Private) Limited
- Arif Habib Limited
- Bright Capital (Private) Limited
- JS Global Capital Limited
- Paramount Capital (Private) Limited
- Vector Capital (Private) Limited

Top brokers during the year ended June 30, 2021

- Invest One Markets Limited
- Optimus Markets (Private) Limited
- JS Global Capital Limited
- Magenta Capital (Private) Limited
- C & M Management (Private) Limited
- Pearl Securities Limited
- Icon Securities (Private) Limited
- Currency Market Associates (Private) Limited
- Arif Habib Limited
- BMA Capital Management Limited

**24 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

Seven meetings of the Board of Directors were held on August 26, 2021, September 09, 2021, October 28, 2021, February 11, 2022, April 26, 2022, May 10, 2022 and May 16, 2022 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of director	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar <sup>1</sup>	7	7	-	-
2	Ms. Ava A. Cowasjee <sup>1</sup>	7	5	2	May 10, 2022 and May 16, 2022
3	Mr. Shabbir Hussain Hashmi <sup>5</sup>	5	5	-	-
4	Mr. Rayomond H. Kotwal <sup>1</sup>	7	7	-	-
5	Mr. Abrar Ahmed Mir <sup>1</sup>	7	7	-	-
6	Mr. Tariq Masaud <sup>1</sup>	7	7	-	-
7	Mr. Muhammad Afaq Khan <sup>2</sup>	3	1	2	August 26, 2021 and October 28, 2021
8	Mr. Abid Sattar <sup>3</sup>	3	3	-	-
9	Mr. Khalid Malik <sup>4</sup>	2	2	-	-

<sup>1</sup> Completed term and reappointed on April 29, 2022

<sup>2</sup> Resigned on January 20, 2022

<sup>3</sup> Appointed on February 11, 2022

<sup>4</sup> Appointed on April 29, 2022

<sup>5</sup> Completed term and retired on April 28, 2022

**25 UNITS HOLDERS' FUND RISK MANAGEMENT**

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

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

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

**26 FAIR VALUE MEASUREMENT**

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.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

#### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair value measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at the reporting date, the Fund held the following financial instruments measured at fair values:

	2022			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	----- (Rupees) -----			
<b>Financial assets at fair value through profit or loss</b>				
- Term Finance Certificates	-	1,097,124	-	1,097,124
- Government Securities	-	354,057	-	354,057
- Listed equity securities (spread transactions)	243,712	-	-	243,712
- Commercial paper	-	789,637	-	789,637
	<u>243,712</u>	<u>2,240,818</u>	<u>-</u>	<u>2,484,530</u>

	2021			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	----- (Rupees) -----			
<b>Financial assets at fair value through profit or loss</b>				
- Term Finance Certificates	-	489,341	-	489,341
- Government Securities	-	408,115	-	408,115
- Listed equity securities (spread transactions)	521,736	-	-	521,736
- Commercial paper	-	111,150	-	111,150
	<u>521,736</u>	<u>1,008,606</u>	<u>-</u>	<u>1,530,342</u>

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

**27 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 1.8% (2021: 2.65%) which includes 0.16% (2021: 0.33%) representing government levies on the Fund such as Sales taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

**28 GENERAL**

Figures have been rounded off to the nearest rupee unless otherwise stated.

**29 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on August 29, 2022.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



**HBL Energy Fund**

<b>NAME OF FUND</b>	<b>HBL Energy Fund</b>
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited
<b>NAME OF AUDITORS</b>	BDO Ebrahim & Co. Chartered Accountants.
<b>NAME OF BANKERS</b>	Habib Bank Limited Allied Bank Limited MCB Bank Limited JS Bank Limited Soneri Bank Limited Zarai Taraqiati Bank Limited Habib Metropolitan Bank Limited Khushali Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited National Bank of Pakistan HBL Micro Finance Bank Limited

**Type and Category of Fund**

Equity / Open-end

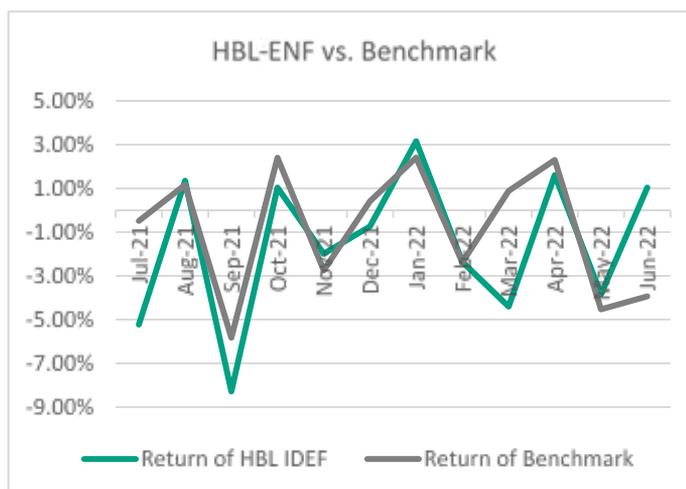
**Investment Objective and Accomplishment of Objective**

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

**Benchmark and Performance Comparison with Benchmark**

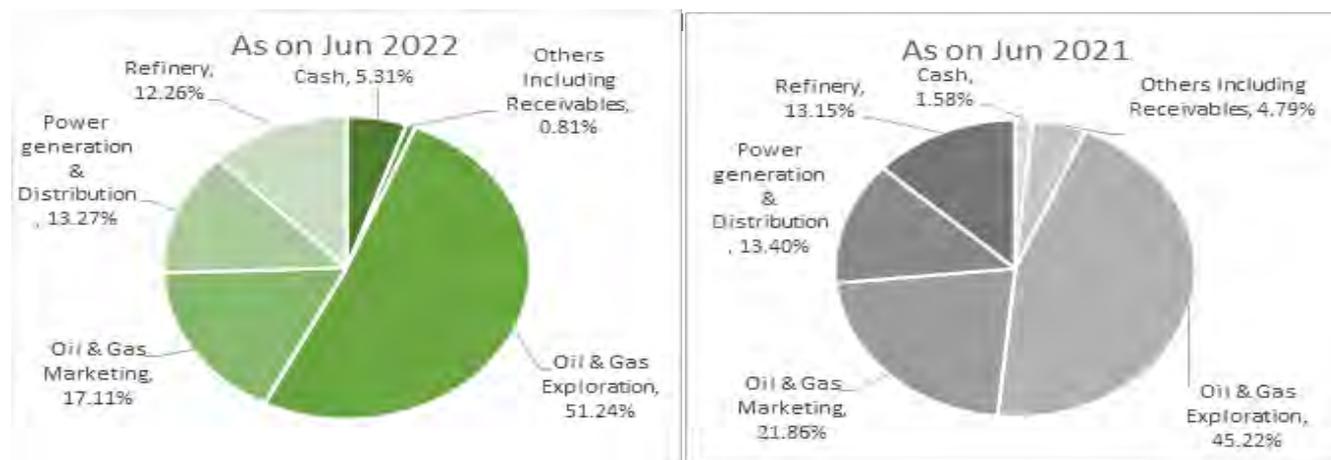
The Fund's benchmark is KSE-30 Total Return Index.

Month	Return of Fund	
	HBL-ENF	Benchmark
Jun-22	1.04%	-3.94%
May-22	-3.84%	-4.53%
Apr-22	1.61%	2.30%
Mar-22	-4.41%	0.88%
Feb-22	-2.36%	-2.38%
Jan-22	3.16%	2.41%
Dec-21	-0.74%	0.41%
Nov-21	-1.99%	-2.75%
Oct-21	1.04%	2.40%
Sep-21	-8.29%	-5.83%
Aug-21	1.35%	1.16%
Jul-21	-5.23%	-0.49%



**Strategies and Policies employed during the Year**

During the year under review, the Fund has maintained its exposure in equity securities of around 94% as on June 30, 2022 similar to June 30, 2021. Further, sector-wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in oil & gas exploration was increased, while exposure in oil & gas marketing was decreased.



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

The following table shows a comparison of top sector wise allocation of equity investments in the Fund as on June 30, 2022 and June 30, 2021:

## Significant Changes in Asset Allocation during the Year

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

Sector Name	As on Jun 2022	As on Jun 2021
Cash	5.31%	1.58%
Others Including Receivables	0.81%	4.79%
Oil & Gas Exploration	51.24%	45.22%
Oil & Gas Marketing	17.11%	21.86%
Power generation & Distribution	13.27%	13.40%
Refinery	12.26%	13.15%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

The total and net loss of the Fund was Rs. 110.56 million and Rs. 134.21 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs. 9.8637 per unit as on June 30, 2022 as compared to Rs. 11.9855 per unit as on June 30, 2021, thereby giving a negative return of 17.70%. During the same year the benchmark KSE 30 index yielded a negative return of 10.44%. The size of Fund was Rs. 0.43 billion as on June 30, 2022 as compared to Rs. 0.77 billion at the start of the year.

### Market Review

During FY22, the KSE-100 index declined by 5,815pts or 12.8% to close at 41,541pts. The poor performance of the market is primarily attributable to i) Rapid increase in CAD due to rising domestic demand and significant increase in international commodity prices, which were further fueled by the war between Russia and Ukraine, ii) Rising inflation due to the commodity super cycle, iii) Commencement of monetary tightening, iv) Uncertain local political situation, v) Geopolitical issues in the region with heightened uncertainty post U.S. exit from Afghanistan, vi) Delay in the resumption of IMF program, vii) Depleting foreign exchange reserves resulting in PKR losing significant ground against the USD, and viii) Continued foreign selling after Pakistan's reclassification from MSCI Emerging to Frontier Market Index.

During FY22, major negative contribution came from Cement (2,328 pts), Technology & Communication (912 pts), Commercial Banks (520 pts) and Refinery (424 pts) sectors. On the other hand, major positive contribution came from Fertilizer (668 pts), and Chemical (424 pts) sectors.

During the period, average traded volume declined by 56% YoY to 115mn shares, while average traded value declined by 53% YoY to PKR 6.3bn. On the flows side, Foreigners were net sellers during FY22 and sold shares worth USD 297.5Mn.

We expect the equity market to remain range-bound in the near-term due to the prevailing local and geopolitical uncertainty, rising commodity prices, and depleting foreign exchange reserves. However, the additional revenue measures announced by the government are expected to pave the way for resumption of the IMF program, which is crucial for the country to secure financing from other sources. This may alleviate the downward pressure on the PKR and potentially limit any downside in the equity market.

Our longer-term equity outlook remains positive due to attractive valuations. The equity market is trading at an eye catching P/E multiple of 4.1x compared to regional average of 14.5x, and offers an attractive dividend yield of 10.9%, compared to regional average of 2.8%. It is pertinent to note that the spread between KSE-100 index earnings yield and 10Y PKRV is 11.7%, compared to 5-year historical average spread of 4.4%, which implies an upside of ~42%.

The market is likely to regain its positive momentum once there is more clarity on the Government's economic policies, along with easing of geopolitical tensions. Reversal in international commodity prices, either on the back of disruption in demand or increase in supply, is likely to reignite investor interest in Equities. Hence, we believe that Pakistan equities offer a good opportunity for long-term investors.

### Distribution

The Board of Directors approved NIL distribution to the unit holders for the year ended June 30, 2022.

### Significant Changes in the State of Affairs

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

### Breakdown of Unit Holding by Size

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	93	2,469
101 – 500	46	11,822
501 – 1,000	3,083	2,435,342
100,1 – 10,000	1,040	3,126,931
10,001 – 100,000	167	4,961,151
100,001 – 500,000	31	6,920,273
500,001 – 1,000,000	2	1,089,786
1,000,001 – 5,000,000	-	-
5,000,001 and above	3	25,166,228
<b>Total</b>	<b>4,465</b>	<b>43,714,002</b>

### Unit Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

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

**PERFORMANCE TABLE –  
HBL ENERGY FUND**  
As at June 30, 2022

	2022	2021	2020	2019	2018	2017
Net assets at the period end(Rs'000)	431,182	774,522	570,810	734,341	1,061,029	794,794
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	9.8637	11.9855	10.0106	11.1201	14.6857	15.0359
Offer	10.0866	12.2564	10.2368	11.3714	15.0176	15.3757
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	12.3229	13.2351	14.3597	15.2319	16.6501	18.4426
Lowest offer price per unit	9.5629	10.3691	7.8038	10.8489	14.018	12.4268
Highest redemption price per unit	12.0506	12.9426	14.0423	14.8953	16.2821	18.0350
Lowest redemption price per unit	9.3516	10.1399	7.6313	10.6091	13.7082	12.0649
<b>RETURN ( % )</b>						
Total return	-17.70%	19.73%	-9.98%	-24.28%	-2.33%	30.12%
Income distribution	0.00%	0.00%	0.00%	0.00%	0.00%	0.60%
Capital growth	-17.70%	19.73%	-9.98%	-24.28%	-2.33%	29.52%
<b>DISTRIBUTION</b>						
Final dividend distribution (Rs)	-	-	-	-	-	0.60
Date of Income Distribution	-	-	-	-	-	20-Jun-17
Total dividend distribution for the year/ period (Rs)	-	-	-	-	-	0.60
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	-17.70%	19.73%	-9.98%	-24.28%	-2.33%	30.12%
Average annual return 2 year	-0.73%	3.82%	-17.44%	-14.00%	12.73%	12.43%
Average annual return 3 year	-3.92%	-6.55%	-12.68%	-1.27%	7.28%	11.00%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	5%	2%	7%	8%	9%	6%
Stock / Equities	94%	94%	93%	92%	90%	94%
Others Including receivables	1%	5%	1%	0%	1%	-

**Note:**

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

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

Summary of Actual Proxy voted by CIS

HBL EF	Meetings	Resolutions	For	Against
Number	2	9	9	-
(%ages)	100%			-

AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Adamjee Insurance Co Ltd	4/28/2022	5/27/2022
AGP Limited	4/26/2022	
Attock Cement Pakistan Ltd	10/21/2021	
Attock Refinery Ltd	9/22/2021	7/12/2021
Bank Al-Falah Ltd	(15-3-2022)(29-3-2022)	
Bank Al-Habib Limited	3/29/2022	
Bank of Punjab Ltd		(11/10/2021)(29-6-2022)
BankIslami Pakistan Limited	3/30/2022	
Cherat Cement Company Ltd.	10/16/2021	
D G Khan Cement Co.Ltd.	10/28/2021	
Engro Corporation Ltd	3/24/2022	
Engro Fertilizers Limited	3/22/2022	
Engro Polymer & Chemicals Ltd	3/16/2022	
Fauji Fertilizer Co Ltd	3/25/2022	(27/07/2021) (8-10-2021)(5-11-2021)
Faysal Bank Limited	3/29/2022	
GlaxoSmithKline Pakistan Ltd		
Gul Ahmed Textile Mills Ltd	(28/10/2021)(27-11-2021)	
Habib Bank Ltd	3/30/2022	
Habib Metropolitan Bank Ltd	3/30/2022	
Hascol Petroleum Ltd	12/7/2021	
Highnoon Laboratories Limited		8/31/2021
Hum Network Ltd	(16/07/2021)(23-11-21)	
IGI Holdings Limited	4/29/2022	
IGI LIFE INSURANCE LIMITED	4/28/2022	
Interloop Limited	10/15/2021	2/24/2022
International Industries Ltd	9/30/2021	
International Steels Limited	9/29/2021	
K-Electric Limited	NIL	NIL
Kohat Cement Ltd	10/4/2021	(21/03/2022) (14 April 2022) (29/June /2022)
Lucky Cement Ltd	9/28/2021	
Maple Leaf Cement Factory Ltd	9/28/2021	
Mari Petroleum Company Ltd		(19/10/2021) (10/05/2022)
MCB Bank Ltd	3/29/2022	
Meezan Bank Ltd	3/29/2022	11/17/2021
Mughal Iron & Steel Inds Ltd		
National Bank of Pakistan Ltd	3/30/2022	
National Refinery Ltd	10/10/2021	
Nishat Mills Ltd	10/28/2021	(03/03/2022) (23/03/2022)
Oil & Gas Development Co Ltd	10/28/2021	
Pakistan National Shipping Corp Ltd	(26/10/2021) (28/10/2021)	
Pakistan Oilfields Ltd	9/22/2021	
Pakistan Petroleum Ltd	(25/10/2021) (27/10/2021)	19-Jul-21
Pakistan State Oil Company Ltd	10/26/2021	
Sitara Chemical Industries Limited	10/25/2021	
Standard Chartered Bank (Pakistan) Ltd	3/29/2022	4/28/2021
Sui Northern Gas Pipeline Ltd	7/27/2021	
Tariq Glass Industries Ltd		3/21/2022
Thal Limited	10/12/2021	
The Organic Meat Company Limited		1/25/2022
The Searle Company Ltd	10/28/2021	
TPL Insurance Limited	4/25/2022	7/6/2022
TPL Trakker Limited		
United Bank Limited	3/29/2022	8/6/2021
Unity Foods Limited	10/26/2021	4/1/2022

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ENERGY FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Energy Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

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

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

Karachi, September 16, 2022



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 Pakistan

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

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Energy Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

#### Key Audit Matters

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

Following is the Key audit matter:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p><b>Existence and valuation of investments</b></p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2022, the investments held by the Fund comprised of listed equity securities which represent 93.87% of the total assets of the Fund as at the year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We evaluated the design and implementation of key controls over investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>



S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. Further, the Fund is required to be compliant with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) with respect to investments.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We performed substantive audit procedures on year-end balance of investment portfolio including review of custodian's statement, and related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at June 30, 2022 and matching the valuation of investment with that appearing in the financial statements.</li> <li>We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance.</li> </ul>

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

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

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

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

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

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

*BDO*



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

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

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

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

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

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

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

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**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee and forms part of the international BDO network of independent member firms



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

**Report on other legal and regulatory requirements**

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

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

KARACHI

DATED: 27 SEP 2022

UDIN: AR20221006709m7h0v56

BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

	Note	2022 ----- Rupees in '000 -----	2021
<b>ASSETS</b>			
Bank balances	5	24,197	13,030
Investments	6	427,791	772,110
Dividend and mark-up receivable	7	664	138
Receivable against sale of investment		-	36,357
Advances and deposits	8	3,074	2,996
<b>TOTAL ASSETS</b>		<b>455,726</b>	<b>824,631</b>
<b>LIABILITIES</b>			
Payable to the Management Company	9	3,558	3,992
Payable to the Trustee	10	91	157
Payable to Securities and Exchange Commission of Pakistan	11	128	157
Unclaimed dividend		5,382	5,382
Payable against redemption of units		-	17,660
Accrued expenses and other liabilities	12	15,385	22,760
<b>TOTAL LIABILITIES</b>		<b>24,544</b>	<b>50,108</b>
<b>NET ASSETS</b>		<b>431,182</b>	<b>774,523</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>431,182</b>	<b>774,523</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13	-----Number of units-----	
<b>Number of units in issue</b>	14	<b>43,714,002</b>	<b>64,621,727</b>
		-----Rupees-----	
<b>Net assets value per unit</b>		<b>9.8637</b>	<b>11.9855</b>

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

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

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

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

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

	Note	2022 ----- Rupees in '000 -----	2021
<b>INCOME</b>			
Capital (loss) / gain on sale of investment- net		(99,531)	101,571
Dividend income		55,603	34,332
Mark-up on bank deposits		2,810	2,667
		<u>(41,118)</u>	<u>138,570</u>
Unrealised (diminution) / appreciation on revaluation of investments classified as financial assets at 'fair value through profit or loss' - net	6.3	(69,439)	15,785
		<u>(110,557)</u>	<u>154,355</u>
<b>EXPENSES</b>			
Remuneration of the Management Company	9.1	12,803	15,711
Sindh Sales Tax on remuneration of the Management Company	9.2	1,664	2,042
Remuneration of Trustee	10.1	1,280	1,572
Sindh Sales Tax on remuneration of the trustee	10.2	166	204
Annual fee to Securities and Exchange Commission of Pakistan	11.1	128	157
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	4,651	4,321
Selling and marketing expenses	9.4	7,632	8,281
Auditors' remuneration	15	445	443
Fee and subscription		465	104
Securities transaction costs and settlement charges		1,700	4,726
Bank charges		40	45
		<u>30,974</u>	<u>37,606</u>
Net (loss) / income for the year from operations		(141,531)	116,749
Reversal of provision / (provision) for Sindh Workers' Welfare Fund	12.2	7,320	(2,335)
Net (loss) / income for the year before taxation		<u>(134,211)</u>	<u>114,414</u>
Taxation	16	-	-
Net (loss) / income for the year after taxation		<u>(134,211)</u>	<u>114,414</u>
<b>Allocation of net income for the year</b>			
Income already paid on redemption of units		-	34,192
Accounting income available for distribution:			
Relating to capital gains		-	80,222
Excluding capital gains		-	-
		<u>-</u>	<u>80,222</u>
		<u>-</u>	<u>114,414</u>
Earnings per unit	17		

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

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

Chief Financial Officer

Chief Executive Officer

Director

	<b>2022</b>	<b>2021</b>
	----- Rupees in '000 -----	-----
Net (loss) / income for the year after taxation	(134,211)	114,414
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u>(134,211)</u>	<u>114,414</u>

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

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

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

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

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



	2022	2021
Note	----- (Rupees in '000) -----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the year before taxation	(134,211)	114,414
Adjustments for:		
Capital loss / (gain) on sale of investment- net	99,531	(101,571)
Dividend income	(55,603)	(34,332)
Mark-up on bank deposits	(2,810)	(2,667)
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets at 'fair value through profit or	69,439	(15,785)
	<u>(23,654)</u>	<u>(39,941)</u>
<b>Decrease / (increase) in assets</b>		
Investments - net	175,349	(98,503)
Receivable against sale of investment	36,357	(36,357)
Advances and deposits	(78)	(27)
	<u>211,628</u>	<u>(134,887)</u>
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(434)	1,219
Payable to the Trustee	(66)	47
Payable to Securities and Exchange Commission of Pakistan	(29)	20
Accrued expenses and other liabilities	(7,375)	3,058
	<u>(7,904)</u>	<u>4,344</u>
Cash generated from / (used in) operations	180,070	(170,484)
Dividend received	55,579	34,320
Mark-up received on bank deposits	2,308	2,739
	<u>57,887</u>	<u>37,059</u>
Net cash flows from / (used in) operating activities	237,957	(133,425)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	128,168	968,983
Payment against redemption of units	(354,958)	(862,024)
Dividend paid	-	(6)
Net cash (used in) / flows from financing activities	<u>(226,790)</u>	<u>106,953</u>
Net increase / (decrease) in cash and cash equivalents	11,167	(26,472)
Cash and cash equivalents at the beginning of the year	13,030	39,502
Cash and cash equivalents at end of the year	5 <u>24,197</u>	<u>13,030</u>

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

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

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

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

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

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

HBL Energy Fund ("the Fund") was established in 2006 as a closed-end scheme under a Trust Deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 24, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

In accordance with clause 65(1) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a meeting of the certificate holders of the Fund was held on January 31, 2013 whereby the conversion of the Fund into an open-end scheme was duly approved through a resolution passed by the majority of the certificate holders present in the meeting who were entitled to vote. The Securities and Exchange Commission of Pakistan accorded its final approval for conversion of the Fund into an open-end scheme through its letter dated May 3, 2013. The second supplemental Trust Deed and replacement Offering Document were approved by SECP vide its letter no D/PRDD/AMCW/PEF/567/2013 dated May 31, 2013 and letter no SCD/PRDD/AMCW/PEF/606/2013 dated June 24, 2013 respectively. The conversion of the Fund from a closed end fund to an open-end fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD / PRDD / AMCW / PEF / 607 / 2013 dated June 24, 2013. The Fund converted into an open end scheme on the effective date i.e. June 25, 2013. The certificates of the closed-end fund were cancelled on the effective date and were exchanged with the units of the open-end scheme in the swap ratio of 1:1. Each certificate holder was allotted units according to their respective holdings as at that date on the basis of a ratio of 1 certificate to 1 unit. Accordingly 100,000,000 units were issued on the date of conversion.

Since the effective date of conversion, the certificates of the closed-end scheme were de-listed from Pakistan Stock Exchange. Units of the open-end scheme are listed on the Pakistan Stock Exchange Limited. The units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

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

The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).

The objective of the Fund is to invest in securities of the energy sector in Pakistan so as to provide investors an access to high quality blue chip stocks in the energy sector. The eligible stocks comprise of investment in shares of companies engaged in the following activities:

- Oil and Gas Exploration
- Oil and Gas Marketing
- Oil Refining
- Power Generation and Distribution

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

VIS Credit Rating company has assigned a management quality rating of 'AM2++ (Positive outlook)' to the HBL Asset Management Limited.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost basis, unless stated otherwise.

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

These financial statements are presented in Pak Rupees, which is the Fund's functional currency.

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

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

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

#### **Classification and valuation of investments**

For details please refer notes 4.2.1.1 and 18 to these financial statements.

#### **Impairment of investment**

For details please refer notes 4.2.1.2 to these financial statements.

**3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022**

The following accounting standards, amendments and interpretations are effective for the year ended June 30, 2022. These accounting standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have material impact on the financial statements other than certain additional disclosures.

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

"Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)" January 01, 2021

Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions January 01, 2021

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

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

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

Amendments to IFRS 3: 'Business Combinations' - Reference to the conceptual framework January 01, 2022

Amendments to IAS 16: 'Property, Plant and Equipment' - Proceeds before intended use January 01, 2022

Amendments to IAS 37: 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract January 01, 2022

Amendments to IAS 1: 'Presentation of Financial Statements' - Disclosure of Accounting Policies January 01, 2023

Amendments to IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates January 01, 2023

Amendments to IAS 12: 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction January 01, 2023

Amendments to IAS 1: 'Presentation of Financial Statements' - Classification of liabilities as current or non-current January 01, 2024

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

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

<b>IFRS 1</b>	First Time Adoption of International Financial Reporting Standards;
<b>IFRS 17</b>	Insurance Contracts.

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

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

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

##### **4.2 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

###### **4.2.1 Financial assets**

###### **4.2.1.1 Classification and measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified and measured at: amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model on which a financial asset is managed and its contractual cash flow characteristics.

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

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

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.

**4.2.1.2 Impairment of financial assets**

The Fund has applied the expected credit loss model that requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly advances and deposits, dividend and mark-up receivable and bank balances.

**4.2.1.3 Regular way contracts**

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

**4.2.1.4 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

**4.2.2 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

**4.2.3 Offsetting of financial assets and liabilities**

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

#### **4.3 Provisions**

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

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

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

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

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

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

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

#### **4.7 Element of income**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

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

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

#### 4.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.
- Mark up / return on bank deposits and government securities are recognised using effective rate.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the Income Statement in the year in which they arise.

#### 4.10 Transactions with related parties / connected persons

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

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

	Note	2022 -----Rupees in '000-----	2021
<b>5 BANK BALANCES</b>			
Cash at bank:			
In savings accounts	5.1	24,186	13,019
In current accounts		11	11
		24,197	13,030

**5.1** These bank accounts carry mark-up at rates ranging between 5.5% to 17% (2021: 5% to 5.5%) per annum. This includes an amount held in Habib Bank Limited and MCB Bank Limited (a related party) amounting to Rs. 1.297 million (2021: Rs. 0.4513 million) and Rs. 0.968 million (2021: Rs. 0.558 million) on which return is earned at 10.7% (2021: 5%) per annum and 8% (2021: 5.5%) per annum respectively.

#### 6 INVESTMENTS

Financial assets at fair value through profit or loss

Listed equity securities	6.1	427,791	772,110
Market treasury bills	6.2	-	-
		427,791	772,110

## 6.1 Financial assets at fair value through profit or loss - Listed Equity Securities

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

Name of the investee companies (Sector wise)	As at July 1, 2021	Purchases made during the year	Bonus issue	Sales made during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealized appreciation / (diminution) on / measurement of investments	Market value as percentage of total investments	Market value as percentage of net assets	Par value as a percentage of issued capital of the Investee company
	-----Number of Shares-----				-----Rupees in 000-----						
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>											
Mari Petroleum Company Limited	38,529	11,500	-	20,590	29,439	45,192	51,216	6,024	11.97%	11.88%	0.02%
Oil & Gas Development Company	1,273,158	450,000	-	887,467	835,691	76,976	65,744	(11,232)	15.37%	15.25%	0.02%
Pakistan Oilfields Limited	208,229	37,000	-	121,289	123,940	48,580	50,296	1,716	11.76%	11.66%	0.04%
Pakistan Petroleum Limited	1,280,332	307,000	-	606,338	980,994	83,410	66,227	(17,183)	15.48%	15.36%	0.04%
	2,800,248	805,500	-	1,635,684	1,970,064	254,158	233,483	(20,675)	54.58%	54.15%	
<b>OIL &amp; GAS MARKETING COMPANIES</b>											
Attock Petroleum Limited	-	36,500	-	12,200	24,300	8,019	7,808	(211)	1.83%	1.81%	0.02%
Hi-tech Lubricants Limited	-	166,500	-	166,500	-	-	-	-	0.00%	0.00%	0.00%
Pakistan State Oil Company Limited (6.1.2)	553,324	175,500	-	320,387	408,437	87,540	70,186	(17,354)	16.41%	16.28%	0.09%
Shell Pakistan Limited	136,700	20,000	-	156,700	-	-	-	-	0.00%	0.00%	0.00%
Sui Northern Gas Pipelines Limited	508,000	460,000	-	968,000	-	-	-	-	0.00%	0.00%	0.00%
Sui Southern Gas Company Limited	569,500	-	-	569,500	-	-	-	-	0.00%	0.00%	0.00%
	1,767,524	858,500	-	2,193,287	432,737	95,559	77,994	(17,565)	18.23%	18.09%	
<b>POWER GENERATION &amp; DISTRIBUTION</b>											
The Hub Power Company Limited	1,065,398	389,034	-	567,313	887,119	69,314	60,475	(8,839)	14.14%	14.03%	0.07%
Kot Addu Power Company Limited	579,000	-	-	579,000	-	-	-	-	0.00%	0.00%	0.00%
	1,644,398	389,034	-	1,146,313	887,119	69,314	60,475	(8,839)	14.14%	14.03%	
<b>REFINERY</b>											
Attock Refinery Limited	60,000	141,000	-	80,500	120,500	22,535	21,181	(1,354)	4.95%	4.91%	0.11%
Cnergyco PK Limited	700,000	-	-	700,000	-	-	-	-	0.00%	0.00%	0.00%
National Refinery Limited	151,000	178,153	-	191,931	137,222	55,664	34,658	(21,006)	8.10%	8.04%	0.17%
Pakistan Refinery Limited	237,500	-	-	237,500	-	-	-	-	0.00%	0.00%	0.00%
	1,148,500	319,153	-	1,209,931	257,722	78,199	55,839	(22,360)	13.05%	12.95%	
<b>As at June 30, 2022</b>	<b>7,360,670</b>	<b>2,372,187</b>	<b>-</b>	<b>6,185,215</b>	<b>3,547,642</b>	<b>497,230</b>	<b>427,791</b>	<b>(69,439)</b>	<b>100%</b>	<b>99.21%</b>	
<b>As at June 30, 2021</b>	<b>10,367,216</b>	<b>23,774,889</b>	<b>-</b>	<b>26,781,435</b>	<b>7,360,670</b>	<b>756,325</b>	<b>772,110</b>	<b>15,785</b>	<b>100%</b>	<b>99.69%</b>	

**6.1.1** As at June 30, 2022, the Fund has pledged shares with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP, of following companies

- Oil and Gas Development Company (300,000 shares having market value of Rs. 23.601 million)
- Pakistan Petroleum Limited (200,000 shares having market value of Rs. 13.502 million)
- Pakistan State Oil Limited (100,000 shares having market value of Rs. 17.184 million)

**6.1.2** These investments include gross bonus shares as per the Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case. However, the investee companies have withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.411 million at June 30, 2022 (2021: Rs. 0.535 million) and not yet deposited on CDC account of department of Income tax. The final outcome of the case is pending however, Management Company is of the view that the decision will be in the favour and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgment on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. The Collective investment scheme failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically.

Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no 3rd party interest on bonus shares issued to the Funds in lieu of their investments be created in mean time. The matter is still pending at adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitution petition will be in favour of the CISs.

Finance Act, 2018 effective from July 01, 2018 has omitted Section 236M of the ITO, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold 5% of the bonus shares to be issued. Accordingly, post July 01, 2018 shares are not being withheld at the time of bonus issue.

## 6.2 Financial assets at fair value through profit or loss - Market Treasury Bills

Issue date	Tenure	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchases during the year	Sales during the year	As at June 30, 2022					
-----Rupees in '000-----										
May 6, 2021	6 months	-	10,000	10,000	-	-	-	-	-	-
April 22, 2021	6 months	-	10,000	10,000	-	-	-	-	-	-
August 12, 2021	3 months	-	15,000	15,000	-	-	-	-	-	-
October 7, 2021	3 months	-	10,000	10,000	-	-	-	-	-	-
Total - as at June 30, 2022		-	45,000	45,000	-	-	-	-	-	-
Total - as at June 30, 2021		-	-	-	-	-	-	-	-	-

## 6.3 Net unrealized (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss' - net

Market value of investments  
 Less: Carrying value of investments

2022	2021
----- Rupees in '000 -----	----- Rupees in '000 -----
427,791	772,110
(497,230)	(756,325)
<u>(69,439)</u>	<u>15,785</u>

### DIVIDEND AND MARK-UP RECEIVABLE

Dividend receivable  
 Mark-up receivable on saving accounts

81	57
583	81
<u>664</u>	<u>138</u>

## 8 ADVANCES AND DEPOSITS

Security deposits with:  
 National Clearing Company of Pakistan Limited  
 Central Depository Company of Pakistan Limited

2,500	2,500
300	300
<u>2,800</u>	<u>2,800</u>

Advance tax

8.1	274	196
	<u>3,074</u>	<u>2,996</u>

- 8.1** The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.

The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The Management Company is confident that the same shall be refunded after filing refund application.

9	PAYABLE TO THE MANAGEMENT COMPANY	Note	2022	2021
			----- Rupees in '000 -----	
	Remuneration payable to the Management Company	9.1	778	1,361
	Sindh Sales Tax payable on the Management Company's remuneration	9.2	101	177
	Allocation of fee and expenses related to registrar services, accounting, operation and valuation services	9.3	501	375
	Selling and marketing expenses payable	9.4	2,174	2,079
	Sale load payable		4	-
			<u>3,558</u>	<u>3,992</u>

- 9.1** As per the amendment in regulation 61 of the NBFC regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document. The maximum limit disclosed in the Offering Document is 3% per annum of average annual net assets. During the year, the fee is being charged at the rate of 2% of the average annual net assets accordingly. The fee is payable monthly in arrears.

- 9.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2021: 13%) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.

- 9.3** As per Regulation 60(3)(s) of the amended NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate ranging between 0.55% to 1.6% of the average annual net assets.

- 9.4** According to the amendment in NBFC Regulations 2008, selling and marketing expenses is allowed on all categories of open end mutual funds, except fund of funds with no cap. During the year, the fee is being charged at the rate ranging between 1.05% to 2.1% of the average annual net assets.

10	PAYABLE TO THE TRUSTEE	Note	2022	2021
			----- Rupees in '000 -----	
	Trustee fee payable	10.1	78	136
	Sindh Sales Tax payable on remuneration of Trustee	10.2	10	18
	CDS charges payable		3	3
			<u>91</u>	<u>157</u>

**10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee on monthly in arrears.

Earlier the tariff structure applicable to the Fund was as follows:

Up to Rs. 1 billion	Rs. 0.7 million or 0.20% per annum of net assets, whichever is higher
Over Rs. 1 billion	Rs. 2.0 million plus 0.10% per annum of net assets on amount exceeding Rs. 1 billion

CDC, vide its notification CDC/CEO/L-112/02/2019, dated June 27, 2019, has revised the rates of the Trustee fee. With effect from July 1, 2019, Trustee fee shall be charged by permanently eliminating the minimum fee component as mentioned in the offering documents. During the year, Management Company has charged the Trustee fee accordingly.

**10.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2019: 13%) on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011.

	Note	2021 ----- Rupees in '000' -----	2020	
<b>11</b>	<b>PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
	Annual fee payable	11.1	128	157

**11.1** As per Regulation 62 of the NBFC Regulations, an Asset Management Company managing a CIS, shall pay SECP an annual fee of 0.02% of the average annual net assets. During the year, Management Company has charged the fee accordingly. The fee is payable annually in arrears.

**12 ACCRUED EXPENSES AND OTHER LIABILITIES**

Provision for Federal Excise Duty	12.1	13,920	13,920
Provision for Sindh Workers' Welfare Fund	12.2	-	7,320
Withholding tax payable		389	462
Auditors' remuneration		647	443
Brokerage payable		112	306
Zakat payable		251	241
NCCPL charges payable		36	36
Others payable		30	32
		<u>15,385</u>	<u>22,760</u>

**12.1** The legal status of applicability of Federal Excise Duty is the same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2021. However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 13.92 million (2021: Rs. 13.92 million). Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Re. 0.32 per unit (2021: Re. 0.22 per unit).

**12.2 Workers' Welfare Fund and Sindh Workers' Welfare Fund**

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

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

Bases on the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 7.320 million that was charged for the period from July 1, 2014 till August 12, 2021.

**13 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2022 (2021: Nil), other than those already disclosed in the financial statements.

**14 NUMBER OF UNITS IN ISSUE**

	2022	2021
	-----Number of units-----	
Total units in issue at the beginning of the year	64,621,727	57,020,563
Add: Units issued during the year	12,081,438	84,162,633
Less: Units redeemed during the year	(32,989,163)	(76,561,469)
Total units in issue at the end of the year	<u>43,714,002</u>	<u>64,621,727</u>

**15 AUDITORS' REMUNERATION**

	----- Rupees in '000' -----	
Annual audit fee	239	238
Fee for half yearly review	127	127
Other certifications and out of pocket expenses	79	78
	<u>445</u>	<u>443</u>

**16 TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current year as a result of loss incurred during the year.

**17 EARNINGS PER UNIT**

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

**18 FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	As at June 30, 2022		
	At fair value through profit or	Amortized cost	Total
-----Rupees in '000-----			
<b>Financial assets</b>			
Bank balances	-	24,197	24,197
Investments	427,791	-	427,791
Dividend and mark-up receivable	-	664	664
Receivable against sale of investment	-	-	-
Deposits	-	2,800	2,800
	427,791	27,661	455,452

Particulars	As at June 30, 2022		
	At fair value through profit or loss	Amortized cost	Total
-----Rupees in '000-----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	3,457	3,457
Payable to Trustee	-	81	81
Unclaimed dividend	-	5,382	5,382
Accrued expenses and other liabilities	-	795	795
	-	9,715	9,715

Particulars	As at June 30, 2021		
	At fair value through profit or loss	Amortized cost	Total
-----Rupees in '000-----			
<b>Financial assets</b>			
Bank balances	-	13,030	13,030
Investments	772,110	-	772,110
Dividend and mark-up receivable	-	138	138
Receivable against sale of investment	-	36,357	36,357
Deposits	-	2,800	2,800
	772,110	52,325	824,435

Particulars	As at June 30, 2021		
	At fair value	Amortized cost	Total
-----Rupees in '000-----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	3,815	3,815
Payable to Trustee	-	139	139
Unclaimed dividend	-	5,382	5,382
Accrued expenses and other liabilities	-	18,446	18,446
	-	27,782	27,782

**19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

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

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

Transactions and balances with parties who were connected persons due to holding 10% or more units in the comparative period and not in the current period are not disclosed in the comparative year.

Details of the material transactions with connected persons and balances with them are as follows:

<b>19.1 Transactions during the year</b>	<b>2022</b>	<b>2021</b>
	----- Rupees in '000 -----	
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	12,803	15,711
Sindh Sales Tax on remuneration of the Management Company	1,664	2,042
Allocation of expenses related to registrar services, accounting, operation and valuation services	4,651	4,321
Selling and marketing expense	7,632	8,281
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee	1,280	1,572
Sindh Sales Tax on remuneration of the trustee	166	204
CDS charges	46	106
Annual CDC charges	209	76
<b>Habib Bank Limited - Sponsor</b>		
Bank charges	20	37
Mark-up on bank deposits	287	224
Redemption of 7,270,280 (2021: Nil) units	73,000	-
<b>Directors and Executives of the Management Company</b>		
Issue of 26,380 (2021: 702,714) units	270	8,251
Redemption of 459,158 (2021: 329,496) units	4,662	3,872
<b>MCB Bank Limited- Connected person due to holding more than 10% units:</b>		
Bank charges paid	5	1
Markup on bank deposit	928	939

	2022	2021
	----- Rupees in '000 -----	
<b>Rohtas Associates Private Limited- Connected person due to holding more than 10% units:</b>		
Issue of Nil (2021: 16,674,441) units	-	192,111
Redemption of Nil (2021: 10,396,527) units	-	120,731
<b>19.2 Balance outstanding as at the year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration payable to the Management Company	778	1,361
Sindh Sales Tax payable on remuneration of the Management Company	101	177
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	
	501	375
Selling and marketing expenses payable	2,174	2,079
Sale load payable	4	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	78	136
Sindh Sales Tax payable on Trustee	10	16
Security deposit	300	300
CDS charges payable	3	3
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	1,297	451
Units held: 12,419,913 (2021: 19,690,192)	122,506	235,997
<b>Directors and Executives of the Management Company</b>		
Units held Nil (2021: 403,276)	-	4,833
<b>HBL Micro Finance Bank (Formerly: First Micro Finance Bank)</b>		
Associate		
Bank balances	9	-
<b>MCB Bank Limited- Connected person due to holding more than 10% units:</b>		
Bank balance	12,289	558
Units held: 6,468,400 (2021: 6,468,400)	63,802	64,753
<b>Rohtas Associates Private Limited- Connected person due to holding more than 10% units:</b>		
Units held: 6,277,914 (2021: 6,277,914)	61,923	75,244

## **20 FINANCIAL RISK MANAGEMENT**

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

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

The fund preliminarily invest in a portfolio of equity securities. These Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### **20.1 Market risk**

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

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

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

#### **20.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk.

#### **20.1.2 Interest rate risk**

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

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

The Fund is exposed to cash flow interest rate risk for balances in certain savings account, the interest rates on which range between 5.5% to 17% (2021: 5.00% to 5.50%) per annum.

The Fund's interest rate risk arises from the balances in savings accounts. In case of 100 basis points (decrease) / increase in interest rates on June 30, 2022 with all other variables held constant, the net assets for the year would have been higher / lower by Re. 0.03 million (2021: Re 0.13 million).

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

Since the Fund currently does not have any fixed rate instruments that are impacted by market interest rates, therefore, it is not exposed to fair value interest rate risk.

Particulars	----- As at June 30, 2022 -----					Total
	Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield/ interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	----- Rupees in '000 -----				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Balances with banks	5.5-17	24,186	-	-	11	24,197
Investments						
Listed equity securities		-	-	-	427,791	427,791
Dividend and Mark-up receivable		-	-	-	664	664
Receivable against sale of investment		-	-	-	-	-
Deposits		-	-	-	2,800	2,800
<b>Sub total</b>		<b>24,186</b>	<b>-</b>	<b>-</b>	<b>431,266</b>	<b>455,452</b>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	3,457	3,457
Payable to the Trustee		-	-	-	81	81
Unclaimed dividend		-	-	-	5,382	5,382
Accrued expenses and other liabilities		-	-	-	795	795
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>9,715</b>	<b>9,715</b>
<b>On-balance sheet gap (a)</b>		<b>24,186</b>	<b>-</b>	<b>-</b>	<b>421,551</b>	<b>445,737</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<b>24,186</b>	<b>-</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>24,186</b>	<b>-</b>	<b>-</b>		

Particulars	----- As at June 30, 2021 -----					Total
	Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield/ interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	----- Rupees in '000 -----				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Balances with banks	5-5.5	13,019	-	-	11	13,030
Investments						
Listed equity securities		-	-	-	772,110	772,110
Dividend and Markup receivable		-	-	-	138	138
Receivable against sale of investment		-	-	-	36,357	36,357
Deposits		-	-	-	2,800	2,800
<b>Sub total</b>		<b>13,019</b>	<b>-</b>	<b>-</b>	<b>811,416</b>	<b>824,435</b>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	3,815	3,815
Payable to the Trustee		-	-	-	139	139
Unclaimed dividend		-	-	-	5,382	5,382
Accrued expenses and other liabilities		-	-	-	18,446	18,446
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>27,782</b>	<b>27,782</b>
<b>On-balance sheet gap (a)</b>		<b>13,019</b>	<b>-</b>	<b>-</b>	<b>783,634</b>	<b>796,653</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<b>13,019</b>	<b>-</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>13,019</b>	<b>-</b>	<b>-</b>		

### 20.1.3 Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of investments held by the Fund in listed equity securities classified on the Statement of Financial Position at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within eligible stocks. The Fund's constitutive document / NBFC Regulations, also limit individual equity securities to no more than 20% of net assets of the Fund, or issued capital of the investee company.

In case of 5% increase / decrease in price of all shares held by Fund at the year end, net loss for the year would decrease / increase by Rs 21.39 million (2021: Rs 38.61 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

### 20.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk mainly arises from saving with banks and financial institutions and credit exposure arising as a result of dividend receivable on equity securities.

#### Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protections. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC Rules and the regulations and the guidelines given by the SECP from time to time.

**20.2.1** The analysis below summarises the credit quality of the funds' bank balances as at June 30, 2022 and June 30, 2021.

Name of the bank	Balance as at June 30, 2022	Latest available published rating as at June 30, 2022	Rating agency
<b>Rupees in '000</b>			
<b>Current account</b>			
Habib Bank Limited	-	A-1+	VIS
MCB Bank Limited	10	A-1+	VIS
Habib Metro Bank Limited	1	A-1+	VIS
<b>Savings accounts</b>			
JS Bank Limited	1,529	A-1+	PACRA
MCB Bank Limited	12,286	A-1+	VIS
Soneri Bank Limited	6,403	A-1+	PACRA
Habib Bank Limited	1,297	A-1+	VIS
Zarai Taraqiati Bank Limited	16	A-1+	VIS
Khushali Microfinance Bank Limited	2,612	A-1	VIS
U Microfinance Bank	9	A-1	VIS
Allied Bank Limited	4	A-1+	PACRA
Mobilink Microfinance Bank Limited	9	A-1	PACRA
HBL Microfinance Bank Limited	9	A-1	VIS
National Bank of Pakistan	10	A-1+	PACRA
	24,197		

Name of the bank	Balance as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
Rupees in '000			
<b>Current account</b>			
Habib Bank Limited	-	A-1	VIS
MCB Bank Limited	10	A-1+	PACRA
Habib Metropolitan Bank Limited	1	A-1+	PACRA
<b>Savings accounts</b>			
JS Bank Limited	1,409	A-1+	PACRA
MCB Bank Limited	11,122	A-1+	PACRA
Soneri Bank Limited	21	A-1+	PACRA
Habib Bank Limited	451	A-1	VIS
Zarai Taraqati Bank Limited	15	A-1+	VIS
	<u>13,030</u>		

The maximum exposure to credit risk before considering any collateral as at June 30, 2022 and June 30, 2021 is the carrying amount of the financial assets other than investments in equity securities.

**20.2.2** The analysis below summarizes the credit quality of the Fund's credit exposure:

	2022	2021
	----- (Percentage) -----	
<b>Rating by rating category</b>		
A-1+	89%	97%
A-1	11%	3%

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

**20.3 Liquidity risk**

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

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year, no borrowings was availed by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, no such instances were witnessed by the Fund during the current year .

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

Particulars	As at June 30, 2022			
	Upto three months	Over three months and upto one year	Over one year	Total
<b>Financial liabilities</b>				
Payable to the Management Company	3,457	-	-	3,457
Payable to Trustee	81	-	-	81
Unclaimed dividend	5,382	-	-	5,382
Accrued expenses and other liabilities	795	-	-	795
	<u>9,715</u>	<u>-</u>	<u>-</u>	<u>9,715</u>

Particulars	As at June 30, 2021			
	Upto three months	Over three months and upto one year	Over one year	Total
<b>Financial liabilities</b>				
Payable to the Management Company	3,815	-	-	3,815
Payable to Trustee	139	-	-	139
Unclaimed dividend	5,382	-	-	5,382
Accrued expenses and other liabilities	18,446	-	-	18,446
	<u>27,782</u>	<u>-</u>	<u>-</u>	<u>27,782</u>

## 21 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

## **22 FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS**

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

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

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

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

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Particulars	Note	June 30, 2022						
		Carrying amount			Fair Value			
		At fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3	Total
		Rupees in '000						
<b>Financial assets measured at fair value</b>	22.1							
Listed equity securities		427,791	-	427,791	427,791	-	-	427,791
<b>Financial assets not measured at fair value</b>	22.2							
Bank balances		-	24,197	24,197				
Dividend and mark-up receivable		-	664	664				
Receivable against sale of investment		-	36,357	36,357				
Deposits		-	2,800	2,800				
		-	64,018	64,018				
<b>Financial liabilities not measured at fair value</b>	22.2							
Payable to the Management Company		-	3,457	3,457				
Payable to the Trustee		-	81	81				
Unclaimed dividend		-	5,382	5,382				
Accrued expenses and other liabilities		-	795	795				
		-	9,715	9,715				

Particulars	Note	June 30, 2021						
		Carrying amount			Fair Value			
		At fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3	Total
		Rupees in '000						
<b>Financial assets measured at fair value</b>	22.1							
Listed equity securities		772,110	-	772,110	772,110	-	-	772,110
<b>Financial assets not measured at fair value</b>	22.2							
Bank balances		-	13,030	13,030				
Dividend and mark-up receivable		-	138	138				
Receivable against sale of investment		-	36,357	36,357				
Deposits		-	2,800	2,800				
		-	52,325	52,325				
<b>Financial liabilities not measured at fair value</b>	22.2							
Payable to the Management Company		-	3,815	3,815				
Payable to the Trustee		-	139	139				
Unclaimed dividend		-	5,382	5,382				
Accrued expenses and other liabilities		-	18,446	18,446				
		-	27,782	27,782				

## 22.1 Valuation techniques

For level 1 investments at fair value through profit or loss - 'Investment in respect of equity securities, the Fund uses daily quotation rates which are taken from Pakistan Stock Exchange Limited at reporting date.

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

## 22.3 Transfers during the year

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

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

**Top ten brokers during the year ended June 30, 2022**

- 1 Arif Habib Limited
- 2 Sherman Securities (Private) Limited
- 3 Ismail Iqbal Securities (Private) Limited
- 4 Topline Securities (Private) Limited
- 5 JS Global Capital Limited
- 6 Optimus Capital Management (Private) Limited
- 7 AL Falah CLSA Securities (Private) Limited
- 8 Spectrum Securities (Private) Limited
- 9 Cedar Capital (Private) Limited
- 10 Habib Metropolitan Financial Services Limited

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

- 1 Next Capital Limited
- 2 Multiline Securities Limited
- 3 JS Global Capital Limited
- 4 DJM Securities Limited
- 5 Intermarket Securities Limited
- 6 EFG Hermes Pakistan Limited
- 7 Arif Habib Limited
- 8 Taurus Securities Limited
- 9 Habib Metropolitan Financial Services Limited
- 10 AL Falah Securities (Private) Limited

**24 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the investment committee of the Fund as on June 30, 2021 are as follows:

S.No.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	+23
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	+27
4	Karim Khawaja	Head of Risk	MBA, CMA	+19
5	Mustafa Mahmood Khan	Head of Research	ACCA, CFA	+12

**25 PATTERN OF UNIT HOLDING**

Pattern of unit holding as at June 30, 2022 is as follows:

Category	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
Individuals	4,422	16,275,054	160,532	37.23%
Associated Companies and Director	1	12,419,913	122,506	28.41%
Insurance Companies	2	128,099	1,264	0.29%
Banks and DFIs	2	6,469,719	63,815	14.80%
Retirement Funds	10	836,143	8,246	1.91%
Other Corporate	20	6,679,541	65,885	15.28%
NBFCs	2	3,162	31	0.01%
Trust	6	902,371	8,901	2.06%
	<b>4,465</b>	<b>43,714,002</b>	<b>431,182</b>	<b>100.00%</b>

Pattern of unit holding as at June 30, 2021 is as follows:

Category	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
Individuals	4,532	19,690,192	194,218	30.47%
Associated Companies and Director	1	23,428,667	231,093	36.26%
Insurance Companies	3	1,463,965	14,440	2.27%
Banks and DFIs	2	6,469,719	63,815	10.01%
Retirement Funds	10	3,501,075	34,533	5.42%
Other Corporate	24	9,162,575	90,377	14.18%
NBFCs	2	3,162	31	0.00%
Trust	6	902,371	8,901	1.40%
	<b>4,580</b>	<b>64,621,727</b>	<b>637,408</b>	<b>100.00%</b>

**26 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS**

Seven meetings of the Board of Directors were held on August 26, 2021, September 09, 2021, October 28, 2021, February 11, 2022, April 26, 2022, May 10, 2022 and May 16, 2022 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar *	7	7	-	-
2	Ms. Ava A. Cowasjee *	7	5	2	May 10, 2022, May 16, 2022
3	Mr. Raymond H. Kotwal *	7	7	-	-
4	Mr. Abrar Ahmed Mir *	7	7	-	-
5	Mr. Tariq Masaud *	7	7	-	-
6	Mr. Muhammad Afaq Khan **	3	1	2	August 26, 2021, October 28, 2021
7	Mr. Abid Sattar ***	3	3	-	-
8	Mr. Khalid Malik ****	2	2	-	-
9	Mr. Shabbir Hussain Hashmi *****	5	5	-	-

\*Completed term and reappointed on April 29, 2022.

\*\*Resigned on January 20, 2022.

\*\*\*Appointed on February 11, 2022.

\*\*\*\*Appointed on April 29, 2022.

\*\*\*\*\*Completed term and retired on April 28, 2022.

**27 TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended June 30, 2022 is 4.84% (2021: 5.08%) which includes 0.34% (2021: 0.66%) representing Government levy and SECP fee.

**28 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on August 29, 2022 by the Board of Directors of the Management Company.

**29 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

**30 GENERAL**

**30.1** Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the year ended June 30, 2022 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The Management Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact to these financial statements.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



**HBL** Equity Fund

## FUND INFORMATION

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

**Type and Category of Fund**

Open end Equity Fund

**Investment Objective and Accomplishment of Objective**

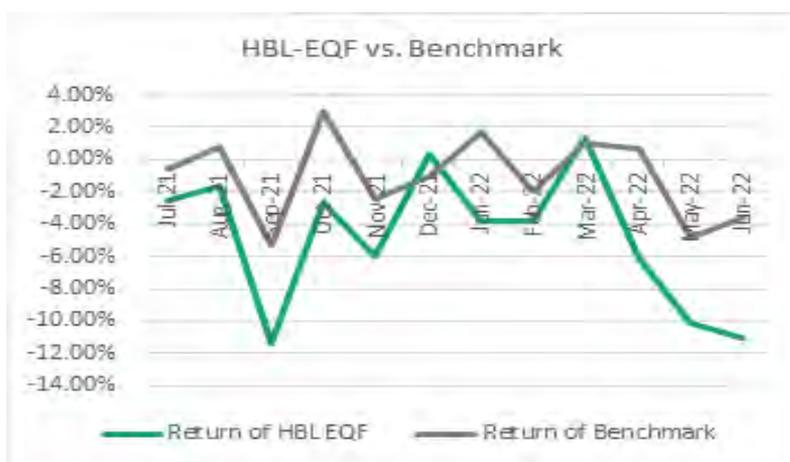
The fund objective is to provide its investors maximum risk adjusted returns over longer investment horizon by investing in a diversified equity portfolio that offers both capital gains and dividend income.

**Benchmark and Performance Comparison with Benchmark**

The Fund's benchmark is KSE 100 Index.

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

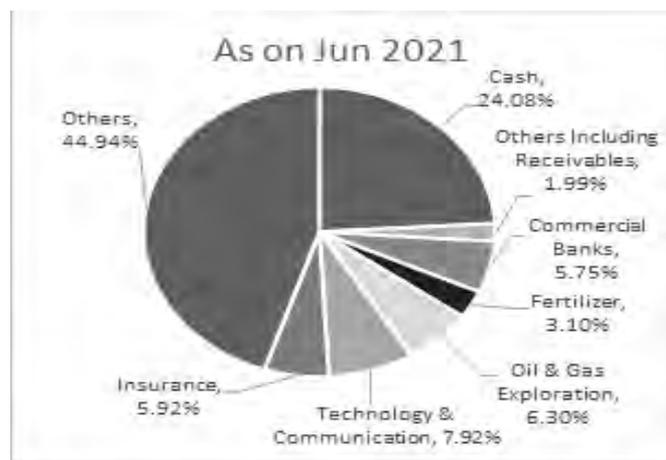
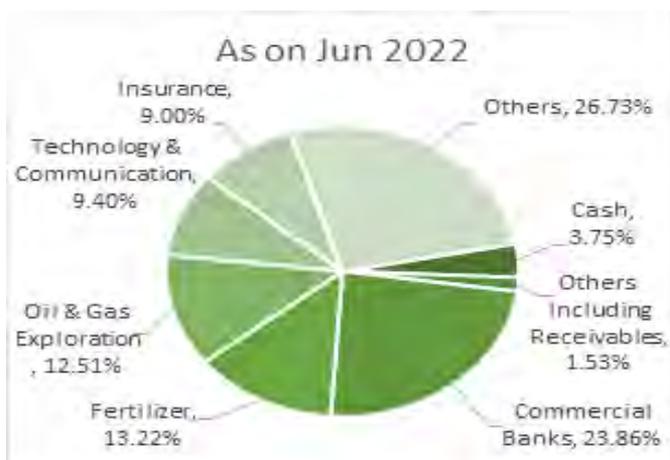
Month	Return of Fund	
	HBL-EQF	Benchmark
Jun-22	-11.00%	-3.57%
May-22	-10.14%	-4.80%
Apr-22	-6.16%	0.71%
Mar-22	1.37%	1.05%
Feb-22	-3.76%	-2.01%
Jan-22	-3.78%	1.75%
Dec-21	0.34%	-1.06%
Nov-21	-5.97%	-2.41%
Oct-21	-2.71%	2.94%
Sep-21	-11.40%	-5.31%
Aug-21	-1.60%	0.77%
Jul-21	-2.59%	-0.64%



**Strategies and Policies employed during the Year**

During the year under review, the Fund increased its exposure in equity from 74% of total assets as on June 30, 2021 to 95% of total assets as on June 30, 2022. Furthermore, sector-wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in commercial banks, fertilizer and oil & gas exploration was increased, while exposure in textile and insurance companies was decreased.

**Asset Allocation**



## Significant Changes in Asset Allocation during the Year

Following table shows comparison of sector wise allocation of equity investments of Fund as on June 30, 2022 and June 30, 2021:

Sector Name	As on Jun 2022	As on Jun 2021
Cash	3.75%	24.08%
Others Including Receivables	1.53%	1.99%
Commercial Banks	23.86%	5.75%
Fertilizer	13.22%	3.10%
Oil & Gas Exploration	12.51%	6.30%
Technology & Communication	9.40%	7.92%
Insurance	9.00%	5.92%
Others	26.7%	44.9%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Fund Performance

The total and net loss of the Fund was Rs. 804.60 million and Rs. 870.83 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs. 76.8634 per unit as on June 30, 2022 as compared to Rs. 139.9454 per unit as on June 30, 2021, thereby giving a negative return of 45.08%. During the year the benchmark KSE 100 index yielded a negative return of 12.28%. The size of Fund was Rs. 0.82 billion as on June 30, 2022 as compared to Rs. 2.27 billion at the start of the year.

## Review of Market invested in

During FY22, the KSE-100 index declined by 5,815pts or 12.8% to close at 41,541pts. The poor performance of the market is primarily attributable to i) Rapid increase in CAD due to rising domestic demand and significant increase in international commodity prices, which were further fueled by the war between Russia and Ukraine, ii) Rising inflation due to the commodity super cycle, iii) Commencement of monetary tightening, iv) Uncertain local political situation, v) Geopolitical issues in the region with heightened uncertainty post U.S. exit from Afghanistan, vi) Delay in the resumption of IMF program, vii) Depleting foreign exchange reserves resulting in PKR losing significant ground against the USD, and viii) Continued foreign selling after Pakistan's reclassification from MSCI Emerging to Frontier Market Index.

During FY22, major negative contribution came from Cement (2,328 pts), Technology & Communication (912 pts), Commercial Banks (520 pts) and Refinery (424 pts) sectors. On the other hand, major positive contribution came from Fertilizer (668 pts), and Chemical (424 pts) sectors.

During the period, average traded volume declined by 56% YoY to 115mn shares, while average traded value declined by 53% YoY to PKR 6.3bn. On the flows side, Foreigners were net sellers during FY22 and sold shares worth USD 297.5Mn.

We expect the equity market to remain range-bound in the near-term due to the prevailing local and geopolitical uncertainty, rising commodity prices, and depleting foreign exchange reserves. However, the additional revenue measures announced by the government are expected to pave the way for resumption of the IMF program, which is crucial for the country to secure financing from other sources. This may alleviate the downward pressure on the PKR and potentially limit any downside in the equity market.

Our longer-term equity outlook remains positive due to attractive valuations. The equity market is trading at an eye catching P/E multiple of 4.1x compared to regional average of 14.5x, and offers an attractive dividend yield of 10.9%, compared to regional average of 2.8%. It is pertinent to note that the spread between KSE-100 index earnings yield and 10Y PKRV is 11.7%, compared to 5-year historical average spread of 4.4%, which implies an upside of ~42%.

The market is likely to regain its positive momentum once there is more clarity on the Government's economic policies, along with easing of geopolitical tensions. Reversal in international commodity prices, either on the back of disruption in demand or increase in supply, is likely to reignite investor interest in Equities. Hence, we believe that Pakistan equities offer a good opportunity for long-term investors.

### Distribution

The Board of Directors approved nil dividend distribution to the unit holders for the year ended June 30, 2022.

### Significant Changes in the State of Affairs

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

### Breakdown of Unit Holding by Size

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	82	2,133
101 – 500	67	17,772
501 – 1,000	25	18,656
100,1 – 10,000	104	423,800
10,001 – 100,000	47	1,432,940
100,001 – 500,000	15	3,310,483
500,001 – 1,000,000	1	754,236
1,000,001 – 5,000,000	2	4,683,237
5,000,001 and above	-	-
<b>Total</b>	<b>343</b>	<b>10,643,257</b>

### Unit Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

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

**PERFORMANCE TABLE –**  
**HBL EQUITY FUND**  
*As at June 30, 2022*

	2022	2021	2020	2019	2018	2017
Net assets at the period end (Rs'000)	818,077	2,270,367	422,752	245,597	294,168	468,825
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	76.8634	139.9454	120.1719	98.3868	110.4602	124.6444
Offer	78.6005	143.1082	122.8878	100.6103	112.9566	127.4574
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	144.4751	143.1350	122.8878	117.9947	127.4485	156.3552
Lowest offer price per unit	78.4233	105.0772	78.7581	93.3239	100.9806	111.0413
Highest redemption price per unit	141.2821	139.9716	120.1719	115.3870	124.6318	152.8997
Lowest redemption price per unit	76.6901	102.7549	77.0175	91.2614	98.7489	107.8071
<b>RETURN ( % )</b>						
Total return	-45.08%	39.47%	7.61%	-15.46%	-11.38%	27.67%
Income distribution	0.00%	0.00%	0.15%	0.00%	0.00%	12.00%
Capital growth	-45.08%	39.47%	7.46%	-15.46%	-11.38%	15.67%
<b>DISTRIBUTION</b>						
Final dividend distribution (Rs)	-	-	0.15	-	-	12.00
Date of Income Distribution	-	-	26-Jun-20	-	-	22-Jun-17
Total dividend distribution for the year/ period (Rs)	-	-	0.15	-	-	12.00
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	-45.08%	39.47%	7.61%	-15.46%	-11.38%	27.67%
Average annual return 2 year	-12.48%	22.51%	-4.62%	-13.44%	6.37%	16.72%
Average annual return 3 year	-6.24%	8.26%	-6.93%	-1.47%	6.48%	14.83%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	3.75%	24.08%	6.05%	11.01%	24.06%	10.84%
Stock / Equities	94.72%	73.93%	92.91%	84.89%	41.75%	88.35%
Others Including receivables	1.53%	1.99%	1.04%	4.10%	18.88%	0.81%

**Note:**

The Launch date of the Fund is September 26, 2011

**Disclaimer:**

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

## Summary of Actual Proxy voted by CIS

HBL EQF	Meetings	Resolutions	For	Against
Number	4	16	16	-
(%ages)	100%			-

### (h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
AGP Limited	4/26/2022	
Attock Cement Pakistan Ltd	10/21/2021	
Attock Refinery Ltd	9/22/2021	7/12/2021
BankIslami Pakistan Limited	3/30/2022	
Cherat Cement Company Ltd.	10/16/2021	
D G Khan Cement Co.Ltd.	10/28/2021	
Engro Corporation Ltd	3/24/2022	
Engro Fertilizers Limited	3/22/2022	
Engro Polymer & Chemicals Ltd	3/16/2022	
Fauji Fertilizer Co Ltd	3/25/2022	(27/07/2021) (8-10-2021)(5-11-2021)
GlaxoSmithKline Pakistan Ltd		
Gul Ahmed Textile Mills Ltd	(28/10/2021)(27-11-2021)	
Hascol Petroleum Ltd	12/7/2021	
Highnoon Laboratories Limited		8/31/2021
Hub Power Company Ltd	10/5/2021	
Hum Network Ltd	(16/07/2021)(23-11-21)	
IGI Holdings Limited	4/29/2022	
Interloop Limited	10/15/2021	2/24/2022
International Industries Ltd	9/30/2021	
International Steels Limited	9/29/2021	
K-Electric Limited	NIL	NIL
Kohat Cement Ltd	10/4/2021	(21/03/2022) (14 April 2022) (29/June /2022)
Lucky Cement Ltd	9/28/2021	
Maple Leaf Cement Factory Ltd	9/28/2021	
Mari Petroleum Company Ltd		(19/10/2021) (10/05/2022)
Meezan Bank Ltd	3/29/2022	11/17/2021
Mughal Iron & Steel Inds Ltd		
National Refinery Ltd	10/10/2021	
Nishat Mills Ltd	10/28/2021	(03/03/2022) (23/03/2022)
Oil & Gas Development Co Ltd	10/28/2021	
Pakistan National Shipping Corp Ltd	(26/10/2021) (28/10/2021)	
Pakistan Oilfields Ltd	9/22/2021	
Pakistan Petroleum Ltd	(25/10/2021) (27/10/2021)	19-Jul-21
Pakistan State Oil Company Ltd	10/26/2021	
Sitara Chemical Industries Limited	10/25/2021	
Sui Northern Gas Pipeline Ltd	7/27/2021	
Tariq Glass Industries Ltd		3/21/2022
Thal Limited	10/12/2021	
The Searle Company Ltd	10/28/2021	

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
TPL Trakker Limited		
Unity Foods Limited	10/26/2021	4/1/2022
Pakistan Petroleum Ltd	(25/10/2021) (27/10/2021)	19-Jul-21
Pakistan State Oil Company Ltd	10/26/2021	
Sitara Chemical Industries Limited	10/25/2021	
Standard Chartered Bank (Pakistan) Ltd	3/29/2022	4/28/2021
Sui Northern Gas Pipeline Ltd	7/27/2021	
Tariq Glass Industries Ltd		3/21/2022
Thal Limited	10/12/2021	
The Organic Meat Company Limited		1/25/2022
The Searle Company Ltd	10/28/2021	
TPL Insurance Limited	4/25/2022	7/6/2022
TPL Trakker Limited		
United Bank Limited	3/29/2022	8/6/2021

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL EQUITY FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Equity Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

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

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

Karachi, September 23, 2022





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 Karachi 74200  
 Pakistan

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

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Equity Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

#### Key Audit Matters

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

Following is the Key audit matter:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p><b>Existence and valuation of investments</b></p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2022, the investments held by the Fund comprised of listed equity securities which represent 95% of the total assets of the Fund as at the year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We evaluated the design and implementation of key controls over investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>



S.No	Key audit matter(s)	How the matter was addressed in our audit
	<p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. Further, the Fund is required to be compliant with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) with respect to investments.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We performed substantive audit procedures on year-end balance of investment portfolio including review of custodian's statement, and related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at June 30, 2022 and matching the valuation of investment with that appearing in the financial statements.</li> <li>We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance.</li> </ul>

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

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

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

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

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



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

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

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

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

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

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

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



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

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

#### Report on other legal and regulatory requirements

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

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

KARACHI

DATED: 27 SEP 2022

UDIN: AR2022100678tOYCnwqh

BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

		2022	2021
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Bank balances	5	31,362	701,869
Investments	6	791,276	2,155,293
Dividend and mark-up receivable	7	1,517	6,105
Receivable against sale of investments - net		5,354	-
Advances and deposits	8	2,915	2,805
Advance for purchase of investment	9	-	8,563
<b>TOTAL ASSETS</b>		<b>832,424</b>	<b>2,874,635</b>
<b>LIABILITIES</b>			
Payable to the Management Company	10	7,101	4,579
Payable to the Trustee	11	180	257
Payable to Securities and Exchange Commission of Pakistan	12	309	236
Payable against redemption of units		-	25,080
Payable against purchase of investments - net		-	554,112
Accrued expenses and other liabilities	13	6,757	20,005
<b>TOTAL LIABILITIES</b>		<b>14,347</b>	<b>604,269</b>
<b>NET ASSETS</b>		<b>818,077</b>	<b>2,270,366</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>818,077</b>	<b>2,270,366</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14	-----Number of units-----	
<b>Number of units in issue</b>	15	<b>10,643,257</b>	<b>16,223,229</b>
		-----Rupees-----	
<b>Net assets value per unit</b>		<b>76.8634</b>	<b>139.9454</b>

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

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

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

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

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

	Note	2022 ----- Rupees in '000 -----	2021
<b>INCOME</b>			
Capital (loss) / gain on sale of investments - net		(500,128)	223,235
Dividend income		57,802	33,919
Mark-up on bank deposits		4,532	2,725
Income from Government securities		20	-
		<u>(437,774)</u>	<u>259,879</u>
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6.3	<u>(366,829)</u>	<u>55,462</u>
		<u>(804,603)</u>	<u>315,341</u>
<b>EXPENSES</b>			
Remuneration of the Management Company	10.1	30,935	23,557
Sindh Sales Tax on remuneration of the Management Company	10.2	4,022	3,062
Remuneration of Trustee	11.1	2,542	2,050
Sindh Sales Tax on remuneration of the trustee	11.2	330	267
Annual fee to Securities and Exchange Commission of Pakistan	12.1	309	236
Allocation of fee and expenses related to registrar services, accounting, operation and valuation services	10.3	9,904	4,735
Selling and marketing expenses	10.4	17,672	5,987
Auditors' remuneration	16	446	444
Fees and subscriptions		195	28
Securities transaction costs and settlement charges		7,868	16,871
Bank charges		172	108
Printing charges		29	-
		<u>74,424</u>	<u>57,345</u>
<b>Net (loss) / income for the year from operations</b>		<u>(879,027)</u>	<u>257,996</u>
Reversal of provision / (provision) for Sindh Workers' Welfare Fund	13.2	<u>8,197</u>	<u>(5,160)</u>
<b>Net (loss) / income for the year before taxation</b>	17	<u>(870,830)</u>	<u>252,836</u>
Taxation		-	-
<b>Net (loss) / income for the year after taxation</b>		<u>(870,830)</u>	<u>252,836</u>
<b>Allocation of net income for the year</b>			
Income already paid on redemption of units		-	99,839
Accounting income available for distribution:			
Relating to capital gains		-	152,997
Excluding capital gains		-	-
		<u>-</u>	<u>152,997</u>
	18	<u>-</u>	<u>252,836</u>
Earnings per unit			

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

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

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

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

\_\_\_\_\_  
Director

	2022	2021
	----- Rupees in '000 -----	
Net (loss) / income for the year after taxation	(870,830)	252,836
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u>(870,830)</u>	<u>252,836</u>

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

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

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

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

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

**HBL EQUITY FUND**  
**Statement of Movement in Unitholders' Fund**  
For the year ended June 30, 2022

	2022			2021		
	Capital value	Undistributed income / (Accumulated loss)	Total	Capital value	Undistributed income	Total
	----- Rupees in '000 -----					
Net assets at beginning of the year	2,106,739	163,627	2,270,366	412,122	10,630	422,752
<b>Issuance of 6,749,605 units (2021: 29,442,451 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	944,576	-	944,576	2,954,285	-	2,954,285
Element of (loss) / income	(178,516)	-	(178,516)	875,974	-	875,974
<b>Total proceeds on issuance of units</b>	766,060	-	766,060	3,830,259	-	3,830,259
<b>Redemption of 12,329,577 units (2021: 17,432,369 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	(1,725,468)	-	(1,725,468)	(1,749,182)	-	(1,749,182)
Income already paid on units redeemed	-	-	-	-	(99,839)	(99,839)
Element of income / (loss)	377,949	-	377,949	(386,460)	-	(386,460)
<b>Total payments on redemption of units</b>	(1,347,519)	-	(1,347,519)	(2,135,642)	(99,839)	(2,235,481)
Total comprehensive (loss) / income for the year	-	(870,830)	(870,830)	-	252,836	252,836
<b>Net assets at end of the year</b>	<b>1,525,280</b>	<b>(707,203)</b>	<b>818,077</b>	<b>2,106,739</b>	<b>163,627</b>	<b>2,270,366</b>
<b>Accumulated undistributed income brought forward</b>						
Realised income		108,165			24,551	
Unrealised income / (loss)		55,462			(13,921)	
		163,627			10,630	
<b>Accounting income available for distribution</b>						
Relating to capital gains		-			152,997	
Excluding capital gains		-			-	
		-			152,997	
Total comprehensive loss for the year		(870,830)			-	
(Accumulated loss) / undistributed income carried forward		(707,203)			163,627	
<b>(Accumulated loss) / undistributed income carried forward</b>						
Realised (loss) / income		(340,374)			108,165	
Unrealised (loss) / gain		(366,829)			55,462	
		(707,203)			163,627	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the year				139.9454		100.3410
Net assets value per unit at end of the year				76.8634		139.9454

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

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

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

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

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

	2022	2021
Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the year before taxation	(870,830)	252,836
Adjustments for:		
Capital loss / (gain) on sale of investments - net	500,128	(223,235)
Dividend income	(57,802)	(33,919)
Mark-up on bank deposits	(4,532)	(2,725)
Income from Government securities	(20)	-
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	366,829	(55,462)
	<u>(66,227)</u>	<u>(62,505)</u>
<b>Decrease / (increase) in assets</b>		
Investments - net	497,060	(1,470,266)
Advances and deposits	(110)	(1)
Advance for purchase of investment	8,563	(8,563)
Receivable against sale of investments - net	(5,354)	1,657
	500,159	(1,477,173)
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	2,522	2,794
Payable to the Trustee	(77)	173
Payable to Securities and Exchange Commission of Pakistan	73	176
Payable against purchase of investments - net	(554,112)	554,112
Accrued expenses and other liabilities	(13,248)	9,582
	<u>(564,842)</u>	<u>566,837</u>
Cash used in operations	(130,910)	(972,841)
Dividend received	63,553	28,156
Mark-up received on bank deposits	3,369	2,549
Income received from Government securities	20	-
	<u>66,942</u>	<u>30,705</u>
Net cash used in operating activities	(63,968)	(942,136)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	766,060	3,830,259
Payment against redemption of units	(1,372,599)	(2,212,514)
Dividend paid	-	(214)
Net cash (used in) / flows from financing activities	(606,539)	1,617,531
Net (decrease) / increase in cash and cash equivalents during the year	(670,507)	675,395
Cash and cash equivalents at the beginning of the year	701,869	26,474
Cash and cash equivalents at the end of the year	5 <u>31,362</u>	<u>701,869</u>

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

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

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

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

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

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

HBL Equity Fund ("the Fund") was established under a Trust Deed executed between HBL Asset Company Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/NBFC-II/PSF/249/2011 dated June 1, 2011 and the trust deed was executed on June 14, 2011.

The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 24, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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

The Fund is an open-ended mutual fund and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from September 24, 2011 to September 26, 2011. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of the Collective Investment Schemes (CISs).

The investment objective of the Fund is to provide investors a diversified equity portfolio with a primary objective of maximizing risk-adjusted returns over longer investment horizon through a combination of capital gains and dividend income.

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

VIS Credit Rating Company has assigned an asset manager rating of 'AM2++' (Positive outlook) to the HBL Asset Management Company Limited.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost basis, unless otherwise stated.

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Fund's functional currency.

**2.4 Use of judgments and estimates**

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

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

**Classification and valuation of investment**

For details please refer notes 4.2.1.1 and 19 to these financial statements.

**Impairment of investment**

For details please refer note 4.2.1.2 to these financial statements.

**3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022**

The following accounting standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have material impact on the financial statements other than certain additional disclosures.

**Effective date  
(annual periods  
beginning on or after)**

Interest Rate Benchmark Reform - Phase 2  
(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) January 01, 2021

Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions April 01, 2021

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

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

**Effective date  
(annual periods  
beginning on or after)**

Amendments to IFRS 3: 'Business Combinations' - Reference to the conceptual framework January 01, 2022

Amendments to IAS 16: 'Property, Plant and Equipment' - Proceeds before intended use January 01, 2022

Amendments to IAS 37: 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract January 01, 2022

Amendments to IAS 1: 'Presentation of Financial Statements' - Disclosure of Accounting Policies January 01, 2023

Amendments to IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates January 01, 2023

Amendments to IAS 12: 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction January 01, 2023

Amendments to IAS 1: 'Presentation of Financial Statements' - Classification of liabilities as current or non-current January 01, 2024

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

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

**IFRS 1** First Time Adoption of International Financial Reporting Standards; and  
**IFRS 17** Insurance Contracts.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

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

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

#### **4.2 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **4.2.1 Financial assets**

##### **4.2.1.1 Classification and measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified and measured at: amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model on which a financial asset is managed and its contractual cash flow characteristics.

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

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

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.
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<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.
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##### **4.2.1.2 Impairment of financial assets**

The Fund has applied the expected credit loss model that requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly advances and deposits, dividend and mark-up receivable and bank balances.

#### **4.2.1.3 Regular way contracts**

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### **4.2.1.4 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

#### **4.2.2 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### **4.2.3 Offsetting of financial assets and liabilities**

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

#### **4.3 Provisions**

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

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

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

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

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

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

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

#### **4.7 Element of income**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

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

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

#### **4.9 Revenue recognition**

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.
- Mark up on bank deposits is recognised on a time apportionment basis using effective rate.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

#### **4.10 Transactions with related parties / connected persons**

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

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

5	BANK BALANCES	Note	2022	2021
			----- Rupees in '000 -----	
	Cash at bank			
	In savings accounts	5.1	30,658	701,366
	In current accounts		704	503
			<u>31,362</u>	<u>701,869</u>

5.1 These bank accounts carry mark-up range from 5.00% to 17.00% (2021: 5.00% to 7.00%) per annum. This includes an amount held with Habib Bank Limited (a related party) amounting to Rs. 2.413 million (2021: Rs. 50.79 million) on which return is earned at 10% (2021: 5.60%) per annum.

6	INVESTMENTS		2022	2021
	Financial assets at fair value through profit or loss			
	Listed equity securities	6.1	791,276	2,155,293
	Market treasury bills	6.2	-	-
			<u>791,276</u>	<u>2,155,293</u>

6.1 Financial assets at fair value through profit or loss - Listed equity securities

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

Name of the investee companies (Sector wise)	As at July 1, 2021	Purchases made during the year	Bonus / right issues	Sales made during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised (diminution)/ appreciation on re- measurement of investments	Market value as a percentage of total investments	Market value as a percentage of net assets	Par value as a percentage of issued capital of the investee company	Number of shares		Rupees in 000	
<b>Automobile Assembler</b>															
Ghandhara Industries Limited	-	46,000	-	(46,000)	-	-	-	-	0.00%	0.00%	0.00%				
Millat Tractors Limited	-	5,000	-	(5,000)	-	-	-	-	0.00%	0.00%	0.00%				
-	-	51,000	-	(51,000)	-	-	-	-	0.00%	0.00%	0.00%				
<b>Automobile Parts and Accessories</b>															
General Tyre & Rubber Company of Pakistan Limited	1,087,000	259,500	-	(1,346,500)	-	-	-	-	0.00%	0.00%	0.00%				
Panther Tyres Limited	664,682	-	-	(664,682)	-	-	-	-	0.00%	0.00%	0.00%				
-	1,751,682	259,500	-	(2,011,182)	-	-	-	-	0.00%	0.00%	0.00%				
<b>Cement</b>															
DG Khan Cement Limited	81,000	-	-	(81,000)	-	-	-	-	0.00%	0.00%	0.00%				
Lucky Cement Limited	91,100	69,684	-	(160,784)	-	-	-	-	0.00%	0.00%	0.00%				
Maple Leaf Cement Factory Limited	520,200	724,700	-	(1,244,900)	-	-	-	-	0.00%	0.00%	0.00%				
Cherat Cement Company Limited	8,000	-	-	(8,000)	-	-	-	-	0.00%	0.00%	0.00%				
Attock Cement Pakistan Limited (6.1.1)	872,100	181,900	-	(400,200)	653,800	116,510	43,478	(73,032)	5.49%	5.31%	0.48%				
Thatta Cement Company Limited	1,364,000	-	-	(1,364,000)	-	-	-	-	0.00%	0.00%	0.00%				
Pioneer Cement Limited	161,500	14,000	-	(175,500)	-	-	-	-	0.00%	0.00%	0.00%				
Kohat Cement Limited	12,000	85,300	-	(97,300)	-	-	-	-	0.00%	0.00%	0.00%				
-	3,109,900	1,075,584	-	(3,531,684)	653,800	116,510	43,478	(73,032)	5.49%	5.31%	0.48%				
<b>Chemical</b>															
Nimir Resins Limited	2,533,500	2,948,250	-	(5,481,750)	-	-	-	-	0.00%	0.00%	0.00%				
Engro Polymer & Chemicals Limited	-	97,500	-	-	97,500	8,147	7,764	(383)	0.98%	0.95%	0.01%				
-	2,533,500	3,045,750	-	(5,481,750)	97,500	8,147	7,764	(383)	0.98%	0.95%	0.01%				
<b>Commercial Banks</b>															
Bank Al-Falah Limited	-	269,125	-	-	269,125	9,675	8,612	(1,063)	1.09%	1.05%	0.02%				
Faysal Bank Limited (6.1.1)(6.1.2)	1,440	555,000	-	(134,000)	422,440	10,468	9,741	(727)	1.23%	1.19%	0.03%				
MCB Bank Limited (6.1.1)	48,000	170,000	-	(48,000)	170,000	23,349	20,907	(2,442)	2.54%	2.56%	0.01%				
United Bank Limited (6.1.1)	225,000	1,167,149	-	(831,663)	560,486	74,508	63,408	(11,100)	8.01%	7.75%	0.05%				
Habib Bank Limited* (6.1.1)	-	1,298,000	-	(858,120)	439,880	54,524	40,179	(14,345)	5.08%	4.91%	0.03%				
Standard Chartered Bank (Pakistan) Limited	3,918,500	545,500	-	(1,508,500)	2,955,500	99,543	56,480	(43,063)	7.14%	6.90%	0.08%				
-	4,192,940	4,004,774	-	(3,380,283)	4,817,431	272,067	199,327	(72,740)	25.19%	24.36%	0.21%				
<b>Engineering</b>															
International Steels Limited	413,500	93,000	-	(506,500)	-	-	-	-	0.00%	0.00%	0.00%				
Amreeil Steel Limited	56,000	220,000	-	(276,000)	-	-	-	-	0.00%	0.00%	0.00%				
Mughal Iron & Steel Industries Limited (6.1.1)	292,940	188,000	41,016	(306,175)	215,781	20,523	12,438	(8,085)	1.57%	1.52%	0.06%				
Aisha Steel Mills Limited	746,500	-	-	(746,500)	-	-	-	-	0.00%	0.00%	0.00%				
International Industries Limited	107,100	-	-	(107,100)	-	-	-	-	0.00%	0.00%	0.00%				
Alpha Steel Indus Limited	1,077,500	225,000	37,625	(1,340,125)	-	-	-	-	0.00%	0.00%	0.00%				
-	2,693,540	726,000	78,641	(3,282,400)	215,781	20,523	12,438	(8,085)	1.57%	1.52%	0.06%				
<b>Fertilizers</b>															
Engro Corporation Limited (6.1.1)	279,900	180,250	-	(282,400)	177,750	51,292	45,698	(5,594)	5.78%	5.59%	0.03%				
Fauji Fertilizer Company Limited	73,000	547,404	-	(73,000)	547,404	62,691	60,335	(2,356)	7.63%	7.38%	0.04%				
Engro Fertilizers Limited	-	50,402	-	-	50,402	4,503	4,468	(35)	0.56%	0.55%	0.00%				
-	352,900	778,056	-	(355,400)	775,556	118,486	110,501	(7,985)	13.41%	12.97%	0.07%				
<b>Oil and Gas Exploration Companies</b>															
Pakistan Oilfields Limited	10,500	31,425	-	(10,500)	31,425	12,132	12,753	621	1.61%	1.56%	0.01%				
Oil & Gas Development Company Limited (6.1.1)	848,716	728,000	-	(1,017,216)	559,500	47,733	44,016	(3,717)	5.56%	5.38%	0.01%				
Pakistan Petroleum Limited (6.1.1)	979,800	731,861	-	(1,094,800)	616,861	45,110	41,644	(3,466)	5.26%	5.09%	0.02%				
Mari Petroleum Company Limited	9,000	7,000	-	(12,500)	3,500	5,810	6,089	279	0.77%	0.74%	0.00%				
-	1,848,016	1,498,286	-	(2,135,016)	1,211,286	110,785	104,502	(6,283)	13%	13%	0.05%				

Name of the investee companies (Sector wise)	As at July 1, 2021	Purchases made during the year	Bonus / right issues	Sales made during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation (diminution) on re- measurement of investments	Market value as a percentage of total investments	Market value as a percentage of net assets	Par value as a percentage of issued capital of the investee company
	Number of shares				Rupees in 000						
<b>Oil and Gas Marketing Companies</b>											
Pakistan State Oil Company Limited (6.1.1) (6.1.2)	395,331	91,200	-	(243,685)	242,846	53,343	41,731	(11,612)	5.27%	5.10%	0.05%
Hi-Tech Lubricants Limited	-	165,500	-	(165,500)	-	-	-	-	0.00%	0.00%	0.00%
	395,331	256,700	-	(409,185)	242,846	53,343	41,731	(11,612)	5.27%	5.10%	0.05%
<b>Pharmaceuticals</b>											
The Searle Company Limited (6.1.2)	274	-	82	-	356	66	39	(27)	0.00%	0.00%	0.00%
Ferozsons Laboratories Limited	-	114,500	-	(70,600)	43,900	16,898	11,805	(5,093)	1.49%	1.44%	0.00%
Highnoon Laboratories Limited	-	26,000	2,240	-	(28,240)	-	-	-	0.00%	0.00%	0.00%
	274	140,500	2,322	(98,840)	44,256	16,964	11,844	(5,120)	1.49%	1.44%	0.00%
<b>Power Generations and Distribution</b>											
Hub Power Company Limited	140,000	50,000	-	(190,000)	-	-	-	-	0.00%	0.00%	0.00%
	140,000	50,000	-	(190,000)	-	-	-	-	0.00%	0.00%	0.00%
<b>Technology and Communication</b>											
Pakistan Telecommunication Co Limited	500,000	-	-	(500,000)	-	-	-	-	0.00%	0.00%	0.00%
Hum Network Limited	-	900,000	-	-	900,000	6,589	6,408	(181)	0.81%	0.78%	0.55%
Systems Limited (6.1.2)	81,071	39,900	21,071	(136,900)	5,142	1,496	1,696	200	0.21%	0.21%	0.00%
Air Link Communication Limited	-	260,375	6,478	(266,853)	-	-	-	-	0.00%	0.00%	0.00%
Avanceon Limited	210,000	280,500	-	(490,500)	-	-	-	-	0.00%	0.00%	0.00%
TRG Pakistan Limited	231,000	211,000	-	(442,000)	-	-	-	-	0.00%	0.00%	0.00%
TPL Corp Limited	-	1,250,000	-	(1,250,000)	-	-	-	-	0.00%	0.00%	0.00%
TPL Tracker Limited	5,220,500	5,081,000	-	(2,161,000)	8,140,500	145,334	70,415	(74,919)	8.90%	8.61%	43.47%
Netsol Technologies	139,000	303,000	-	(442,000)	-	-	-	-	0.00%	0.00%	0.00%
WorldCall Telecom Limited	1,700,000	800,000	-	(2,500,000)	-	-	-	-	0.00%	0.00%	0.00%
Octopus Digital Limited	-	37,705	-	(37,705)	-	-	-	-	0.00%	0.00%	0.00%
	8,081,571	9,163,480	27,549	(8,226,958)	9,045,642	153,419	78,519	(74,900)	9.92%	9.60%	44.43%
<b>Textile Composite</b>											
Gul Ahmed Textile Mills Limited	637,800	245,000	-	(655,000)	227,800	11,822	7,702	(4,120)	0.97%	0.94%	0.04%
Interloop Limited	323,500	-	8,655	(241,022)	91,133	6,196	5,559	(637)	0.70%	0.68%	0.01%
Nishat (Chunian) Limited	90,000	325,000	-	(415,000)	-	-	-	-	0.00%	0.00%	0.00%
Agard Nine Limited	3,328,500	1,642,000	-	(4,150,000)	820,500	25,237	8,435	(16,802)	1.07%	1.03%	0.17%
	4,379,800	2,212,000	8,655	(5,461,022)	1,139,433	43,255	21,696	(21,559)	2.74%	2.65%	0.22%
<b>Properties</b>											
TPL Properties Limited	1,929,500	864,674	-	(2,182,174)	612,000	11,795	12,338	543	1.56%	1.51%	0.12%
	1,929,500	864,674	-	(2,182,174)	612,000	11,795	12,338	543	1.56%	1.51%	0.12%
<b>Insurance</b>											
TPL Insurance Limited	497,500	571,500	-	(32,500)	1,036,500	37,809	34,972	(2,837)	4.42%	4.27%	0.88%
IGI Holdings Limited	609,200	311,000	-	(700,700)	219,500	40,100	24,310	(15,790)	3.07%	2.97%	0.15%
IGI Life Insurance Limited	749,500	215,000	-	(30,000)	934,500	42,410	15,858	(26,552)	2.00%	1.94%	0.55%
Adamjee Life Assurance Co Limited	-	159,363	-	(159,363)	-	-	-	-	0.00%	0.00%	0.00%
	1,856,200	1,256,863	-	(922,563)	2,190,500	120,319	75,140	(45,179)	9.49%	9.18%	1.59%
<b>Inv.Bank/ Inv.Cos./Securities COS</b>											
ERG Hermes Pakistan Limited	95,500	-	-	(95,500)	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Stock Exchange Limited	-	566,000	-	(566,000)	-	-	-	-	0.00%	0.00%	0.00%
	95,500	566,000	-	(661,500)	-	-	-	-	0.00%	0.00%	0.00%
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited	1,034,000	466,360	-	(1,500,360)	-	-	-	-	0.00%	0.00%	0.00%
Waves Singer Pakistan Limited	1,683,000	284,000	-	(1,967,000)	-	-	-	-	0.00%	0.00%	0.00%
	2,717,000	750,360	-	(3,467,360)	-	-	-	-	0.00%	0.00%	0.00%
<b>Refinery</b>											
Attock Refinery Limited (6.1.1)	5,700	151,400	-	(5,700)	151,400	25,547	26,611	1,064	3.36%	3.25%	0.14%
National Refinery Limited	175,200	74,453	-	(120,518)	129,135	61,418	32,615	(28,803)	4.12%	3.99%	0.16%
	180,900	225,853	-	(126,218)	280,535	86,965	59,226	(27,739)	7.48%	7.24%	0.23%
<b>Food &amp; Personal Care Products</b>											
Al Shaaheer Corporation Limited	-	1,224,000	-	(1,224,000)	-	-	-	-	0.00%	0.00%	0.00%
Clover Pakistan Limited	382,500	-	-	(382,500)	-	-	-	-	0.00%	0.00%	0.00%
Fauji Foods Limited	24,500	2,133,743	-	(2,158,243)	-	-	-	-	0.00%	0.00%	0.00%
Unity Foods Limited	1,558,800	1,265,110	-	(2,187,531)	636,379	25,527	12,772	(12,755)	1.61%	1.56%	0.05%
The Organic Meat Company Limited	1,164,800	2,035,500	162,830	(3,363,130)	-	-	-	-	0.00%	0.00%	0.00%
	3,130,600	6,658,353	162,830	(9,315,404)	636,379	25,527	12,772	(12,755)	1.61%	1.56%	0.05%
<b>Miscellaneous</b>											
Pace (Pakistan) Limited	-	1,523,000	-	(1,523,000)	-	-	-	-	0.00%	0.00%	0.00%
Shifa International Hospitals Limited	-	145,860	-	(145,860)	-	-	-	-	0.00%	0.00%	0.00%
	-	1,668,860	-	(1,668,860)	-	-	-	-	0.00%	0.00%	0.00%
<b>As at June 30, 2022</b>	<b>39,389,154</b>	<b>35,252,593</b>	<b>279,997</b>	<b>52,958,799</b>	<b>21,962,945</b>	<b>1,158,105</b>	<b>791,276</b>	<b>(366,829)</b>	<b>100%</b>	<b>96%</b>	
<b>As at June 30, 2021</b>	<b>7,764,604</b>	<b>127,329,624</b>	<b>1,491,759</b>	<b>97,196,833</b>	<b>39,389,154</b>	<b>2,099,831</b>	<b>2,155,293</b>	<b>55,462</b>	<b>100%</b>	<b>95%</b>	

\* Sponsor of the Management Company

**6.1.1** As at June 30, 2022 the Fund has pledged shares with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP, of following companies

- Faysal Bank Limited (30,000 shares having market value of Rs. 0.6918 million)
- Habib Bank Limited (100,000 shares having market value of Rs. 91.34 million)
- MCB Bank Limited (50,000 shares having market value of Rs. 6.149 million)
- United Bank Limited (200,000 shares having market value of Rs. 22.626 million)
- Unity Foods Limited (100,000 shares having market value of Rs. 2.007 million)
- Pakistan Petroleum Limited (50,000 shares having market value of Rs. 3.3755 million)
- Mughal Iron & Steel Industries Limited (50,000 shares having market value of Rs. 2.882 million)
- Engro Corporation Limited (30,000 shares having market value of Rs. 7.7127 million)
- Pakistan State Oil Company Limited (230,000 shares having market value of Rs. 39.5232 million)
- Attock Refinery Limited (30,000 shares having market value of Rs 5.2725 million)
- Attock Cement Pakistan Limited (100,000 shares having market value of Rs. 6.65 million)
- Oil and Gas Development Company Limited (50,000 shares having market value of Rs. 3.9335million)

**6.1.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 1.806 million at June 30, 2022 (2021: Rs. 1.58 million) and not yet deposited on CDC account of department of Income tax. The final outcome of the case is pending however, Management Company is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgment on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically.

Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honorable High Court of Sindh has issued notices to the relevant parties and has ordered that no 3rd party interest on bonus shares issued to the Funds in lieu of their investments be created in mean time. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitution petition will be in favor of the CISs.

Finance Act, 2018 effective from July 01, 2018 has omitted Section 236M of the ITO, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold 5% of the bonus shares to be issued. Accordingly, post July 01, 2018, shares are not being withheld at the time of bonus issue.

**6.2** Financial assets at fair value through profit or loss - Market Treasury Bills

Issue date	Tenure	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchases during the year	Sales / matured during the year	As at June 30, 2022					
Rupees in '000										
May 6, 2021	6 months	-	45,000	45,000	-	-	-	-	-	-
April 22, 2021	6 months	-	45,000	45,000	-	-	-	-	-	-
August 12, 2021	3 Months	-	10,000	10,000	-	-	-	-	-	-
<b>Total - as at June 30, 2022</b>		-	<b>100,000</b>	<b>100,000</b>	-	-	-	-	-	-
<b>Total - as at June 30, 2021</b>		-	-	-	-	-	-	-	-	-

	2022	2021
Note	----- Rupees in '000 -----	
<b>6.3</b>	<b>Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net</b>	
	791,276	2,155,293
	1,158,105	2,099,831
	<u>(366,829)</u>	<u>55,462</u>
<b>7</b>	<b>DIVIDEND AND MARK-UP RECEIVABLE</b>	
	35	5,786
	1,482	319
	<u>1,517</u>	<u>6,105</u>
<b>8</b>	<b>ADVANCES AND DEPOSITS</b>	
	Security deposits with:	
	2,500	2,500
	100	100
	<u>2,600</u>	<u>2,600</u>
Advance tax	8.1 315	205
	<u>2,915</u>	<u>2,805</u>
<b>8.1</b>	The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.	
	The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The Management Company is confident that the same shall be refunded after filing refund application.	
<b>9</b>	<b>ADVANCE FOR PURCHASE OF INVESTMENT</b>	
	9.1 -	8,563
<b>9.1</b>	This represents the advance paid in prior year for participation in the book building process of Pakistan Aluminium Beverage Cans Limited. The advance has been refunded to the Fund during the year as the Fund opted not to undertake the subscription of the shares offered by the company in the initial public offering.	

		2022	2021
	Note	----- Rupees in '000 -----	
<b>10</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>		
	Remuneration payable to the Management Company	10.1	1,572
	Sindh Sales Tax Payable on Management Company's remuneration	10.2	204
	Allocation of fee and expenses related to registrar services, accounting, operation and valuation services	10.3	1,013
	Selling and Marketing expenses payable	10.4	4,312
	Sales load payable	-	922
		<u>7,101</u>	<u>4,579</u>

**10.1** As per the Regulation 61 of the NBFC Regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document. The maximum limit disclosed in the offering document is 3% per annum of average annual net assets. During the year, the fee is being charged at the rate of 2% of the average annual net assets. The fee is payable monthly in arrears.

**10.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2021: 13 %) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.

**10.3** As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses related to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate ranging between 0.411% to 1.3% of the average annual net assets.

**10.4** As per Regulation 60(3)(v) of the NBFC Regulations, selling and marketing expense maybe charged for all categories of funds, except fund of funds. During the year, the fee is being charged at the rate ranging between 0.95% to 1.8% of the average annual net assets accordingly.

		2022	2021
	Note	----- Rupees in '000 -----	
<b>11</b>	<b>PAYABLE TO THE TRUSTEE</b>		
	Trustee fee payable	11.1	156
	Sindh Sales Tax payable on Trustee Fee	11.2	20
	CDS charges payable	4	5
		<u>180</u>	<u>257</u>

**11.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of the Trust Deed as per the tariff specified therein, based on the average net assets of the Fund. The fee is paid to the Trustee on monthly basis in arrears.

Based on the Trust deed, Trustee fee has been charged based on the following tariff structure applicable to the Fund:

Average Net asset Value	Tariff per annum
Upto Rs. 1 billion	Rs. 0.7 million or 0.20% per annum of net assets value whichever is higher
Over Rs. 1 billion	Rs. 2.0 million plus 0.10% per annum of net assets value exceeding Rs. 1,000 million

**11.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2021: 13%) on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011.

	2022	2021
Note	----- Rupees in '000 -----	----- Rupees in '000 -----
<b>12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
Annual fee payable	12.1 <u>309</u>	<u>236</u>
<b>12.1</b>	As per Regulation 62 of the NBFC Regulations, an Asset Management Company managing a CIS, shall pay SECP an annual fee of 0.02% of the average annual net assets. The fee is payable annually in arrears.	
<b>13 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Provision for Federal Excise Duty	13.1 5,685	5,685
Provision for Sindh Workers' Welfare Fund	13.2 -	8,197
Withholding tax payable	325	1,268
Auditors' remuneration	125	440
Printing and other charges	9	56
Brokerage payable	489	4,291
Other payables	124	68
	<u>6,757</u>	<u>20,005</u>

**13.1** The legal status of applicability of Federal Excise Duty is the same as disclosed in note 13.1 to the annual audited financial statements of the Fund for the year ended June 30, 2021. However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 5.685 million (2021: Rs. 5.685 million). Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2022 would have been higher by Re. 0.5341 per unit (2021: Re. 0.3504 per unit).

**13.2 Workers' Welfare Fund and Sindh Workers' Welfare Fund**

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

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

Based on the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 5.543 million that was charged for the period from July 1, 2014 till August 12, 2021.

**14 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2022 (2021: Nil) other than those already disclosed in the financial statements.

**15 NUMBER OF UNITS IN ISSUE**

	<b>2022</b>	<b>2021</b>
	-----Number of units-----	
Total units in issue at the beginning of the year	16,223,229	4,213,147
Add: Units issued during the year	6,749,605	29,442,451
Less: Units redeemed during the year	<u>(12,329,577)</u>	<u>(17,432,369)</u>
Total units in issue at the end of the year	<u><u>10,643,257</u></u>	<u><u>16,223,229</u></u>

**16 AUDITORS' REMUNERATION**

	-----Rupees in '000-----	
Annual audit fee	240	240
Fee for half yearly review	135	135
Other certifications and out of pocket expenses	<u>71</u>	<u>69</u>
	<u><u>446</u></u>	<u><u>444</u></u>

**17 TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current year as a result of loss incurred during the year.

**18 EARNINGS PER UNIT**

Earnings per unit (EPU) has not been disclosed in these financial statements as in the opinion of the Management Company the determination of cumulative weighted average number of outstanding units is not practicable.

**19 FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	----- As at June 30, 2022 -----		
	At Fair value through profit or loss	Amortised cost	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Bank balances	-	31,362	31,362
Investments	791,276	-	791,276
Dividend and mark-up receivable	-	1,517	1,517
Deposits	-	2,600	2,600
Receivable against sale of investments - net	-	5,354	5,354
	<u>791,276</u>	<u>35,479</u>	<u>832,109</u>
<b>Financial liabilities</b>			
Payable to the Management Company	-	6,897	6,897
Payable to the Trustee	-	160	160
Accrued expenses and other liabilities	-	682	682
	<u>-</u>	<u>7,739</u>	<u>7,739</u>

Particulars	----- As at June 30, 2021 -----		
	At Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial assets</b>			
Bank balances	-	701,869	701,869
Investments	2,155,293	-	2,155,293
Dividend and mark-up receivable	-	6,105	6,105
Deposits	-	2,600	2,600
Advance for purchase of investments	-	8,563	8,563
	<u>2,155,293</u>	<u>719,137</u>	<u>2,874,430</u>
<b>Financial liabilities</b>			
Payable to the Management Company	-	4,213	4,213
Payable to the Trustee	-	228	228
Payable against redemption of units	-	25,080	25,080
Payable against purchase of investments	-	554,112	554,112
Accrued expenses and other liabilities	-	4,803	4,803
	<u>-</u>	<u>588,436</u>	<u>588,436</u>

## 20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

Transactions and balances with related parties who were connected persons due to holding 10% or more units in the comparative year and not in the current year are not disclosed in the comparative year.

Details of the transactions with connected persons and balances with them are as follows:

20.1 Transactions during the year	2022	2021
	----- Rupees in '000 -----	
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	30,935	23,557
Sindh Sales Tax on remuneration of the Management Company	4,022	3,062
Allocation of expenses related to registrar services, accounting, operation and valuation services	9,904	4,735
Sales load paid	922	3,459
Selling and marketing expenses	17,672	5,987
Issue Nil units (2021: 813,119) units	-	103,000
Redemption of 345,975 units (2021: 1,045,460) units	36,666	135,000
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	2,542	2,050
Sindh Sales Tax on remuneration of the Trustee	330	267
Central Depository service charges	249	361

	2022	2021
	----- Rupees in '000 -----	
<b>Habib Bank Limited - Sponsor</b>		
Dividend income	-	-
Bank charges	172	107
Mark-up on bank deposits	510	623
Issue of 1,413,425 units (2021: 3,594,808) units	150,000	500,000
Redemption of 2,017,356 units (2021: Nil) units	160,000	-
<b>Directors and Executives of the Management Company</b>		
Issue of 35,763 units (2021: 197,197) units	4,229	25,000
Redemption of 55,869 units (2021: 1,212,769) units	6,780	26,620
Dividend paid	-	-
<b>CDC TRUSTEE - PUNJAB PENSION FUND TRUST</b>		
Issuance of (271,771 units)	32,300	-
Redemption of (units: Nil)	-	-
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - Under Common Management</b>		
Issue of 22,814 units (2021: 349,765 units)	2,404	45,011
Redemption of 97,650 units (2021: 18,828 units)	12,592	2,597
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Under Common Management</b>		
Issue of 64,571 units (2021: 84,785 units)	7,227	10,976
Redemption of 78,452 units (2021: 110,416 units)	7,678	1,350
<b>CDC TRUSTEE HBL Stock Fund - Connected party</b>		
Purchase of Equity Securities - NRSL	4,770	-
Purchase of Equity Securities - SCBPL	10,238	-
Purchase of Equity Securities - IGIHL	18,753	-
Purchase of Equity Securities - IGIL	3,597	-
Purchase of Equity Securities - MARI	11,620	-
Purchase of Equity Securities - TPLI	8,282	-

## 20.2 Balances outstanding as at year end

<b>HBL Asset Management Limited - Management Company</b>		
Remuneration payable to the Management Company	1,572	2,818
Sindh Sales Tax on remuneration of the Management Company	204	366
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,013	473
Sales load payable	-	922
Selling and marketing expense payable	4,312	-
Units held: Nil units (2021: 345,975) units	48,418	48,418
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	176	252
Security deposit	100	100
CDS charges payable	4	5
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	2,916	51,292
Units held: 2,990,876 units (2021: 3,549,808) Units	229,889	503,077
<b>Directors and Executives of the Management Company</b>		
Units held: 1,786 units (2021: 21,893 units)	137	3,064

	2022	2021
	----- Rupees in '000 -----	
<b>CDC TRUSTEE - PUNJAB PENSION FUND TRUST</b>		
Units held: 1,692,360 units (2021: 1,420,589 units)	130,081	198,804
<b>MCBFSL Trustee HBL Financial Planning Fund Active</b>		
<b>Allocation Plan - Under Common Management</b>		
Unit Held: 256,101 units (2021: 330,938) Units	19,685	46,313
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative</b>		
<b>Allocation Plan - Under Common Management</b>		
Unit Held: 60,518 units (2021: 74,369) Units	4,652	10,408

## 21 FINANCIAL RISK MANAGEMENT

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

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

The fund preliminarily invest in a portfolio of equity securities. These Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 21.1 Market risk

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

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

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

#### 21.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk.

#### 21.1.2 Interest rate risk

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

#### a) Cash flow interest rate risk

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 5.00% to 17.00% (2021: 5.00% to 7.00%) per annum.

The Fund's interest rate risk arises from the balances in savings accounts. In case of 100 basis points increase / decrease in interest rates on June 30, 2022 with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 0.04532 million (2021: Rs 0.0272 million).

**b) Fair value interest rate risk**

The Fund currently does not have any fixed rate instruments and therefore, it is not exposed to fair value interest rate risk.

As at June 30, 2022						
Particulars	Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield/ interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
		Rupees in '000				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Balances with banks	5.00-17.00	30,658	-	-	704	31,362
Investments						
Listed equity securities		-	-	-	791,276	791,276
Dividend and mark-up receivable		-	-	-	1,517	1,517
Deposits		-	-	-	2,600	2,600
Receivable against sale of investments - net		-	-	-	5,354	5,354
<b>Sub total</b>		<b>30,658</b>	<b>-</b>	<b>-</b>	<b>801,451</b>	<b>832,109</b>
<b>Financial liabilities</b>						
Payable to the Management		-	-	-	6,897	6,897
Payable to the Trustee		-	-	-	160	160
Accrued expenses and other liabilities		-	-	-	682	682
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>7,739</b>	<b>7,739</b>
<b>On-balance sheet gap (a)</b>		<b>30,658</b>	<b>-</b>	<b>-</b>	<b>793,712</b>	<b>824,370</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<b>30,658</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>30,658</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
As at June 30, 2021						
Particulars	Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield/ interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
		Rupees in '000				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Balances with banks	5.00 - 7.00	701,366	-	-	503	701,869
Investments						
Listed equity securities		-	-	-	2,155,293	2,155,293
Dividend and mark-up receivable		-	-	-	6,105	6,105
Advance for purchase of investments		-	-	-	8,563	8,563
Deposits		-	-	-	2,600	2,600
<b>Sub total</b>		<b>701,366</b>	<b>-</b>	<b>-</b>	<b>2,173,064</b>	<b>2,874,430</b>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	4,213	4,213
Payable to the Trustee		-	-	-	228	228
Payable against redemption of units		-	-	-	25,080	25,080
Payable against sale of investments-net		-	-	-	554,112	554,112
Accrued expenses and other liabilities		-	-	-	4,803	4,803
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>588,436</b>	<b>588,436</b>
<b>On-balance sheet gap (a)</b>		<b>701,366</b>	<b>-</b>	<b>-</b>	<b>1,584,628</b>	<b>2,285,994</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<b>701,366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>701,366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 21.1.3 Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of investments held by the Fund in listed equity securities classified as Financial Asset at 'fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within eligible stocks. The Fund's constitutive document and NBFC Regulations also limit investment in individual equity securities of not more than 10% of net assets of the Fund or issued capital of the investee company.

In case of 5% increase / (decrease) in price of all shares held by Fund at the year end, net loss for the year would decrease / increase by Rs 39.56 million (2021: Rs 107.76 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

### 21.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk preliminary attributable to bank balances and credit exposure arising as a result of dividend receivable on equity securities.

#### Management of credit risk

For banks the Fund keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protections. All transactions in listed securities are settled / paid for delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

21.2.1 The analysis below summarises the credit quality of the funds' bank balances as at June 30, 2022 and June 30, 2021.

Name of the bank	Balance as at June 30, 2022	Latest available published rating as at June 30, 2022	Rating agency
<b>Rupees in '000</b>			
<b>Balances with banks by rating category:</b>			
Habib Bank Limited	2,916	A-1+	VIS
MCB Bank Limited	236	A-1+	PACRA
Soneri Bank Limited	4,173	A-1+	PACRA
Khushhali Microfinance Bank Limited	23,896	A-1	VIS
JS Bank Limited	82	A-1+	PACRA
Habib Metropolitan Bank Limited	10	A-1+	PACRA
Mobilink Microfinance	9	A-1	PACRA
National Bank of Pakistan	10	A-1+	PACRA
Zarai Taraqiati Bank Limited	10	A-1+	VIS
Allied Bank Limited	10	A-1+	PACRA
HBL Microfinance Bank	10	A-1	PACRA
	31,362		

Name of the bank	Balance as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
<b>Rupees in '000</b>			
<b>Balances with banks by rating category:</b>			
MCB Bank Limited	769	A-1+	PACRA
Habib Bank Limited	51,292	A-1+	VIS
JS Bank Limited	649,433	A-1+	PACRA
Soneri Bank Limited	375	A-1+	PACRA
	701,869		

The maximum exposure to credit risk as at June 30, 2022 and June 30, 2021 is the carrying amount of the financial assets other than investments in equity securities.

**21.2.2** The analysis below summarizes the credit quality of the Fund's credit exposure:

	2022	2021
	----- (Percentage) -----	
<b>Rating by rating category</b>		
A-1+	23.75	100.00
A-1	76.25	100.00

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

**21.3 Liquidity risk**

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

The Fund is exposed to daily cash redemption, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation. It's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year no borrowing was availed by the Fund (2021: None).

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, no such instances were witnessed by the Fund during the current year.

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

Particulars	As at June 30, 2022			
	Up to three months	Over three months and up to one year	Over one year	Total
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	6,897	-	-	6,897
Payable to the Trustee	160	-	-	160
Accrued expenses and other liabilities	673	9	-	682
	<u>7,730</u>	<u>9</u>	<u>-</u>	<u>7,739</u>

Particulars	As at June 30, 2021			
	Up to three months	Over three months and up to one year	Over one year	Total
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	4,213	-	-	4,213
Payable to the Trustee	228	-	-	228
Payable against redemption of units	25,080	-	-	25,080
Payable against purchase of investments	554,112	-	-	554,112
Accrued expenses and other liabilities	4,747	56	-	4,803
	<u>588,380</u>	<u>56</u>	<u>-</u>	<u>588,436</u>

## 22 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

## 23 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

As per the requirements of IFRS 13 ( Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

	June 30, 2022						
	Carrying amount			Fair Value			
	Fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
	Rupees in '000						
<b>Financial assets measured at fair value</b>	23.1						
Listed equity securities	791,276	-	791,276	791,276	-	-	791,276
	791,276	-	791,276	791,276	-	-	791,276
<b>Financial assets not measured at fair value</b>	23.2						
Bank balances	-	31,362	31,362				
Dividend and mark-up receivable	-	1,517	1,517				
Deposits	-	2,600	2,600				
Receivable against sale of investments - net	-	5,354	5,354				
	-	40,833	40,833				
<b>Financial liabilities not measured at fair value</b>	23.2						
Payable to the Management Company	-	6,897	6,897				
Payable to the Trustee	-	160	160				
Accrued expenses and other liabilities	-	682	682				
	-	7,739	7,739				

Particulars	June 30, 2021						
	Carrying amount			Fair Value			
	Fair value through profit and loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
	Rupees in '000						
<b>Financial assets measured at fair value</b>	23.1						
Listed equity securities	2,155,293	-	2,155,293	2,155,293	-	-	2,155,293
	2,155,293	-	2,155,293	2,155,293	-	-	2,155,293
<b>Financial assets not measured at fair value</b>	23.2						
Bank balances	-	701,869	701,869				
Dividend and mark-up receivable	-	6,105	6,105				
Deposits	-	2,600	2,600				
Advance for purchase of investments	-	8,563	8,563				
	-	719,137	719,137				
<b>Financial liabilities not measured at fair value</b>	23.2						
Payable to the Management Company	-	4,213	4,213				
Payable to the Trustee	-	228	228				
Payable against redemption of units	-	25,080	25,080				
Payable against purchase of investments	-	554,112	554,112				
Accrued expenses and other liabilities	-	4,803	4,803				
	-	588,436	588,436				

**23.1 Valuation techniques**

For level 1 investments at fair value through profit or loss' - 'Investment in respect of equity securities, the Fund uses daily quotation rates which are taken from Pakistan Stock Exchange Limited at the reporting date.

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

**23.3 Transfers during the year**

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

**24 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

**Top ten brokers during the year ended June 30, 2022**

- 1 Intermarket Securities Limited
- 2 IGI Finex Securities Limited
- 3 WE Financial Services Limited
- 4 BIPL Securities Limited
- 5 AKD Securities Limited
- 6 Multiline Securities Limited
- 7 Taurus Securities Limited
- 8 Arif Habib Limited
- 9 Topline Securities (Private) Limited
- 10 Spectrum Securities (Private) Limited

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

- 1 AKD Securities Limited
- 2 Cedar Capital (Private) Limited
- 3 WE Financial Services Limited
- 4 Intermarket Securities Limited
- 5 Next Capital Limited
- 6 Ismail Iqbal Securities (Private) Limited
- 7 BIPL Securities Limited
- 8 Fortune Securities Limited
- 9 Shajar Capital Pakistan (Private) Limited
- 10 AL Falah Securities (Private) Limited

**25 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the Investment Committee of the Fund as on June 30, 2022 are as follows:

S.No.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	23+
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	26+
3	Wamiq Sakrani	Head of Fixed Income	MBA	12+
4	Karim Khawaja	Head of Risk	MBA, CMA	19+
5	Mustafa Mahmood Khan	Head of Research	ACCA, CFA	12+
6	Muhammad Zohaib	Senior Fund Manager	CIMA, MA	14
7	Raza Abbas	Senior Fund Manager	M.Com	19

**26 PATTERN OF UNIT HOLDING**

Pattern of unit holding as at June 30, 2022 is as follows:

Category	----- As at June 30, 2022 -----			
	Number of unit holders	Number of units held	Investment amount	Percentage
	Rupees in '000			
Individuals	329	2,819,974	216,753	18.03%
Associated Company and Director	1	2,990,876	229,889	20.45%
Retirement Funds	5	2,246,400	172,666	15.36%
Insurance Companies	2	841,580	64,687	5.75%
Trust	5	1,735,563	133,401	40.40%
Other Corporate	1	8,864	681	0.00%
<b>Total</b>	<b>343</b>	<b>10,643,257</b>	<b>818,077</b>	<b>100.00%</b>

Pattern of unit holding as at June 30, 2021 was as follows:

Category	----- As at June 30, 2021 -----			
	Number of unitholders	Number of units held	Investment amount	Percentage
	Rupees in '000			
Individuals	416	4,573,930	640,098	28.19%
Associated Company and Director	2	3,940,782	551,494	24.29%
Retirement Funds	5	447,561	62,634	2.76%
Insurance Companies	5	2,447,392	342,501	15.09%
Trust	6	3,244,838	454,100	20.00%
Other Corporate	2	1,568,726	219,539	9.67%
<b>Total</b>	<b>436</b>	<b>16,223,229</b>	<b>2,270,366</b>	<b>100.00%</b>

**27 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS**

Seven meetings of the Board of Directors were held on August 26, 2021, September 09, 2021, October 28, 2021, February 11, 2022, April 26, 2022, May 10, 2022 and May 16, 2022 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar*	7	7	0	-
2	Ms. Ava A. Cowasjee*	7	5	2	May 10, 2022, May 16, 2022
3	Mr. Shabbir Hussain Hashmi*****	2	2	0	-
4	Mr. Rayomond H. Kotwal*	7	7	0	-
5	Mr. Abrar Ahmed Mir *	7	7	0	-
6	Mr. Tariq Masaud *	7	7	0	-
7	Mr. Muhammad Afaq Khan**	3	1	2	August 26, 2021, October 28, 2021
8	Mr. Abid Sattar***	3	3	0	-
9	Mr. Khalid Malik****	2	2	0	-

\* Completed term and reappointed on April 29, 2022

\*\* Resigned on January 20, 2022

\*\*\* Appointed on February 11, 2022.

\*\*\*\* Appointed on April 29, 2022.

\*\*\*\*\* Completed term and retired on April 28, 2022

**28 TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the HBL Equity Fund for the year ended June 30, 2022 is 4.49% (2021: 5.40%) which includes 0.32% (2021: 0.90%) representing Government levy and SECP fee.

**29 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 29, 2022 by the Board of Directors of the Management Company.

**30 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

**31 GENERAL**

**31.1** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the year ended June 30, 2022 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The Management Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact on these financial statements.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



**HBL Government Securities Fund**

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Government Securities Fund</b>
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited
<b>NAME OF AUDITORS</b>	BDO Ebrahim & Co. Chartered Accountants.
<b>NAME OF BANKERS</b>	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Allied Bank Limited JS Bank Limited Samba Bank Limited Zarai Taraqiati Bank Limited MCB Bank Limited Soneri Bank Limited United Bank Limited Sindh Bank limited NRSP Microfinance Bank Limited
<b>FUND RATING</b>	AA (f)

**Type and Category of Fund**

Open end Sovereign Income Fund

**Investment Objective and Accomplishment of Objective**

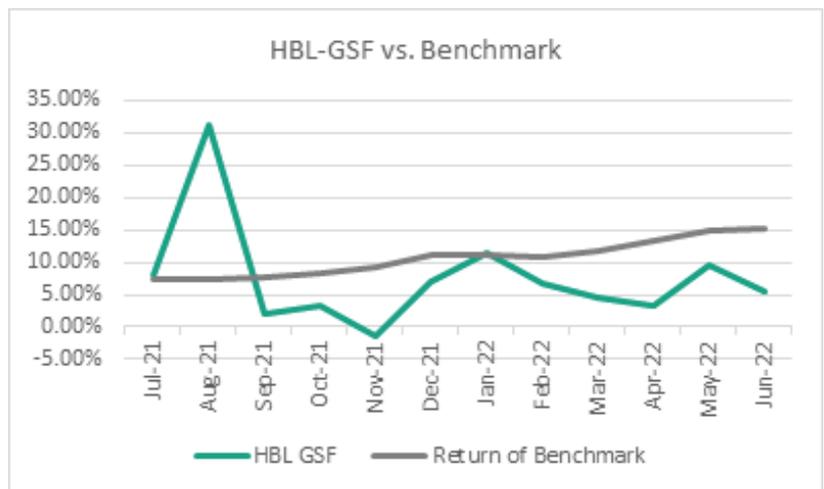
The investment objective of the Fund is to provide consistent returns to its investors through active investments in a blend of short, medium and long term securities issued and / or guaranteed by Government of Pakistan. The Fund will aim to provide superior risk adjusted returns through active duration and liquidity management tools. The investment objective is achieved.

**Benchmark and Performance Comparison with Benchmark**

The Fund's benchmark is average Six (6) month PKRV Rates.

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

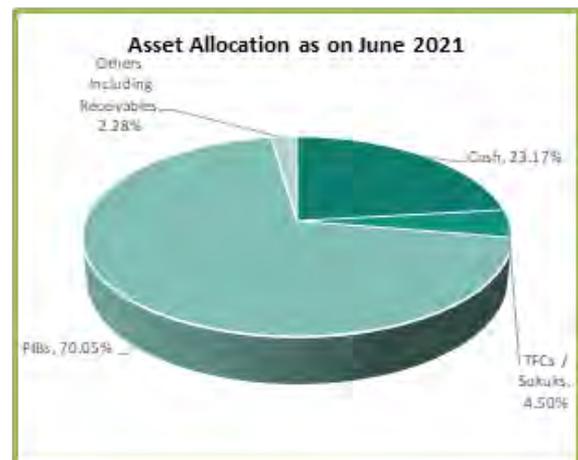
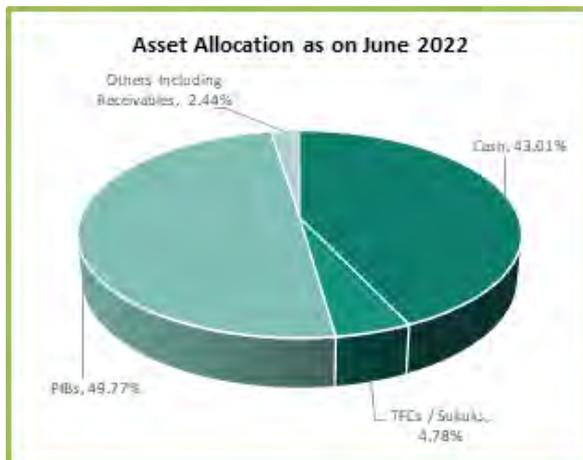
Month	HBL-GSF	Benchmark
Jun-22	5.42%	15.25%
May-22	9.56%	14.76%
Apr-22	3.15%	13.27%
Mar-22	4.66%	11.73%
Feb-22	6.81%	10.68%
Jan-22	11.36%	11.14%
Dec-21	6.91%	11.10%
Nov-21	-1.42%	9.28%
Oct-21	3.32%	8.38%
Sep-21	2.04%	7.67%
Aug-21	31.32%	7.42%
Jul-21	7.87%	7.48%



**Strategies and Policies employed during the Year**

During the year, the fund was majorly invested in Government Securities (T-Bills and PIBs) of various tenors. HBL Government Securities Fund posted an annualized return (YTD) of 7.89% against the benchmark return of 10.67% in FY22. During the year, the fund held its exposure in floating rate PIBs while trimming exposure in PIBs and other fixed return generating instruments. During the period under review, due to political turmoil, overheating of the economy, sky rocketing inflation, drain of the Forex reserves and non-availability of the IMF tranches forced the SBP to adopt an extremely hawkish interest rate view, wherein the rates were hike in an unprecedented manner. As per the policy, HBL GSF maintained more than 70% (monthly average) exposure in government securities and remaining exposure in Cash at banks and TFCs. Further, bank deposits were maintained only with the high rated banks.

**Asset Allocation**



## Significant Changes in Asset Allocation during the Year

During the year under review, HBL Government Securities Fund maintained minimum exposure of 70% on a monthly basis in T-bills and PIBs as per the regulatory requirement. However, towards the Fiscal Year end exposure in Floating rate PIBs was increased due to redemption pressures. Due to above changes in asset allocation, weighted average time to maturity increased to 1,953 days as compared to 1,509 days in June 2021. Going forward, we will shift maintain exposures in Floating Rate PIBs as they assist in generating higher returns and outperform the benchmark.

## Fund Performance

The total income and net income of the Fund was Rs. 72.48 million and Rs. 71.02 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs. 112.4774 per unit as on June 30, 2022 as compared to Rs. 112.5377 per unit as on June 30, 2021, after incorporating dividend of Rs. 8.95 per unit, thereby giving an annualized return of 7.89%. During the same year the benchmark (6 Month PKRV Rates) return was 10.67%. The size of Fund was Rs. 0.63 billion as on June 30, 2022 as compared to Rs. 1.07 billion at the start of the year.

## Money Market Review

Post-COVID, the SBP shifted its focus from catalyzing economic recovery toward sustaining it. Accordingly, the Monetary Policy Committee (MPC) increased the Policy Rate by 2.75% to 9.75% during 1HFY22. However, the onset of war between Russia and Ukraine during 2HFY22 led to a spike in international commodity prices, fueling inflationary concerns and prompting the MPC to increase the Policy Rate by another 400bps to 13.75%. Resultantly, during FY22, secondary market yields on T-bills increased in the range of 7.49-7.70%, while those on PIBs increased in the range of 2.98-4.46%.

The cut-off yields in the last T-bills auction were 15.23%, 14.80%, and 14.95% for 3M, 6M and 12M tenors, respectively. The cut-off yields in the last PIBs auction were 13.97%, 13.18%, and 13.15% in 3Y, 5Y and 10Y tenors, respectively, while bids for 15Y tenors were rejected.

GOP Ijarah Sukuk auction was held on 20-Jun-22, with a target of PKR 100bn (PKR 25bn Fixed Rental and PKR 75bn Variable Rental Rate) for a period of 5 years. The Ministry of Finance accepted bids worth PKR 6.03bn (at 12.9406%) in FRR Sukuk, and PKR 61.11bn (at 13.64%) in VRR Sukuk.

The latest hike in the Policy Rate to 13.75% is expected to help moderate demand to a more sustainable pace, while keeping inflation expectations anchored, and containing risks to external stability. However, we believe that gradual imposition of PDL on fuel, along with hike in electricity and gas tariffs, will translate adversely in CPI. Resultantly, we expect average inflation for FY23 to be in the range of 15.0-16.0%. Hence, further monetary tightening cannot be ruled out in order to cushion the adverse impact on CAD and local currency.

However, inflation is expected to taper down from FY24 onwards due to high-base effect and expectation of easing in international commodity prices. Upside risks to our estimates remain in the form of elevated international commodity prices for an extended period due to geopolitical concerns.

## Distribution

The Fund has distributed cash dividend up-to Rs. 8.95 per unit for the year ended June 30, 2022.

## Significant Changes in the State of Affairs

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

### Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	295	6,686
101 – 500	104	22,999
501 – 1,000	33	22,685
1,001 – 10,000	148	639,714
10,001 – 100,000	100	2,884,920
100,001 – 500,000	10	2,029,302
500,001 – 1,000,000	-	-
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
<b>Total</b>	<b>690</b>	<b>5,606,306</b>

### Unit Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

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

**PERFORMANCE TABLE –  
HBL GOVERNMENT SECURITIES FUND**  
As at June 30, 2022

	2022	2021	2020	2019	2018	2017
Net assets at the period end(Rs'000)	630,583	1,071,015	3,508,887	2,116,284	313,637	1,369,950
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Class C Units						
Redemption	112.4774	112.5377	112.2745	105.8419	110.4244	105.4266
Offer - Class C	115.0194	112.5377	112.2745	105.8419	110.4244	105.4265
Offer - Class D			112.2745	108.2339	112.2961	107.2135
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit - Class C	121.4710	117.7051	123.1555	115.393	110.4244	112.4052
Lowest offer price per unit - Class C	112.4774	112.1511	105.9108	105.7493	105.4759	105.2610
Highest offer price per unit - Class D	124.2162	120.3652	125.9388	117.9627	112.2482	112.6839
Lowest offer price per unit - Class D	102.6678	114.1581	108.3044	107.5855	107.2637	106.5768
Highest redemption price per unit	121.4710	117.7051	123.1555	115.3557	110.4244	110.8057
Lowest redemption price per unit	112.4774	112.1511	105.9108	105.7219	105.4759	105.2610
<b>RETURN ( % )</b>						
Total return	7.89%	5.10%	16.02%	9.35%	4.74%	5.54%
Income distribution	7.95%	5.45%	10.60%	9.70%	4.75%	5.60%
Capital growth	-0.06%	-0.35%	5.42%	-0.35%	-0.01%	-0.06%
<b>DISTRIBUTION</b>						
First Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Second Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Third Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Fourth Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Final dividend distribution (Rs)	8.95	5.45	10.60	9.70	4.75	5.60
Date of Income Distribution	24-Jun-22	18-Jun-21	26-Jun-19	25-Jun-19	4-Jul-18	19-Jun-17
Total dividend distribution for the year/ period (Rs)	8.95	5.45	10.60	9.70	4.75	5.60
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	7.89%	5.10%	16.02%	9.35%	4.74%	5.54%
Average annual return 2 year	6.49%	10.43%	12.64%	7.02%	5.14%	6.70%
Average annual return 3 year	9.57%	10.07%	9.94%	6.52%	6.04%	8.36%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	43.01%	23.17%	14.53%	63.60%	98.68%	32.35%
T-Bills	0.00%	0.00%	16.12%	31.09%	0.00%	2.05%
Placement with Banks and DFIs	0.00%	0.00%	0.00%	0.00%	0.00%	13.32%
PIBs	49.77%	70.05%	64.70%	0.00%	0.00%	49.46%
Commercial Papers	0.00%	0.00%	0.00%	3.14%	0.00%	0.00%
Corporate Sukuks / TFCs	4.78%	4.50%	2.27%	1.36%	0.00%	0.00%
MTS / Spread Transactions	0.00%	0.00%	0.00%	0.00%	0.02%	2.07%
Others Including receivables	2.44%	2.28%	2.38%	0.81%	1.30%	0.75%
Weighted average portfolio during (No. of days)	1,953	1,509	1,337	1	1	714

**Note:**

The Launch date of the Fund is July 25, 2010

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shahr-e-Faisal  
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Tel : (92-21) 111-111-500

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL GOVERNMENT SECURITIES FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Government Securities Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

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

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

Karachi, September 16, 2022





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 Pakistan

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

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Government Securities Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

#### Key Audit Matters

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

Following is the Key audit matter:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p><b>Existence and valuation of investments</b></p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2022, the investments held by the Fund comprised of debt instruments which represent 54.55% of the total assets of the Fund as at the year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We evaluated the design and implementation of key controls over investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>





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

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

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

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

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

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

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

*for*



From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

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

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

KARACHI

DATED: 27 SEP 2022

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

UDIN: AR202210067HmZonFU0q

**HBL Government Securities Fund**  
**Statement of Assets and Liabilities**  
*As at June 30, 2022*

	Note	2022 ----- Rupees in '000 -----	2021
<b>ASSETS</b>			
Bank balances	5	451,031	259,770
Investments	6	572,021	835,699
Profit / mark-up receivable	7	23,848	23,771
Advances, deposits, prepayments and other receivables	8	1,769	1,769
<b>TOTAL ASSETS</b>		<b>1,048,669</b>	<b>1,121,009</b>
<b>LIABILITIES</b>			
Payable to the Management Company	9	1,714	3,240
Payable to the Trustee	10	35	72
Payable to Securities and Exchange Commission of Pakistan	11	181	390
Accrued expenses and other liabilities	12	25,418	46,292
Payable against investment		390,738	-
<b>TOTAL LIABILITIES</b>		<b>418,086</b>	<b>49,994</b>
<b>NET ASSETS</b>		<b>630,583</b>	<b>1,071,015</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>630,583</b>	<b>1,071,015</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13	-----Number of units-----	
Number of units in issue	14	5,606,306	9,516,949
		-----Rupees-----	
Net assets value per unit		112.4774	112.5377

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

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

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

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

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

# HBL Government Securities Fund

## Income Statement

For the year ended June 30, 2022

	Note	2022 ----- Rupees in '000 -----	2021
<b>Income</b>			
Capital loss on sale of investments - net		(10,218)	(32,404)
Income from Government securities		50,189	134,860
Income from term finance certificates		5,292	5,082
Income from commercial papers		2,277	-
Profit / mark-up on bank deposits		27,119	17,805
		<u>74,659</u>	<u>125,343</u>
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6.3	(2,184)	1,745
		<u>72,475</u>	<u>127,088</u>
<b>Expenses</b>			
Remuneration of the Management Company	9.1	11,294	24,395
Sindh Sales Tax on remuneration of the Management Company	9.2	1,468	3,171
Remuneration of the Trustee	10.1	524	1,269
Sindh Sales Tax on remuneration of the Trustee	10.2	68	165
Annual fee to Securities and Exchange Commission of Pakistan	11.1	181	390
Allocation of fee and expenses related to registrar services, accounting, operation and valuation services	9.3	2,395	4,333
Selling and marketing expense	9.4	4,004	7,806
Auditors' remuneration	15	446	419
Fee and subscription		435	303
Securities transaction costs and settlement charges		355	813
Bank charges		245	180
		<u>21,415</u>	<u>43,244</u>
Net income for the year from operations		51,060	83,844
Reversal of provision / (provision) for Sindh Workers' Welfare Fund	12.2	19,958	(1,677)
Net income for the year before taxation		71,018	82,167
Taxation	16	-	-
Net income for the year after taxation		<u>71,018</u>	<u>82,167</u>
<b>Allocation of net income for the year</b>			
Income already paid on redemption of units		28,504	37,698
Accounting income available for distribution:			
Relating to capital gain		-	-
Excluding capital gain		42,514	44,469
		<u>42,514</u>	<u>44,469</u>
		<u>71,018</u>	<u>82,167</u>
Earnings per unit	17		

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

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

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

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

\_\_\_\_\_  
Director

	2022	2021
	----- Rupees in '000 -----	
Net income for the year	71,018	82,167
Other comprehensive income	-	-
Total comprehensive income for the year	<u>71,018</u>	<u>82,167</u>

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

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

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

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

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

**HBL Government Securities Fund**  
**Statement of Movement In Unit Holders' Fund**  
For the year ended June 30, 2022

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	-----Rupees in '000-----					
Net assets at beginning of the year	876,537	194,478	1,071,015	3,314,588	194,298	3,508,886
<b>Issuance of 6,755,024 units (2021: 13,787,907 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	760,195	-	760,195	1,548,030	-	1,548,030
Element of income	24,427	-	24,427	37,932	-	37,932
<b>Total proceeds on issuance of units</b>	<b>784,622</b>	<b>-</b>	<b>784,622</b>	<b>1,585,962</b>	<b>-</b>	<b>1,585,962</b>
<b>Redemption of 10,665,667 units (2021: 35,523,703 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	(1,200,290)	-	(1,200,290)	(3,988,406)	-	(3,988,406)
Income already paid on redemption of units	-	(28,504)	(28,504)	-	(37,698)	(37,698)
Element of loss	(19,347)	-	(19,347)	(30,060)	-	(30,060)
<b>Total payments on redemption of units</b>	<b>(1,219,637)</b>	<b>(28,504)</b>	<b>(1,248,141)</b>	<b>(4,018,466)</b>	<b>(37,698)</b>	<b>(4,056,164)</b>
Total comprehensive income for the year	-	71,018	71,018	-	82,167	82,167
<b>Interim distribution</b>						
Rs 8.95 per unit declared on June 24, 2022 as cash dividend						
Refund of capital	(4,993)	-	(4,993)	-	-	-
Distribution during the year	-	(42,938)	(42,938)	-	-	-
Rs 5.40 per unit declared on June 20, 2021 as cash dividend						
Refund of capital	-	-	-	(5,547)	-	(5,547)
Distribution during the year	-	-	-	-	(44,289)	(44,289)
	(4,993)	28,080	23,087	(5,547)	37,878	32,331
<b>Net assets at end of the year</b>	<b>436,529</b>	<b>194,054</b>	<b>630,583</b>	<b>876,537</b>	<b>194,478</b>	<b>1,071,015</b>
<b>Undistributed income brought forward</b>						
Realised income		192,733			74,342	
Unrealised income		1,745			119,956	
		194,478			194,298	
<b>Accounting income available for distribution</b>						
Relating to capital gain		-			-	
Excluding capital gain		42,514			44,469	
		42,514			44,469	
<b>Distributions during the year:</b>						
Interim distribution of Rs 8.95 per unit declared on June 24, 2022 as cash dividend		(42,938)			-	
Interim distribution of Rs 5.40 per unit declared on June 20, 2021 as cash dividend		-			(44,289)	
		(42,938)			(44,289)	
Undistributed income carried forward		194,054			194,478	
<b>Undistributed income carried forward</b>						
Realised income		196,238			192,733	
Unrealised (loss) / income		(2,184)			1,745	
		194,054			194,478	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			112.5377			112.2745
Net assets value per unit at end of the year			112.4774			112.5377

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

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

Chief Financial Officer

Chief Executive Officer

Director

# HBL Government Securities Fund

## Statement of Cash Flows

For the year ended June 30, 2022

	2022	2021
Note	-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	71,018	82,167
Adjustments for:		
Capital loss on sale of investments - net	10,218	32,404
Income from Government securities	(50,189)	(134,860)
Income from term finance certificates and corporate sukuk bonds	(5,292)	(5,082)
Income from commercial papers	(2,277)	-
Profit / mark-up on bank deposits	(27,119)	(17,805)
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	2,184	(1,745)
	(1,457)	(44,921)
<b>Decrease in assets</b>		
Investments - net	647,761	2,151,946
Advances, deposits, prepayments and other receivables	-	510
	647,761	2,152,456
<b>Decrease in liabilities</b>		
Payable to the Management Company	(1,526)	(10,993)
Payable to the Trustee	(37)	(161)
Payable to Securities and Exchange Commission of Pakistan	(209)	(300)
Accrued expenses and other liabilities	(20,874)	(33,896)
	(22,646)	(45,350)
Cash generated from operations	623,658	2,062,185
Income received from Government securities	49,431	169,192
Income received from term finance certificates and corporate sukuk bonds	5,207	6,146
Profit / mark-up received on bank deposits	24,415	18,581
	79,053	193,919
Net cashflows from operating activities	702,711	2,256,104
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	784,622	1,585,962
Payment against redemption of units	(1,248,141)	(4,056,164)
Dividend paid	(47,931)	(49,866)
Net cash used in financing activities	(511,450)	(2,520,068)
Net increase / (decrease) in cash and cash equivalents	191,261	(263,964)
Cash and cash equivalents at the beginning of the year	259,770	523,734
Cash and cash equivalents at end of the year	5	5
	451,031	259,770

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

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

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

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

\_\_\_\_\_  
Director

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

HBL Government Securities Fund ("the Fund") was established under a Trust Deed executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. NBFC-II/DD/PICICIF/199 dated March 10, 2010 and the Trust Deed was executed on March 17, 2010.

The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 24, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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

The Fund is an open-ended sovereign income scheme and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from December 11, 2010 to December 13, 2010. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The Fund has been categorised as a sovereign income scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).

The core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.

VIS Credit Rating company has assigned a management quality rating of 'AM2++' (Positive outlook) to the HBL Asset Management Company Limited and assigned stability rating of AA(f) to the Fund as at January 03, 2022 respectively.

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

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost basis, unless otherwise stated.

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Fund's functional currency.

**2.4 Use of judgments and estimates**

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

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

**Classification and valuation of investment**

For details please refer notes 4.2.1.1 and 18 to these financial statements.

**Impairment of investment**

For details please refer note 4.2.1.2 to these financial statements.

**3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022**

The following accounting standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have material impact on the financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	January 01, 2021

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

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

**Effective date  
(annual periods  
beginning on or after)**

Amendments to IFRS 3: 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16: 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37: 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1: 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12: 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 1: 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024

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

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

**IFRS 1** First Time Adoption of International Financial Reporting Standards; and  
**IFRS 17** Insurance Contracts.

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

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

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

##### **4.2 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **4.2.1 Financial assets**

##### **4.2.1.1 Classification and measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified and measured at: amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

**Financial assets at FVTPL** These assets are subsequently measured at fair value. Net gains and losses, including FVTPL any interest or dividend income, are recognised in income statement.

**Financial assets at amortised cost** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.

#### **4.2.1.2 Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly Investments, deposits, advances, other receivables, profit/mark-up receivable and bank balances.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012 dated October 24, 2012 in relation to impairment of debt securities.

#### **4.2.1.3 Regular way contracts**

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### **4.2.1.4 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

#### **4.2.2 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### **4.2.3 Offsetting of financial assets and liabilities**

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

#### **4.3 Provisions**

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

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

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

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

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

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

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

#### **4.7 Element of income**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

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

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

#### **4.9 Revenue recognition**

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Mark-up / profit / return on Government securities, bank profits and investment in debt securities are recognized using the effective interest method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

#### **4.10 Transactions with related parties / connected persons**

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

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

		2022	2021
	Note	----- Rupees in '000 -----	
<b>5</b>	<b>BANK BALANCES</b>		
	Cash at bank		
	In savings accounts	5.1      451,031	259,770

**5.1** These bank accounts carry mark-up at rates ranging between 5.50% to 17.56% (2021: 5.6% to 7.85%) per annum. This includes an amount held by a related parties, (Habib Bank Limited) amounting to Rs. 446.371 million (2021: Rs. 255.116 million) on which return is earned at rate ranging between 5.50% to 17.56% (2021: 5.75% to 7.85%) per annum and (HBL Microfinance Bank formerly The First Microfinance Bank Limited) amounting to Rs. 0.624 million (2021: Rs. Nil) on which return is earned at rate ranging between 10.25% to 17.25% (2021: Nil) per annum.

		2022	2021
	Note	----- Rupees in '000 -----	
<b>6</b>	<b>INVESTMENTS</b>		
	Financial assets		
	At fair value through profit or loss	6.1      572,021	835,699
	At amortised cost	6.2            -	-
		<u>572,021</u>	<u>835,699</u>

**6.1 Financial assets at fair value through profit or loss**

	Government securities		
	Market Treasury Bills	6.1.1      -	-
	Pakistan Investment Bonds	6.1.2      521,932	785,290
	GOP Ijarah Sukuk Certificates	6.1.3            -	-
		<u>521,932</u>	<u>785,290</u>
	Term Finance Certificates	6.1.4      50,089	50,409
		<u>572,021</u>	<u>835,699</u>

**6.2 Financial assets at amorised cost**

	Commercial paper	6.2.1      -	-
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**6.1.1 Financial assets at fair value through profit or loss**

**- Market Treasury Bills**

Issue date	Tenure	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchases during the year	Sales / matured during the year	As at June 30, 2022					
-----Rupees in '000-----										
July 30, 2020	12 Months	-	150,000	150,000	-	-	-	-	0.00%	0.00%
June 17, 2021	6 Months	-	515,150	515,150	-	-	-	-	0.00%	0.00%
June 17, 2021	3 Months	-	200,000	200,000	-	-	-	-	0.00%	0.00%
July 2, 2021	3 Months	-	125,000	125,000	-	-	-	-	0.00%	0.00%
July 15, 2021	3 Months	-	1,100,000	1,100,000	-	-	-	-	0.00%	0.00%
July 29, 2021	3 Months	-	265,000	265,000	-	-	-	-	0.00%	0.00%
August 26, 2021	6 Months	-	100,000	100,000	-	-	-	-	0.00%	0.00%
October 7, 2021	3 Months	-	2,600,000	2,600,000	-	-	-	-	0.00%	0.00%
November 18, 2021	3 Months	-	150,000	150,000	-	-	-	-	0.00%	0.00%
December 16, 2021	3 Months	-	250,000	250,000	-	-	-	-	0.00%	0.00%
January 27, 2022	6 Months	-	175,000	175,000	-	-	-	-	0.00%	0.00%
January 27, 2022	3 Months	-	175,000	175,000	-	-	-	-	0.00%	0.00%
February 10, 2022	3 Months	-	500,000	500,000	-	-	-	-	0.00%	0.00%
<b>Total - as at June 30, 2022</b>		-	<b>6,305,150</b>	<b>6,305,150</b>	-	-	-	-	<b>0.00%</b>	<b>0.00%</b>
<b>Total - as at June 30, 2021</b>		-	<b>600,000</b>	<b>6,874,000</b>	<b>7,474,000</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>

**6.1.2 Financial assets at fair value through profit or loss**

**- Pakistan Investment Bonds (Non-Floating)**

Issue date	Tenure	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised diminution on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchases during the year	Sales during the year	As at June 30, 2022					
-----Rupees in '000-----										
August 20, 2020	3 Years	325,000	1,202,000	1,421,000	106,000	98,975	97,277	(1,698)	15%	17%
October 15, 2020	5 Years	100,000	75,000	175,000	-	-	-	-	0.00%	0.00%
August 5, 2021	3 Years	-	450,000	450,000	-	-	-	-	0.00%	0.00%
<b>Total - as at June 30, 2022</b>		<b>425,000</b>	<b>1,727,000</b>	<b>2,046,000</b>	<b>106,000</b>	<b>98,975</b>	<b>97,277</b>	<b>(1,698)</b>	<b>15%</b>	<b>17.00%</b>
<b>Total - as at June 30, 2021</b>		<b>1,465,500</b>	<b>2,291,900</b>	<b>3,332,400</b>	<b>425,000</b>	<b>406,952</b>	<b>408,115</b>	<b>1,163</b>	<b>38.11%</b>	<b>48.83%</b>

**6.1.2.1** As at June 30, 2022, Pakistan Investment Bonds (PIBs) had a face value of Rs. 106 million (2021: Rs. 425 million) carrying effective yield of 12.33% per annum (2021: 9.79% to 8.51%), per annum.

**- Pakistan Investment Bonds (Floating)**

Issue date	Tenure	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised diminution on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchases during the year	Sales during the year	As at June 30, 2022					
-----Rupees in '000-----										
August 22, 2019	10 Years	375,000	5,625,000	5,625,000	375,000	375,176	375,000	(176)	59.47%	65.56%
August 26, 2021	2 Years	-	300,000	250,000	50,000	49,665	49,655	(10)	7.87%	8.68%
<b>Total - as at June 30, 2022</b>		<b>375,000</b>	<b>5,925,000</b>	<b>5,875,000</b>	<b>425,000</b>	<b>424,841</b>	<b>424,655</b>	<b>(186)</b>	<b>67.34%</b>	<b>74.24%</b>
<b>Total - as at June 30, 2021</b>		<b>800,000</b>	<b>-</b>	<b>425,000</b>	<b>375,000</b>	<b>378,029</b>	<b>377,175</b>	<b>(854)</b>	<b>35.22%</b>	<b>45.13%</b>

**6.1.2.2** As at June 30, 2022, Pakistan Investment Bonds (PIBs) had a face value of Rs. 425 million (2021: Rs. 375 million) carrying effective yield ranging between 10.89% to 11.36% (2021: 8.07%,) per annum.

**6.1.3 Financial assets at fair value through profit or loss**

**- GOP Ijarah Sukuk Certificates**

Issue date	Tenure	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchases during the year	Sales during the year	As at June 30, 2022					
-----Rupees in '000-----										
December 15, 2021	3 Years	-	62,500	62,500	-	-	-	-	0.00%	0.00%
<b>Total - as at June 30, 2022</b>		-	<b>62,500</b>	<b>62,500</b>	-	-	-	-	<b>0.00%</b>	<b>0.00%</b>
<b>Total - as at June 30, 2021</b>		-	-	-	-	-	-	-	<b>0.00%</b>	<b>0.00%</b>

6.1.4 Financial assets at fair value through profit or loss

- Term Finance Certificates

Name of the investee company	As at July 1, 2021	Purchases during the year	Sales during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised diminution on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total investments
----- Units ----- (Rupees in '000) -----									
Term Finance Certificates - unlisted									
The Bank of Punjab	500	-	-	500	50,389	50,089	(300)	7.94%	8.76%
<b>Total - as at June 30, 2022</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>50,389</b>	<b>50,089</b>	<b>(300)</b>	<b>7.94%</b>	<b>8.76%</b>
<b>Total - as at June 30, 2021</b>	<b>7,500</b>	<b>-</b>	<b>7,000</b>	<b>500</b>	<b>48,973</b>	<b>50,409</b>	<b>1,436</b>	<b>5.00%</b>	<b>6.03%</b>

6.1.4.1 These Term Finance Certificates carry mark-up at the rate ranging between 8.69% to 16.44% (2021: 8.35% to 12.2%), per annum.

6.1.4.2 Significant terms and conditions of Term Finance Certificates as at June 30, 2022 are as follows:

Name of the investee company	Remaining principal (per certificate)	Mark-up rate (per annum)	Issue date
Term Finance Certificates - unlisted			
Bank of Punjab	99,780	6 months KIBOR + 1.00%	December 23, 2016

6.2.1 Financial assets at amortised cost  
- Commercial Paper

Name of investee company	Maturity date	As at July 1, 2021	Placement made during the year	Income accrued	Matured during the year	As at June 30, 2022	Percentage of net assets	Percentage of total of investments
----- (Rupees in '000) -----								
Lucky Electric Power Company Limited	May 9, 2022	-	47,723	2,277	50,000	-	0.00%	0.00%
<b>Total - as at June 30, 2022</b>		<b>-</b>	<b>47,723</b>	<b>2,277</b>	<b>50,000</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total - as at June 30, 2021</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>

Note 2022 2021  
----- Rupees in '000 -----

6.3 Net unrealized (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss'

Market value of investments	572,021	835,699
Less: Carrying value of investments	(574,205)	(833,954)
	<u>(2,184)</u>	<u>1,745</u>

7 PROFIT / MARK-UP RECEIVABLE

Profit / mark-up receivable on:

Bank deposits	7.1	5,416	2,712
Pakistan Investment Bonds		18,252	20,964
Term Finance Certificates		180	95
		<u>23,848</u>	<u>23,771</u>

7.1 This includes Rs. 1.462 million (2021: Rs. 0.957 million) receivable from Habib Bank Limited and Rs. 0.767 (2021: Rs. Nil) million receivable from HBL Microfinance Bank (formerly The First Microfinance Bank Limited, both are related parties.

		2022	2021
	Note	----- Rupees in '000 -----	
<b>8</b>	<b>ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
	Security deposits with:		
	Central Depository Company of Pakistan Limited	100	100
	National Clearing Company of Pakistan limited	250	250
		350	350
	Prepaid expenses	8.1 216	216
	Advance tax	8.2 391	391
	Receivable against conversion in of units	812	812
		1,769	1,769
<b>8.1</b>	This includes prepaid expenses recognized in respect of rating fee.		
<b>8.2</b>	The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 151 and 233 of ITO 2001.		
	The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 151 of ITO 2001. The Management Company is confident that the same shall be refunded after filing refund application.		
<b>9</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>		
	Remuneration payable to the Management Company	9.1 680	1,132
	Sindh Sales Tax on Management Company's remuneration	9.2 88	147
	Sales load payable	12	420
	Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3 148	201
	Selling and marketing expense payable	9.4 786	1,340
		1,714	3,240
<b>9.1</b>	As per the Regulation 61 of the NBFC Regulations, Asset Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document. The maximum limit disclosed in the Offering Document is 1.5% per annum of average annual net assets. During the year, the fee is being charged at the rate of 1.25% of the average annual net assets. The fee is payable monthly in arrears.		
<b>9.2</b>	The Sindh Government has levied Sindh Sales Tax at the rate of 13% (2021: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.		
<b>9.3</b>	As per Regulation 60(3)(s) of NBFC Regulations, fees and expenses related to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate ranging between 0.222% to 0.272% of the average annual net assets.		
<b>9.4</b>	As per Regulation 60(3)(v) of NBFC Regulations, selling and marketing expense may be charged for all categories of funds except fund of funds. During the year, the fee is being charged at the rate ranging between 0.4% to 0.45% of the average annual net assets.		

		2022	2021
	Note	----- Rupees in '000 -----	
<b>10</b>	<b>PAYABLE TO THE TRUSTEE</b>		
	Trustee fee payable	30	59
	Sindh Sales Tax on remuneration of the Trustee	4	8
	CDS charges payable	1	5
		35	72
		35	72

**10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed, as per the tariff specified therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

Earlier the tariff structure applicable to the Fund was as follows based on daily net asset value:

Average Net asset Value	Tariff per annum
Up to Rs. 1,000 million	0.15% p.a. of net assets
Rs. 1,000 million to Rs. 10,000 million	Rs. 1.5 million plus 0.075% p.a. of net assets exceeding Rs. 1 billion
Over Rs. 10,000 million	Rs. 8.25 million plus 0.06% p.a. of net assets exceeding Rs. 10 billion

The CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, had revised the rates of the Trustee fee, with effect from July 1, 2019, according to which, Trustee fee shall be charged at the rate of 0.065% of the average annual net assets of the Fund. However, CDC vide notification CDC/CEO/L-259/01/2021, dated October 11, 2021, has further revised the rates of the Trustee fee for Government securities schemes, with effect from October 1, 2021, according to which, Trustee fee shall be charged at the rate of 0.055% of the average annual net assets of the Fund.

**10.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2021: 13%) on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

		2022	2021
	Note	----- Rupees in '000 -----	
<b>11</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
	Annual fee payable	181	390
		181	390
		181	390

**11.1** As per Regulation 62 of NBFC Regulations, An Asset Management Company managing a CIS shall pay SECP an annual fee of 0.02% of the average annual net assets. The fee is payable annually in arrears.

**12 ACCRUED EXPENSES AND OTHER LIABILITIES**

Provision for Federal Excise Duty	12.1	15,531	15,531
Provision for Sindh Workers' Welfare Fund	12.2	-	19,958
Withholding tax payable		9,144	9,677
Auditors' remuneration		201	446
Printing charges		13	75
Brokerage payable		13	103
Zakat payable		452	452
Others		64	50
		25,418	46,292
		25,418	46,292

**12.1** The legal status of applicability of Federal Excise Duty is the same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2021. However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 15.531 million (2021: Rs. 15.531 million). Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2022 would have been higher by Rs. 2.7703 per unit (2021: Rs. 1.6319 per unit).

**12.2 Workers' Welfare Fund and Sindh Workers' Welfare Fund**

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

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

Based on the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 19.958 million that was charged for the period from July 1, 2014 till August 12, 2021.

**13 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2022 (2021: Nil).

**2022**                      **2021**  
 ----Number of Units-----

**14 NUMBER OF UNITS IN ISSUE**

Total units in issue at the beginning of the year	9,516,949	31,252,745
Add: Units issued	6,755,024	13,787,907
Less: Units redeemed	(10,665,667)	(35,523,703)
Total units in issue at the end of the year	5,606,306	9,516,949

**15 AUDITORS' REMUNERATION**

Annual audit fee	240	240
Fee for half yearly review	135	135
Other certifications and out of pocket expenses	71	44
	446	419

**16 TAXATION**

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

**17 EARNINGS PER UNIT**

Earnings per unit (EPU) has not been disclosed in these financial statements as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

**18 FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	As at June 30, 2022		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial assets</b>			
Bank balances	-	451,031	451,031
Investments			
Pakistan Investment Bonds	521,932	-	521,932
Term Finance Certificates	50,089	-	50,089
Profit / mark-up receivable	-	23,848	23,848
Deposits and other receivables	-	1,162	1,162
	572,021	476,041	1,048,062

Particulars	As at June 30, 2022		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	1,626	1,626
Payable to the Trustee	-	31	31
Accrued expenses and other liabilities	-	290	290
	-	1,947	1,947

Particulars	As at June 30, 2021		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial assets</b>			
Bank balances	-	259,770	259,770
Investments			
Pakistan Investment Bonds	785,290	-	785,290
Term Finance Certificates	50,409	-	50,409
Profit / mark-up receivable	-	23,771	23,771
Deposits and other receivables	-	1,162	1,162
	835,699	284,703	1,120,402

Particulars	As at June 30, 2021		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	3,093	3,093
Payable to the Trustee	-	64	64
Accrued expenses and other liabilities	-	666	666
	<u>-</u>	<u>3,823</u>	<u>3,823</u>

## 19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

Transactions and balances with parties who were connected persons due to holding 10% or more units in the comparative year and not in the current year are not disclosed in the comparative year.

Details of the transactions with connected persons and balances with them are as follows:

	2022	2021
	----- Rupees in '000 -----	
<b>19.1 Transactions during the year</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of Management Company	11,294	24,395
Sindh Sales Tax on remuneration of the Management Company	1,468	3,171
Sales load	2,815	8,884
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,395	4,333
Selling and marketing expense	4,004	7,806
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	524	1,269
Sindh Sales Tax on remuneration of the Trustee	68	165
CDC service charges	9	18
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	227	165
Profit / mark-up on deposits accounts	8,385	2,986

	2022	2021
	----- Rupees in '000 -----	
<b>HBL Microfinance Bank (Formerly: First Microfinance Bank)</b>		
Profit / mark-up on deposits accounts	3,203	-
<b>Director and Executives of the Management Company</b>		
Issue of 9 (2021: 8,499) units	1	960
Redemption of Nil (2021: 21,069) units	0	2,361
Dividend Paid	-	1
<b>19.2 Balance outstanding as at the year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration payable to the Management Company	680	1,132
Sindh Sales Tax payable on Management Company's remuneration	88	147
Sales load payable	12	420
Allocation of expenses related to registrar services, accounting, operation and valuation services	148	201
Selling and marketing expense payable	786	1,340
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	30	59
Sindh Sales Tax payable on Trustee Remuneration	4	8
CDC charges payable	1	5
Security deposit held	100	100
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	446,371	255,116
Profit / mark-up receivable	1,462	957
<b>HBL Microfinance Bank (Formerly: First Microfinance Bank)</b>		
Bank balances	624	-
Profit / mark-up receivable	768	-
<b>Director and Executives of the Management Company</b>		
Units held: 9 (2021: Nil)	1	1,441

## 20 FINANCIAL RISK MANAGEMENT

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

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

The Fund primarily invests in a portfolio of investments such as Government securities, spread transactions and in other money market instruments. These activities expose the Fund to a variety of financial risks, such as market risk, credit risk and liquidity risk.

## **20.1 Market risk**

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

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

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

### **20.1.1 Currency risk**

Currency risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk.

### **20.1.2 Interest rate risk**

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

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

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 5.5% to 17.56% per annum, and against investments in Pakistan Investment Bonds and Term Finance Certificates, the interest rate on which range between 10.89% to 12.33% and 8.69% to 16.44% respectively.

In case of 100 basis points increase / decrease in interest rates on June 30, 2021, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 10.319 million (2021: Rs. 11.097 million).

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

The Fund's investment in Market Treasury Bills, Pakistan Investment Bonds, GOP Ijara Sukuk and Term Finance Certificates exposes it to fair value interest rate risk.

In case of 100 basis points increase / decrease in interest rates on June 30, 2021, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 5.720 million.. (2021: 8.357 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

Particulars	As at June 30, 2022					Total
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5.5 - 17.56	451,031	-	-	-	451,031
Investments						
Pakistan Investment Bonds - Floating	10.89 - 11.36	-	-	424,655	-	424,655
Pakistan Investment Bonds - Non-floating	12.33	-	-	97,277	-	97,277
Term Finance Certificate	8.69 - 16.44	-	-	50,089	-	50,089
Profit / mark-up receivable		-	-	-	23,848	23,848
Deposits and other receivables		-	-	-	1,162	1,162
<b>Sub total</b>		451,031	-	572,021	25,010	1,048,062
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	1,626	1,626
Payable to the Trustee		-	-	-	31	31
Accrued expenses and other liabilities		-	-	-	290	290
<b>Sub total</b>		-	-	-	1,947	1,947
<b>On-balance sheet gap (a)</b>		451,031	-	572,021	23,063	1,046,115
<b>Off-balance sheet financial instruments</b>						
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		451,031	-	572,021	23,063	1,046,115
<b>Cumulative interest rate sensitivity gap</b>		451,031	-	572,021	-	-

Particulars	As at June 30, 2021					Total
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5.6 - 7.85	259,770	-	-	-	259,770
Investments						
Pakistan Investment Bonds - floating	8.07	-	-	377,175	-	377,175
Pakistan Investment Bonds - non- floating	8.51- 9.79	-	-	408,115	-	408,115
Term Finance Certificates	12.2 - 8.35	-	-	50,409	-	50,409
Profit / mark-up receivable		-	-	-	23,771	23,771
Deposits and other receivables		-	-	-	1,162	1,162
<b>Sub total</b>		259,770	-	835,699	24,933	1,120,402
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	3,093	3,093
Payable to the Trustee		-	-	-	64	64
Accrued expenses and other liabilities		-	-	-	666	666
<b>Sub total</b>		-	-	-	3,823	3,823
<b>On-balance sheet gap (a)</b>		259,770	-	835,699	21,110	1,116,579
<b>Off-balance sheet financial instruments</b>						
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		259,770	-	835,699	21,110	1,116,579
<b>Cumulative interest rate sensitivity gap</b>		259,770	-	835,699	-	-

### 20.1.3 Other price risk

Price risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Fund does not hold any security which exposes the Fund to price risk.

**20.2 Credit risk**

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to investment in debt securities such as Term Finance Certificate and bank balances. Bank balances are maintained with balance with a reasonably high credit rating. The risk of default is considered minimal due to inherent systematic measures taken therein.

**20.2.1** The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2022 and June 30, 2021:

Name of Banks	Balances held as at June 30, 2022	Latest available published rating as at June 30, 2022	Rating agency
<b>Rupees in '000</b>			
<b>Balances with banks by rating category</b>			
Allied Bank Limited	12	A-1+	PACRA
Bank Al Falah Limited	295	A-1+	PACRA
Habib Metro Bank Limited	11	A-1+	VIS
JS Bank Limited	412	A-1+	PACRA
Zarai Taraqiati Bank Limited	0	A-1+	VIS
Samba Bank Limited	13	A-1	VIS
Sindh Bank Limited	0	A-1	VIS
Soneri Bank Limited	695	A-1+	PACRA
MCB Bank Limited	2,341	A-1+	VIS
Habib Bank Limited	446,370	A-1+	VIS
Faysal Bank limited	61	A-1+	VIS
Dubai Islamic Bank limited	9	A-1+	VIS
HBL Microfinance Bank Limited	624	A-1	VIS
Khushhali Microfinance Bank Limited	12	A-1	VIS
U Microfinance Bank	167	A-1	VIS
Mobilink Microfinance Bank Limited	9	A-1	PACRA
	451,031		
<b>Investments by rating category</b>			
Term finance certificates - unlisted			
Bank of Punjab	50,089	AA	PACRA
<b>Total</b>	501,120		

Name of Banks	Balances held by the Fund as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
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--Rupees in '000-----

**Balances with banks by rating category**

Allied Bank Limited	11	A-1+	PACRA
Bank Al Falah Limited	29	A-1+	VIS
Habib Metro Bank Limited	10	A-1+	PACRA
JS Bank Limited	398	A-1+	PACRA
Zarai Taraqiati Bank Limited	8	A-1+	VIS
Samba Bank Limited	13	A-1	VIS
Sindh Bank Limited	11	A-1	VIS
Soneri Bank Limited	1,071	A-1+	VIS
MCB Bank Limited	3,093	A-1+	VIS
Habib Bank Limited	255,117	A-1	PACRA
Faysal Bank limited	1	A-1+	PACRA
Dubai Islamic Bank limited	8	A-1+	VIS
	259,770		

**Investments by rating category**

Term finance certificates - unlisted			
Bank of Punjab	50,409	AA	PACRA
	310,179		

**20.2.2** The analysis below summarizes the credit quality of the Fund's credit exposure:

Rating by rating category	2022	2021
	----- (Percentage) -----	
A-1+	99.82	1.78
A-1	0.18	98.22

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in Government securities and bank balances, while the remaining transactions are entered into with diverse credit-worthy counterparties, thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

### 20.3 Liquidity risk

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

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year, no borrowings were made by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current year (2021: None).

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

Particulars	As at June 30, 2022			
	Upto three months	More than three months and upto one year	More than one year	Total

----- Rupees in '000 -----

**Financial liabilities**

Payable to the Management Company	1,626	-	-	1,626
Payable to the Trustee	31	-	-	31
Accrued expenses and other liabilities	290	-	-	290
	<u>1,947</u>	<u>-</u>	<u>-</u>	<u>1,947</u>

Particulars	As at June 30, 2021			
	Upto three months	More than three months and upto one year	More than one year	Total

----- Rupees in '000 -----

**Financial liabilities**

Payable to the Management Company	3,093	-	-	3,093
Payable to the Trustee	64	-	-	64
Accrued expenses and other liabilities	666	-	-	666
	<u>3,823</u>	<u>-</u>	<u>-</u>	<u>3,823</u>

## 21 UNITS HOLDERS' FUND RISK MANAGEMENT

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

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

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

## 22 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Particulars	June 30, 2022							
	Carrying amount			Fair value				
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total	
	Note	Rupees in '000						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>	22.1							
Pakistan Investment Bonds		521,932	-	521,932	-	521,932	-	521,932
Term Finance Certificates		50,089	-	50,089	-	50,089	-	50,089
		<u>572,021</u>	<u>-</u>	<u>572,021</u>	<u>-</u>	<u>572,021</u>	<u>-</u>	<u>572,021</u>
<b>Financial assets not measured at fair value</b>	22.2							
Bank balances		-	451,031	451,031				
Profit / mark-up receivable		-	23,848	23,848				
Deposits and other receiveables		-	1,162	1,162				
		<u>-</u>	<u>476,041</u>	<u>476,041</u>				
<b>Financial liabilities not measured at fair value</b>	22.2							
Payable to Management Company		-	1,626	1,626				
Payable to the Trustee		-	31	31				
Accrued expenses and other liabilities		-	290	290				
		<u>-</u>	<u>1,947</u>	<u>1,947</u>				

Particulars	June 30, 2021							
	Carrying amount			Fair value				
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total	
	Note	Rupees in '000						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>	22.1							
Pakistan Investment Bonds		785,290	-	785,290	-	785,290	-	785,290
Term Finance Certificates		50,409	-	50,409	-	50,409	-	50,409
		<u>835,699</u>	<u>-</u>	<u>835,699</u>	<u>-</u>	<u>835,699</u>	<u>-</u>	<u>835,699</u>
<b>Financial assets not measured at fair value</b>	22.2							
Bank balances		-	259,770	259,770				
Profit / mark-up receivable		-	23,771	23,771				
Deposits and other receiveables		-	1,162	1,162				
		<u>-</u>	<u>284,703</u>	<u>284,703</u>				
<b>Financial liabilities not measured at fair value</b>	22.2							
Payable to the Management Company		-	3,093	3,093				
Payable to the Trustee		-	64	64				
Accrued expenses and other liabilities		-	666	666				
		<u>-</u>	<u>3,823</u>	<u>3,823</u>				

## 22.1 Valuation techniques

For level 2 investments at fair value through profit or loss - investment in respect of Treasury Bills, and Pakistan Investment Bonds, Fund uses the rates which are derived from PKRV and PKFRV rates at reporting date per certificate multiplied by the number of certificates held as at year end and for investment in respect of Term Finance Certificates, Fund uses the rates prescribed by MUFAP.

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

## 22.3 Transfers during the year

No transfers were made between various levels of fair value heriarchy during the year.

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

**Top ten brokers during the year ended June 30, 2022**

- 1 Optimus Markets (Private) Limited
- 2 Arif Habib Limited
- 3 Pearl Securities Limited
- 4 Invest One Markets Limited
- 5 Vector Capital (Private) Limited
- 6 Icon Securities (Private) Limited
- 7 BIPL Securities Limited

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

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

**24 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the Investment Committee of the Fund as on June 30, 2022 are as follows:

S. no.	Name	Designation	Qualifications	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	23+
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	26+
3	Wamiq Sakrani	Head of Fixed Income	MBA	12+
4	Karim Khawaja	Head of Risk	MBA, CMA	19+
5	Mustafa Mahmood Khan	Head of Research	ACCA, CFA	12+
6	Muhammad Zohaib	Senior Fund Manager	CIMA, MA	14
7	Raza Abbas	Senior Fund Manager	M.Com	19

**25 PATTERN OF UNITHOLDING**

Category	----- As at June 30, 2022 -----			
	No. of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
Individuals	677	4,620,589	519,712	82.42%
Retirement Funds	7	253,616	28,526	4.52%
Trust	3	101,425	11,408	1.81%
Other Corporate	3	630,676	70,937	11.25%
	<u>690</u>	<u>5,606,306</u>	<u>630,583</u>	<u>100.00%</u>

Category	----- As at June 30, 2021 -----			
	No. of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
Individuals	870	8,006,927	901,081	84.13%
Retirement Funds	9	388,481	43,719	4.08%
Trust	3	95,016	10,693	1.00%
Other Corporate	5	1,026,525	115,523	10.79%
	<u>887</u>	<u>9,516,949</u>	<u>1,071,016</u>	<u>100.00%</u>

**26 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

Seven meetings of the Board of Directors were held on August 26, 2021, September 09, 2021, October 28, 2021, February 11, 2022, April 26, 2022, May 10, 2022 and May 16, 2022 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar *	7	7	-	-
2	Ms. Ava A. Cowasjee *	7	5	2	May 10, 2022, May 16, 2022
	Mr. Rayomond H. Kotwal *	7	7	-	-
4	Mr. Abrar Ahmed Mir *	7	7	-	-
5	Mr. Tariq Masaud *	7	7	-	-
6	Mr. Muhammad Afaq Khan **	3	1	2	August 26, 2021, October 28, 2021
7	Mr. Abid Sattar ***	3	3	-	-
8	Mr. Khalid Malik ****	2	2	-	-
9	Mr. Shabbir Hussain Hashmi *****	5	5	-	-

\*Completed term and reappointed on April 29, 2022.

\*\*Resigned on January 20, 2022.

\*\*\*Appointed on February 11, 2022.

\*\*\*\*Appointed on April 29, 2022.

\*\*\*\*\*Completed term and retired on April 28, 2022.

**27 TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended June 30, 2022 is 2.37% (2021: 2.3%) which includes 0.19% (2021: 0.28%) representing Government levy and SECP fee.

**28 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 29, 2022 by the Board of Directors of the Management Company.

**29 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

**30 GENERAL**

**30.1** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the year ended June 30, 2022 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The Management Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact on these financial statements.

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

---

**Chief Financial Officer**

---

**Chief Executive Officer**

---

**Director**



**HBL** Stock Fund

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL</b> Stock Fund
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited
<b>NAME OF AUDITORS</b>	A.F. Ferguson & Co.
<b>NAME OF BANKERS</b>	Habib Bank Limited Allied Bank Limited MCB Bank Limited JS Bank Limited Soneri Bank Limited Zarai Taraqiyati Bank Limited Habib Metropolitan Bank Limited Khushali Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited National Bank of Pakistan HBL Micro Finance Bank Limited

**Type and Category of Fund**

**Open end Equity Fund**

**Investment Objective and Accomplishment of Objective**

The investment objective of the Fund is to provide long term capital growth by investing primarily in a diversified pool of equities and equity related instruments. The objective of the Fund has been achieved.

**Benchmark and Performance Comparison with Benchmark**

KSE30 (Total Return) Index

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

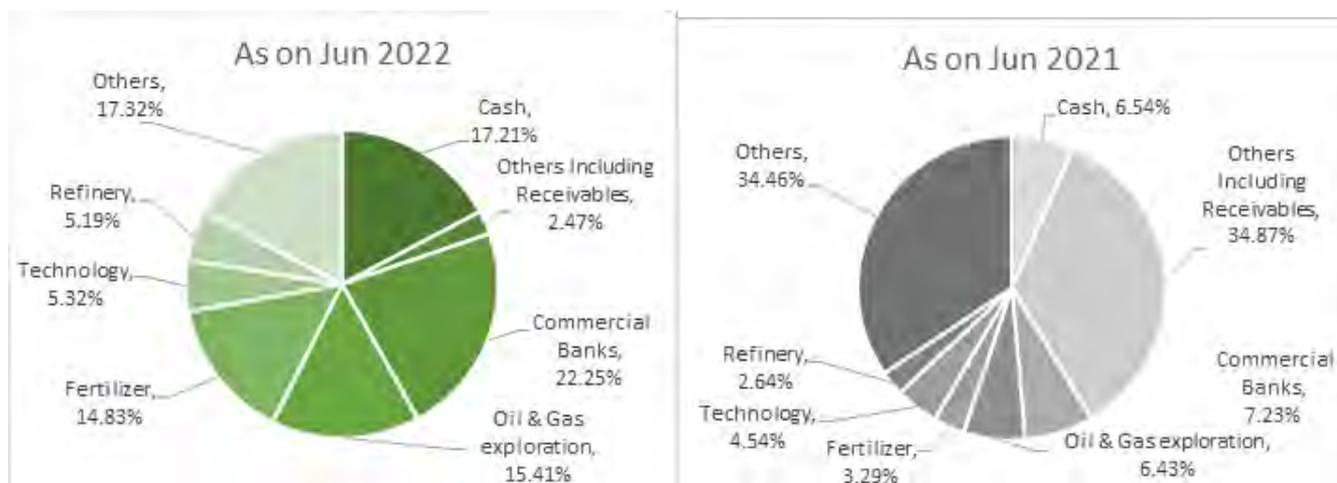
Month	Return of Fund	
	HBL-SF	Benchmark
Jun-22	-9.98%	-3.94%
May-22	-8.70%	-4.53%
Apr-22	-4.62%	2.30%
Mar-22	0.09%	0.88%
Feb-22	-3.14%	-2.38%
Jan-22	-1.20%	2.41%
Dec-21	-0.99%	0.41%
Nov-21	-4.98%	-2.75%
Oct-21	0.50%	2.40%
Sep-21	-10.00%	-5.83%
Aug-21	2.97%	1.16%
Jul-21	-2.45%	-0.49%



**Strategies and Policies employed during the Year**

During the year under review, the Fund increase its exposure in equity from 59% of total assets as on June 30, 2021 to 80% of total assets as on June 30, 2022. Furthermore, sector wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in oil & gas and fertilizer has increased, while exposure in cement and insurance has decreased.

**Allocation**



## Significant Changes in Asset Allocation during the Year

Following table shows comparison of sector wise allocation of equity investments of Fund as on June 30, 2022 and June 30, 2021:

Sector Name	As on Jun 2022	As on Jun 2021
Cash	17.21%	6.54%
Others Including Receivables	2.47%	34.87%
Commercial Banks	22.25%	7.23%
Oil & Gas exploration	15.41%	6.43%
Fertilizer	14.83%	3.29%
Technology	5.32%	4.54%
Refinery	5.19%	2.64%
Others	17.3%	34.5%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Fund Performance

The total and net loss of the Fund was Rs. 297.44 million and Rs. 286.60 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs 71.9274 per unit as on June 30, 2022 as compared to Rs 112.1020 per unit as on June 30, 2021, thereby giving a negative return of 35.84%. During the same year the benchmark KSE 30 index yielded a negative return of 10.44%. The size of Fund was Rs 0.24 billion as on June 30, 2022 as compared to Rs. 0.95 billion at the start of the year.

## Market Review

During FY22, the KSE-100 index declined by 5,815pts or 12.8% to close at 41,541pts. The poor performance of the market is primarily attributable to i) Rapid increase in CAD due to rising domestic demand and significant increase in international commodity prices, which were further fueled by the war between Russia and Ukraine, ii) Rising inflation due to the commodity super cycle, iii) Commencement of monetary tightening, iv) Uncertain local political situation, v) Geopolitical issues in the region with heightened uncertainty post U.S. exit from Afghanistan, vi) Delay in the resumption of IMF program, vii) Depleting foreign exchange reserves resulting in PKR losing significant ground against the USD, and viii) Continued foreign selling after Pakistan's reclassification from MSCI Emerging to Frontier Market Index.

During FY22, major negative contribution came from Cement (2,328 pts), Technology & Communication (912 pts), Commercial Banks (520 pts) and Refinery (424 pts) sectors. On the other hand, major positive contribution came from Fertilizer (668 pts), and Chemical (424 pts) sectors.

During the period, average traded volume declined by 56% YoY to 115mn shares, while average traded value declined by 53% YoY to PKR 6.3bn. On the flows side, Foreigners were net sellers during FY22 and sold shares worth USD 297.5Mn.

We expect the equity market to remain range-bound in the near-term due to the prevailing local and geopolitical uncertainty, rising commodity prices, and depleting foreign exchange reserves. However, the additional revenue measures announced by the government are expected to pave the way for resumption of the IMF program, which is crucial for the country to secure financing from other sources. This may alleviate the downward pressure on the PKR and potentially limit any downside in the equity market.

Our longer-term equity outlook remains positive due to attractive valuations. The equity market is trading at an eye catching P/E multiple of 4.1x compared to regional average of 14.5x, and offers an attractive dividend yield of 10.9%, compared to regional average of 2.8%. It is pertinent to note that the spread between KSE-100 index earnings yield and 10Y PKRV is 11.7%, compared to 5-year historical average spread of 4.4%, which implies an upside of ~42%.

The market is likely to regain its positive momentum once there is more clarity on the Government's economic policies, along with easing of geopolitical tensions. Reversal in international commodity prices, either on the back of disruption in demand or increase in supply, is likely to reignite investor interest in Equities. Hence, we believe that Pakistan equities offer a good opportunity for long-term investors.

## Distribution

The Board of Directors approved NIL distribution to the unit holders for the year ended June 30, 2022.

## Significant Changes in the State of Affairs

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

## Breakdown of Unit Holding by Size

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	115	5,112
101 – 500	60	15,478
501 – 1,000	26	20,869
1,001 – 10,000	81	302,381
10,001 – 100,000	38	948,246
100,001 – 500,000	5	715,404
500,001 – 1,000,000	2	1,268,555
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
<b>Total</b>	<b>327</b>	<b>3,276,045</b>

## Unit Splits

There were no unit splits during the year.

## Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

## Soft Commission

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

**PERFORMANCE TABLE –**  
**HBL STOCK FUND**  
*As at June 30, 2022*

	2022	2021	2020	2019	2018	2017
Net assets at the period end (Rs'000)	235,637	951,345	1,840,743	2,146,517	5,958,370	6,354,672
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES						
Redemption	112.1020	112.1020	86.3419	89.7221	107.0620	121.4498
Offer	115.2689	115.2689	88.7811	92.2567	110.0865	124.8822
OFFER / REDEMPTION DURING THE PERIOD - RUPEES						
Highest offer price per unit	117.5302	117.1157	116.9356	114.7399	124.9877	149.3050
Lowest offer price per unit	73.6953	90.2495	72.4474	90.1337	98.8279	107.4647
Highest redemption price per unit	114.3012	113.8981	113.7229	111.5876	121.5538	145.2030
Lowest redemption price per unit	71.6706	87.7700	70.4570	87.6574	96.1127	104.5122
RETURN ( % )						
Total return	-35.84%	29.83%	-3.77%	-16.20%	-11.85%	23.89%
Income distribution	0.00%	0.00%	0.00%	0.00%	0.00%	7.00%
Capital growth	-35.84%	29.83%	-3.77%	-16.20%	-11.85%	16.89%
DISTRIBUTION						
First Interim dividend distribution						
Second Interim dividend distribution						
Third Interim dividend distribution						
Final dividend distribution (Rs)	-	-	-	-	-	7.00
Date of Income Distribution	-	-	-	-	-	20-Jun-17
Total dividend distribution for the year/ period (Rs)	-	-	-	-	-	7.00
AVERAGE RETURNS ( % )						
Average annual return 1 year	-35.84%	29.83%	-3.77%	-16.20%	-11.85%	23.89%
Average annual return 2 year	-8.73%	11.77%	-10.20%	-14.05%	4.51%	12.67%
Average annual return 3 year	-7.11%	1.54%	-10.75%	-2.91%	3.82%	11.15%
PORTFOLIO COMPOSITION - (%)						
Percentage of Total Assets as at 30 June:						
Bank Balances	17%	7%	11%	11%	10%	8%
Stock / Equities	80%	59%	89%	88%	89%	87%
Placement with Banks and DFIs	0%	0%	0%	0%	0%	0%
Others Including Receivables	2%	35%	1%	2%	1%	6%

Note:

The Launch date of the Fund is August 31, 2007

Disclaimer:

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

# PROXY VOTING DISCLOSURE

Summary of Actual Proxy voted by CIS

HBL SF	Meetings	Resolutions	For	Against
Number	5	21	21	-
(%ages)	100%			-

(h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Adamjee Insurance Co Ltd	4/28/2022	5/27/2022
AGP Limited	4/26/2022	
Attock Cement Pakistan Ltd	10/21/2021	
Attock Refinery Ltd	9/22/2021	7/12/2021
Bank Al-Falah Ltd	(15-3-2022)(29-3-2022)	
Bank Al-Habib Limited	3/29/2022	
Bank of Punjab Ltd		(11/10/2021)(29-6-2022)
BankIslami Pakistan Limited	3/30/2022	
Cherat Cement Company Ltd.	10/16/2021	
D G Khan Cement Co.Ltd.	10/28/2021	
Engro Corporation Ltd	3/24/2022	
Engro Fertilizers Limited	3/22/2022	
Engro Polymer & Chemicals Ltd	3/16/2022	
Fauji Fertilizer Co Ltd	3/25/2022	(27/07/2021) (8-10-2021)(5-11-2021)
Faysal Bank Limited	3/29/2022	
GlaxoSmithKline Pakistan Ltd		
Gul Ahmed Textile Mills Ltd	(28/10/2021)(27-11-2021)	
Habib Metropolitan Bank Ltd	3/30/2022	
Hascol Petroleum Ltd	12/7/2021	
Highnoon Laboratories Limited		8/31/2021
Hum Network Ltd	(16/07/2021)(23-11-21)	
IGI Holdings Limited	4/29/2022	
IGI LIFE INSURANCE LIMITED	4/28/2022	
Interloop Limited	10/15/2021	2/24/2022
International Industries Ltd	9/30/2021	
International Steels Limited	9/29/2021	
K-Electric Limited	NIL	NIL
Kohat Cement Ltd	10/4/2021	(21/03/2022) (14 April 2022) (29/June /2022)
Lucky Cement Ltd	9/28/2021	
Maple Leaf Cement Factory Ltd	9/28/2021	
Mari Petroleum Company Ltd		(19/10/2021) (10/05/2022)
MCB Bank Ltd	3/29/2022	
Meezan Bank Ltd	3/29/2022	11/17/2021
Mughal Iron & Steel Inds Ltd		
National Bank of Pakistan Ltd	3/30/2022	
National Refinery Ltd	10/10/2021	
Nishat Mills Ltd	10/28/2021	(03/03/2022) (23/03/2022)
Oil & Gas Development Co Ltd	10/28/2021	
Pakistan National Shipping Corp Ltd	(26/10/2021) (28/10/2021)	
Pakistan Oilfields Ltd	9/22/2021	
Pakistan Petroleum Ltd	(25/10/2021) (27/10/2021)	19-Jul-21
Pakistan State Oil Company Ltd	10/26/2021	
Sitara Chemical Industries Limited	10/25/2021	
Standard Chartered Bank (Pakistan) Ltd	3/29/2022	4/28/2021
Sui Northern Gas Pipeline Ltd	7/27/2021	
Tariq Glass Industries Ltd		3/21/2022
Thal Limited	10/12/2021	
The Searle Company Ltd	10/28/2021	
TPL Insurance Limited	4/25/2022	7/6/2022
TPL Trakker Limited		
United Bank Limited	3/29/2022	8/6/2021

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shakra-e-Faisal  
Karachi - 74400, Pakistan.

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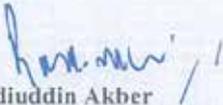
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL STOCK FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Stock Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

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

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

Karachi, September 21, 2022



**INDEPENDENT AUDITOR'S REPORT**

**To the Unit holders of HBL Stock Fund  
Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of HBL Stock Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

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

**Key Audit Matters**

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 4 and 5 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2022 amounted to Rs 223,548 million and balances with banks aggregated to Rs 47,889 million.  The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> <li>• Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2022 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li> <li>• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> <li>• Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
 Stale Life Building No. 1-C, I.J. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
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**Other Matter**

The financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 27, 2021.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

**Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements**

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: September 29, 2022

UDIN: AR202210061CY7iwD9xt

**HBL Stock Fund**  
**Statement of Assets and Liabilities**  
AS AT JUNE 30, 2022

	Note	2022	2021
		----- Rupees in '000 -----	
<b>ASSETS</b>			
Bank Balances	4	47,889	102,568
Investments	5	223,548	919,590
Dividend receivable and accrued mark-up	6	1,442	3,623
Receivable against sale of investments		2,278	532,832
Advances and deposits	7	3,111	10,451
<b>Total assets</b>		<b>278,268</b>	<b>1,569,064</b>
<b>LIABILITIES</b>			
Payable to HBL Asset Management Limited - Management Company	8	2,333	7,655
Payable to Central Depository Company of Pakistan Limited - Trustee	9	65	228
Payable to the Securities and Exchange Commission of Pakistan	10	138	400
Payable against purchase of investments		-	23,548
Accrued expenses and other liabilities	11	40,095	585,888
<b>Total liabilities</b>		<b>42,631</b>	<b>617,719</b>
<b>NET ASSETS</b>		<b>235,637</b>	<b>951,345</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>235,637</b>	<b>951,345</b>
<b>Contingencies and commitments</b>			
	12	----- Number of units -----	
Number of units in issue	15	3,276,044	8,486,417
<b>Net assets value per unit</b>			
	3.9	71.9274	112.1020

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

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

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

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

	Note	2022	2021
		----- Rupees in '000 -----	
<b>INCOME</b>			
Dividend income		32,031	87,193
Mark-up on bank deposits		5,674	8,788
Income from government securities		331	-
(Loss) / gain of sale of investments - net		(267,441)	410,730
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial asset at fair value through profit or loss' - net	6.2	(68,039)	79,637
		<u>(297,444)</u>	<u>586,348</u>
<b>EXPENSES</b>			
Remuneration of HBL Asset Management Company Limited - Management Company	8.1 & 8.2	15,509	45,201
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1 & 9.2	1,570	3,390
Annual fee to Securities and Exchange Commission of Pakistan	10	137	400
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	3,563	11,000
Selling and marketing expenses	8.4	6,994	21,001
Securities transaction costs		3,503	9,217
Auditors' remuneration	13	701	638
Settlement and bank charges		866	842
Fees and subscription		559	1,258
		<u>33,402</u>	<u>92,947</u>
<b>Net (loss) / income from operating activities</b>		<u>(330,846)</u>	<u>493,401</u>
Reversal of provision / (provision) for Sindh Workers' Welfare Fund	11.2	44,249	(9,868)
<b>Net (loss) / income for the year before taxation</b>		<u>(286,597)</u>	<u>483,533</u>
Taxation	14	-	-
<b>Net (loss) / income for the year after taxation</b>		<u>(286,597)</u>	<u>483,533</u>
<b>Allocation of income for the year</b>			
Net (loss) / income for the year after taxation		(286,597)	483,533
Income already paid on redemption of units		-	(285,849)
		<u>(286,597)</u>	<u>197,684</u>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		-	197,684
- Excluding capital gains		-	-
		-	197,684
		<u>-</u>	<u>483,533</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
 Director

	2022	2021
	----- Rupees in '000 -----	
Net (loss) / income for the year after taxation	(286,597)	483,533
Other comprehensive income for the year	-	-
<b>Total comprehensive (loss) / income for the year</b>	<u>(286,597)</u>	<u>483,533</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
 Director

**HBL Stock Fund**  
**Statement of Movement in Unit Holders' Fund**  
 FOR THE YEAR ENDED JUNE 30, 2022

	2022			2021		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	Rupees in '000					
<b>Net assets at beginning of the year</b>	1,837,990	(886,646)	951,344	2,925,074	(1,084,330)	1,840,744
Issuance of 5,361,979 units (2021: 6,229,003 units)						
- Capital value (at net asset value per unit at the beginning of the year)	601,089	-	601,089	537,824	-	537,824
- Element of (loss) / income	(98,734)	-	(98,734)	102,959	-	102,959
Total proceeds on issuance of units	502,355	-	502,355	640,783	-	640,783
Redemption of 10,572,352 units (2021: 19,061,833 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(1,185,182)	-	(1,185,182)	(1,645,835)	-	(1,645,835)
- Element of income / (loss)	253,717	-	253,717	(82,031)	(285,849)	(367,880)
Total payment on redemption of units	(931,465)	-	(931,465)	(1,727,866)	(285,849)	(2,013,715)
Total comprehensive (loss) / income for the year	-	(286,597)	(286,597)	-	483,533	483,533
<b>Net assets at end of the year</b>	<b>1,408,880</b>	<b>(1,173,243)</b>	<b>235,637</b>	<b>1,837,990</b>	<b>(886,646)</b>	<b>951,345</b>
<b>Accumulated loss brought forward comprising of:</b>						
- Realised loss	(966,283)			(952,799)		
- Unrealised gain / (loss)	79,637			(131,531)		
	(886,646)			(1,084,330)		
<b>Accounting income available for distribution</b>						
- Relating to capital gains	-			197,684		
- Excluding capital gains	-			-		
	-			197,684		
Total comprehensive loss for the year	(286,597)			-		
<b>Accumulated loss carried forward</b>	<b>(1,173,243)</b>			<b>(886,646)</b>		
<b>Accumulated loss carried forward comprising of:</b>						
- Realised loss	(1,105,204)			(966,283)		
- Unrealised (loss) / gain	(68,039)			79,637		
	(1,173,243)			(886,646)		
			(Rupees)			(Rupees)
<b>Net asset value per unit at the beginning of the year</b>			<u>112.1020</u>			<u>86.3419</u>
<b>Net asset value per unit at the end of the year</b>			<u>71.9274</u>			<u>112.1020</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Stock Fund**  
**Cash Flow Statement**  
For the year ended June 30, 2022

	Note	2022	2021
		----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / income for the year before taxation		(286,597)	483,533
<b>Adjustments for:</b>			
Mark-up on bank deposits		(5,674)	(8,788)
Dividend income		(32,031)	(87,193)
Income from government securities		(331)	-
Loss / (gain) of sale of investments - net		267,441	(410,730)
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial asset at fair value through profit or loss' - net		68,039	(79,637)
(Reversal of provision) / provision for Sindh Workers' Welfare Fund		(44,249)	9,868
		(33,402)	(92,947)
<b>(Increase) / decrease in assets</b>			
Investments - net		360,562	1,278,999
Advances and deposits		7,340	(7,459)
Receivable against sale of investments		530,554	(527,417)
		898,456	744,123
<b>Increase / (decrease) in liabilities</b>			
Payable to HBL Asset Management Limited - Management Company		(5,322)	(1,339)
Payable to Central Depository Company of Pakistan Limited - Trustee		(163)	(35)
Payable to the Securities and Exchange Commission of Pakistan		(262)	(17)
Payable against purchase of investments		(23,548)	19,442
Accrued expenses and other liabilities		(501,545)	501,667
		(530,840)	519,718
		334,215	1,170,894
Mark-up received on bank deposits		5,113	9,549
Dividend received		34,773	85,396
Mark-up received on government securities		331	-
<b>Net cash generated from operating activities</b>		374,431	1,265,839
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance of units		502,355	640,783
Payments against redemption of units		(931,465)	(2,013,715)
<b>Net cash used in financing activities</b>		(429,110)	(1,372,932)
<b>Net decrease in cash and cash equivalents during the year</b>		(54,679)	(107,093)
Cash and cash equivalents at beginning of the year		102,568	209,661
<b>Cash and cash equivalents at end of the year</b>	4	47,889	102,568

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

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

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

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

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 HBL Stock Fund (the Fund) was established under a Trust Deed, dated August 09, 2007, executed between HBL Asset Management Limited (the Management Company) and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on August 21, 2007.

During the year ended June 30, 2021, the Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on September 8, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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

1.3 The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from August 29, 2007 to August 31, 2007.

1.4 The objective of the Fund is to provide capital growth by investing primarily in a diversified pool of equities and equity related investments.

1.5 The Management Company has been assigned a quality rating of 'AM2++' (positive outlook) by VIS Credit Rating Company Limited dated December 31, 2021 ('AM2++' dated December 31, 2020).

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- 2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year:

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been disclosed in these financial statements.

- 2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain new amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these will not have any significant impact on the Fund's operations and, therefore, have not been disclosed in these financial statements.

- 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (note 3.3 and 5.3), provision against advances and deposits (note 7.1), provision for FED (note 11.1) and provision for SWWF (note 11.2).

- 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which have been classified as at 'fair value through profit or loss' which and measured at their respective fair values.

- 2.6 Functional and presentation currency

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented.

3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.2.2 Classification and subsequent measurement

3.2.2.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.2.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

### 3.2.3 Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### 3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

### 3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the income statement.

### 3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the income statement.

### 3.4 Offsetting of financial assets and financial liabilities

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

3.5 Issue and redemption of units

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

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

3.6 Provisions

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

3.7 Taxation

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

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

3.8 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

3.9 Net assets value per unit

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

3.10 Distribution to the unit holders

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

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

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

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.12 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the income statement, on the date when the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Profit on saving accounts with bank and income from government securities are recognised on a time proportion basis using the effective yield method.

3.13 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee and annual fee to the SECP are recognised in the Income Statement on an accrual basis.

**4 BALANCES WITH BANKS**

	Note	2022	2021
----- Rupees in '000 -----			
Savings accounts	4.1	47,871	102,550
Current accounts		18	18
		47,889	102,568

4.1 These include a balance of Rs. 7.92 million (2021: Rs. 66.713 million) with Habib Bank Limited (a related party). The account carries mark-up at the rate of 10% (2021: 5%) per annum. Other profit and loss sharing accounts of the Fund carry mark-up at the rates ranging from 7.80% to 16.70% (2021: 5% to 7.4%) per annum.

**5 INVESTMENTS**

	Note	2022	2021
----- Rupees in '000 -----			
<b>At fair value through profit or loss</b>			
- Listed equity securities	5.1	223,548	919,590
- Market treasury bills	5.3	-	-
		223,548	919,590

**5.1 Listed equity securities**

Sectors / Name of the investee companies	As at July 01, 2021	Acquired during the year	Bonus / right shares received during the year	Disposed of during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to		
									Total investments	Net assets	Investee company paid-up capital
	.....Number of shares.....				----- (Rupees in '000) -----			----- % -----			
<b>INSURANCE</b>											
IGI Holdings Limited	199,100	116,700	-	315,800	-	-	-	-	-	-	
IGI Life Insurance Limited*	200,500	27,000	-	150,500	77,000	3,557	1,307	(2,251)	0.58%	0.55%	
TPL Insurance Limited*	402,000	4,500	-	371,000	35,500	1,389	1,198	(192)	0.54%	0.51%	
	<b>801,600</b>	<b>148,200</b>	<b>-</b>	<b>837,300</b>	<b>112,500</b>	<b>4,947</b>	<b>2,504</b>	<b>(2,442)</b>	<b>1.12%</b>	<b>1.06%</b>	
<b>TEXTILE COMPOSITE</b>											
Azgard Nine Limited	894,000	725,000	-	1,619,000	-	-	-	-	-	-	
Gul Ahmed Textile Mills Limited*	279,800	247,000	-	440,000	86,800	4,314	2,935	(1,380)	1.31%	1.25%	
Interloop Limited	138,250	-	4,147	142,397	-	-	-	-	-	-	
Nishat (Chunian) Limited	190,000	-	-	190,000	-	-	-	-	-	-	
	<b>1,502,050</b>	<b>972,000</b>	<b>4,147</b>	<b>2,391,397</b>	<b>86,800</b>	<b>4,314</b>	<b>2,935</b>	<b>(1,380)</b>	<b>1.31%</b>	<b>1.25%</b>	
<b>CEMENT</b>											
Attock Cement Pakistan Limited (5.1.2)	209,000	156,900	-	228,700	137,200	23,708	9,124	(14,584)	4.08%	3.87%	
Cherat Cement Company Limited	52,500	-	-	52,500	-	-	-	-	-	-	
D G Khan Cement Company Limited	72,900	-	-	72,900	-	-	-	-	-	-	
Fauji Cement Company Limited	-	235,000	-	235,000	-	-	-	-	-	-	
Kohat Cement Limited	41,400	-	-	41,400	-	-	-	-	-	-	
Lucky Cement Limited	62,150	46,000	-	108,150	-	-	-	-	-	-	
Maple Leaf Cement Factory Limited	149,000	965,000	-	1,114,000	-	-	-	-	-	-	
Pioneer Cement Limited	56,500	8,000	-	64,500	-	-	-	-	-	-	
	<b>643,450</b>	<b>1,410,900</b>	<b>-</b>	<b>1,917,150</b>	<b>137,200</b>	<b>23,708</b>	<b>9,124</b>	<b>(14,584)</b>	<b>4.08%</b>	<b>3.87%</b>	
<b>POWER GENERATION &amp; DISTRIBUTION</b>											
Hub Power Company Limited (5.1.2)	412,558	100,000	-	399,000	113,558	8,713	7,741	(972)	3.46%	3.29%	
	<b>412,558</b>	<b>100,000</b>	<b>-</b>	<b>399,000</b>	<b>113,558</b>	<b>8,713</b>	<b>7,741</b>	<b>(972)</b>	<b>3.46%</b>	<b>3.29%</b>	
<b>ENGINEERING</b>											
Agha Steel Industries Limited	288,000	354,500	15,025	657,525	-	-	-	-	-	-	
Aisha Steel Mills Limited	579,000	-	-	579,000	-	-	-	-	-	-	
Amreli Steels Limited	110,000	282,500	-	392,500	-	-	-	-	-	-	
International Industries Limited	45,500	-	-	45,500	-	-	-	-	-	-	
International Steels Limited	153,401	-	-	153,401	-	-	-	-	-	-	
Mughal Iron & Steel Industries Limited	90,285	210,000	24,342	303,738	20,889	1,990	1,204	(786)	0.54%	0.51%	
	<b>1,266,186</b>	<b>847,000</b>	<b>39,367</b>	<b>2,131,664</b>	<b>20,889</b>	<b>1,990</b>	<b>1,204</b>	<b>(786)</b>	<b>0.54%</b>	<b>0.51%</b>	
<b>AUTOMOBILE ASSEMBLER</b>											
Ghandhara Industries Limited	-	23,000	-	23,000	-	-	-	-	-	-	
Millat Tractors Limited	-	2,603	-	2,603	-	-	-	-	-	-	
Pak Suzuki Motor Company Limited	21,100	-	-	21,100	-	-	-	-	-	-	
	<b>21,100</b>	<b>25,603</b>	<b>-</b>	<b>46,703</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CABLE &amp; ELECTRICAL GOODS</b>											
Pak Elektron Limited	403,000	205,000	-	608,000	-	-	-	-	-	-	
Waves Singer Pakistan Limited	360,000	216,000	-	576,000	-	-	-	-	-	-	
	<b>763,000</b>	<b>421,000</b>	<b>-</b>	<b>1,184,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>PHARMACEUTICALS</b>											
Abbott Laboratories (Pakistan) Limited	-	200	-	200	-	-	-	-	-	-	
Ferozsons Laboratories Limited	-	33,000	-	33,000	-	-	-	-	-	-	
Highnoon Laboratories Limited	-	15,000	625	15,625	-	-	-	-	-	-	
The Searle Company Limited*	7,333	-	2,199	-	9,532	1,779	1,039	(740)	0.46%	0.44%	
	<b>7,333</b>	<b>48,200</b>	<b>2,824</b>	<b>48,825</b>	<b>9,532</b>	<b>1,779</b>	<b>1,039</b>	<b>(740)</b>	<b>0.46%</b>	<b>0.44%</b>	
<b>MISCELLANEOUS</b>											
Pace (Pakistan) Limited	-	672,000	-	672,000	-	-	-	-	-	-	
Pakistan Aluminium Beverage Cans Limited	-	167,563	-	167,563	-	-	-	-	-	-	
TPL Properties Limited	465,000	-	-	465,000	-	-	-	-	-	-	
	<b>465,000</b>	<b>839,563</b>	<b>-</b>	<b>1,304,563</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>											
Mari Petroleum Company Limited	17,069	700	-	17,769	-	-	-	-	-	-	
Pakistan Oilfield Limited*	18,000	40,000	-	40,769	17,231	6,497	6,993	495	3.13%	2.97%	
Oil & Gas Development Company Limited (5.1.2)	343,300	588,391	-	702,636	229,055	19,963	18,020	(1,943)	8.06%	7.65%	
Pakistan Petroleum Limited(5.1.2)	405,519	686,600	-	827,500	264,619	20,607	17,864	(2,742)	7.99%	7.58%	
	<b>783,888</b>	<b>1,315,691</b>	<b>-</b>	<b>1,588,674</b>	<b>510,905</b>	<b>47,066</b>	<b>42,877</b>	<b>(4,190)</b>	<b>19.18%</b>	<b>18.20%</b>	
<b>OIL &amp; GAS MARKETING COMPANIES</b>											
Pakistan State Oil Company Limited (5.1.2)	138,741	65,100	-	142,500	61,341	12,570	10,541	(2,030)	4.72%	4.47%	
Sui Northern Gas Pipeline Limited	-	100,000	-	100,000	-	-	-	-	-	-	
	<b>138,741</b>	<b>165,100</b>	<b>-</b>	<b>242,500</b>	<b>61,341</b>	<b>12,570</b>	<b>10,541</b>	<b>(2,030)</b>	<b>4.72%</b>	<b>4.47%</b>	
<b>REFINERY</b>											
Attock Refinery Limited*	47,000	96,500	-	92,000	51,500	8,587	9,053	466	4.05%	3.84%	
National Refinery Limited*	56,000	65,500	-	100,100	21,400	6,793	5,405	(1,388)	2.42%	2.29%	
	<b>103,000</b>	<b>162,000</b>	<b>-</b>	<b>192,100</b>	<b>72,900</b>	<b>15,380</b>	<b>14,458</b>	<b>(922)</b>	<b>6.47%</b>	<b>6.14%</b>	

Sectors / Name of the investee companies	As at July 01, 2021	Acquired during the year	bonus / right shares received during the year	Disposed of during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to				
									Total investments	Net assets	Investee company paid-up capital		
					Number of shares			(Rupees in '000)			%		
<b>COMMERCIAL BANKS</b>													
Bank Al-Falah Limited*	-	788,652	-	616,552	172,100	5,697	5,507	(190)	2.46%	2.34%	-		
Bank Al-Habib Limited*	-	234,005	-	234,000	5	-	-	-	-	-	-		
BankIslami Pakistan Limited	-	346,000	-	346,000	-	-	-	-	-	-	-		
Faysal Bank Limited* (5.1.2)	26,018	553,000	-	475,000	104,018	2,649	2,399	(251)	1.07%	1.02%	-		
Habib Bank Limited* (5.1.2)	108,504	521,654	-	533,000	97,158	11,450	8,874	(2,576)	3.97%	3.77%	-		
Habib Metropolitan Bank Limited*	-	125,000	-	-	125,000	4,863	4,881	19	2.18%	2.07%	-		
MCB Bank Limited* (5.1.2)	108,964	48,299	-	100,874	56,389	8,729	6,935	(1,795)	3.10%	2.94%	-		
Meezan Bank Limited*	-	76,000	-	33,704	42,296	5,454	4,779	(676)	2.14%	2.03%	-		
Standard Chartered Bank (Pakistan) Limited (5.1.2)	1,102,000	231,000	-	656,000	677,000	23,047	12,937	(10,110)	5.79%	5.49%	0.01%		
United Bank Limited (5.1.2)	367,215	340,013	-	569,321	137,907	17,852	15,601	(2,250)	6.98%	6.62%	0.01%		
	<b>1,712,701</b>	<b>3,263,623</b>		<b>3,564,451</b>	<b>1,411,873</b>	<b>79,742</b>	<b>61,914</b>	<b>(17,828)</b>	<b>27.70%</b>	<b>26.28%</b>	<b>0.02%</b>		
<b>FERTILIZER</b>													
Engro Corporation Limited (5.1.2)	96,500	158,017	-	190,507	64,010	18,057	16,457	(1,600)	7.36%	6.98%	0.01%		
Engro Fertilizers Limited*	-	101,439	-	-	101,439	9,188	8,992	(196)	4.02%	3.82%	-		
Fauji Fertilizer Bin Qasim Limited	343,000	306,000	-	649,000	-	-	-	-	-	-	-		
Fauji Fertilizer Company Limited	132,784	265,954	-	255,034	143,704	16,089	15,839	(250)	7.09%	6.72%	0.01%		
	<b>572,284</b>	<b>831,410</b>		<b>1,094,541</b>	<b>309,153</b>	<b>43,334</b>	<b>41,287</b>	<b>(2,047)</b>	<b>18.47%</b>	<b>17.52%</b>	<b>0.01%</b>		
<b>CHEMICALS</b>													
Desccon Oxychem Limited	-	15,000	-	15,000	-	-	-	-	-	-	-		
Engro Polymer & Chemicals Limited*	-	37,000	-	8,000	29,000	2,411	2,309	(102)	1.03%	0.98%	-		
Nimir Resins Limited (5)	733,500	250,000	-	983,500	-	-	-	-	-	-	-		
Nimir Resins Limited	-	614,750	-	614,750	-	-	-	-	-	-	-		
	<b>733,500</b>	<b>916,750</b>		<b>1,621,250</b>	<b>29,000</b>	<b>2,411</b>	<b>2,309</b>	<b>(102)</b>	<b>1.03%</b>	<b>0.98%</b>			
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>													
Ghandhara Tyre & Rubber Company Limited	285,000	107,000	-	392,000	-	-	-	-	-	-	-		
Panther Tyres Limited	141,811	-	-	141,811	-	-	-	-	-	-	-		
	<b>426,811</b>	<b>107,000</b>		<b>533,811</b>									
<b>TECHNOLOGY &amp; COMMUNICATION</b>													
Octopus Digital Limited	-	70,658	-	70,658	-	-	-	-	-	-	-		
Air Link Communication Limited	-	160,750	4,931	165,681	-	-	-	-	-	-	-		
Avanceon Limited	51,000	138,500	7,000	196,500	-	-	-	-	-	-	-		
Hum Network Limited	-	340,000	-	140,000	200,000	1,586	1,424	(162)	0.64%	0.60%	0.02%		
Netsol Technologies	76,000	86,000	-	162,000	-	-	-	-	-	-	-		
Systems Limited	17,100	21,400	12,436	50,936	-	-	-	-	-	-	-		
TPL Corp Limited	-	500,000	-	500,000	-	-	-	-	-	-	-		
TPL Trakker Limited (5.1.2)	1,728,000	2,422,500	-	2,604,000	1,546,500	27,614	13,377	(14,237)	5.98%	5.68%	0.08%		
TRG Pakistan Limited	59,000	128,000	-	187,000	-	-	-	-	-	-	-		
WorldCall Telecom Limited	1,000,000	-	-	1,000,000	-	-	-	-	-	-	-		
	<b>2,931,100</b>	<b>3,867,808</b>	<b>24,367</b>	<b>5,076,775</b>	<b>1,746,500</b>	<b>29,200</b>	<b>14,801</b>	<b>(14,399)</b>	<b>6.62%</b>	<b>6.28%</b>	<b>0.10%</b>		
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>													
Al Shaheer Corporation Limited	-	690,500	-	690,500	-	-	-	-	-	-	-		
Clover Pakistan Limited	76,000	-	-	76,000	-	-	-	-	-	-	-		
Fauji Foods Limited - LOR	-	699,226	-	699,226	-	-	-	-	-	-	-		
Fauji Foods Limited	7,000	1,323,226	-	1,330,226	-	-	-	-	-	-	-		
Unity Foods Limited	766,400	441,000	-	970,500	236,900	7,169	4,755	(2,414)	2.13%	2.02%	0.04%		
Unity Foods Limited - LOR	-	187,897	-	187,897	-	-	-	-	-	-	-		
The Organic Meat Company Limited*	526,272	1,108,500	89,177	1,446,500	277,449	9,263	6,059	(3,204)	2.71%	2.57%	-		
	<b>1,375,672</b>	<b>4,450,349</b>	<b>89,177</b>	<b>5,400,849</b>	<b>514,349</b>	<b>16,432</b>	<b>10,814</b>	<b>(5,618)</b>	<b>2.13%</b>	<b>2.02%</b>	<b>0.04%</b>		
<b>Total as at June 30, 2022</b>	<b>14,659,974</b>	<b>19,892,197</b>	<b>159,882</b>	<b>29,575,553</b>	<b>5,136,500</b>	<b>291,587</b>	<b>223,548</b>	<b>(65,992)</b>					
<b>Total as at June 30, 2021</b>	<b>31,137,181</b>	<b>59,095,384</b>	<b>110,150</b>	<b>75,682,741</b>	<b>14,659,974</b>	<b>839,953</b>	<b>919,590</b>	<b>79,637</b>					

\*nil due to rounding off.

5.1.1 All shares have a face value of Rs 10 each except for the shares of Hum Network Limited which have a nominal value of Re 1 each.

5.1.2 Investments include the following company shares which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

	2022 --- (Number of shares) ---	2021	2022 ----- Rupees in '000 -----	2021
Hub Power Company Limited	100,010	410,000	6,818	13,393
Lucky Cement Limited	-	57,300	-	2,835
Mari Petroleum Company Limited	-	15,500	-	366
MCB Bank Limited	45,264	102,000	5,567	1,694
Mughal Iron and Steel Industries Limited	-	50,000	-	261
Oil and Gas Development Company Limited	195,000	330,000	15,341	10,443
Pakistan Petroleum Limited	235,000	376,000	15,865	12,276
Pakistan State Oil Limited	47,000	80,000	8,076	1,435
United Bank Limited	110,000	300,000	12,444	11,078
Attock Cement Pakistan Limited	136,800	-	9,097	-
Engro Corporation Limited	50,000	-	12,855	-
Faysal Bank Limited	70,000	-	1,614	-
Habib Bank Limited	88,500	-	8,084	-
Standard Chartered Bank (Pakistan) Limited	650,000	-	12,422	-
TPL Trakker Limited	1,507,000	-	13,036	-
	<u>3,234,574</u>	<u>1,720,800</u>	<u>121,217</u>	<u>53,780</u>

5.1.3 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposit tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh (HCS) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 the Honourable High Court of Sindh. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2022, the following bonus shares of the Fund have been withheld by certain companies at the time of declaration of bonus shares.

Name of the Company	2022		2021	
	----- Bonus shares -----			
	Number of shares withheld	Market value as at June 30, 2022	Number of shares withheld	Market value as at June 30, 2021
	Rupees in '000		Rupees in '000	
Searle Company Limited	9,532	1,039	7,333	1,779
Mughal Iron and Steel Limited	20,889	1,204	18,165	1,896
Pakistan State Oil Limited	3,503	602	3,503	786
Faysal Bank Limited	26,018	600	26,018	442
	<u>59,942</u>	<u>3,445</u>	<u>55,019</u>	<u>4,903</u>

5.2	Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	Note	2022	2021
			----- Rupees in '000 -----	
	Market value of investments	5.1	223,548	919,590
	Less: carrying value of investments	5.1	(291,587)	(839,953)
			<u>(68,039)</u>	<u>79,637</u>

**5.3 Market treasury bills**

Issue date	Face value				Balance as at June 30, 2022			Market value as a percentage of	
	As at July 1, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying value	Market value	Unrealised gain / (loss)	net assets	total investments
	(Rupees in '000)							----- % -----	
<b>Market Treasury Bills - 3 Months</b>									
Market treasury bills	7-Oct-2021	-	15,000	15,000	-	-	-	-	-
Market treasury bills	12-Aug-2021	-	20,000	20,000	-	-	-	-	-
Market treasury bills	7-Oct-2021	-	30,000	30,000	-	-	-	-	-
Market treasury bills	7-Oct-2021	-	25,000	25,000	-	-	-	-	-
<b>Market Treasury Bills - 12 Months</b>									
Market treasury bills	6-May-2021	-	45,000	45,000	-	-	-	-	-
Market treasury bills	22-Apr-2021	-	25,000	25,000	-	-	-	-	-
Market treasury bills	9-Sep-2021	-	5,000	5,000	-	-	-	-	-
Market treasury bills	9-Sep-2021	-	25,000	25,000	-	-	-	-	-
<b>Total as at June 30, 2022</b>					<u>-</u>	<u>-</u>	<u>-</u>		
<b>Total as at June 30, 2021</b>					<u>-</u>	<u>-</u>	<u>-</u>		

6	DIVIDEND RECEIVABLE AND ACCRUED MARK-UP	Note	2022	2021
			----- Rupees in '000 -----	
	Dividend receivable		419	3,161
	Accrued mark-up on bank deposits		1,023	462
			<u>1,442</u>	<u>3,623</u>

**7 ADVANCES AND DEPOSITS**

Security deposit with:				
	National Clearing Company of Pakistan Limited		2,500	2,500
	Central Depository Company of Pakistan Limited		100	100
	Advance tax		511	511
	Advance against IPO subscription		-	7,340
	Advance against subscription of Term Finance Certificates (TFC)	7.1	25,000	25,000
			<u>28,111</u>	<u>35,451</u>
	Less: Provision in respect of advance against subscription of term finance certificates	25	(25,000)	(25,000)
			<u>3,111</u>	<u>10,451</u>

8	PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2022	2021
			----- Rupees in '000 -----	
	Management fee payable	8.1	409	2,401
	Sindh sales tax payable on management fee	8.2	53	312
	Sales load payable		889	12
	Selling and marketing expenses payable	8.4	877	4,270
	Allocation of expenses related to registrar services, accounting, operation and valuation services payable	8.3	105	660
			<u>2,333</u>	<u>7,655</u>

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2021: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2022. The remuneration is payable to the Management Company monthly in arrears.

8.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (2021: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

8.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its own discretion has charged allocated expenses at the rate ranging from 0.35% to 0.55% of average annual net assets (2021: 0.55%).

8.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion while keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008 at the rate ranging from 0.80% to 1.05% of average annual net assets of the Fund (2021: 1.05%).

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2022	2021
			----- Rupees in '000 -----	
	Trustee fee payable	9.1	58	202
	Sindh sales tax payable on trustee fee	9.2	7	26
			<u>65</u>	<u>228</u>

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund is as follows:

Average Net Assets Value (NAV)	Tariff per annum
Up to Rs. 1,000 million	0.20% per annum of NAV
Exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% of NAV, exceeding Rs. 1,000 million

9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2021: 13%) on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

#### 10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

10.1 As per SRO 685(I)/2019 dated June 28, 2019, annual fee at the rate of 0.02% (2021: 0.02%) of the net assets of the Fund has been charged during the year by the Securities and Exchange Commission of Pakistan.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
		----- Rupees in '000 -----	
Federal Excise Duty payable on the Management Company's remuneration	11.1	37,838	37,838
Provision for Sindh Workers' Welfare Fund	11.2	-	44,249
Withholding tax payable		737	762
Auditors' remuneration		508	924
Payable to brokers		352	1,279
Payable against redemption of units		-	500,000
Others		660	836
		<u>40,095</u>	<u>585,888</u>

11.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16% on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 37.838 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Rs 11.550 (2021: Rs 4.459)

- 11.2 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). However, the Fund had recorded provision in respect of SWWF with effect from July 1, 2014.

During the year, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP. All the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from July 1, 2014 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

## 12 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

	2022	2021
	----- Rupees in '000 -----	
<b>13 AUDITORS' REMUNERATION</b>		
Annual audit fee	409	520
Fee for half yearly review	175	84
Out of pocket	117	34
	701	638
	701	638

14 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Fund has incurred net loss during the year, therefore no provision for taxation has been made in these financial statements.

	2022	2021
	----- Number of units -----	
15 <b>NUMBER OF UNITS IN ISSUE</b>		
Total outstanding as of July 01	8,486,417	21,319,246
Add: issued during the year	5,361,979	6,229,003
Less: redeemed during the year	<u>(10,572,352)</u>	<u>(19,061,833)</u>
Total units in issue as of June 30	<u><u>3,276,044</u></u>	<u><u>8,486,417</u></u>

16 **FINANCIAL INSTRUMENTS BY CATEGORY**

	-----2022-----		
	At fair value through profit or loss	At amortised cost	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Bank balances	-	47,889	47,889
Investment - listed equity securities	223,548	-	223,548
Dividend receivable and accrued mark-up	-	1,442	1,442
Receivable against sale of investments	-	2,278	2,278
Advances and deposits	-	2,600	2,600
	<u>223,548</u>	<u>54,209</u>	<u>277,757</u>
<b>Financial liabilities</b>			
Payable to HBL Asset Management Limited -Management Company	-	2,333	2,333
Payable to Central Depository Company of Pakistan Limited - Trustee	-	65	65
Accrued expenses and other liabilities	-	1,520	1,520
	<u>-</u>	<u>3,918</u>	<u>3,918</u>

	-----2021-----		
	At fair value through profit or loss	At amortised cost	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Bank balances	-	102,568	102,568
Investment	919,590	-	919,590
Dividend receivable and accrued mark-up	-	3,623	3,623
Receivable against sale of investments	-	532,832	532,832
Advances and deposits	-	9,940	9,940
	<u>919,590</u>	<u>648,963</u>	<u>1,568,553</u>
<b>Financial liabilities</b>			
Payable to HBL Asset Management Limited -Management Company	-	7,655	7,655
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	228	228
Payable against purchase of investments	-	23,548	23,548
Accrued expenses and other liabilities	-	503,039	503,039
	<u>-</u>	<u>534,470</u>	<u>534,470</u>

#### 17 TRANSACTIONS / BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include HBL Asset Management Limited (HBL-AML) being the Management Company of the Fund, Habib Bank Limited (HBL) being the Sponsor (holding 100% shares of HBL Asset Management Limited), Central Depository Company of Pakistan Limited being the Trustee of the Fund, other associated companies of HBL, HBL-AML and its subsidiaries, other collective investment schemes managed by the Management Company, directors, their close family members and officers of the Management Company and the Trustee, key management personnel, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons essentially comprise of sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

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

Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

17.1 Transactions during the year	2022	2021
	----- Rupees in '000 -----	
<b>HBL Asset Management Limited - Management Company</b>		
Management Fee including sales tax thereon	15,509	45,201
Selling and marketing expenses	6,994	21,001
Allocation of expenses related to registrar services, accounting, operation and valuation services	3,563	11,000
Issue of Nil (2021: 102,631) units	-	11,000
Redemption of Nil (2021: 102,631) units	-	11,611
Dividend income earned	-	1,592
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	6	20
Mark-up earned during the year	1,260	3,546
Redemption of 4,131,628 (2021:4,484,590) units	345,957	500,000
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee including sales tax thereon	1,570	3,390
<b>HBL Employee Provident Fund Trust</b>		
Redemption of Nil (2021: 7,125,389) units	-	751,121
<b>HBL Equity Fund - Associate</b>		
Sale of equity securities	-	497,593
<b>Bank Al Habib Limited - CP due to 10% units</b>		
Redemption of 1,604,623 (2021: Nil) units	144,088	-
<b>Directors and Executives of the Management Company and their relatives</b>		
Issue of Nil (2021: 2,544) units	-	250
Redemption of Nil (2021: 5,044) units	-	524
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - an associate</b>		
Issue of Nil (2021: 522) units	-	51
Redemption of Nil (2021: 326,476) units	-	34,672
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan - an associate</b>		
Issue of 142,460 (2021: 285,263) units	11,749	29,575
Redemption of Nil (2021: 414,440) units	-	42,659
<b>Jaffer Brothers (Private) Limited and Associated Companies Staff Provident Fund - CP due to 10% units</b>		
Issue of 715,854 (2021: Nil) units	53,911	-
Redemption of Nil (2021: Nil) units	-	-

	2022	2021
	----- Rupees in '000 -----	
<b>HBL Equity Fund - Connected Party</b>		
Sale of 243,000 (2021: nil) shares of Nimir Resins Limited	4,770	-
Sale of 325,000 (2021: nil) shares of Standard Chartered Bank Pakistan Limited	10,238	-
Sale of 125,000 (2021: nil) shares of IGI Holdings Limited	18,753	-
Sale of 100,000 (2021: nil) shares of IGI Life Insurance Limited	3,597	-
Sale of 7,000 (2021: nil) shares of Mari Petroleum Company Limited	11,620	-
Sale of 290,000 (2021: nil) shares of TPL Insurance Limited	8,282	-
<b>HBL Islamic Equity Fund - Connected Party</b>		
Sale of 25,000 shares of Gul Ahmed Textile Mills Limited	988	-
<b>17.2 Balances outstanding as at year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee payable	409	2,401
Sindh sales tax payable on management fee	53	312
Sales load payable	889	12
Selling and marketing expenses payable	877	4,270
Allocation of expenses related to registrar services, accounting, operation and valuation services payable	105	660
<b>Habib Bank Limited - Sponsor</b>		
Outstanding Nil (2021: 4,131,628) units	-	463,164
Bank balances	7,920	66,713
Payable against redemption	-	497,593
Accrued mark-up on bank deposits	34	274
<b>HBL Micro Finance Bank (Formerly First Micro Finance Bank) - an associate</b>		
Bank Balance	9	-
<b>Bank Al Habib Limited - CP due to 10% units</b>		
Outstanding Nil (2021: 1,604,623) units	-	179,881
<b>Directors and Executives of the Management Company and their relatives</b>		
Outstanding 1,579 (2021: 1,579) units	114	177
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan - an associate</b>		
Outstanding 142,460 (2021: Nil) units	10,247	-
<b>Jaffer Brothers (Private) Limited and Associated Companies Staff Provident Fund - CP due to 10% units</b>		
Outstanding 715,854 (2021: Nil) units	51,490	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	58	202
Sindh sales tax payable on trustee fee	7	26
Security deposit	100	100

18 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP.

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

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

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

18.1 Market risk

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

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

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

18.1.1 (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cashflow and interest rate risk. Incase of increase / decrease of 100 basis points in interest rates or in rates with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 0.48 million (2021: Rs 1.0255 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund does not hold any fixed rate instrument that may expose the Fund to fixed interest rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

Effective yield / interest rate	2022				Total
	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
	Upto three months	More than three months and upto one year	More than one year		
(%)	Rupees in '000				
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	7.80% to 17.15%	47,871	-	18	47,889
Investments		-	-	223,548	223,548
Dividend receivable and accrued mark-up		-	-	1,442	1,442
Receivable against sale of investment		-	-	2,278	2,278
Advances and deposits		-	-	2,600	2,600
		<u>47,871</u>	<u>-</u>	<u>229,886</u>	<u>277,757</u>
<b>Financial liabilities</b>					
Payable to the Management Company		-	-	2,333	2,333
Payable to the Trustee		-	-	65	65
Payable against purchase of investments		-	-	-	-
Accrued expenses and other liabilities		-	-	1,520	1,520
		<u>-</u>	<u>-</u>	<u>3,918</u>	<u>3,918</u>
<b>On-balance sheet gap (a)</b>		<u>47,871</u>	<u>-</u>	<u>225,968</u>	<u>273,839</u>
<b>Off-balance sheet financial instruments</b>					
<b>Off-balance sheet gap (b)</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap (a+b)</b>		<u>47,871</u>	<u>-</u>	<u>-</u>	
<b>Cumulative interest rate sensitivity gap</b>		<u>47,871</u>	<u>47,871</u>	<u>47,871</u>	

Effective yield / interest rate	2021				Total
	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
	Upto three months	More than three months and upto one year	More than one year		
(%)	Rupees in '000				
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	5% to 7.4%	102,550	-	18	102,568
Investment - listed equity securities		-	-	919,590	919,590
Dividend receivable and accrued mark-up		-	-	3,623	3,623
Receivable against sale of investment		-	-	532,832	532,832
Advances and deposits		-	-	9,940	9,940
		<u>102,568</u>	<u>-</u>	<u>1,466,003</u>	<u>1,568,553</u>
<b>Financial liabilities</b>					
Payable to the Management Company		-	-	7,655	7,655
Payable to the Trustee		-	-	228	228
Payable against purchase of investments		-	-	23,548	23,548
Accrued expenses and other liabilities		-	-	503,039	503,039
		<u>-</u>	<u>-</u>	<u>534,470</u>	<u>534,470</u>
<b>On-balance sheet gap (a)</b>		<u>102,568</u>	<u>-</u>	<u>(19,830)</u>	<u>82,738</u>
<b>Off-balance sheet financial instruments</b>					
<b>Off-balance sheet gap (b)</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap (a+b)</b>		<u>102,568</u>	<u>-</u>	<u>-</u>	
<b>Cumulative interest rate sensitivity gap</b>		<u>102,568</u>	<u>102,568</u>	<u>102,568</u>	

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations, 2008 also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 35% of the net assets.

In case of 1% increase / decrease in KSE 30 index on June 30, 2022, with all other variables held constant, the total income of the Fund for the year would increase / decrease by Rs 2.235 million (2021: Rs. 9.196 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 30 Index.

18.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

The table below analyses the Fund's maximum exposure to credit risk:

	2022		2021	
	Financial assets	Maximum exposure to credit risk	Financial assets	Maximum exposure to credit risk
	----- Rupees in '000 -----			
Balances with banks	47,889	47,889	102,568	102,568
Investments	223,548	-	919,590	-
Dividend receivable and accrued mark-up	1,442	1,442	3,623	3,623
Receivable against sale of investments	2,278	2,278	532,832	532,832
Advances and deposits	2,600	2,600	9,940	9,940
	<u>277,757</u>	<u>54,209</u>	<u>1,568,553</u>	<u>648,963</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. The difference is because of investment in equity securities which are not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

#### Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and mark-up accrued thereon. The credit rating profile of balances with banks is as follows:

Rating category	2022	2021
	-----%-----	
AA-	12.55%	34.85%
AAA	17.21%	65.15%
A+	70.22%	-
A	0.02%	-
	<u>100%</u>	<u>100%</u>

#### Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

All financial assets of the Fund as at June 30, 2022 are unsecured and are not impaired except for term finance certificates of Dewan Cement Limited as disclosed in note 25 to these financial statements.

### 18.3 Liquidity risk

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

The Fund is exposed to daily settlement of equity securities and daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year no borrowings were made by the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, no such instances were witnessed by the Fund during the current year .

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

2022						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees						
<b>Financial assets</b>						
Balances with banks	47,889	-	-	-	-	47,889
Investments	-	-	-	-	223,548	223,548
Dividend receivable and accrued mark-up	1,442	-	-	-	-	1,442
Receivable against sale of investments	2,278	-	-	-	-	2,278
Advances and deposits	-	-	-	-	2,600	2,600
	<b>51,609</b>	-	-	-	<b>226,148</b>	<b>277,757</b>
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited Management Company	2,333	-	-	-	-	2,333
Payable to the Central Depository Company of Pakistan Limited - Trustee	65	-	-	-	-	65
Accrued expenses and other liabilities	1,520	-	-	-	-	1,520
	<b>3,918</b>	-	-	-	-	<b>3,918</b>
<b>Net financial assets</b>	<b>47,691</b>	-	-	-	<b>226,148</b>	<b>273,839</b>
2021						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees						
<b>Financial assets</b>						
Balances with banks	102,568	-	-	-	-	102,568
Investments	-	-	-	-	919,590	919,590
Dividend receivable and accrued mark-up	3,623	-	-	-	-	3,623
Receivable against sale of investments	532,832	-	-	-	-	532,832
Advances and deposits	-	-	-	-	9,940	9,940
	<b>639,023</b>	-	-	-	<b>929,530</b>	<b>1,568,553</b>
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited Management Company	-	-	-	-	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	7,655	-	-	-	-	7,655
Payable against purchase of investments	-	-	-	-	-	-
Accrued expenses and other liabilities	228	-	-	-	-	228
	-	-	-	-	23,548	23,548
	503,039	-	-	-	-	503,039
	<b>510,922</b>	-	-	-	<b>23,548</b>	<b>534,470</b>
<b>Net financial assets</b>	<b>128,101</b>	-	-	-	<b>905,982</b>	<b>1,034,083</b>

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2022, the Fund held the following financial instruments measured at fair values:

		2022			
Note		Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
<b>Financial assets at ' fair value through profit or loss'</b>					
Investments - Listed equity securities	5.1	223,548	-	-	223,548
		----- Rupees in '000 -----			
		2021			
Note		Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
<b>Financial assets at ' fair value through profit or loss'</b>					
Investments - Listed equity securities	5.1	919,590	-	-	919,590

20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

21 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

Top ten brokers during the year ended June 30, 2022 are:

- Intermarket Securities Limited
- DJM Securities Limited
- Insight Securities (Private) Limited
- IGI Finex Securities Limited
- Topline Securities (Private) Limited
- WE Financial Services Limited
- AKD Securities Limited
- Sherman Securities (Private) Limited
- Pearl Securities Limited
- Multiline Securities Limited

Top ten brokers during the year ended June 30, 2021 are:

- Intermarket Securities Limited
- WE Financial Services Limited
- BMA Capital Management Limited
- Taurus Securities Limited
- AKD Securities Limited
- Cedar Capital (Private) Limited
- EFG Hermes Pakistan Limited
- Habib Metropolitan Financial Services Limited
- JS Global Capital Limited
- DJM Securities Limited

22 PARTICULARS OF THE INVESTMENT COMMITTEE

Details of members of the Investment Committee of the Fund as on June 30, 2022 are as follows:

S. No	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	23+ years
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	26+ years
3	Karim Khawaja	Head of Risk	MBA, CMA	19+ years
4	Mustafa Mahmood Khan	Head of Research	ACCA, CFA	12+ years

23 PATTERN OF UNIT HOLDING

-----As at June 30, 2022-----				
	Number of unit holders	Number of units held	Investment amount	Percentage investment
Rupees in '000				
Associated company	2	858,314	61,736	26.20%
Retirement funds	5	1,028,945	74,009	31.41%
Other corporate	2	55,834	4,016	1.70%
Individuals	318	1,332,951	95,876	40.69%
	<u>327</u>	<u>3,276,044</u>	<u>235,637</u>	<u>100%</u>

-----As at June 30, 2021-----				
	Number of unit holders	Number of units held	Investment amount	Percentage investment
Rupees in '000				
Associated company	1	4,131,628	463,164	48.69%
Insurance companies	2	128,792	14,438	1.52%
Bank/DFI	1	1,604,623	179,880	18.91%
Retirement funds	2	98,865	11,083	1.16%
Other corporate	2	51,298	5,752	0.60%
Individuals	360	2,471,211	277,028	29.12%
	<u>368</u>	<u>8,486,417</u>	<u>951,345</u>	<u>100%</u>

24 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Seven meetings of the Board of Directors were held on August 26, 2021, September 09, 2021, October 28, 2021, February 11, 2022, April 26, 2022, May 10, 2022 and May 16, 2022 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of director	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar <sup>1</sup>	7	7	-	-
2	Ms. Ava A. Cowasjee <sup>1</sup>	7	5	2	May 10, 2022 and May 16, 2022
3	Mr. Shabbir Hussain Hashmi <sup>5</sup>	5	5	-	-
4	Mr. Rayomond H. Kotwal <sup>1</sup>	7	7	-	-
5	Mr. Abrar Ahmed Mir <sup>1</sup>	7	7	-	-
6	Mr. Tariq Masaud <sup>1</sup>	7	7	-	-
7	Mr. Muhammad Afaq Khan <sup>2</sup>	3	1	2	August 26, 2021 and October 28, 2021
8	Mr. Abid Sattar <sup>3</sup>	3	3	-	-
9	Mr. Khalid Malik <sup>4</sup>	2	2	-	-

<sup>1</sup> Completed term and reappointed on April 29, 2022.

<sup>2</sup> Resigned on January 20, 2022.

<sup>3</sup> Appointed on February 11, 2022.

<sup>4</sup> Appointed on April 29, 2022.

<sup>5</sup> Completed term and retired on April 28, 2022.

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

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Stock Fund (the Fund) as 'Equity Scheme' in accordance with the said circular. As at June 30, 2022, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Name of non-complaint investment	Type of investment	Value of Investment before provision	Provision held (if any)	Value of investment after provision	% of Gross assets
----- Rupees in '000 -----					
Dewan Cement Limited	TFC	(25,000)	(25,000)	-	-

26 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 4.87% (2021: 5.14%) which includes 0.38% (2021: 0.79%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

27 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

28 GENERAL

Figures have been rounded off to the nearest thousand Rupees unless otherwise stated

29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 29, 2022 by the Board of Directors of the Management Company.

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

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**Chief Financial Officer**

---

**Chief Executive Officer**

---

**Director**



**HBL** Cash Fund

<b>NAME OF FUND</b>	<b>HBL Cash Fund</b>
<b>NAME OF AUDITORS</b>	<b>BDO Ebrahim &amp; Co. Chartered Accountants.</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Faysal Bank Limited Allied Bank Limited MCB Bank Limited Samba Bank Limited Zarai Taraqiati Bank Limited JS Bank Limited Sindh Bank Limited Dubai Islamic Bank of Pakistan National Bank of Pakistan</b>
<b>FUND RATING</b>	<b>AA+(f)</b>

### Type and Category of Fund

Open end Money Market Fund

### Investment Objective and Accomplishment of Objective

The investment objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity. The Fund will aim to maximize returns through efficient utilization of investment and liquidity management tools. The investment objective is achieved.

### Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is 70% (3Month PKRV) + 30% (3Month Avg. Deposit Rate of 3 AA rated Banks) as per MUFAP. The comparison of the fund return with benchmark is given below:

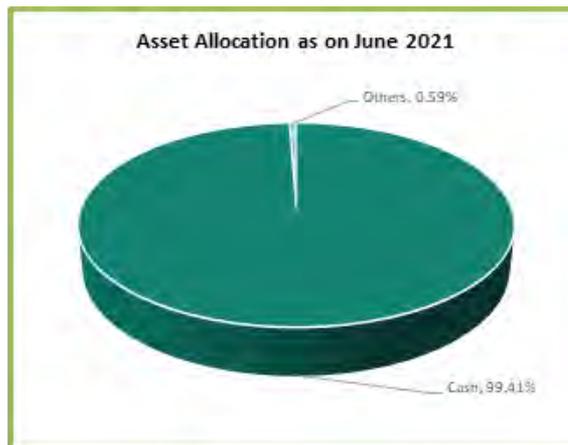
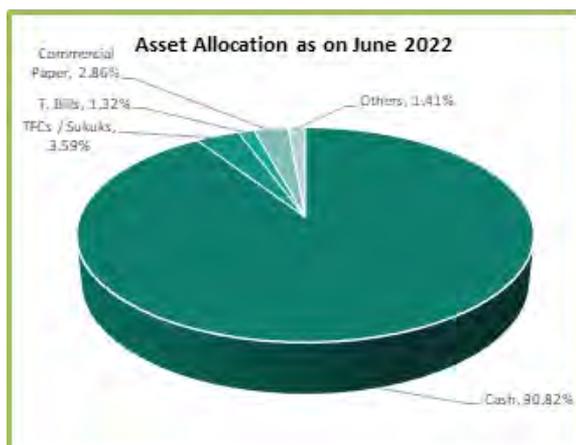
Month	HBL-CF	Benchmark
Jun-22	16.24%	13.45%
May-22	13.57%	12.94%
Apr-22	10.59%	11.46%
Mar-22	11.02%	10.31%
Feb-22	9.78%	9.55%
Jan-22	11.15%	9.27%
Dec-21	10.95%	9.16%
Nov-21	7.32%	7.88%
Oct-21	7.68%	7.20%
Sep-21	7.85%	6.83%
Aug-21	11.98%	6.71%
Jul-21	7.28%	6.72%



### Strategies and Policies employed during the Year

During the year, the fund was majorly invested in Government Securities of 3 months tenors, placements with DFIs while some exposures were built in Short Term Sukuk and Commercial Papers as well. HBL Cash Fund posted an annualized return (YTD) of 10.97% against the benchmark return of 9.28% in FY22. In line with the investment policy of the Fund, the Fund continued to hold major investments in the form of short maturity T-Bills and placements with Commercial Banks and DFIs in Daily Product Accounts and LOPs. During the year, investment was made in short term commercial papers and short term sukuk to support bottom line. During quarter, Calendar and Fiscal year ends, better opportunities were offered in Bank Deposits which assisted the Fund Manager in optimizing Fund returns.

### Asset Allocation



## Significant Changes in Asset Allocation during the Year

No major changes were made in asset allocation during the year due to nature of the fund. The investment in Government Securities was trimmed and the exposure was diverted towards Bank Deposits in June 2022. At the end of the year, 90.82% of the assets were deployed in Cash at Bank whereas, 6.45% was kept in Short Term Sukuk and Commercial Paper as they were offering better returns.

## Fund Performance

The total income and net income of the Fund was Rs. 3.21 billion and Rs. 3.16 billion respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs 101.3611 per unit as on June 30, 2022 as compared to Rs 101.2227 per unit as on June 30, 2021, after incorporating dividends of Rs. 10.4432 per unit, thereby giving an annualized return of 10.97%. During the year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 9.28%. The size of Fund was Rs 36.07 billion as on June 30, 2022 as compared to Rs. 26.54 billion at the start of the year.

## Market Review

Post-COVID, the SBP shifted its focus from catalyzing economic recovery toward sustaining it. Accordingly, the Monetary Policy Committee (MPC) increased the Policy Rate by 2.75% to 9.75% during 1HFY22. However, the onset of war between Russia and Ukraine during 2HFY22 led to a spike in international commodity prices, fueling inflationary concerns and prompting the MPC to increase the Policy Rate by another 400bps to 13.75%. Resultantly, during FY22, secondary market yields on T-bills increased in the range of 7.49-7.70%, while those on PIBs increased in the range of 2.98-4.46%.

The cut-off yields in the last T-bills auction were 15.23%, 14.80%, and 14.95% for 3M, 6M and 12M tenors, respectively. The cut-off yields in the last PIBs auction were 13.97%, 13.18%, and 13.15% in 3Y, 5Y and 10Y tenors, respectively, while bids for 15Y tenors were rejected.

GOP Ijarah Sukuk auction was held on 20-Jun-22, with a target of PKR 100bn (PKR 25bn Fixed Rental and PKR 75bn Variable Rental Rate) for a period of 5 years. The Ministry of Finance accepted bids worth PKR 6.03bn (at 12.9406%) in FRR Sukuk, and PKR 61.11bn (at 13.64%) in VRR Sukuk.

The latest hike in the Policy Rate to 13.75% is expected to help moderate demand to a more sustainable pace, while keeping inflation expectations anchored, and containing risks to external stability. However, we believe that gradual imposition of PDL on fuel, along with hike in electricity and gas tariffs, will translate adversely in CPI. Resultantly, we expect average inflation for FY23 to be in the range of 15.0-16.0%. Hence, further monetary tightening cannot be ruled out in order to cushion the adverse impact on CAD and local currency.

However, inflation is expected to taper down from FY24 onwards due to high-base effect and expectation of easing in international commodity prices. Upside risks to our estimates remain in the form of elevated international commodity prices for an extended period due to geopolitical concerns.

## Distribution

The Fund has distributed cash dividend up-to Rs. 10.4432 per unit for the year ended June 30, 2022.

## Significant Changes in the State of Affairs

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

## Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	589	13,211
101 – 500	197	39,573
501 – 1,000	84	59,075
1,001 – 10,000	427	2,121,798
10,001 – 100,000	516	18,346,698
100,001 – 500,000	157	33,622,776
500,001 – 1,000,000	25	18,903,659
1,000,001 – 5,000,000	39	94,826,454
5,000001 and more	16	187,886,778
<b>Total</b>	<b>2,050</b>	<b>355,820,022</b>

#### **Unit Splits**

There were no unit splits during the year.

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

Investments are subject to market risk.

#### **Soft Commission**

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

**PERFORMANCE TABLE –**  
**HBL CASH FUND**  
*As at June 30, 2022*

	2022	2021	2020	2019	2018	2017
Net assets at the period end (Rs'000)	36,066,308	26,539,411	17,975,752	8,808,923	12,039,734	5,954,130
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	101.3611	101.2227	101.1599	100.8886	106.0021	100.4888
Offer - Class C	101.3611	101.2227	101.1599	100.8886	106.0021	100.4888
Offer - Class D	102.5065	102.3665	102.3030	102.0286	107.1999	101.6243
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit - Class C	102.1124	102.5866	102.0921	104.3893	106.0021	106.0546
Lowest offer price per unit - Class C	101.2227	101.1599	100.8886	100.7521	100.5287	100.3862
Highest offer price per unit - Class D	103.3769	102.5866	103.2457	105.5689	107.1999	107.2530
Lowest offer price per unit - Class D	101.3227	101.1599	101.0330	101.8906	101.6647	101.5206
Highest redemption price per unit	102.1124	101.1599	102.0921	104.3893	106.0021	106.0546
Lowest redemption price per unit	101.2227	101.8332	100.8886	100.7521	100.5287	100.3862
<b>RETURN ( % )</b>						
Total return	10.97%	6.97%	12.86%	8.89%	5.49%	7.18%
Income distribution	10.44%	6.78%	12.00%	8.53%	5.25%	7.15%
Capital growth	0.53%	0.19%	0.86%	0.36%	0.24%	0.03%
<b>DISTRIBUTION</b>						
Date of Income Distribution					-	-
Income Distribution (Rs. Per unit)					-	-
Date of Income Distribution	44414	44049	1-Aug-19		-	-
Income Distribution (Rs. Per unit)	0.7771	0.7298	1.1585		-	-
Date of Income Distribution	3-Sep-21	3-Sep-20	2-Sep-19		-	-
Income Distribution (Rs. Per unit)	0.9822	0.4954	1.0317		-	-
Date of Income Distribution	8-Oct-21	1-Oct-20	1-Oct-19		-	-
Income Distribution (Rs. Per unit)	0.7675	0.5295	1.0471		-	-
Date of Income Distribution	5-Nov-21	5-Nov-20	3-Nov-19		-	-
Income Distribution (Re. Per unit)	0.5907	0.6651	1.1689		-	-
Date of Income Distribution	3-Dec-21	3-Dec-20	2-Dec-19	28-Dec-18	-	-
Income Distribution (Rs. Per unit)	0.5954	0.5039	0.9464	3.50	-	-
Date of Income Distribution	7-Jan-22	1-Jan-21	1-Jan-20	29-Jan-19	-	-
Income Distribution (Re. Per unit)	1.1016	0.5420	1.0760	0.9751	-	-
Date of Income Distribution	4-Feb-22	3-Feb-21	3-Feb-20	27-Feb-19	-	-
Income Distribution (Re. Per unit)	0.8326	0.6441	1.1608	0.7372	-	-
Date of Income Distribution	4-Mar-22	4-Mar-21	2-Mar-20	28-Mar-19	-	-
Income Distribution (Re. Per unit)	0.7582	0.5084	0.9473	0.7532	-	-
Date of Income Distribution	8-Apr-22	1-Apr-21	2-Apr-20	29-Apr-19	-	-
Income Distribution (Re. Per unit)	1.0850	0.5453	1.2980	0.8571	-	-
Date of Income Distribution	13-May-22	5-May-21	7-May-20	31-May-19	-	-
Income Distribution (Re. Per unit)	1.0988	0.6281	1.2349	0.9532	-	-
Date of Income Distribution	3-Jun-22	3-Jun-21	4-Jun-20	27-Jun-19	-	-
Income Distribution (Rs. Per unit)	0.8574	0.5590	0.6173	0.75	-	-
Date of Income Distribution	27-Jun-22	24-Jun-21	18-Jun-20		4-Jul-18	20-Jun-17
Income Distribution (Re. Per unit)	0.9967	0.4248	0.3172		5.25	7.15
Total dividend distribution for the year/ period (Rs)	10.4432	6.7754	12.0041	8.5258	5.2500	7.1500
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	10.97%	6.97%	12.86%	8.89%	5.49%	7.18%
Average annual return 2 year	8.95%	9.88%	10.86%	7.17%	6.32%	6.62%
Average annual return 3 year	10.24%	9.54%	9.04%	7.17%	6.24%	7.90%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Net Assets as at 30 June:						
Bank Balances	90.82%	99.41%	55.88%	71.60%	81.03%	90.86%
T-Bills	1.32%	0.00%	40.01%	9.98%	0.00%	0.00%
Placement with Banks and DFIs	0.00%	0.00%	0.00%	4.05%	18.61%	7.50%
Commercial Paper	2.86%	0.00%	3.88%	13.26%	0.00%	1.35%
Corporate Sukuks / TFCs	3.59%	0.00%	0.00%	0.00%	0.00%	0.00%
MTS / Spread Transactions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Others Including receivables	1.41%	0.59%	0.23%	1.11%	0.36%	0.29%
Weighted average portfolio duration (No. of days)	8	1	60	16	6	16

Note:

The Launch date of the Fund is December 13, 2010

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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Karachi - 74400, Pakistan.

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URL: www.cdcpakistan.com

Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL CASH FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Cash Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

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

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

Karachi, September 16, 2022





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 Pakistan

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

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Cash Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

#### Key Audit Matters

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

Following is the Key audit matter:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p><b>Existence and valuation of investments</b></p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2022, the investments held by the Fund comprised of debt instruments which represent 7.78% of the total assets of the Fund as at the year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We evaluated the design and implementation of key controls over investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>



S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. Further, the Fund is required to be compliant with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) with respect to investments.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We performed substantive audit procedures on year-end balance of investment portfolio including review of custodian's statement, and related reconciliations and re-performance of debt instruments valuations on the basis of prices at the Mutual Fund Association of Pakistan (MUFAP) as at June 30, 2022 and matching the valuation of investment with that appearing in the financial statements.</li> <li>We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance.</li> </ul>

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

The Management Company ("HBL Asset Management Limited") is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

*BDO*



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

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

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

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

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

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

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.



We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

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

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

KARACHI

DATED: 27 SEP 2022

UDIN: AR202210067(UiGXXD8)

BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

	Note	2022 ----- (Rupees in '000) -----	2021
<b>ASSETS</b>			
Bank balances	5	33,290,444	26,522,253
Investments	6	2,850,342	-
Profit / mark-up receivable	7	514,489	156,410
Advances, deposits and prepayments	8	1,132	1,221
<b>TOTAL ASSETS</b>		<b>36,656,407</b>	<b>26,679,884</b>
<b>LIABILITIES</b>			
Payable to the Management Company	9	16,724	7,856
Payable to the Trustee	10	1,537	1,547
Payable to Securities and Exchange Commission of Pakistan	11	6,139	5,067
Payable against purchase of investments - net		484,070	-
Accrued expenses and other liabilities	12	81,629	126,003
<b>TOTAL LIABILITIES</b>		<b>590,099</b>	<b>140,473</b>
<b>NET ASSETS</b>		<b>36,066,308</b>	<b>26,539,411</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>36,066,308</b>	<b>26,539,411</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13	----- (Number of Units) -----	
Number of units in issue	14	355,820,022	262,188,307
		----- (Rupees) -----	
Net assets value per unit		101.3611	101.2227

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

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

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

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

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

	2022	2021
Note	----- (Rupees in '000) -----	
<b>Income</b>		
Capital loss on sale of investments - net	(32,033)	(3,146)
Income from Government securities	897,045	1,101,277
Income from money market transactions and placements	304,429	76,309
Income from corporate sukuk bonds	47,779	1,182
Mark-up on bank deposits	<u>1,994,228</u>	<u>695,862</u>
	3,211,448	1,871,484
Unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	6.3 500	-
	<u>3,211,948</u>	<u>1,871,484</u>
<b>Expenses</b>		
Remuneration of the Management Company	9.1 85,067	75,274
Sindh Sales Tax on remuneration of the Management Company	9.2 11,059	9,786
Remuneration of the Trustee	10 17,595	16,467
Sindh Sales Tax on remuneration of the Trustee	10 2,287	2,141
Annual fee to Securities and Exchange Commission of Pakistan	11 6,139	5,067
Allocation of fees and expenses related to registrar services, accounting, operation and valuation services	9.3 10,441	6,026
Selling and marketing expenses	9.4 10,518	6,026
Auditors' remuneration	15 447	414
Fees and subscription	600	287
Securities transaction costs and settlement charges	535	715
Bank charges	852	914
Printing charges	17	52
	<u>145,557</u>	<u>123,169</u>
<b>Net income for the year from operations</b>	3,066,391	1,748,315
Reversal of provision / (provision) for Sindh Workers' Welfare Funds	12 98,533	(34,966)
<b>Net income for the year before taxation</b>	<u>3,164,924</u>	<u>1,713,349</u>
Taxation	16 -	-
<b>Net income for the year</b>	<u><u>3,164,924</u></u>	<u><u>1,713,349</u></u>
<b>Allocation of net income for the year</b>		
Income already paid on redemption of units	317,276	109,249
Accounting income available for distribution:		
Relating to capital gains	-	-
Excluding capital gains	<u>2,847,648</u>	<u>1,604,100</u>
	<u>2,847,648</u>	<u>1,604,100</u>
	<u><u>3,164,924</u></u>	<u><u>1,713,349</u></u>
Earnings per unit	17	

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

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

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

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

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

	<b>2022</b>	<b>2021</b>
	----- (Rupees in '000) -----	-----
Net income for the year	3,164,924	1,713,349
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,164,924</u>	<u>1,713,349</u>

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

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

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

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

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

**HBL Cash Fund**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2022

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
<b>Net assets at beginning of the year</b>	26,431,839	107,572	26,539,411	17,880,077	91,709	17,971,786
<b>Issuance of 1,398,078,457 units (2021: 523,627,783 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	141,517,276	-	141,517,276	52,970,141	-	52,970,141
Element of income	599,457	-	599,457	139,112	-	139,112
<b>Total proceeds on issuance of units</b>	142,116,733	-	142,116,733	53,109,253	-	53,109,253
<b>Redemption of 1,304,446,743 units (2021: 439,096,679 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	(132,039,621)	-	(132,039,621)	(44,418,980)	-	(44,418,980)
Income already paid on redemption of units	-	(317,276)	(317,276)	-	(109,249)	(109,249)
Element of loss	(206,150)	-	(206,150)	(14,296)	-	(14,296)
<b>Total payments on redemption of units</b>	(132,245,771)	(317,276)	(132,563,047)	(44,433,276)	(109,249)	(44,542,525)
<b>Total comprehensive income for the year</b>	-	3,164,924	3,164,924	-	1,713,349	1,713,349
Rs. 0.7298 per unit declared on August 07, 2020 as cash dividend						
Refund of capital	-	-	-	(8,203)	-	(8,203)
Distribution during the year	-	-	-	-	(138,045)	(138,045)
Rs. 0.4954 per unit declared on September 04, 2020 as cash dividend						
Refund of capital	-	-	-	(25,191)	-	(25,191)
Distribution during the year	-	-	-	-	(84,019)	(84,019)
Rs. 0.5295 per unit declared on October 02, 2020 as cash dividend						
Refund of capital	-	-	-	(7,305)	-	(7,305)
Distribution during the year	-	-	-	-	(115,476)	(115,476)
Rs. 0.6651 per unit declared on November 06, 2020 as cash dividend						
Refund of capital	-	-	-	(9,922)	-	(9,922)
Distribution during the year	-	-	-	-	(159,887)	(159,887)
Rs. 0.5039 per unit declared on December 04, 2020 as cash dividend						
Refund of capital	-	-	-	(2,811)	-	(2,811)
Distribution during the year	-	-	-	-	(128,760)	(128,760)
Rs. 0.5420 per unit declared on January 01, 2021 as cash dividend						
Refund of capital	-	-	-	(10,681)	-	(10,681)
Distribution during the year	-	-	-	-	(139,094)	(139,094)
Rs. 0.6441 per unit declared on February 04, 2021 as cash dividend						
Refund of capital	-	-	-	(22,783)	-	(22,783)
Distribution during the year	-	-	-	-	(162,909)	(162,909)
Rs. 0.5084 per unit declared on March 05, 2021 as cash dividend						
Refund of capital	-	-	-	(3,077)	-	(3,077)
Distribution during the year	-	-	-	-	(144,545)	(144,545)
Rs. 0.5453 per unit declared on April 02, 2021 as cash dividend						
Refund of capital	-	-	-	(9,048)	-	(9,048)
Distribution during the year	-	-	-	-	(157,317)	(157,317)
Rs. 0.6281 per unit declared on May 05, 2021 as cash dividend						
Refund of capital	-	-	-	(4,417)	-	(4,417)
Distribution during the year	-	-	-	-	(144,775)	(144,775)

**HBL Cash Fund**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2022

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Rs. 0.5590 per unit declared on June 04, 2021 as cash dividend						
Refund of capital	-	-	-	(15,216)	-	(15,216)
Distribution during the year	-	-	-	-	(110,021)	(110,021)
Rs. 0.4248 per unit declared on June 25, 2021 as cash dividend						
Refund of capital	-	-	-	(5,560)	-	(5,560)
Distribution during the year	-	-	-	-	(103,389)	(103,389)
Rs. 0.7771 per unit declared on August 06, 2021 as cash dividend						
Refund of capital	(6,781)	-	(6,781)	-	-	-
Distribution during the year	-	(181,837)	(181,837)	-	-	-
Rs. 0.9822 per unit declared on September 03, 2021 as cash dividend						
Refund of capital	(58,263)	-	(58,263)	-	-	-
Distribution during the year	-	(245,317)	(245,317)	-	-	-
Rs. 0.7675 per unit declared on October 08, 2021 as cash dividend						
Refund of capital	(22,942)	-	(22,942)	-	-	-
Distribution during the year	-	(240,509)	(240,509)	-	-	-
Rs. 0.5907 per unit declared on November 05, 2021 as cash dividend						
Refund of capital	(8,253)	-	(8,253)	-	-	-
Distribution during the year	-	(193,781)	(193,781)	-	-	-
Rs. 0.5954 per unit declared on December 03, 2021 as cash dividend						
Refund of capital	(2,178)	-	(2,178)	-	-	-
Distribution during the year	-	(184,572)	(184,572)	-	-	-
Rs. 1.1016 per unit declared on January 07, 2022 as cash dividend						
Refund of capital	(96,848)	-	(96,848)	-	-	-
Distribution during the year	-	(359,833)	(359,833)	-	-	-
Rs. 0.8326 per unit declared on February 04, 2022 as cash dividend						
Refund of capital	(12,731)	-	(12,731)	-	-	-
Distribution during the year	-	(315,694)	(315,694)	-	-	-
Rs. 0.7582 per unit declared on March 04, 2022 as cash dividend						
Refund of capital	(3,044)	-	(3,044)	-	-	-
Distribution during the year	-	(176,363)	(176,363)	-	-	-
Rs. 1.0850 per unit declared on April 08, 2022 as cash dividend						
Refund of capital	(35,138)	-	(35,138)	-	-	-
Distribution during the year	-	(254,380)	(254,380)	-	-	-
Rs. 1.0988 per unit declared on May 13, 2022 as cash dividend						
Refund of capital	(11,742)	-	(11,742)	-	-	-
Distribution during the year	-	(220,375)	(220,375)	-	-	-
Rs. 0.8574 per unit declared on June 03, 2022 as cash dividend						
Refund of capital	(27,332)	-	(27,332)	-	-	-
Distribution during the year	-	(174,242)	(174,242)	-	-	-
Rs. 0.9967 per unit declared on June 27, 2022 as cash dividend						
Refund of capital	(103,596)	-	(103,596)	-	-	-
Distribution during the year	-	(255,962)	(255,962)	-	-	-
	(388,848)	362,059	(26,789)	(124,214)	125,112	898
<b>Net assets at end of the year</b>	<b>35,913,953</b>	<b>152,355</b>	<b>36,066,308</b>	<b>26,431,839</b>	<b>107,572</b>	<b>26,539,411</b>

**HBL Cash Fund**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2022

	2022	2021
	Undistributed income (Rupees in '000)	Undistributed income (Rupees in '000)
<b>Undistributed income brought forward</b>		
Realised income	107,572	80,763
Unrealised income	-	10,946
	107,572	91,709
<b>Accounting income available for distribution</b>		
Relating to capital (loss) / gain	-	-
Excluding capital gains	2,847,648	1,604,100
	2,847,648	1,604,100
<b>Distributions during the year:</b>		
Interim distribution of Rs. 0.7298 per unit declared on August 07, 2020 as cash dividend	-	(138,045)
Interim distribution overs. 0.4954 per unit declared on September 04, 2020 as cash dividend	-	(84,019)
Interim distribution of Rs. 0.5295 per unit declared on October 02, 2020 as cash dividend	-	(115,476)
Interim distribution of Rs. 0.6651 per unit declared on November 06, 2020 as cash dividend	-	(159,887)
Interim distribution of Rs. 0.5039 per unit declared on December 04, 2020 as cash dividend	-	(128,760)
Interim distribution of Rs. 0.5420 per unit declared on January 01, 2021 as cash dividend	-	(139,094)
Interim distribution of Rs. 0.6441 per unit declared on February 04, 2021 as cash dividend	-	(162,909)
Interim distribution of Rs. 0.5084 per unit declared on March 05, 2021 as cash dividend	-	(144,545)
Interim distribution of Rs. 0.5453 per unit declared on April 02, 2021 as cash dividend	-	(157,317)
Interim distribution of Rs. 0.6281 per unit declared on May 05, 2021 as cash dividend	-	(144,775)
Interim distribution of Rs. 0.5590 per unit declared on June 04, 2021 as cash dividend	-	(110,021)
Interim distribution of Rs. 0.4248 per unit declared on June 25, 2021 as cash dividend	-	(103,389)
Interim distribution of Rs. 0.7771 per unit declared on August 06, 2021 as cash dividend	(181,837)	-
Interim distribution of Rs. 0.9822 per unit declared on September 03, 2021 as cash dividend	(245,317)	-
Interim distribution of Rs. 0.7675 per unit declared on October 08, 2021 as cash dividend	(240,509)	-
Interim distribution of Rs. 0.5907 per unit declared on November 05, 2021 as cash dividend	(193,781)	-
Interim distribution of Rs. 0.5954 per unit declared on December 03, 2021 as cash dividend	(184,572)	-
Interim distribution of Rs. 1.1016 per unit declared on January 07, 2022 as cash dividend	(359,833)	-
Interim distribution of Rs. 0.8326 per unit declared on February 04, 2022 as cash dividend	(315,694)	-
Interim distribution of Rs. 0.7582 per unit declared on March 04, 2022 as cash dividend	(176,363)	-
Interim distribution of Rs. 1.0850 per unit declared on April 08, 2022 as cash dividend	(254,380)	-
Interim distribution of Rs. 1.0988 per unit declared on May 13, 2022 as cash dividend	(220,375)	-
Interim distribution of Rs. 0.8574 per unit declared on June 03, 2022 as cash dividend	(174,242)	-
Interim distribution of Rs. 0.9967 per unit declared on June 27, 2022 as cash dividend	(255,962)	-
	(2,802,865)	(1,588,237)
Undistributed income carried forward	152,355	107,572
<b>Undistributed income carried forward</b>		
Realised income	151,855	107,572
Unrealised income	500	-
	152,355	107,572
<b>Net assets value per unit at beginning of the year</b>	101.2227	101.1599
<b>Net assets value per unit at end of the year</b>	101.3611	101.2227

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

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

Chief Financial Officer

Chief Executive Officer

Director

	2022	2021
Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	3,164,924	1,713,349
Adjustments for:		
Capital loss on sale of investment - net	32,033	3,146
Income from Government securities	(897,045)	(1,101,277)
Income from money market transactions and placements	(304,429)	(76,309)
Income from corporate sukuk bonds	(47,779)	(1,182)
Mark-up on bank deposits	(1,994,228)	(695,862)
Unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	(500)	-
	(47,024)	(158,135)
<b>(Increase) / decrease in assets</b>		
Investments - net	(2,398,455)	4,406,659
Advances, deposits and prepayments	89	(38)
	(2,398,366)	4,406,621
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	8,868	2,312
Payable to the Trustee	(10)	558
Payable to Securities and Exchange Commission of Pakistan	1,072	2,605
Accrued expenses and other liabilities	(44,374)	45,629
	(34,444)	51,104
Cash (used in) / generated from operations	(2,479,834)	4,299,590
Income received from Government securities	897,045	1,101,277
Income received from money market placement	304,429	76,309
Income received from corporate sukuk bonds	-	1,182
Mark-up received on bank deposits	1,684,576	587,097
	2,886,050	1,765,865
Net cashflows from operating activities	406,216	6,065,455
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	142,116,733	53,109,253
Payments against redemption of units	(132,563,047)	(44,542,525)
Dividend paid	(3,191,711)	(1,712,451)
Net cashflows from financing activities	6,361,975	6,854,277
Net increase in cash and cash equivalents during the year	6,768,191	12,919,732
Cash and cash equivalents at the beginning of the year	26,522,253	13,602,521
Cash and cash equivalents at the end of the year	33,290,444	26,522,253

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

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

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

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

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

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

HBL Cash Fund (the Fund) was established under a Trust Deed executed between HBL Asset Management Limited as the Management Company, and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/NBFC-II/DD/PCF/844/2010 dated November 11, 2010 and the Trust Deed was executed on October 22, 2010.

The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 24, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund, which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

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

The Fund is an open-ended money market scheme and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from December 11, 2010 to December 13, 2010. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The Fund has been categorised as a money market scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).

The core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.

VIS Credit Rating Agency has assigned a management quality rating of 'AM2++' (Positive outlook) to the Management Company and a stability rating of AA+(f) to the Fund as at December 31, 2021 and January 3, 2022, respectively.

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

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

## **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost basis, unless otherwise stated.

## **2.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Fund's functional currency.

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

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

### **Classification and valuation of investment**

For details please refer notes 4.2.1.1 and 18 to these financial statements.

### **Impairment of investment**

For details please refer note 4.2.1.2 to these financial statements.

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

### **3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022**

The following accounting standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have material impact on the financial statements other than certain additional disclosures.

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

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)"	January 01, 2021
Amendments to IFRS 16: 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

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

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

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

Amendments to IFRS 3: 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16: 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37: 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1: 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12: 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 1: 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024

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

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1** First Time Adoption of International Financial Reporting Standards; and
- IFRS 17** Insurance Contracts

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

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

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost / nominal amount.

##### **4.2 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

###### **4.2.1 Financial assets**

###### **4.2.1.1 Classification and measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified and measured at amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

###### **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.

###### **Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income.

#### **4.2.1.2 Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly trade debts, deposits, loans, advances, other receivables and bank balances.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012 dated October 24, 2012 in relation to impairment of debt securities.

#### **4.2.1.3 Regular way contracts**

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### **4.2.1.4 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

#### **4.2.2 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### **4.2.3 Offsetting of financial assets and liabilities**

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

#### **4.3 Provisions**

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

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

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

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

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

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

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

#### **4.7 Element of income**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

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

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

#### **4.9 Revenue recognition**

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Mark-up / return on Government securities, bank profits and investment in debt securities are recognized using the effective interest method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

**4.10 Transactions with related parties / connected persons**

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

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

		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>----- Rupees in '000 -----</b>	
<b>5</b>	<b>BANK BALANCES</b>		
	In current account	6	7
	In saving accounts	5.1	5.1
		33,290,438	26,522,246
		<u>33,290,444</u>	<u>26,522,253</u>

**5.1** These bank accounts carry mark-up at rates ranging between 5.00% to 17.62% (2021: 4.00% to 8.85%) per annum. This includes a balance held by a related party (Habib Bank Limited) amounting to Rs. 33,098.328 million (2021: Rs. 22,716.150 million) which carry markup at rates ranging between 5.00% to 17.62% (2021: 4.50% to 7.85%) per annum.

		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>----- Rupees in '000 -----</b>	
<b>6</b>	<b>INVESTMENTS</b>		
	<b>Financial assets</b>		
	At fair value through profit or loss	6.1	-
	At amortised cost	6.2	-
		1,799,570	-
		1,050,772	-
		<u>2,850,342</u>	<u>-</u>
<b>6.1</b>	<b>Financial assets at fair value through profit or loss</b>		
	Market Treasury Bills	6.1.1	-
	Corporate Sukuk Bonds	6.1.2	-
		484,570	-
		1,315,000	-
		<u>1,799,570</u>	<u>-</u>

### 6.1.1 Financial assets at fair value through profit or loss - Market Treasury Bills

Issue date	Tenure	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation on re-measurement of investment	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchases made during the year	Sales / matured during the year	As at June 30, 2022					
Rupees in '000-										
July 30, 2020	1 year	-	2,175,000	2,175,000	-	-	-	-	-	-
January 28, 2021	6 months	-	75,000	75,000	-	-	-	-	-	-
March 11, 2021	6 months	-	8,700,000	8,700,000	-	-	-	-	-	-
March 25, 2021	6 months	-	7,350,000	7,350,000	-	-	-	-	-	-
April 8, 2021	6 months	-	3,474,000	3,474,000	-	-	-	-	-	-
April 22, 2021	6 months	-	9,300,000	9,300,000	-	-	-	-	-	-
May 6, 2021	6 months	-	27,080,000	27,080,000	-	-	-	-	-	-
May 20, 2021	3 months	-	5,565,000	5,565,000	-	-	-	-	-	-
May 20, 2021	6 months	-	11,600,000	11,600,000	-	-	-	-	-	-
June 3, 2021	3 months	-	15,030,000	15,030,000	-	-	-	-	-	-
June 3, 2021	6 months	-	10,889,000	10,889,000	-	-	-	-	-	-
June 17, 2021	3 months	-	3,290,000	3,290,000	-	-	-	-	-	-
July 2, 2021	3 months	-	5,100,000	5,100,000	-	-	-	-	-	-
July 2, 2021	6 months	-	14,200,000	14,200,000	-	-	-	-	-	-
July 15, 2021	6 months	-	2,000,000	2,000,000	-	-	-	-	-	-
July 29, 2021	3 months	-	1,175,000	1,175,000	-	-	-	-	-	-
July 29, 2021	6 months	-	8,500,000	8,500,000	-	-	-	-	-	-
August 12, 2021	3 months	-	480,000	480,000	-	-	-	-	-	-
August 12, 2021	6 months	-	3,500,000	3,500,000	-	-	-	-	-	-
August 26, 2021	6 months	-	3,400,000	3,400,000	-	-	-	-	-	-
September 9, 2021	3 months	-	3,000,000	3,000,000	-	-	-	-	-	-
September 23, 2021	3 months	-	3,000,000	3,000,000	-	-	-	-	-	-
October 7, 2021	3 months	-	16,650,000	16,650,000	-	-	-	-	-	-
October 21, 2021	3 months	-	5,550,000	5,550,000	-	-	-	-	-	-
November 4, 2021	3 months	-	17,500,000	17,500,000	-	-	-	-	-	-
November 18, 2021	3 months	-	500,000	500,000	-	-	-	-	-	-
December 2, 2021	3 months	-	3,900,000	3,900,000	-	-	-	-	-	-
December 16, 2021	3 months	-	1,250,000	1,250,000	-	-	-	-	-	-
December 16, 2021	6 months	-	710,000	710,000	-	-	-	-	-	-
December 30, 2021	3 months	-	22,650,000	22,650,000	-	-	-	-	-	-
December 30, 2021	6 months	-	55,575,000	55,575,000	-	-	-	-	-	-
January 13, 2022	3 months	-	3,700,000	3,700,000	-	-	-	-	-	-
January 13, 2022	6 months	-	2,000,000	2,000,000	-	-	-	-	-	-
January 27, 2022	3 months	-	65,875,000	65,875,000	-	-	-	-	-	-
January 27, 2022	6 months	-	3,000,000	3,000,000	-	-	-	-	-	-
February 10, 2022	3 months	-	30,275,000	30,275,000	-	-	-	-	-	-
March 10, 2022	3 months	-	5,000,000	5,000,000	-	-	-	-	-	-
March 10, 2022	6 months	-	12,960,000	12,960,000	-	-	-	-	-	-
April 7, 2022	3 months	-	2,000,000	2,000,000	-	-	-	-	-	-
April 21, 2022	3 months	-	40,745,000	40,745,000	-	-	-	-	-	-
April 28, 2022	3 months	-	2,000,000	2,000,000	-	-	-	-	-	-
June 30, 2022	3 months	-	500,000	-	500,000	484,070	484,570	500	1%	17%
<b>Total - as at June 30, 2022</b>		-	<b>441,223,000</b>	<b>440,723,000</b>	<b>500,000</b>	<b>484,070</b>	<b>484,570</b>	<b>500</b>	<b>1%</b>	<b>17%</b>
<b>Total - as at June 30, 2021</b>		-	<b>206,345,000</b>	<b>216,278,000</b>	-	-	-	-	<b>0%</b>	<b>0%</b>

6.1.1.1 As at June 30, 2022, Market Treasury Bill (T-bill) had a face value of Rs. 500 million (2021: Nil) carrying effective yield of 14.71% (2021: Nil) per annum.

### 6.1.2 Financial assets at fair value through profit or loss - Corporate Sukuk Bonds

Name of investee company	Tenure	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation on re-measurement of investment	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchases made during the year	Sales / matured during the year	As at June 30, 2022					
Rupees in '000-										
Hub Power Company Limited	6 Months	-	450,000	-	450,000	450,000	450,000	-	1.25%	15.79%
K-Electric Limited	6 Months	-	450,000	-	450,000	450,000	450,000	-	1.25%	15.79%
K-Electric Limited	6 Months	-	150,000	-	150,000	150,000	150,000	-	0.42%	5.26%
K-Electric Limited	6 Months	-	265,000	-	265,000	265,000	265,000	-	0.73%	9.30%
<b>Total - as at June 30, 2022</b>		-	<b>1,315,000</b>	-	<b>1,315,000</b>	<b>1,315,000</b>	<b>1,315,000</b>	-	<b>3.65%</b>	<b>46.13%</b>
<b>Total - as at June 30, 2021</b>		-	<b>450,000</b>	<b>450,000</b>	-	-	-	-	-	-

6.1.2.1 These Corporate Sukuk Bonds carry mark-up at the rate ranging between 11.61% to 15.1% (2021: Nil) per annum.



8	ADVANCES, DEPOSITS AND PREPAYMENTS	2022	2021
		----- Rupees in '000 -----	
	Security deposits with Central Depository Company of Pakistan Limited	100	100
	Prepaid rating fee	-	106
	Advance tax	1,032	1,015
		<u>1,132</u>	<u>1,221</u>

**8.1** The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.

The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 151 of ITO 2001. The Management Company is confident that the same shall be refunded after filing refund application.

9	PAYABLE TO THE MANAGEMENT COMPANY	Note	2022	2021
			----- Rupees in '000 -----	
	Remuneration payable to the Management Company	9.1	5,658	5,593
	Sindh Sales Tax payable on Management Company's remuneration	9.2	735	727
	Allocation of fees and expenses related to registrar services, accounting, operation and valuation services	9.3	1,976	219
	Sales load payable		835	4
	Selling and marketing expense payable	9.4	7,520	1,313
			<u>16,724</u>	<u>7,856</u>

**9.1** As per the Regulation 61 of the NBFC Regulations, Asset Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document. The maximum limit disclosed in the Offering Document is 1.5% per annum of average annual net assets. During the year, the fee has been charged at the rate ranging between of 0.2% to 1.25% of the average annual net assets. The fee is payable monthly in arrears.

**9.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2021: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

**9.3** As per Regulation 60(3)(s) of NBFC Regulations, fees and expenses related to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee has been charged at the rate ranging between 0.025% to 0.35% of the average annual net assets.

**9.4** As per Regulation 60(3)(v) of NBFC Regulations, selling and marketing expense may be charged for all categories of funds except fund of funds. During the year, the fee has been charged at the rate ranging between 0.025% to 0.35% of the average annual net assets accordingly.

10	PAYABLE TO THE TRUSTEE	Note	2022	2021
			----- Rupees in '000 -----	
	Trustee fee payable	10.1	1,360	1,370
	Sindh Sales Tax payable on remuneration of the Trustee	10.3	177	177
			<u>1,537</u>	<u>1,547</u>

**10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

**10.2** Earlier, the tariff structure applicable to the Fund was as follows:

Average Net asset Value	Tariff per annum
Up to Rs. 1 billion	0.15% p.a. of net assets
Exceeding Rs. 1 billion up to Rs. 10 billion	Rs. 1.5 million plus 0.075% p.a. of net assets exceeding Rs. 1 billion
Over Rs. 10 billion	Rs. 8.25 million plus 0.06% p.a. of net assets exceeding Rs. 10 billion

The CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, had revised the rates of the Trustee fee, with effect from July 1, 2019, according to which, Trustee fee shall be charged at the rate of 0.065% of the average annual net assets of the Fund. However, CDC vide notification CDC/CEO/L-259/01/2021, dated October 11, 2021, has further revised the rates of the Trustee fee for Money Market schemes, with effect from October 1, 2021, according to which, Trustee fee shall be charged at the rate of 0.055% of the average annual net assets of the Fund.

**10.3** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2021: 13%) on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

11	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2022	2021
			----- Rupees in '000 -----	
	Annual fee payable	11.1	<u>6,139</u>	<u>5,067</u>

**11.1** As per Regulation 62 of NBFC Regulations, An Asset Management Company managing a CIS shall pay SECP an annual fee of 0.02% of the average annual net assets. The fee is payable annually in arrears.

	Note	2022	2021
		----- Rupees in '000 -----	
<b>12 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Federal Excise Duty	12.1	7,528	7,528
Provision for Sindh Workers' Welfare Fund	12.2	-	98,533
Withholding tax payable		73,445	19,044
Sales load payable		-	313
Auditors' remuneration		207	443
Brokerage payable		174	8
Other charges payable		121	63
Zakat payable		154	71
		<u>81,629</u>	<u>126,003</u>

**12.1** The legal status of applicability of Federal Excise Duty is the same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2021. However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 7.528 million (2021: Rs. 7.528 million). Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2022 would have been higher by Re. 0.0212 per unit (2021: Re. 0.0287 per unit).

**12.2 Workers' Welfare Fund and Sindh Workers' Welfare Fund**

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

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

Based on the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 98.533 million that was charged for the period from July 1, 2014 till August 12, 2021.

**13 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2022 (2021: Nil).

	2022	2021
	----Number of Units----	
<b>14 NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year	262,188,307	177,657,203
Add: Units issued during the year	1,398,078,457	523,627,783
Less: Units redeemed during the year	(1,304,446,742)	(439,096,679)
Total units in issue at the end of the year	<u>355,820,022</u>	<u>262,188,307</u>

	----Rupees in '000----	
<b>15 AUDITORS' REMUNERATION</b>		
Annual audit fee	220	220
Fee for half yearly review	110	110
Other certifications and out of pocket expenses	117	84
	<u>447</u>	<u>414</u>

**16 TAXATION**

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

**17 EARNINGS PER UNIT**

Earnings per unit (EPU) has not been disclosed in these financial statements as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

**18 FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	----- As at June 30, 2022 -----		
	At fair value through profit or loss	Amortised cost	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
Bank balances	-	33,290,444	33,290,444
Profit / mark-up receivable	-	466,710	466,710
Deposits	-	100	100
	<u>-</u>	<u>33,757,254</u>	<u>33,757,254</u>

Particulars	As at June 30, 2022		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	15,989	15,989
Payable to the Trustee	-	1,360	1,360
Accrued expenses and other liabilities	-	381	381
Payable against purchase of investments - net	-	484,070	484,070
	-	<u>501,800</u>	<u>501,800</u>

Particulars	As at June 30, 2021		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial assets</b>			
Bank balances	-	26,522,253	26,522,253
Profit / mark-up receivable	-	156,410	156,410
Deposits	-	100	100
	-	<u>26,678,763</u>	<u>26,678,763</u>

Particulars	As at June 30, 2021		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	7,129	7,129
Payable to the Trustee	-	1,212	1,212
Accrued expenses and other liabilities	-	764	764
	-	<u>9,105</u>	<u>9,105</u>

## 19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

Transactions and balances with parties who were connected persons due to holding 10% or more units in the comparative year and not in the current year are not disclosed in the comparative year.

Details of the transactions with connected persons and balances with them are as follows:

**19.1 Transactions during the year**

	<b>2022</b>	<b>2021</b>
	----- Rupees in '000 -----	
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	85,067	75,274
Sindh Sales Tax on remuneration of the Management Company	11,059	9,786
Sales load	518	133
Allocation of expenses related to registrar services, accounting, operation and valuation services	10,441	6,026
Selling and marketing expense	10,518	6,026
Issue of 2,745,776 (2021: 8,864,225) units	278,186	899,626
Redemption of 3,140,539 (2021: 8,469,462) units	319,408	859,101
Dividend paid	3,453	5,958
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	17,595	16,467
Sindh Sales Tax on remuneration of the Trustee	2,287	2,141
CDC service charges	19	52
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	843	859
Mark-up on savings accounts	900,246	502,509
<b>Directors and Executives of the Management Company</b>		
Issuance of 275,014 units (2021: 514,221 units)	27,965	52,169
Redemption of 304,999 units (2021: 438,410 units)	30,950	44,457
Dividend Income	943	849
<b>DCCL Trustee HBL Financial Planning Fund Active Allocation Plan - Fund under common management</b>		
Issuance of Nil units (2021: 22,102 units)	-	2,236
Redemption of 14,992 units (2021: 192,202 units)	1,522	19,483
Dividend paid	-	685
<b>DCCL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Fund under common management</b>		
Issuance of 13 units (2021: 8 units)	1	1
Redemption of NIL units (2021: Nil units)	-	-
Dividend paid	1	1

	2022	2021
	----- Rupees in '000 -----	
<b>DCCL Trustee HBL Financial Planning Fund Special Income Plan - Fund under common management</b>		
Issuance of 13,422 units (2021: 1,401,835 units)	1,359	142,367
Redemption of 884,451 units (2021: 530,806 units)	89,683	53,863
Dividend paid	1,359	4,946
<b>Fauji Fertilizers Company Limited - Connected person due to holding of more than 10% units</b>		
Issuance of 148,428,629 units (2021: 160,988,277 units)	15,272,926	16,328,711
Redemption of 119,151,190 units (2021: 168,542,505 units)	12,092,053	17,096,285
Dividend paid	13,458	338,299
<b>Mutual Funds Association of Pakistan - Due to Common Directorship</b>		
Issuance of 66,893 units (2021: Nil units)	6,829	-
Redemption of 15,334 units (2021: Nil units)	1,560	-
Dividend paid	319	-
<b>CDC Trustee HBL Islamic Money Market Fund - Fund under common management</b>		
Sale of Commercial Paper	367,557	199,489
<b>HBL Micro Finance Bank Limited (Formerly: First Micro Finance bank Limited) - Fund under common management</b>		
Sale of Treasury Bills	1,500,000	247,219
<b>CDC Trustee HBL Income Fund - Connected Party</b>		
Sale of Treasury Bills	30,000	-
Sale of Treasury Bills	50,000	-
Sale of Treasury Bills	20,000	-
<b>CDC Trustee HBL Money Market Fund - Connected Party</b>		
Buy of Treasury Bills	3,000,000	-
Sale of Treasury Bills	1,000,000	-
Buy of Treasury Bills	3,000,000	-
Buy of Treasury Bills	775,000	-
<b>Jubilee Life Insurance - Associate</b>		
Sale of Treasury Bills	2,000,000	-

19.2 Balances outstanding as at the year end	2022	2021
	----- Rupees in '000 -----	
<b>HBL Asset Management Limited</b>		
Remuneration payable to the Management Company	5,658	5,593
Sindh Sales Tax payable on Management Company's remuneration	735	727
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,976	219
Sales load payable	835	4
Selling and marketing expense payable	7,520	1,313
Units held: Nil (2021: 394,763)	-	39,959
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	1,537	1,547
Security deposit held	100	100
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	33,098,328	22,716,150
Profit / mark-up receivable	351,431	143,973
Sales load payable	-	313
<b>Directors and Executives of the Management Company</b>		
Units held: 78,211 (2021: 107,551)	7,928	10,887
<b>DCCL Trustee HBL Financial Planning Fund Active Allocation Plan - Fund under common management</b>		
Units held: Nil (2021: 14,922)	-	1,518
<b>DCCL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Fund under common management</b>		
Units held: 137 (2021: 124)	14	13
<b>DCCL Trustee HBL Financial Planning Fund Special Income Plan - Fund under common management</b>		
Units held: Nil (2021: 871,029)	-	88,168
<b>Fauji Fertilizers Company Limited - Connected person due to holding of more than 10% units</b>		
Units held: 59,520,216 (2021: 30,242,777)	6,030,172	3,061,256
<b>Mutual Funds Association of Pakistan - Connected person due to holding of more than 10% units</b>		
Units held: 51,558 (2021: Nil)	5,226	-

## **20 FINANCIAL RISK MANAGEMENT**

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

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

The Fund primarily invests in a portfolio of money market securities such as Market Treasury Bills, Commercial Paper, Letter of Placements and in other money market instruments. These activities are exposed to a variety of financial risks; namely, market risks, credit risks and liquidity risks.

### **20.1 Market risk**

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

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

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

#### **20.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as its full transactions are carried out in Pakistani Rupees.

#### **20.1.2 Interest rate risk**

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

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

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 5.00% to 17.62% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2022, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 19.942 million (2021: Rs. 6.959 million).

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

The Fund's investment in Market Treasury Bills, Corporate Sukuk Bonds and Commercial paper exposes it to fair value interest rate risk.

In case of 100 basis points increase in rates announced by the Financial Market Association of Pakistan on June 30, 2022, with all other variables held constant, the net income for the year and the net assets would be lower by Rs. 28.5 million (2021: Nil). In case of 100 basis points decrease in rates announced by the Financial Market Association on June 30, 2022, with all other variables held constant, the net income for the year and the net assets would be higher by Rs. 28.5 million (2021: Nil).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-statement of financial position financial instruments is based on the earlier of contractual repricing or maturity date and for off-statement of financial position instruments is based on the settlement date.

Yield / interest rate sensitivity position for on-statement of financial position financial instruments is based on the earlier of contractual repricing or maturity date and for off-statement of financial position instruments is based on the settlement date.

Particulars	----- As at June 30, 2022 -----					Total
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	----- Rupees in '000 -----				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5.00 - 17.62	33,290,438	-	-	6	33,290,444
Investments						
Market Treasury Bills	14.71	484,570	-	-	-	484,570
Commercial papers	6.93 - 7.99	-	1,050,772	-	-	1,050,772
Corporate Sukuk Bonds	11.61 - 15.10	600,000	715,000	-	-	1,315,000
Profit / mark-up receivable		-	-	-	466,710	466,710
Deposits		-	-	-	100	100
<b>Sub total</b>		<b>34,375,008</b>	<b>1,765,772</b>	<b>-</b>	<b>466,816</b>	<b>36,607,596</b>
<b>Financial liabilities</b>						
Payable to the Management Company					15,989	15,989
Payable to the Trustee					1,360	1,360
Accrued expenses and other liabilities					381	381
Payable against purchase of investments - net					484,070	484,070
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>501,800</b>	<b>501,800</b>
<b>On-balance sheet gap (a)</b>		<b>34,375,008</b>	<b>1,765,772</b>	<b>-</b>	<b>(34,984)</b>	<b>36,105,796</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<b>34,375,008</b>	<b>1,765,772</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>34,375,008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Particulars	----- As at June 30, 2021 -----					Total
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
----- Rupees in '000 -----						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	4.00 - 8.85	26,522,246	-	-	7	26,522,253
Profit / mark-up receivable		-	-	-	156,410	156,410
Deposits		-	-	-	100	100
<b>Sub total</b>		<u>26,522,246</u>	<u>-</u>	<u>-</u>	<u>156,517</u>	<u>26,678,763</u>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	7,129	7,129
Payable to the Trustee		-	-	-	1,212	1,212
Accrued expenses and other liabilities		-	-	-	764	764
<b>Sub total</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>9,105</u>	<u>9,105</u>
<b>On-balance sheet gap (a)</b>		<u>26,522,246</u>	<u>-</u>	<u>-</u>	<u>147,412</u>	<u>26,669,658</u>
<b>Off-balance sheet financial instruments</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Off-balance sheet gap (b)</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<u>26,522,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cumulative interest rate sensitivity gap</b>		<u>26,522,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Fund does not hold any security which exposes the Fund to price risk.

### 20.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in debt securities, loans and receivables and bank balances. Risks attributable to investments in Market Treasury Bills is limited as these are guaranteed by the Federal Government while bank balances are maintained with banks with a reasonably high credit rating. The risk of default is considered minimal due to interest systematic measures taken therein.

#### 20.2.1 The analysis below summarises the credit quality of the Fund's bank balances and Investments as at June 30, 2022 and June 30, 2021:

Name of bank / institutions	Balances held by the Fund as at June 30, 2022	Latest available published rating as at June 30, 2022	Rating agency
-----------------------------	---	---	---------------

(Rupees in '000)

**Balances with banks by rating category**

Bank Alfalah Limited	177,346	A-1+	PACRA
Bank Al Habib Limited	7	A-1+	PACRA
Habib Metro Bank Limited	114	A-1+	PACRA
Habib Bank Limited	33,098,328	A-1+	VIS
Allied Bank Limited	333	A-1+	PACRA
Dubai Islamic Bank Limited	46	A-1+	VIS
Samba Bank Limited	10	A-1	VIS
Zarai Taraqiati Bank Limited	48	A-1+	VIS
MCB Bank Limited	49	A-1+	PACRA
Sindh Bank Limited	20	A-1	VIS
Faysal Bank Limited	5,864	A-1+	VIS
Soneri Bank Limited	8,269	A-1+	PACRA
National Bank of Pakistan	10	A-1+	PACRA
	<u>33,290,444</u>		

**Commercial paper**

Lucky Electric Power Company Limited	481,719	A-1+	PACRA
China Power Hub Generation Company (Pvt.) Ltd.	569,053	A-1+	PACRA
	<u>1,050,772</u>		

**Corporate Sukuk Bonds**

Hub Power Company Limited	450,000	AA+	PACRA
K-Electric Limited	865,000	AA+	VIS
	<u>1,315,000</u>		

Name of bank / institutions	Balances held by the Fund as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
-----------------------------	---	---	---------------

(Rupees in '000)

**Balances with banks by rating category**

Bank Alfalah Limited	65	A-1+	VIS
Bank Al Habib Limited	5	A-1+	PACRA
Habib Metro Bank Limited	98	A-1+	PACRA
Habib Bank Limited	22,716,150	A-1+	VIS
Allied Bank Limited	3,800,125	A-1+	PACRA
Dubai Islamic Bank Limited	45	A-1+	VIS
Samba Bank Limited	10	A-1	VIS
Zarai Taraqiati Bank Limited	45	A-1+	VIS
MCB Bank Limited	4,813	A-1+	PACRA
Sindh Bank Limited	19	A-1	VIS
Faysal Bank Limited	342	A-1+	VIS
Soneri Bank	536	A-1+	PACRA
	<u>26,522,253</u>		

**20.2.2** The analysis below summarizes the credit quality of the Fund's credit exposure:

<b>Rating by rating category</b>	<b>2022</b>	<b>2021</b>
	----- (Percentage) -----	
A-1+	100.00	100.00
A-1	-	-

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

**20.3 Liquidity risk**

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

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

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year, no borrowing was made by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current year (2021: None).

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

Particulars	----- As at June 30, 2022 -----			
	Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	15,989	-	-	15,989
Payable to the Trustee	1,360	-	-	1,360
Payable against purchase of investments - net	484,070	-	-	484,070
Accrued expenses and other liabilities	381	-	-	381
	<u>501,800</u>	<u>-</u>	<u>-</u>	<u>501,800</u>

Particulars	----- As at June 30, 2021 -----			
	Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	7,129	-	-	7,129
Payable to the Trustee	1,212	-	-	1,212
Accrued expenses and other liabilities	764	-	-	764
	<u>9,105</u>	<u>-</u>	<u>-</u>	<u>9,105</u>

## 21 UNITS HOLDERS' FUND RISK MANAGEMENT

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

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

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

## 22 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Particulars	June 30, 2022							
	Carrying amount			Fair value				
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
	Note ----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>	22.1							
Market Treasury Bills		484,570	-	-	-	484,570	-	484,570
Corporate Sukuk Bonds		1,315,000	-	-	-	1,315,000	-	1,315,000
		<u>1,799,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,799,570</u>	<u>-</u>	<u>1,799,570</u>
<b>Financial assets not measured at fair value</b>	22.1							
Commercial papers		-	1,050,772	1,050,772				
Bank balances		-	33,290,444	33,290,444				
Profit / mark-up receivable		-	466,710	466,710				
Deposits		-	100	100				
		<u>-</u>	<u>34,808,026</u>	<u>34,808,026</u>				
<b>Financial liabilities not measured at fair value</b>	22.1							
Payable to the Management Company		-	15,989	15,989				
Payable to the Trustee		-	1,360	1,360				
Payable against purchase of investments - net		-	484,070	484,070				
Accrued expenses and other liabilities		-	381	381				
		<u>-</u>	<u>501,800</u>	<u>501,800</u>				

Particulars	June 30, 2021						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Note ..... (Rupees in '000) .....						
<b>Financial assets not measured at fair value</b>							
Market Treasury Bills	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>	22.1						
Bank balances	-	26,522,253	26,522,253				
Profit / mark-up receivable	-	156,410	156,410				
Deposits	-	100	100				
		<u>-</u>	<u>26,678,763</u>				
<b>Financial liabilities not measured at fair value</b>	22.1						
Payable to the Management Company	-	7,129	7,129				
Payable to the Trustee	-	1,212	1,212				
Accrued expenses and other liabilities	-	764	764				
		<u>-</u>	<u>9,105</u>				

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

**22.2** Transfers during the year

No transfer were made between various levels of fair value hierarchy during the year.

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

**Top ten brokers during the year ended June 30, 2022**

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

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

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



**26 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

Seven meetings of the Board of Directors were held on August 26, 2021, September 09, 2021, October 28, 2021, February 11, 2022, April 26, 2022, May 10, 2022 and May 16, 2022 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave	
1	Mr. Shahid Ghaffar *	7	7	-	-
2	Ms. Ava A. Cowasjee *	7	5	2	May 10, 2022, May 16, 2022
3	Mr. Rayomond H. Kotwal *	7	7	-	-
4	Mr. Abrar Ahmed Mir *	7	7	-	-
5	Mr. Tariq Masaud *	7	7	-	-
6	Mr. Muhammad Afaq Khan **	2	2	-	August 26, 2021, October 28, 2021
7	Mr. Abid Sattar ***	3	3	-	-
8	Mr. Khalid Malik ****	2	2	-	-
9	Mr. Shabbir Hussain Hashmi *****	5	5	-	-

\*Completed term and reappointed on April 29, 2022.

\*\*Resigned on January 20, 2022.

\*\*\*Appointed on February 11, 2022.

\*\*\*\*Appointed on February April 29, 2022.

\*\*\*\*\*Completed term and retired on April 28, 2022.

**27 TOTAL EXPENSE RATIO**

In accordance with the Directive 23 of 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended June 30, 2022 is 0.47% (2021: 0.62%) which includes 0.06% (2021: 0.20%) representing Government Levy and SECP fee.

**28 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on August 29, 2022 by the Board of Directors of the Management Company.

**29 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

**30 GENERAL**

**30.1** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the year ended June 30, 2022 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The Management Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact on these financial statements.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



**HBL** Multi Asset Fund

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Multi Asset Fund</b>
<b>NAME OF AUDITORS</b>	<b>KPMG Taseer Hadi &amp; Co., Chartered Accountants.</b>
<b>NAME OF TRUSTEE</b>	<b>Central Depository Company of Pakistan Limited</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited Allied Bank Limited JS Bank Limited MCB Bank Limited Zarai Tarakiyati Bank Limited Sindh Bank Limited Soneri Bank Limited National Bank Limited Dubai Islamic Bank Limited</b>

**Type and Category of Fund**

**Open end Balanced Fund**

Investment Objective and Accomplishment of Objective

**INVESTMENT OBJECTIVE**

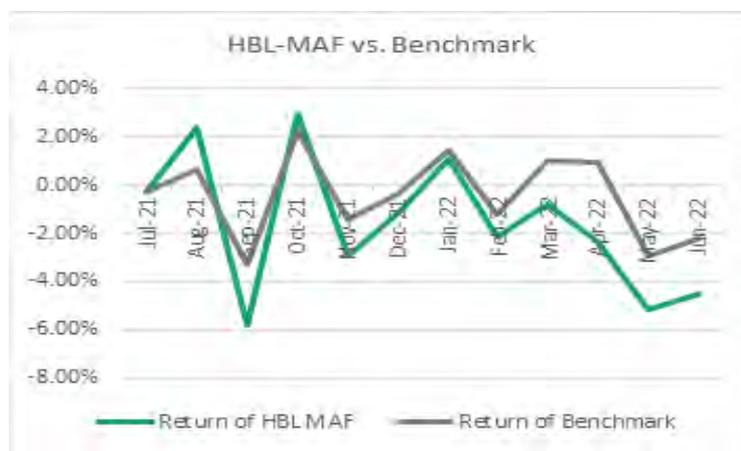
The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes such as equity, equity-related instruments, fixed-income securities, continuous funding system, derivatives, money market instruments, etc.

**Benchmark and Performance Comparison with Benchmark**

The Fund's benchmark is weighted average daily return of KSE100 and 6M average PKRV rates based on the actual proportion of investment in Equity and Fixed Income/Money Market component.

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

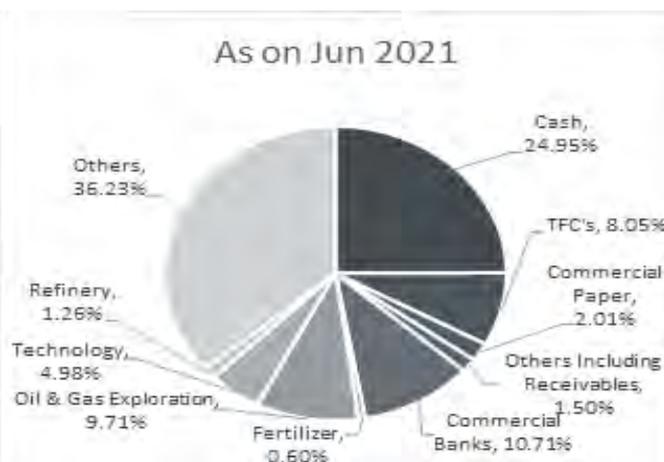
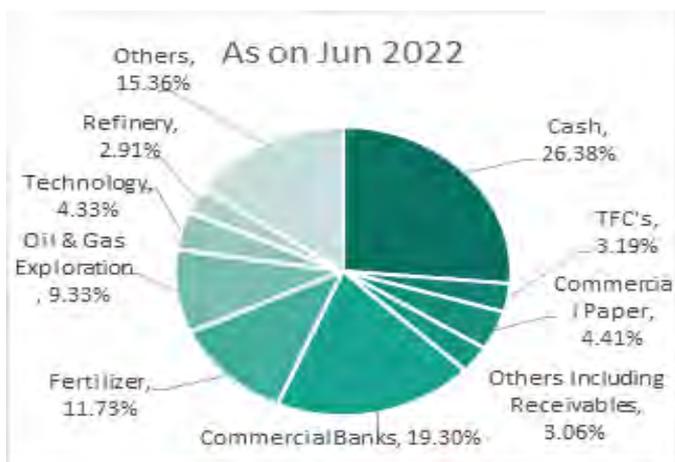
Month	Return of Fund	
	HBL-MAF	Benchmark
Jun-22	-4.50%	-2.20%
May-22	-5.18%	-2.96%
Apr-22	-2.33%	0.91%
Mar-22	-0.78%	1.03%
Feb-22	-2.13%	-1.19%
Jan-22	1.06%	1.47%
Dec-21	-1.11%	-0.37%
Nov-21	-2.94%	-1.46%
Oct-21	2.97%	2.25%
Sep-21	-5.80%	-3.26%
Aug-21	2.37%	0.67%
Jul-21	-0.29%	-0.30%



**Strategies and Policies employed during the Year**

During the year under review, the Fund has maintained its exposure in equity securities of around 63% as on June 30, 2022 similar to June 30, 2021. Furthermore, sector wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in commercial banks and fertilizers was increased, while exposure in cements and others was decreased. The Fund gradually decreased its exposure in TFCs, while increasing exposure in Commercial Papers.

**Asset Allocation**



## Significant Changes in Asset Allocation during the Year

Following table shows comparison of sector wise allocation of equity investments of Fund as on June 30, 2022 and June 30, 2021:

Sector Name	As on Jun 2022	As on Jun 2021
Cash	26.38%	24.95%
TFC's	3.19%	8.05%
Commercial Paper	4.41%	2.01%
Others Including Receivables	3.06%	1.50%
Commercial Banks	19.30%	10.71%
Fertilizer	11.73%	0.60%
Oil & Gas Exploration	9.33%	9.71%
Technology	4.33%	4.98%
Refinery	2.91%	1.26%
Others	15.4%	36.2%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Fund Performance

The total and net loss of the Fund was Rs. 30.54 million and Rs. 32.92 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs 92.9902 per unit as on June 30, 2022 as compared to Rs 112.7464 per unit as on June 30, 2021, thereby giving a negative return of 17.52%. During the same year the benchmark index (Weighted average daily return KSE 100 and 6 Month PKRV rates) yielded a negative return of 5.42%. The size of Fund was Rs 0.10 billion as on June 30, 2022 as compared to Rs. 0.20 billion at the start of the year.

### Review of Market invested in

#### Money Market Review

Post-COVID, the SBP shifted its focus from catalyzing economic recovery toward sustaining it. Accordingly, the Monetary Policy Committee (MPC) increased the Policy Rate by 2.75% to 9.75% during 1HFY22. However, the onset of war between Russia and Ukraine during 2HFY22 led to a spike in international commodity prices, fueling inflationary concerns and prompting the MPC to increase the Policy Rate by another 400bps to 13.75%. Resultantly, during FY22, secondary market yields on T-bills increased in the range of 7.49-7.70%, while those on PIBs increased in the range of 2.98-4.46%.

The cut-off yields in the last T-bills auction were 15.23%, 14.80%, and 14.95% for 3M, 6M and 12M tenors, respectively. The cut-off yields in the last PIBs auction were 13.97%, 13.18%, and 13.15% in 3Y, 5Y and 10Y tenors, respectively, while bids for 15Y tenors were rejected.

GOP Ijarah Sukuk auction was held on 20-Jun-22, with a target of PKR 100bn (PKR 25bn Fixed Rental and PKR 75bn Variable Rental Rate) for a period of 5 years. The Ministry of Finance accepted bids worth PKR 6.03bn (at 12.9406%) in FRR Sukuk, and PKR 61.11bn (at 13.64%) in VRR Sukuk.

The latest hike in the Policy Rate to 13.75% is expected to help moderate demand to a more sustainable pace, while keeping inflation expectations anchored, and containing risks to external stability. However, we believe that gradual imposition of PDL on fuel, along with hike in electricity and gas tariffs, will translate adversely in CPI. Resultantly, we expect average inflation for FY23 to be in the range of 15.0-16.0%. Hence, further monetary tightening cannot be ruled out in order to cushion the adverse impact on CAD and local currency.

However, inflation is expected to taper down from FY24 onwards due to high-base effect and expectation of easing in international commodity prices. Upside risks to our estimates remain in the form of elevated international commodity prices for an extended period due to geopolitical concerns.

### Stock Market Review

During FY22, the KSE-100 index declined by 5,815pts or 12.8% to close at 41,541pts. The poor performance of the market is primarily attributable to i) Rapid increase in CAD due to rising domestic demand and significant increase in international commodity prices, which were further fueled by the war between Russia and Ukraine, ii) Rising inflation due to the commodity super cycle, iii) Commencement of monetary tightening, iv) Uncertain local political situation, v) Geopolitical issues in the region with heightened uncertainty post U.S. exit from Afghanistan, vi) Delay in the resumption of IMF program, vii) Depleting foreign exchange reserves resulting in PKR losing significant ground against the USD, and viii) Continued foreign selling after Pakistan's reclassification from MSCI Emerging to Frontier Market Index.

During FY22, major negative contribution came from Cement (2,328 pts), Technology & Communication (912 pts), Commercial Banks (520 pts) and Refinery (424 pts) sectors. On the other hand, major positive contribution came from Fertilizer (668 pts), and Chemical (424 pts) sectors.

During the period, average traded volume declined by 56% YoY to 115mn shares, while average traded value declined by 53% YoY to PKR 6.3bn. On the flows side, Foreigners were net sellers during FY22 and sold shares worth USD 297.5Mn.

We expect the equity market to remain range-bound in the near-term due to the prevailing local and geopolitical uncertainty, rising commodity prices, and depleting foreign exchange reserves. However, the additional revenue measures announced by the government are expected to pave the way for resumption of the IMF program, which is crucial for the country to secure financing from other sources. This may alleviate the downward pressure on the PKR and potentially limit any downside in the equity market.

Our longer-term equity outlook remains positive due to attractive valuations. The equity market is trading at an eye catching P/E multiple of 4.1x compared to regional average of 14.5x, and offers an attractive dividend yield of 10.9%, compared to regional average of 2.8%. It is pertinent to note that the spread between KSE-100 index earnings yield and 10Y PKRV is 11.7%, compared to 5-year historical average spread of 4.4%, which implies an upside of ~42%.

The market is likely to regain its positive momentum once there is more clarity on the Government's economic policies, along with easing of geopolitical tensions. Reversal in international commodity prices, either on the back of disruption in demand or increase in supply, is likely to reignite investor interest in Equities. Hence, we believe that Pakistan equities offer a good opportunity for long-term investors.

#### Distribution

The Board of Directors approved nil dividend for the year ended June 30, 2022.

#### Significant Changes in the State of Affairs

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

#### Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	37	1,637
101 – 500	38	9,211
501 – 1,000	12	9,271
1,001 – 10,000	30	145,161
10,001 – 100,000	15	326,582
1,000,001 – 5,000,000	2	628,918
500,001 – 1,000,000	-	-
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
<b>Total</b>	<b>134</b>	<b>1,120,780</b>

#### Unit Splits

There were no unit splits during the year.

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

Investments are subject to market risk.

#### Soft Commission

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

**PERFORMANCE TABLE**  
**HBL MULTI ASSET FUND**  
*As at June 30, 2022*

	2022	2021	2020	2019	2018	2017
Net assets at the period end (Rs'000)	104,221	202,437	193,764	203,154	324,123	966,784
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	92.9902	112.7464	94.0814	95.6506	105.0519	112.09
Offer	95.0918	115.2945	96.2076	97.8123	107.4261	114.63
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	119.3773	119.3354	118.9252	110.1991	114.9534	129.29
Lowest offer price per unit	94.6849	97.2483	88.2349	95.669	98.0981	100.75
Highest redemption price per unit	116.739	116.698	116.2969	107.7636	112.4129	126.37
Lowest redemption price per unit	92.5923	95.0991	86.2849	93.5547	95.9301	98.52
<b>RETURN ( % )</b>						
Total return	-17.52%	21.99%	2.14%	-8.95%	-6.28%	18.40%
Income distribution	0.00%	2.05%	3.60%	0.00%	0.00%	4.00%
Capital growth	-17.52%	19.94%	-1.46%	-8.95%	-6.28%	14.40%
<b>DISTRIBUTION</b>						
Final dividend distribution (Rs)	-	2.05	3.60	-	-	4.00
Date of Income Distribution	-	18-Jun-21	26-Jun-20	-	-	20-Jun-17
Total dividend distribution for the year/ period (Rs)	-	2.05	3.60	-	-	4.00
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	-17.52%	21.99%	2.14%	-8.95%	-6.28%	18.40%
Average annual return 2 year	0.31%	11.62%	-3.56%	-7.62%	5.34%	11.99%
Average annual return 3 year	0.92%	4.30%	-4.48%	0.34%	5.54%	9.57%
Weighted average portfolio during (No. of days)						
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	26.38%	24.95%	33.10%	27.93%	35.03%	19.79%
Placements with Banks & DFIs		0.00%	0.00%	0.00%	0.00%	8.24%
TFC / Sukuk	3.19%	8.05%	8.21%	13.71%	9.48%	6.98%
Commercial Paper	4.41%	2.01%	0.00%	0.00%	0.00%	0.00%
Stock/Equities	62.96%	63.49%	56.74%	55.01%	53.14%	64.27%
Government Securities		0.00%	0.00%	0.00%	0.00%	0.00%
Others Including receivables	3.06%	1.50%	1.95%	3.36%	2.35%	0.72%

**Note:**

The Launch date of the Fund is December 17, 2007

**Disclaimer:**

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

# PROXY VOTING DISCLOSURE

As at June 30, 2022

## Summary of Actual Proxy voted by CIS

HBL MAF	Meetings	Resolutions	For	Against
Number	4	15	15	-
(%ages)	100%			-

## AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Adamjee Insurance Co Ltd	4/28/2022	5/27/2022
AGP Limited	4/26/2022	
Attock Cement Pakistan Ltd	10/21/2021	
Attock Refinery Ltd	9/22/2021	7/12/2021
Bank Al-Falah Ltd	(15-3-2022)(29-3-2022)	
Bank Al-Habib Limited	3/29/2022	
Bank of Punjab Ltd		(11/10/2021)(29-6-2022)
BankIslami Pakistan Limited	3/30/2022	
Cherat Cement Company Ltd.	10/16/2021	
D G Khan Cement Co.Ltd.	10/28/2021	
Engro Corporation Ltd	3/24/2022	
Engro Fertilizers Limited	3/22/2022	
Engro Polymer & Chemicals Ltd	3/16/2022	
Fauji Fertilizer Co Ltd	3/25/2022	(27/07/2021) (8-10-2021)(5-11-2021)
Faysal Bank Limited	3/29/2022	
GlaxoSmithKline Pakistan Ltd		
Gul Ahmed Textile Mills Ltd	(28/10/2021)(27-11-2021)	
Habib Metropolitan Bank Ltd	3/30/2022	
Hascol Petroleum Ltd	12/7/2021	
Highnoon Laboratories Limited		8/31/2021
Hum Network Ltd	(16/07/2021)(23-11-21)	
IGI Holdings Limited	4/29/2022	
IGI LIFE INSURANCE LIMITED	4/28/2022	
Interloop Limited	10/15/2021	2/24/2022
International Industries Ltd	9/30/2021	
International Steels Limited	9/29/2021	
K-Electric Limited	NIL	NIL
Kohat Cement Ltd	10/4/2021	(21/03/2022) (14 April 2022) (29/June /2022)
Lucky Cement Ltd	9/28/2021	
Maple Leaf Cement Factory Ltd	9/28/2021	
Mari Petroleum Company Ltd		(19/10/2021) (10/05/2022)
MCB Bank Ltd	3/29/2022	
Meezan Bank Ltd	3/29/2022	11/17/2021
Mughal Iron & Steel Inds Ltd		
National Bank of Pakistan Ltd	3/30/2022	
National Refinery Ltd	10/10/2021	
Nishat Mills Ltd	10/28/2021	(03/03/2022) (23/03/2022)
Oil & Gas Development Co Ltd	10/28/2021	
Pakistan National Shipping Corp Ltd	(26/10/2021) (28/10/2021)	
Pakistan Oilfields Ltd	9/22/2021	
Pakistan Petroleum Ltd	(25/10/2021) (27/10/2021)	19-Jul-21
Pakistan State Oil Company Ltd	10/26/2021	
Sitara Chemical Industries Limited	10/25/2021	
Standard Chartered Bank (Pakistan) Ltd	3/29/2022	4/28/2021
Sui Northern Gas Pipeline Ltd	7/27/2021	
Tariq Glass Industries Ltd		3/21/2022
Thal Limited	10/12/2021	
The Searle Company Ltd	10/28/2021	
TPL Insurance Limited	4/25/2022	7/6/2022
TPL Trakker Limited		
United Bank Limited	3/29/2022	8/6/2021

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



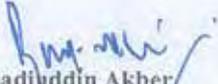
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL MULTI ASSET FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Multi Asset Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

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

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

Karachi, September 21, 2022







## KPMG Taseer Hadi & Co.

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

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting



## KPMG Taseer Hadi & Co.

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



KPMG Taseer Hadi & Co.

**Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditors' report is Zeeshan Rashid.

**Date: 28 September 2022**

**Karachi**

**UDIN: AR202210188aJnApKh10**

**KPMG Taseer Hadi & Co.  
Chartered Accountants**

	Note	2022 (Rupees in '000)	2021
<b>Assets</b>			
Bank balances	4	29,527	54,922
Investments	5	78,651	161,844
Dividend receivable and accrued mark-up	6	769	428
Receivable against purchase of investment		10	-
Advances and deposits	7	2,976	2,964
<b>Total assets</b>		<b>111,933</b>	<b>220,158</b>
<b>Liabilities</b>			
Payable to the Management Company	8	480	703
Payable to the Trustee	9	25	38
Payable to Securities and Exchange Commission of Pakistan	10	37	41
Payable against purchase of investment		-	4,003
Accrued expenses and other liabilities	11	7,168	12,936
<b>Total liabilities</b>		<b>7,710</b>	<b>17,721</b>
<b>Net assets</b>		<b>104,223</b>	<b>202,437</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>104,223</b>	<b>202,437</b>
<b>Contingencies and commitments</b>	12		
		<b>(Number of units)</b>	
<b>Number of units in issue</b>	13	<b>1,120,780</b>	<b>1,795,511</b>
		<b>(Rupees)</b>	
<b>Net assets value per unit</b>		<b>92.9902</b>	<b>112.7464</b>

The annexed notes 1 to 32 form an integral part of these financial statements.

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

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

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

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

**HBL Multi Asset Fund**  
**Income Statement**  
For the year ended June 30, 2022

	Note	2022 (Rupees in '000)	2021
<b>Income</b>			
Mark-up / return on investments calculated using the effective interest method	14	2,517	1,821
Mark-up on deposits with banks calculated using the effective interest method	15	3,891	3,527
Dividend income		6,786	6,138
Realised (loss) / gain on sale of investments		(28,951)	17,653
Unrealised (diminution) / appreciation on revaluation of investments at fair value through profit or loss		(14,778)	19,114
Other income		-	1,536
		<b>(30,535)</b>	<b>49,789</b>
<b>Expenses</b>			
Remuneration of the Management Company	8.1	4,235	4,654
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	656	721
Selling and marketing expense		909	999
Remuneration of the Trustee	9.1	424	465
Annual fee to Securities and Exchange Commission of Pakistan	10.1	37	41
Auditors' remuneration	16	496	420
Fees and subscription		194	28
Securities transaction costs		533	476
Settlement and bank charges		370	346
Printing charges		88	54
		<b>7,942</b>	<b>8,204</b>
<b>Net (loss) / income from operating activities</b>		<b>(38,477)</b>	<b>41,585</b>
Provision for Sindh Workers' Welfare Fund	11.2	5,562	(832)
<b>Net (loss) / income for the year before taxation</b>		<b>(32,915)</b>	<b>40,753</b>
Taxation	17	-	-
<b>Net (loss) / income for the year after taxation</b>		<b>(32,915)</b>	<b>40,753</b>
<b>Allocation of income for the year</b>			
Net income for the year after taxation		-	40,753
Income already paid on redemption of units		-	(6,285)
		<b>-</b>	<b>34,468</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gain		-	30,905
- Excluding capital gain		-	3,563
		<b>-</b>	<b>34,468</b>
<b>Earnings per unit</b>	18		

The annexed notes 1 to 32 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

	2022	2021
	(Rupees in '000)	
Net (loss) / income for the year after taxation	(32,915)	40,753
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive (loss) / income for the year</b>	<u>(32,915)</u>	<u>40,753</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
Director

**HBL Multi Asset Fund**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2022

Note	For the year ended June 30,					
	2022			2021		
	Capital Value	Undistributed Income / (Accumulated loss)	Total	Capital Value	Undistributed Income / (Accumulated loss)	Total
	(Rupees in '000)					
<b>Net assets at beginning of the year</b>	<b>220,838</b>	<b>(18,401)</b>	<b>202,437</b>	243,068	(49,304)	193,764
Issuance of units: 222,356 (2021: 783,723 units)						
- Capital value (at net asset value per unit at the beginning of the year)	25,070	-	25,070	73,734	-	73,734
- Element of loss	(1,127)	-	(1,127)	9,949	-	9,949
Total proceeds on issuance of units	23,943	-	23,943	83,683	-	83,683
Redemption of units: 897,087 (2021: 1,047,746 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(101,143)	-	(101,143)	(98,573)	-	(98,573)
- Element of income	11,901	-	11,901	(7,235)	(6,285)	(13,520)
Total payments on redemption of units	(89,242)	-	(89,242)	(105,808)	(6,285)	(112,093)
Total comprehensive (loss) / income for the year	-	(32,915)	(32,915)	-	40,753	40,753
Interim distribution for the year ended June 30, 2021: 2.05 per unit declared on June 21, 2021	-	-	-	-	(3,565)	(3,565)
Refund of capital	-	-	-	(105)	-	(105)
Total distribution	-	-	-	(105)	(3,565)	(3,670)
<b>Net assets at end of the year</b>	<b>155,539</b>	<b>(51,316)</b>	<b>104,223</b>	220,838	(18,401)	202,437
<b>Accumulated loss brought forward</b>						
- Realised		713			(28,505)	
- Unrealised		(19,114)			(20,799)	
		(18,401)			(49,304)	
<b>Accounting income available for distribution</b>						
- Relating capital gains		-			30,905	
- Excluding capital gains		-			3,563	
		-			34,468	
Net loss for the year after taxation		(32,915)			-	
Interim distribution for the year ended June 30, 2021: 2.05 per unit declared on June 21, 2021		-			(3,565)	
<b>Undistributed loss carried forward</b>		<b>(51,316)</b>			<b>(18,401)</b>	
<b>Accumulated loss carried forward</b>						
- Realised		(36,538)			713	
- Unrealised		(14,778)			(19,114)	
		(51,316)			(18,401)	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the year			112.7464			94.0814
Net assets value per unit at end of the year			92.9902			112.7464

The annexed notes 1 to 32 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

	2022	2021
	(Rupees in '000)	
<b>Cash flow from operating activities</b>		
Net (loss) / income for the year after taxation	(32,915)	40,753
<b>Adjustments</b>		
Mark-up on deposits with bank calculated using effective interest method	(3,891)	(3,527)
Mark-up / return on investments calculated using effective interest method	(2,517)	(1,821)
Realised loss / (gain) on sale of investments	28,951	(17,653)
Dividend income	(6,786)	(6,138)
Unrealised (appreciation) / diminution on revaluation of investments at fair value through profit or loss	14,778	(19,114)
	<u>(2,380)</u>	<u>(7,500)</u>
<b>(Increase) / Decrease in assets</b>		
Investments	35,451	15,411
Advances and deposits	(12)	551
	35,439	15,962
<b>Increase / (Decrease) in liabilities</b>		
Payable to the Management Company	(223)	(447)
Payable to the Trustee	(13)	4
Payable to Securities and Exchange Commission of Pakistan	(4)	2
Accrued expenses and other liabilities	(5,768)	(2,374)
	<u>(6,008)</u>	<u>(2,815)</u>
<b>Net cash generated from operations</b>	27,051	5,647
Markup received on bank deposits	3,527	3,646
Markup received on investments	2,542	1,850
Dividend income received	6,784	6,112
	<u>12,853</u>	<u>11,608</u>
	39,904	17,255
<b>Cash flow from financing activities</b>		
Proceeds from issuance of units	23,943	83,578
Payment on redemption of units	(89,242)	(112,093)
Cash distribution to unit holders	-	(3,565)
<b>Net cash used in financing activities</b>	(65,299)	(32,080)
<b>Net decrease in cash and cash equivalents</b>	(25,395)	(14,825)
<b>Cash and cash equivalents at beginning of the year</b>	54,922	69,747
<b>Cash and cash equivalents at end of the year</b>	<u>29,527</u>	<u>54,922</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

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

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

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

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

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 HBL Multi Asset Fund (the Fund) was established under a Trust Deed, dated October 08, 2007, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on September 28, 2007.

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

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

1.4 The Fund has been categorised as a balanced fund as per the criteria laid down by SECP for categorisation of open-end Collective Investment Scheme (CISs).

1.5 The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes, such as equity securities, government securities, fixed income securities, continuous funding system, derivatives, money market instruments and other asset classes / securities / instruments.

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Standards and amendments effective during the year

There are number of new standards and amendments that are effective from July 01, 2021 however these do not have a significant effect on the Fund's financial statements.

2.3 Standards, interpretations and amendments to accounting and reporting standards, that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:
  - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
  - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
  - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.
- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies.
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above mentioned amendments are not likely to affect the financial statements of the Fund.

#### 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

- (a) classification of financial assets (Note 3.2)
- (b) impairment of financial assets (Note 3.2)
- (c) provisions (Note 3.11)

#### 2.5 Basis of Measurement

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

#### 2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

#### 3.1 Cash and cash equivalent

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

#### 3.2 Financial assets

##### i. Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

ii. Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

c) Equity securities

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

iii. Reclassifications

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

iv. Impairment of financial assets

Financial assets at amortised cost

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Fund.

3.3 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchange and other expenses. These costs are amortised over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund and NBFC regulations, 2008.

3.4 Regular way contracts

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

3.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Fund has transferred substantially all risks and rewards of ownership.

3.6 Offsetting of financial assets and financial liabilities

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

3.7 Unitholders' fund

Unitholders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

### 3.8 Issuance and redemption of units

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

Units redeemed are recorded at the redemption price, applicable to units as of the close of the previous day. The redemption price represents the net assets value per unit as of the close of the previous day on which the applications were received less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

### 3.9 Element of income

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

Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net assets value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

### 3.10 Revenue recognition

- Mark-up on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on marking to market of investments classified as ' Financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

### 3.11 Provisions

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

3.12 Net assets value per unit

The net assets value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

3.13 Taxation

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. Provided that for the purpose of determining distribution of at least ninety percent of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund distributes more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders' every year.

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

3.14 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.15 Earnings per unit

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

3.16 Distributions

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

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

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

3.17 Other assets

Other assets are stated at cost less impairment losses, if any.

3.18 Expenses

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

4	BANK BALANCES	Note	2022	2021
			(Rupees in '000)	
	Savings accounts	4.1	<u>29,527</u>	<u>54,922</u>
			<u>29,527</u>	<u>54,922</u>

4.1 This represents bank balances held with different banks. Mark-up rates on these accounts range between 4.0% and 17.56% per annum (2021: between 4% and 7.8% per annum).

5	INVESTMENTS	Note	2022	2021
			(Rupees in '000)	
<b>Investment by category</b>				
<b>Financial assets at fair value through profit or loss</b>				
-	Listed equity securities	5.1	70,473	139,755
-	Term Finance Certificates and Sukuk Bonds	5.2	<u>3,350</u>	<u>17,705</u>
			<u>73,823</u>	157,460
<b>Financial assets at amortised cost</b>				
-	Sukuk Certificates	5.3	<u>4,828</u>	<u>4,384</u>
			<u>78,651</u>	<u>161,844</u>

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

Shares of listed companies - fully paid up ordinary shares unless stated otherwise

Name of investee company	As at July 1, 2021	Purchases during the year	Bonus / Rights issue (Note 5.1.2)	Sales during the year	As at June 30, 2022	Cost of Holding as at June 30, 2022	Market value as at June 30, 2022	Market value as a		Par value as a percentage of issued capital of the investee company
								Total Investments	Net Assets	
						(Rupees in '000)	(%)			
<b>Automobile Parts and Accessories</b>										
Ghandhara Tyre & Rubber Company Limited	30,000	21,500	-	51,500	-	-	-	-	-	-
Panther Tyres Limited	19,526	-	-	19,526	-	-	-	-	-	-
	<u>49,526</u>	<u>21,500</u>	-	<u>71,026</u>	-	-	-	-	-	-
<b>Cement</b>										
Kohat Cement Company Limited	6,200	-	-	6,200	-	-	-	-	-	-
Lucky Cement Limited	12,800	8,130	-	20,930	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	88,000	164,000	-	194,188	57,812	2,217	1,581	2.01	1.52	5.26
D.G. Khan Cement Company Limited	26,900	-	-	26,900	-	-	-	-	-	-
Fauji Cement Company Limited	-	25,000	-	25,000	-	-	-	-	-	-
Pioneer Cement Limited	15,000	2,200	-	17,200	-	-	-	-	-	-
Attock Cement Pakistan Limited	32,000	-	-	32,000	-	-	-	-	-	-
	<u>180,900</u>	<u>199,330</u>	-	<u>322,418</u>	<u>57,812</u>	<u>2,217</u>	<u>1,581</u>			
<b>Chemical</b>										
Engro Polymer & Chemicals Limited	-	27,500	-	15,000	12,500	1,023	995	1.27	0.96	1.38
Descon Oxychem Limited	-	127,500	-	127,500	-	-	-	-	-	-
Dynea Pakistan Limited	-	3,100	-	3,100	-	-	-	-	-	-
	-	<u>158,100</u>	-	<u>145,600</u>	<u>12,500</u>	<u>1,023</u>	<u>995</u>			

**HBL Multi Asset Fund**  
**Notes to the financial statements**  
For the year ended June 30, 2022

Name of investee company	As at July 1, 2021	Purchases during the year	Bonus / Rights issue (Note 5.1.2)	Sales during the year	As at June 30, 2022	Cost of Holding as at June 30, 2022	Market value as at June 30, 2022	Market value as a		Par value as a percentage of issued capital of the investee company
								Total Investments	Net Assets	
	(Number of Shares)				(Rupees in '000)		(%)			
<b>Commercial Banks</b>										
Bank Alfalah Limited	-	148,100	-	70,000	78,100	2,616	2,499	3.18	2.40	4.39
Bank AL Habib Limited	-	36,000	-	36,000	-	-	-	-	-	-
Faysal Bank Limited	72,250	113,500	-	113,000	72,750	1,653	1,678	2.13	1.61	4.79
Habib Bank Limited	49,471	104,800	-	117,200	37,071	4,506	3,386	4.31	3.25	2.53
MCB Bank Limited	22,400	12,000	-	10,000	24,400	3,774	3,001	3.82	2.88	2.06
Standard Chartered Bank (Pakistan) Limited	128,500	11,500	-	-	140,000	4,724	2,675	3.40	2.57	3.62
Meezan Bank Limited	6,300	13,000	945	7,245	13,000	1,820	1,469	1.87	1.41	0.80
United Bank Limited	62,400	42,700	-	44,200	60,900	7,666	6,890	8.76	6.61	4.97
	<b>341,321</b>	<b>481,600</b>	<b>945</b>	<b>397,645</b>	<b>426,221</b>	<b>26,759</b>	<b>21,598</b>			
<b>Engineering</b>										
Mughal Iron & Steel Industries Limited	28,612	27,500	6,001	45,500	16,613	1,534	958	1.22	0.92	4.95
Amreli Steels Limited	15,000	82,500	-	97,500	-	-	-	-	-	-
Agha Steel Industries Limited	54,000	19,000	2,400	75,400	-	-	-	-	-	-
Aisha Steels Mills Limited	60,000	-	-	60,000	-	-	-	-	-	-
International Steels Limited	9,000	-	-	9,000	-	-	-	-	-	-
International Industries Limited	10,500	-	-	10,500	-	-	-	-	-	-
	<b>177,112</b>	<b>129,000</b>	<b>8,401</b>	<b>297,900</b>	<b>16,613</b>	<b>1,534</b>	<b>958</b>			
<b>Fertilizer</b>										
Engro Corporation Limited	-	27,850	-	2,000	25,850	7,120	6,646	8.45	6.38	0.01
Engro Fertilizers Limited	-	3,000	-	-	3,000	267	266	0.34	0.00	0.00
Fauji Fertilizer Bin Qasim Limited	-	50,000	-	50,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	12,500	65,312	-	21,500	56,312	6,419	6,207	7.89	5.96	4.43
	<b>12,500</b>	<b>146,162</b>	<b>-</b>	<b>73,500</b>	<b>85,162</b>	<b>13,806</b>	<b>13,118</b>			
<b>Insurance</b>										
Adamjee Insurance Company Limited	16,000	-	-	16,000	-	-	-	-	-	-
IGI Holdings Limited	12,200	17,000	-	20,000	9,200	1,621	1,019	1.30	0.98	6.45
IGI Life Insurance Limited	19,000	19,000	-	38,000	-	-	-	-	-	-
	<b>47,200</b>	<b>36,000</b>	<b>-</b>	<b>74,000</b>	<b>9,200</b>	<b>1,621</b>	<b>1,019</b>			
<b>Oil &amp; Gas Exploration Companies</b>										
Mari Petroleum Company Limited	4,015	900	-	4,160	755	1,154	1,314	1.67	1.26	0.57
Oil & Gas Development Company Limited	67,800	110,450	-	127,650	50,600	4,352	3,981	5.06	3.82	1.18
Pakistan Oilfields Limited	6,200	4,500	-	7,800	2,900	1,126	1,177	1.50	1.13	1.02
Pakistan Petroleum Limited	73,306	118,500	-	132,906	58,900	4,312	3,976	5.06	3.82	2.16
	<b>151,321</b>	<b>234,350</b>	<b>-</b>	<b>272,516</b>	<b>113,155</b>	<b>10,944</b>	<b>10,447</b>			
<b>Oil &amp; Gas Marketing Companies</b>										
Pakistan State Oil Company Limited	22,904	6,600	-	11,500	18,004	3,845	3,094	3.93	2.97	3.83
	<b>22,904</b>	<b>6,600</b>	<b>-</b>	<b>11,500</b>	<b>18,004</b>	<b>3,845</b>	<b>3,094</b>			
<b>Pharmaceuticals</b>										
Ferozsons Laboratories Limited	-	8,000	-	8,000	-	-	-	-	-	-
Highnoon Laboratories Limited	-	3,000	-	3,000	-	-	-	-	-	-
Abbott Laboratories (Pakistan) Limited	-	2,500	-	2,500	-	-	-	-	-	-
The Searle Company Limited	862	13,000	258	12,951	1,169	167	127	0.16	0.12	0.37
	<b>862</b>	<b>26,500</b>	<b>258</b>	<b>26,451</b>	<b>1,169</b>	<b>167</b>	<b>127</b>			
<b>Power Generation and Distribution</b>										
The Hub Power Company Limited	64,483	14,000	-	39,000	39,483	2,976	2,692	3.42	2.58	3.04
	<b>64,483</b>	<b>14,000</b>	<b>-</b>	<b>39,000</b>	<b>39,483</b>	<b>2,976</b>	<b>2,692</b>			
<b>Textile Composite</b>										
Gul Ahmed Textile Mills Limited	62,400	28,000	-	76,800	13,600	673	460	0.58	0.44	2.21
Interloop Limited	28,250	9,000	847	29,097	9,000	576	549	0.70	0.53	1.00
Nishat Mills Limited	8,700	10,800	-	11,500	8,000	770	591	0.75	0.57	2.28
Nishat Chunian Limited	39,000	-	-	39,000	-	-	-	-	-	-
Kohinoor Textile Mills Limited	40,000	-	-	29,500	10,500	790	525	0.67	0.50	3.51
	<b>178,350</b>	<b>47,800</b>	<b>847</b>	<b>185,897</b>	<b>41,100</b>	<b>2,809</b>	<b>2,125</b>			
<b>Cable &amp; Electrical Goods</b>										
Waves Singer Pakistan Limited	40,000	29,000	-	69,000	-	-	-	-	-	-
	<b>40,000</b>	<b>29,000</b>	<b>-</b>	<b>69,000</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Automobile Assembler</b>										
Honda Atlas Cars (Pakistan) Limited	3,000	-	-	3,000	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	2,500	-	-	2,500	-	-	-	-	-	-
Ghandhara Industries Limited	-	2,300	-	2,300	-	-	-	-	-	-
	<b>5,500</b>	<b>2,300</b>	<b>-</b>	<b>7,800</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Food &amp; Personal Care Products</b>										
Unity Foods Limited	97,000	54,500	-	84,000	67,500	2,646	1,355	1.72	1.30	5.65
Fauji Foods Limited	-	282,935	-	282,935	-	-	-	-	-	-
Unity Foods Limited - LOR3	-	30,481	-	30,481	-	-	-	-	-	-
Fauji Foods Limited - LOR	-	209,935	-	209,935	-	-	-	-	-	-
The Organic Meat Company Limited	130,725	5,000	10,122	49,500	96,347	3,198	2,104	2.68	2.02	78.33
	<b>227,725</b>	<b>582,851</b>	<b>10,122</b>	<b>656,851</b>	<b>163,847</b>	<b>5,844</b>	<b>3,459</b>			

Name of investee company	As at July 1, 2021	Purchases during the year	Bonus / Rights issue (Note 5.1.2) (Number of Shares)	Sales during the year	As at June 30, 2022	Cost of Holding as at June 30, 2022	Market value as at June 30, 2022	Market value as a		Par value as a percentage of issued capital of the investee company
								Total Investments	Net Assets	
						(Rupees in '000)		(%)		
<b>Refinery</b>										
National Refinery Limited	2,600	5,200	-	820	6,980	2,273	1,763	2.24	1.69	8.73
Attock Refinery Limited	5,500	12,000	-	9,000	8,500	1,377	1,494	1.90	1.43	7.97
	<b>8,100</b>	<b>17,200</b>	<b>-</b>	<b>9,820</b>	<b>15,480</b>	<b>3,650</b>	<b>3,257</b>			
<b>Transport</b>										
Pakistan International Bulk Terminal Limited	-	59,000	-	59,000	-	-	-	-	-	-
Pakistan National Shipping Corporation	13,000	-	-	13,000	-	-	-	-	-	-
	<b>13,000</b>	<b>59,000</b>	<b>-</b>	<b>72,000</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Property</b>										
Pace (Pakistan) Limited	-	75,000	-	75,000	-	-	-	-	-	-
TPL Properties Limited	-	82,000	-	25,000	57,000	1,068	1,149	1.46	1.10	0.11
	<b>-</b>	<b>157,000</b>	<b>-</b>	<b>100,000</b>	<b>57,000</b>	<b>1,068</b>	<b>1,149</b>			
<b>Technology &amp; Communication</b>										
NetSol Technologies Limited	12,000	3,500	-	15,500	-	-	-	-	-	-
Avanceon Limited	36,000	17,800	4,625	33,500	24,925	2,147	1,942	2.47	1.86	7.68
Air Link Communication Limited	-	41,500	1,462	42,962	-	-	-	-	-	-
Octopus Digital Limited	-	16,430	-	16,430	-	-	-	-	-	-
Systems Limited	-	4,300	1,300	5,600	-	-	-	-	-	-
Hum Network Limited	-	180,000	-	30,000	150,000	1,073	1,068	1.36	-	15.87
TPL Trakker Limited	154,500	58,500	-	-	213,000	3,687	1,842	2.34	1.77	113.74
TRG Pakistan Limited	17,500	16,500	-	34,000	-	-	-	-	-	-
	<b>220,000</b>	<b>338,530</b>	<b>7,387</b>	<b>177,992</b>	<b>387,925</b>	<b>6,907</b>	<b>4,852</b>			
	<b>1,740,804</b>	<b>2,686,823</b>	<b>27,960</b>	<b>3,010,916</b>	<b>1,444,671</b>	<b>85,170</b>	<b>70,473</b>			

5.1.1 Investments include shares having market value aggregating to Rs. 30.695 million (June 30, 2021:Rs. 33.207 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 371,924 as at June 30, 2022 (June 30, 2021: Rs 568,894) and not yet deposited in CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

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

Name of the investee company	As at July 1, 2021	Purchases during the year	Sales / Matured during the year	As at June 30, 2022	Carrying Value as at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of			
							Total Investments	Net Assets		
						(Rupees in '000)		(%)		
<b>Commercial Banks</b>										
The Bank of Punjab - TFC	135	-	135	-	-	-	-	-	-	-
	<b>135</b>	<b>-</b>	<b>135</b>	<b>-</b>	<b>-</b>	<b>-</b>				
<b>Technology &amp; Communication</b>										
TPL Trakker Limited	4	-	-	4	3,428	3,350	4.26	3.21		
	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>3,428</b>	<b>3,350</b>				
	<b>139</b>	<b>-</b>	<b>135</b>	<b>4</b>	<b>3,428</b>	<b>3,350</b>				

**5.2.1 Significant terms and conditions of Term Finance Certificates and Sukuk Bonds outstanding at June 30, 2022 are:**

Name of security	Remaining principal (Rupees per TFC/Sukuk)	Mark-up rate (per annum)	Issue date	Maturity date
TPL Trakker Limited	833,333	3 months KIBOR + 3%	30-Mar-21	30-Mar-26

**5.3 Sukuk Certificates - At amortised cost**

Name of the Investee Company	Maturity date	As at July 1, 2021	Placements made during the	Income accrued	Matured / Sale during the year	As at June 30, 2022	Market value as a percentage of	
							Total investments	Net Assets
------(Rupees in '000)-----							-----%-----	
<b>Power Generation &amp; Distribution</b>								
HUB Power Holdings Limited	November 10, 2022	4,384	-	444	-	4,828	6.14	4.63
		<u>4,384</u>	<u>-</u>	<u>444</u>	<u>-</u>	<u>4,828</u>		

Name of security	Remaining principal (Rupees per Sukuk)	Mark-up rate (per annum)	Issue date	Maturity date
The HUB Power Holdings Limited	100,000	9.85%	12-Nov-20	12-Nov-22

	Note	2022	2021
		(Rupees in '000)	
<b>6 DIVIDEND RECEIVABLE AND ACCRUED MARK-UP</b>			
Dividend receivable		129	127
Mark-up accrued on deposits with banks		638	274
Mark-up / return accrued on Term Finance Certificates		2	27
		<u>769</u>	<u>428</u>

**7 ADVANCES AND DEPOSITS**

Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposit with Central Depository Company of Pakistan		100	100
Advance against subscription of Term Finance certificates		-	25,000
Advance tax	7.1	376	364
		<u>2,976</u>	<u>27,964</u>
Less: Provision in respect of advance against subscription of Term finance certificates	7.2	-	(25,000)
		<u>2,976</u>	<u>2,964</u>

7.1 This pertains to tax collected by bank due to non-availability of Withholding tax exemption certificate of certain months on markup on bank deposits which will be claimed on filing of tax return of the Fund

7.2 The Fund had subscribed towards the term finance certificates of an issuer as Pre-IPO investor on January 09, 2008. Under the agreement, the issuer was required to complete the public offering by October 09, 2008. However, no public offering has been carried out by the issuer as at June 30, 2021. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at June 30, 2021, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management Company.

8	PAYABLE TO THE MANAGEMENT COMPANY	Note	2022 (Rupees in '000)	2021
	In respect of:			
	Management fee	8.1	219	339
	Sindh Sales Tax on management fee	8.2	28	44
	Sales load payable		2	19
	Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	38	59
	Selling and marketing expense	8.3	193	242
			<u>480</u>	<u>703</u>

8.1 As Per SECP S.R.O. 639 (I)/2019 dated 20 June 2019, there has been amendment in NBFC Regulation no. 61, in which limits over management fee had been removed and directed that the asset management company shall disclose in the Offering document the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit. Further, the asset management company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document and such actual rate shall be disclosed in Fund manager report. The management fee expense charged by the asset management company is 2% (2021: 2%) during the year.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2021: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

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

9	PAYABLE TO THE TRUSTEE	Note	2022 (Rupees in '000)	2021
	Trustee's remuneration	9.1	22	34
	Sindh Sales Tax		3	4
			<u>25</u>	<u>38</u>

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

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2022 is as follows:

Amount of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs. 1,000 million	0.2% p.a. of NAV.
On an amount exceeding Rs. 1,000 million	Rs. 2 million plus 0.1% of NAV exceeding Rs. 1000 million.

10	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2022 (Rupees in '000)	2021
	Annual fee	10.1	37	41

10.1 Under the provisions of the Non Banking Finance Companies & Notified Entities Regulations, 2008, a collective investment scheme categorised as balanced scheme is required to pay as annual fee to the SECP, an amount equal to 0.085%. However, as per SRO 685(I)/2019 dated 28th June, 2019, the Securities and Exchange Policy Board revised the rate of annual fee at 0.02% of net assets applicable on all categories of Collective Investment Schemes effective from July 1, 2019.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022 (Rupees in '000)	2021
	Auditors' remuneration		374	316
	Federal Excise Duty	11.1	6,610	6,610
	Payable to brokers		115	81
	Dividend Payable		3	3
	Withholding tax payable		-	303
	Provision for Sindh Workers' Welfare Fund	11.2	-	5,562
	Other payables		66	61
			<b>7,168</b>	<b>12,936</b>

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

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

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

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company, aggregating to Rs. 6.610 million. Had the provision not been made, the Net Asset Value per unit as at June 30, 2022 would have been higher by Rs. 5.8977 (2021: Rs. 3.6814) per unit.

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

During the year, the Sindh Revenue Board (SRB) through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Companies (AMCs) are covered under the term "financial institution" as per Sindh Workers' Welfare Act, 2014 (SWWF Act, 2014) and are therefore subject to SWWF charge whereas as the Mutual Funds / Pension Funds managed by those AMCs do not qualify as "financial institution" as per Sindh SWWF Act, 2014. Consequently, AMCs would be subject to SWWF charge and no provision for SWWF would need to be recorded in the books of the fund.

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

**12 CONTINGENCIES AND COMMITMENTS**

Other than already disclosed in these financial statements, there are no contingencies and commitments outstanding as at June 30, 2022.

**13 NUMBER OF UNITS IN ISSUE**

**2022**                      **2021**  
**(Number of units)**

Total units in issue at the beginning of the year	<b>1,795,511</b>	2,059,534
Units issued	<b>222,356</b>	783,723
Units redeemed	<b>(897,087)</b>	(1,047,746)
Total units in issue at the end of the year	<b><u>1,120,780</u></b>	<u>1,795,511</u>

**13.1** This includes Nil units issued at zero value (June 30, 2021: 926 units) as refund of capital.

**14 MARK-UP / RETURN ON INVESTMENTS CALCULATED USING THE EFFECTIVE INTEREST METHOD**

**2022**                      **2021**  
**(Rupees in '000)**

Commercial Paper	<b>1,293</b>	-
Treasury Bills	<b>418</b>	-
Term Finance Certificates	<b>806</b>	1,821
	<b><u>2,517</u></b>	<u>1,821</u>

**15 MARK-UP ON DEPOSITS WITH BANKS CALCULATED USING THE EFFECTIVE INTEREST METHOD**

Mark-up on savings accounts	<b><u>3,891</u></b>	<u>3,527</u>
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**16 AUDITORS' REMUNERATION**

Annual audit fee	<b>314</b>	280
Fee for half yearly review	<b>68</b>	55
Other certifications and out of pocket expenses	<b>114</b>	85
	<b><u>496</u></b>	<u>420</u>

**17 TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund has not recorded a tax liability in the current year as a result of loss incurred during the year for the year ended June 30, 2022.

18 EARNINGS PER UNIT

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

19 FINANCIAL INSTRUMENTS BY CATEGORY

	As on June 30, 2022		
	At Fair value through profit or loss	At Amortised cost	Total
	----- (Rupees in '000) -----		
<b>Assets</b>			
Bank balances	-	29,527	29,527
Investments	73,823	4,828	78,650
Dividend receivable and accrued mark-up	-	769	769
Receivable against purchase of investment	-	10	10
Advances and deposits	-	2,976	2,976
	<u>73,823</u>	<u>38,110</u>	<u>111,932</u>
<b>Liabilities</b>			
Payable to the Management Company	-	480	480
Payable to the Trustee	-	25	25
Accrued expenses and other liabilities	-	558	558
	<u>-</u>	<u>1,063</u>	<u>1,063</u>
As on June 30, 2021			
	At Fair value through profit or loss	At Amortised cost	Total
	----- (Rupees in '000) -----		
<b>Assets</b>			
Bank balances	-	54,922	54,922
Investments	157,460	4,384	161,844
Dividend receivable and accrued mark-up	-	428	428
Receivable against purchase of investment	-	-	-
Advances and deposits	-	2,964	2,964
	<u>157,460</u>	<u>62,698</u>	<u>220,158</u>
<b>Liabilities</b>			
Payable to the Management Company	-	659	659
Payable to the Trustee	-	34	34
Payable against purchase of investment	-	4,003	4,003
Accrued expenses and other liabilities	-	764	764
	<u>-</u>	<u>5,460</u>	<u>5,460</u>

20 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

20.1	Transactions during the year	2022 (Rupees in '000)	2021
	<b>HBL Asset Management Limited - Management Company</b>		
	Management fee	<u>3,748</u>	<u>4,119</u>
	Sales tax on remuneration		
	Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>656</u>	<u>721</u>
	Selling and marketing expenses	<u>909</u>	<u>999</u>
	<b>Habib Bank Limited - Sponsor</b>		
	Issuance of units (2021: 14,771 units)	<u>-</u>	<u>1,687</u>
	Redemption of 506,870 units (2021: 14,771 units)	<u>48,000</u>	<u>1,682</u>
	Bank charges paid during the year	<u>5</u>	
	Mark-up earned during the year	<u>603</u>	<u>309</u>
	Dividend income earned during the year	<u>877</u>	<u>242</u>
	Purchase of 104,800 shares (2021: 21,000 shares)	<u>12,697</u>	<u>2,830</u>
	Sale of 117,200 shares (2021: 13,500 shares)	<u>11,976</u>	<u>1,734</u>
	<b>Central Depository Company of Pakistan - Trustee</b>		
	Trustee remuneration	<u>375</u>	<u>53</u> <del>412</del>
	Sales tax on remuneration	<u>49</u>	<u>21</u>
	Central Depository service charges	<u>23</u>	
	<b>Mr. Rafiuddin Zakir Mahmood - Connected Persons Due to 10% and more</b>		
	Issuance of units (2021: 5,533 units)	<u>-</u>	<u>632</u>
	Redemption of units (2021: 4,703 units)	<u>-</u>	<u>537</u>
	<b>HBL Income Fund</b>		
	Sale of Bank of Punjab Term Finance Certificate	<u>13,500</u>	
	<b>Executive and Key management personnel</b>		
	Issuance of 21,508 units (2021: Nil units)	<u>2,000</u>	

20.2	Amounts outstanding as at year end	2022	2021
		(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>			
	Management fee payable*	<u>247</u>	<u>383</u>
	Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>38</u>	<u>59</u>
	Selling And Marketing expense	<u>193</u>	<u>242</u>
	Sales load payable	<u>-</u>	<u>19</u>
<b>Habib Bank Limited - Sponsor</b>			
	Investment held in the Fund: 315,978 units (2021: 822,848 units)	<u>29,383</u>	<u>92,773</u>
	Bank balances	<u>28,221</u>	<u>6,343</u>
	Profit receivable on bank deposits	<u>322</u>	<u>21</u>
	Outstanding balance of Shares: 37,071 shares (2021: 49,471 shares)	<u>3,386</u>	<u>6,054</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
	Remuneration payable*	<u>25</u>	<u>38</u>
	Security Deposit	<u>100</u>	<u>100</u>
<b>Mr. Rafiuddin Zakir Mahmood - Connected Persons due to 10% and more</b>			
	Investment held in the Fund: 312,940 units (2021: 312,940 units)	<u>29,100</u>	<u>35,283</u>
<b>Executive and Key management personnel</b>			
	Investment held 21,508 units (2021: Nil units)	<u>2,000</u>	<u>-</u>

\* These balances are inclusive of Sindh Sales Tax payable

## 21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

	Name	Designation	Qualification	Experience in years
1	Mr. Mir Adil Rashid	Chief Executive Officer	BSc	24
2	Mr. Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	27
3	Mr. Wamiq Sakrani	Head of Fixed Income	MBA	13
4	Mr. Karim Khawaja	Head of Risk	MBA, CMA	20
5	Mr. Mustafa Mahmood Khan	Head of Research	ACCA, CFA	13
6	Mr. Muhammad Zohaib	Senior Fund Manager	CIMA, MA	14
7	Mr. Raza Abbas	Senior Fund Manager	M.Com	19

\* They are Joint Fund Managers of all other funds managed by the management company.

22 TOP TEN BROKERS / DEALERS

Top ten brokers during the year ended June 30, 2022

- 1 Topline Securities Limited
- 2 Insight Securities (Private) Limited
- 3 AKD Securities Limited
- 4 ABA Ali Habib Securities (Private) Limited
- 5 Ismail Iqbal Securities (Private) Limited
- 6 Arif Habib Limited
- 7 Fortune Securities Limited
- 8 Optimus Capital Management (Private) Limited
- 9 Multiline Securities Limited
- 10 Next Capital Limited

Top ten brokers during the year ended June 30, 2021

- 1 Arif Habib Limited
- 2 JS Global Capital Limited
- 3 Sherman Securities (Private) Limited
- 4 AL Habib Capital Markets (Private) Limited
- 5 EFG Hermes Pakistan Limited
- 6 DJM Securities Limited
- 7 Spectrum Securities (Private) Limited
- 8 Habib Metropolitan Financial Services Limited
- 9 Foundation Securities (Private) Limited
- 10 Multiline Securities Limited

23 PATTERN OF UNIT HOLDING

Category	As at June 30, 2022			
	Number of units holder	Number of units held	Investment amount (Rupees in '000)	Percentage of Investment
Individuals	130	705,681	65,621	62.96%
Associated companies	1	315,978	29,383	28.19%
Retirement funds	2	73,324	6,818	6.55%
Others	1	25,797	2,399	2.30%
	<b>134</b>	<b>1,120,780</b>	<b>104,221</b>	<b>100.00%</b>

Category	As at June 30, 2021			
	Number of unit holders	Number of units held	Investment amount (Rupees in '000)	Percentage of Investment
Individuals	139	873,542	98,488	48.65
Associated companies	1	822,848	92,773	45.83
Retirement funds	2	73,324	8,267	4.08
Others	1	25,797	2,909	1.44
	<b>143</b>	<b>1,795,511</b>	<b>202,437</b>	<b>100.00</b>

24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

Seven meetings of the Board of Directors were held on August 26,2021 ,September 09, 2021, October 28, 2021, February 11, 2022, April 26, 2022, May 10,2022 and May 16, 2022 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

Name of Director	Number of meetings			Meeting not attended
	Held	Attended	Leave granted	
1 Mr. Shahid Ghaffar *	7	7	-	-
2 Ms. Ava A. Cowasjee *	7	5	2	May 10, 2022 May 16, 2022
3 Mr. Shabbir Hussain Hashmi *****	5	5	-	-
4 Mr. Rayomond H. Kotwal *	7	7	-	-
5 Mr. Abrar Ahmed Mir *	7	7	-	-
6 Mr. Tariq Masaud *	7	7	-	-
7 Mr. Muhammad Afaq Khan **	3	1	2	August 26, 2021 October 28, 2021
8 Mr. Abid Sattar ***	3	3	-	-
9 Mr. Khalid Malik ****	2	2	-	-

\* Completed term and reappointed on April 29, 2022.

\*\* Resigned on January ,20 2022.

\*\*\* Appointed on February 11, 2022.

\*\*\*\* Appointed on April 29, 2022.

\*\*\*\*\* Completed term and retire on April 28, 2022.

25 FINANCIAL RISK MANAGEMENT

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

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

The Fund primarily invests in a portfolio of equity and money market investments such as shares of listed companies, government securities and in other money market instruments. These activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

25.1 Market risk

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

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

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

25.2 Currency risk

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

25.3 Interest rate risk

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

a) Cash flow interest rate risk

The Fund's interest rate risk arises from the balances in savings accounts and investment in Sukuks. The net income for the year would have increased / (decreased) by Rs. 0.2953 million (2021: Rs. 0.003 million), had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

Sensitivity analysis for variable rate instruments

The Fund holds variable rate sukuks as at June 30, 2022 at fair value through profit or loss, exposing the fund to fair value interest rate risk. In case of 100 basis points increase / decrease in mark-up rates on June 30, 2022, with all other variables constant, the impact on total exposure of the fund would be Rs. 0.7626 million (2021: Rs. 0.6335 million).

The composition of the Fund's investment portfolio, KIBOR and rates announced by Financial Markets Association is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets and net income due to future movements in interest rates.

Yield / Interest rate sensitivity position for financial instruments is as follows:

	2022				Not exposed to Yield / Interest rate risk
	Total	Exposed to Yield / Interest rate risk			
	Upto three months	More than three months and upto one year	More than one year		
<b>Financial instruments</b>	----- (Rupees in '000) -----				
<b>Financial assets</b>					
Bank balances	29,527	29,527	-	-	-
Investments	78,651	-	4,828	3,350	70,473
Dividend receivable and accrued mark-up	769	-	-	-	769
Receivable against purchase of investment	10	-	-	-	10
Advances, deposits and other receivables	2,976	-	-	-	2,976
	111,933	29,527	4,828	3,350	74,228
<b>Financial liabilities</b>					
Payable to the Management Company	480	-	-	-	480
Payable to the Trustee	25	-	-	-	25
Accrued expenses and other liabilities	558	-	-	-	558
	1,063	-	-	-	1,063

	2021				Not exposed to Yield / Interest rate risk
	Exposed to Yield / Interest rate risk				
	Total	Upto three months	More than three months and upto one year		
----- (Rupees in '000) -----					
<b>Financial instruments</b>					
<b>Financial assets</b>					
Bank balances	54,922	54,922	-	-	-
Investments	157,460	-	-	17,705	139,755
Dividend receivable and accrued mark-up	428	-	-	-	428
Receivable against purchase of investment	-	-	-	-	-
Advances, deposits and other receivables	2,964	-	-	-	2,964
	215,774	54,922	-	17,705	143,147
<b>Financial liabilities</b>					
Payable to the Management Company	659	-	-	-	659
Payable to the Trustee	34	-	-	-	34
Payable against purchase of investment	4,003	-	-	-	4,003
Accrued expenses and other liabilities	764	-	-	-	764
	5,460	-	-	-	5,460

#### 25.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities as financial assets 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to 30% of net assets.

Sector wise portfolio	30 June 2022		30 June 2021	
	Funds equity portfolio	KSE-100 benchmark portfolio	Funds equity portfolio	KSE-100 benchmark portfolio
	-----%-----	-----%-----	-----%-----	-----%-----
Automobile Assembler	0.00%	0.00%	1.38%	2.32%
Automobile Parts and Accessories	0.00%	0.00%	2.85%	0.60%
Cable & Electrical Goods	0.00%	0.00%	0.78%	0.23%
Cement	2.24%	1.15%	19.58%	14.11%
Chemical	1.41%	2.78%	0.00%	0.00%
Commercial Banks	30.65%	29.46%	16.86%	24.73%
Engineering	1.36%	0.74%	7.16%	4.43%
Fertilizer	18.61%	15.60%	0.95%	4.04%
Food & Allied Industries	0.00%	0.00%	3.42%	0.12%
Food & Personal Care Products	4.91%	0.87%	3.09%	1.30%
Insurance	1.45%	0.61%	2.81%	1.48%
Miscellaneous	1.63%	0.39%		
Oil & Gas Exploration	14.82%	33.35%	15.29%	28.31%
Oil & Gas Marketing Companies	4.39%	3.09%	3.68%	3.10%
Pharmaceuticals	0.18%	1.31%	0.15%	1.72%
Power Generation and Distribution	3.82%	3.39%	3.68%	3.05%
Refinery	4.62%	1.49%	1.98%	2.04%
Technology & Communication	6.89%	1.29%	7.84%	3.91%
Textile Composite	3.02%	4.47%	7.82%	4.23%
Transport	0.00%	0.00%	0.68%	0.28%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## 25.5 Credit risk

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

The Fund's credit risk is primarily attributable to its investment in debt securities, balances with banks and advances, deposits and other receivables. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that are financial institutions with reasonably high credit ratings.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through the assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company.

The maximum exposure to credit risk before considering any collateral as at June 30, 2022 and June 30, 2021 is the carrying amount of the financial assets. Investments in equity securities and debt securities, however, are not exposed to credit risk. None of these assets are 'impaired' nor 'past due but not impaired'.

The analysis below summarises the credit quality of the Fund's bank balances, dividend receivable and accrued markup as at June 30, 2022 and June 30, 2021:

**Balances with banks by rating category**

	2022		
	Rating agency	Rating	Amount (Rupees in '000)
<b>Name of bank</b>			
Habib Bank Limited	VIS	AAA	28,221
MCB Bank Limited	PACRA	AAA	30
Zarai Taraqiyati Bank Limited	VIS	AAA	1
Allied Bank Limited	PACRA	AAA	89
National Bank of Pakistan	VIS	AAA	10
Habib Metropolitan Bank Limited	PACRA	AA+	20
Dubai Islamic Bank Pakistan Limited	VIS	AA	8
JS Bank Limited	PACRA	AA-	146
Soneri Bank Limited	PACRA	AA-	990
Sindh Bank Limited	VIS	A+	12
			<u>29,527</u>

**Balances with banks by rating category**

	2021		
	Rating agency	Rating	Amount (Rupees in '000)
<b>Name of bank</b>			
Habib Bank Limited	VIS	AAA	6,288
MCB Bank Limited	PACRA	AAA	29
Zarai Taraqiyati Bank Limited	VIS	AAA	44
Allied Bank Limited	PACRA	AAA	33
Habib Metropolitan Bank Limited	PACRA	AA+	12
Dubai Islamic Bank Pakistan Limited	PACRA	AA	8
JS Bank Limited	PACRA	AA-	11,800
Soneri Bank Limited	PACRA	AA-	36,696
Sindh Bank Limited	VIS	A+	12
			<u>54,922</u>

	2022	2021
	----- (Rupees in '000) -----	
<b>Term Finance Certificates and Sukuk certificates by rating category</b>		
A+	3,350	4,095
AA	-	13,610
AA+	4,828	4,384
	<u>8,178</u>	<u>22,089</u>
<b>Dividend receivable and accrued mark-up</b>	<u>769</u>	<u>428</u>
<b>Advances and deposits</b>	<u>2,976</u>	<u>2,964</u>

25.5.1 Concentration of credit risk

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

The Fund's major bank balance is held with one Bank. Management believes that such bank is a reputed institution.

25.6 Liquidity risk

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

The Fund is exposed to daily cash redemptions of units. The Management Company manages the liquidity risk by monitoring maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

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

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

	As at June 30, 2022			
	Total	Upto three month	Over three months and upto one year	Over one Year
<b>Financial liabilities</b>	----- (Rupees in '000) -----			
Payable to the Management Company	480	480	-	-
Payable to the Trustee	25	25	-	-
Accrued expenses and other liabilities	558	558	-	-
	<b>1,063</b>	<b>1,063</b>	-	-
Unit holders' fund	-	<b>104,223</b>	-	-

	As at June 30, 2021			
	Total	Upto three month	Over three months and upto one year	Over one Year
	----- (Rupees in '000) -----			
<b>Financial liabilities</b>				
Payable to the Management Company	659	659	-	-
Payable to the Trustee	34	34	-	-
Payable against purchase of investment	4,003	4,003	-	-
Accrued expenses and other liabilities	764	764	-	-
	<u>5,460</u>	<u>5,460</u>	-	-
Unit holders' fund	<u>202,437</u>	<u>202,437</u>	-	-

## 25.7 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

## 26 UNITS HOLDERS' FUND RISK MANAGEMENT

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable on the Fund.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

## 27 FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		Carrying amount			Fair Value			
		At Fair value through profit or loss	At amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>	<i>Note</i>	----- (Rupees in '000) -----						
<b>Financial assets measured at fair value</b>								
Investments								
Listed equity securities		70,473	-	70,473	70,473	-	-	70,473
Term Finance Certificates and sukuk bonds	27.1	3,350	-	3,350	-	3,350	-	3,350
		<u>73,823</u>	<u>-</u>	<u>73,823</u>				
<b>Financial assets not measured at fair value</b>								
	27.2							
Bank balances		-	29,527	29,527				
Dividend receivable and accrued mark-up		-	769	769				
Advances and deposits		-	2,976	2,976				
Receivable against purchase of investment		-	10	10				
Term Finance Certificates and sukuk bonds		-	4,828	4,828				
		<u>-</u>	<u>38,110</u>	<u>38,110</u>				
<b>Financial liabilities not measured at fair value</b>								
	27.2							
Payable to the Management Company		-	480	480				
Payable to the Trustee		-	25	25				
Payable against purchase of investment		-	-	-				
Accrued expenses and other liabilities		-	558	558				
		<u>-</u>	<u>1,063</u>	<u>1,063</u>				
2021								
		Carrying amount			Fair Value			
		At Fair value through profit or loss	At amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial instruments</b>	<i>Note</i>	----- (Rupees in '000) -----						
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities		139,755	-	139,755	139,755	-	-	139,755
- Term Finance Certificates		-	17,705	17,705	-	17,705	-	17,705
		<u>139,755</u>	<u>17,705</u>	<u>157,460</u>				
<b>Financial assets not measured at fair value</b>								
	27.1							
Bank balances		-	54,922	54,922				
Dividend receivable and accrued mark-up		-	428	428				
Advances and deposits		-	2,964	2,964				
Receivable against purchase of investment		-	-	-				
Term Finance Certificates and sukuk bonds		-	4384	4384				
		<u>-</u>	<u>62,698</u>	<u>62,698</u>				
<b>Financial liabilities not measured at fair value</b>								
	27.2							
Payable to the Management Company		-	659	659				
Payable to the Trustee		-	34	34				
Payable against purchase of investment		-	4,003	4,003				
Accrued expenses and other liabilities		-	764	764				
		<u>-</u>	<u>5,460</u>	<u>5,460</u>				

27.1 Valuation techniques used in determination of fair values within level 2

Investments in Term Finance Certificates are valued on the basis of the market rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

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

27.3 Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

28 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units	Payable against redemption of units	Total
	----- (Rupees in '000) -----		
Opening balance as at July 1, 2021	-	-	-
Receivable against issuance of units	23,943	-	23,943
Payable against redemption of units	-	89,242	89,242
Amount received on issuance of units	(21,943)	-	(21,943)
Amount paid on redemption of units	-	(89,227)	(89,227)
	(21,943)	(89,227)	(111,170)
Closing balance as at June 30, 2022	2,000	15	-

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

The Securities and Exchange Commission of Pakistan vide Circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The Management Company classified the Fund as 'Balanced Scheme' in 'accordance with the said circular. As at June 30, 2021, the Fund is compliant with all the requirements of the said circular except for clause 2 (iv) which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

Name of Non-Complaint Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	Limit	% of Net Assets	% of Gross Assets
----- (Rupees in '000) -----							
Dewan Cement Limited	TFC	1,000,000	25,000	-	-	-	-

30 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the SECP, the total expense ratio of the Fund for the year ended June 30, 2021 is 4.24% (June 30, 2021: 4.39%) which includes 0.31% (June 30, 2021: 0.71%) representing government levy, Worker's Welfare Fund and SECP fee.

31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on August 29, 2022.

32 GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



**HBL** Financial Planning Fund

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL FINANCIAL PLANNING FUND</b>
<b>NAME OF TRUSTEE</b>	<b>MCB Financial Services Limited</b>
<b>NAME OF AUDITORS</b>	<b>BDO Ebrahim &amp; Co. Chartered Accountants.</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited JS Bank Limited</b>

### Category of Fund

Open end Fund of Funds Scheme

### Investment Objective

The objective of the Fund is to generate returns on Investment as per the respective Allocation Plan by investing in Mutual Funds in line with the risk tolerance of the Investor.

### Benchmark and Performance Comparison with Benchmark

The Fund's benchmark for Conservative Allocation Plan, Active Allocation Plan and Strategic Allocation plan is as follows:  
Conservative Allocation Plan

- 20% KSE 100 index
- Six(6) months KIBOR rates
- 70% Three(3) months PKRV rates and 30% three (3) months average deposit rate of three(3) AA rated scheduled banks as selected by MUFAP

B and C will be based on actual proportion of investment in Income and Money Market Funds / cash and near cash instruments.

#### Active Allocation Plan

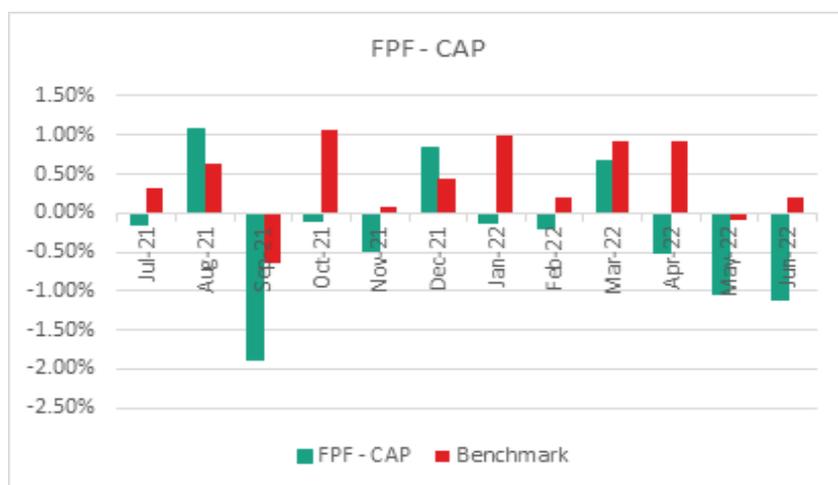
- KSE 100 index
- Six(6) months KIBOR rates
- 70% Three(3) months PKRV rates and 30% three (3) months average deposit rate of three(3) AA rated scheduled banks as selected by MUFAP

Based on actual proportion in Equity Fund and Income / Money Market Funds and/or in cash and/or near cash instruments in each allocation plan.

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

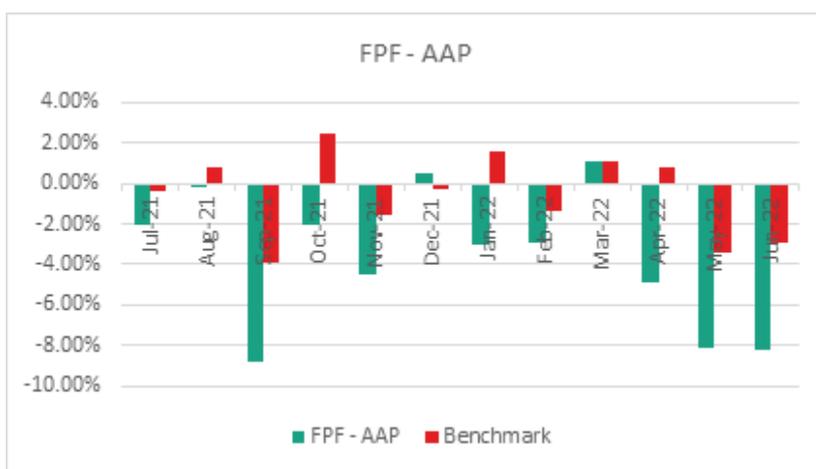
#### Conservative Allocation Plan (CAP)

Month	Return of Fund	Benchmark
Jun-22	-1.12%	0.19%
May-22	-1.04%	-0.08%
Apr-22	-0.52%	0.92%
Mar-22	0.66%	0.93%
Feb-22	-0.20%	0.19%
Jan-22	-0.13%	0.99%
Dec-21	0.83%	0.44%
Nov-21	-0.49%	0.07%
Oct-21	-0.10%	1.06%
Sep-21	-1.87%	-0.63%
Aug-21	1.08%	0.63%
Jul-21	-0.14%	0.32%



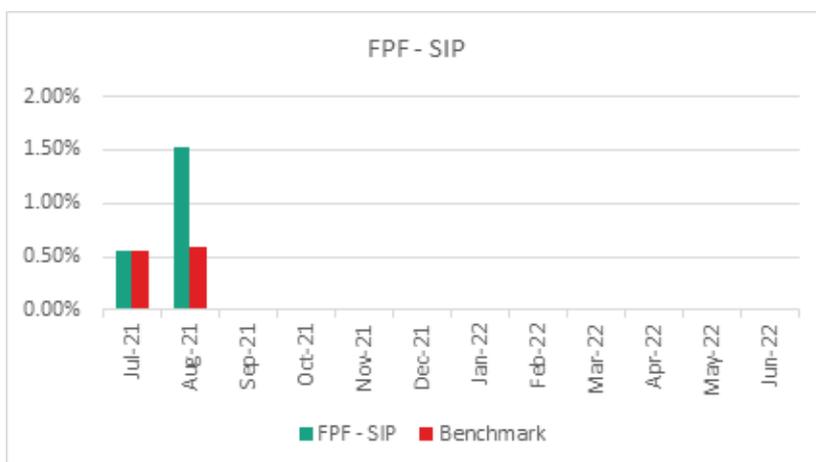
### Active Allocation Plan (AAP)

Month	Return of Fund	Benchmark
Jun-22	-8.22%	-2.92%
May-22	-8.09%	-3.44%
Apr-22	-4.87%	0.80%
Mar-22	1.08%	1.08%
Feb-22	-2.96%	-1.39%
Jan-22	-3.00%	1.61%
Dec-21	0.51%	-0.26%
Nov-21	-4.46%	-1.56%
Oct-21	-2.05%	2.47%
Sep-21	-8.85%	-3.93%
Aug-21	-0.17%	0.77%
Jul-21	-2.02%	-0.42%



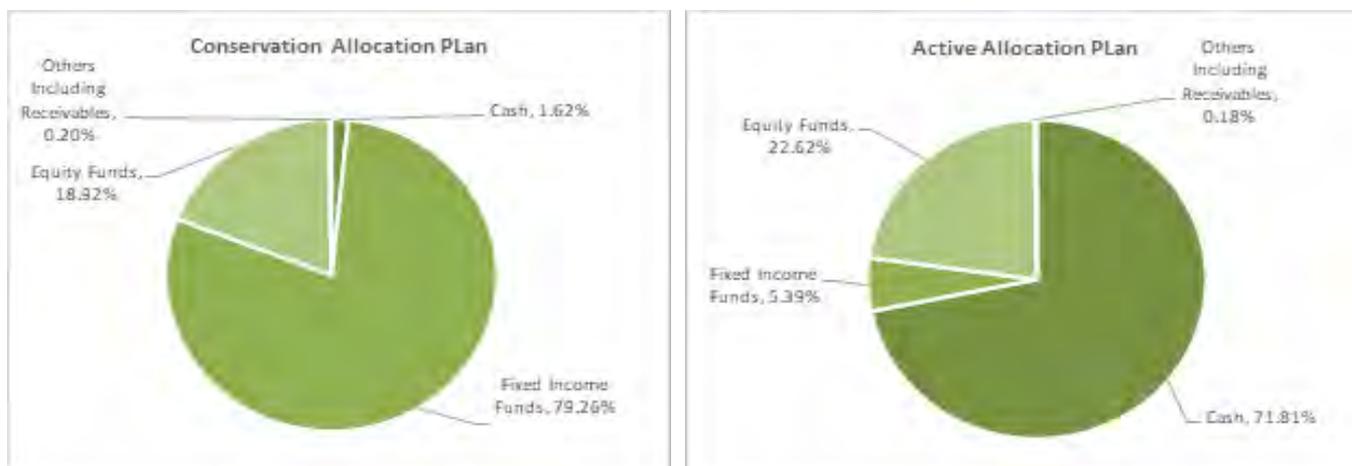
### Special Income Plan (SIP)

Month	Return of Fund	Benchmark
Jun-22	NA	NA
May-22	NA	NA
Apr-22	NA	NA
Mar-22	NA	NA
Feb-22	NA	NA
Jan-22	NA	NA
Dec-21	NA	NA
Nov-21	NA	NA
Oct-21	NA	NA
Sep-21	NA	NA
Aug-21	1.53%	0.59%
Jul-21	0.55%	0.55%



### Strategies and Policies employed during the Year

HBL Financial Planning Funds were launched on 10th October, 2017. During the period under review, Active Allocation Plan asset allocation comprises of 22.62% investment in equity funds while cash assets, Fixed Income Funds and receivables represent 71.81%, 5.39% and 0.18% of total assets, respectively. Conservative Allocation Plan asset allocation comprises investment in equity fund, income fund and cash and receivables at 18.92%, 79.26%, 1.62% and 0.20% of the fund respectively. Special Income Plan matured in September 2021 when its asset allocation comprises of 99.07% in Fixed Income Funds and 0.93% cash.



## Fund Performance

The Fund comprises of three sub funds (plans) namely Active Allocation Plan, Conservative Allocation Plan and Special Income Plan. The Special income plan marked its maturity on September 13, 2021.

The Fund as a whole incurred a total and net loss of Rs. 15.70 million and Rs. 16.16 million respectively during the year under review. The fund size of the fund stood at Rs. 0.16 billion as on June 30, 2022.

Performance review for plans is given below:

### Active Allocation Plan

During the year under review, the Active allocation plan incurred a total and net loss of Rs. 15.57 million and Rs 15.85 million respectively. The net assets of the Active allocation plan stood at Rs. 0.09 billion representing Net Asset Value (NAV) of Rs. 74.1068 per unit as at June 30, 2022 as compared to Rs. 115.7579 per unit as at June 30, 2021. The plan earned a negative return of 35.98% for the year under review against the benchmark return of negative 7.18%. The plan is invested to the extent of 23% in equity funds & 72% in cash.

### Conservative Allocation Plan

During the year under review, the Conservative allocation plan incurred a total and net loss of Rs. 1.69 million and Rs. 2.13 million respectively. The net assets of the Conservative allocation plan stood at Rs. 0.08 billion representing Net Asset Value (NAV) of Rs. 111.7040 per unit as at June 30, 2022 as compared to Rs. 115.2069 per unit as at June 30, 2021. The plan earned a negative return of 3.04% for the year under review against the benchmark return of 5.15%. The plan is invested to the extent of 19% in equity funds & 79% in fixed income funds.

### Special Income Plan

During the period under review, the Special income plan earned total and net income of Rs. 1.56 million and Rs 1.82 million respectively. The plan has matured on September 13, 2021 and all the proceeds were redeemed to the investors of the plan.

## Money Market Review

Post-COVID, the SBP shifted its focus from catalyzing economic recovery toward sustaining it. Accordingly, the Monetary Policy Committee (MPC) increased the Policy Rate by 2.75% to 9.75% during 1HFY22. However, the onset of war between Russia and Ukraine during 2HFY22 led to a spike in international commodity prices, fueling inflationary concerns and prompting the MPC to increase the Policy Rate by another 400bps to 13.75%. Resultantly, during FY22, secondary market yields on T-bills increased in the range of 7.49-7.70%, while those on PIBs increased in the range of 2.98-4.46%.

The cut-off yields in the last T-bills auction were 15.23%, 14.80%, and 14.95% for 3M, 6M and 12M tenors, respectively. The cut-off yields in the last PIBs auction were 13.97%, 13.18%, and 13.15% in 3Y, 5Y and 10Y tenors, respectively, while bids for 15Y tenors were rejected.

GOP Ijarah Sukuk auction was held on 20-Jun-22, with a target of PKR 100bn (PKR 25bn Fixed Rental and PKR 75bn Variable Rental Rate) for a period of 5 years. The Ministry of Finance accepted bids worth PKR 6.03bn (at 12.9406%) in FRR Sukuk, and PKR 61.11bn (at 13.64%) in VRR Sukuk.

The latest hike in the Policy Rate to 13.75% is expected to help moderate demand to a more sustainable pace, while keeping inflation expectations anchored, and containing risks to external stability. However, we believe that gradual imposition of PDL on fuel, along with hike in electricity and gas tariffs, will translate adversely in CPI. Resultantly, we expect average inflation for FY23 to be in the range of 15.0-16.0%. Hence, further monetary tightening cannot be ruled out in order to cushion the adverse impact on CAD and local currency.

However, inflation is expected to taper down from FY24 onwards due to high-base effect and expectation of easing in international commodity prices. Upside risks to our estimates remain in the form of elevated international commodity prices for an extended period due to geopolitical concerns.

### **Stock Market Review**

During FY22, the KSE-100 index declined by 5,815pts or 12.8% to close at 41,541pts. The poor performance of the market is primarily attributable to i) Rapid increase in CAD due to rising domestic demand and significant increase in international commodity prices, which were further fueled by the war between Russia and Ukraine, ii) Rising inflation due to the commodity super cycle, iii) Commencement of monetary tightening, iv) Uncertain local political situation, v) Geopolitical issues in the region with heightened uncertainty post U.S. exit from Afghanistan, vi) Delay in the resumption of IMF program, vii) Depleting foreign exchange reserves resulting in PKR losing significant ground against the USD, and viii) Continued foreign selling after Pakistan's reclassification from MSCI Emerging to Frontier Market Index.

During FY22, major negative contribution came from Cement (2,328 pts), Technology & Communication (912 pts), Commercial Banks (520 pts) and Refinery (424 pts) sectors. On the other hand, major positive contribution came from Fertilizer (668 pts), and Chemical (424 pts) sectors.

During the period, average traded volume declined by 56% YoY to 115mn shares, while average traded value declined by 53% YoY to PKR 6.3bn. On the flows side, Foreigners were net sellers during FY22 and sold shares worth USD 297.5Mn.

We expect the equity market to remain range-bound in the near-term due to the prevailing local and geopolitical uncertainty, rising commodity prices, and depleting foreign exchange reserves. However, the additional revenue measures announced by the government are expected to pave the way for resumption of the IMF program, which is crucial for the country to secure financing from other sources. This may alleviate the downward pressure on the PKR and potentially limit any downside in the equity market.

Our longer-term equity outlook remains positive due to attractive valuations. The equity market is trading at an eye catching P/E multiple of 4.1x compared to regional average of 14.5x, and offers an attractive dividend yield of 10.9%, compared to regional average of 2.8%. It is pertinent to note that the spread between KSE-100 index earnings yield and 10Y PKRV is 11.7%, compared to 5-year historical average spread of 4.4%, which implies an upside of ~42%.

The market is likely to regain its positive momentum once there is more clarity on the Government's economic policies, along with easing of geopolitical tensions. Reversal in international commodity prices, either on the back of disruption in demand or increase in supply, is likely to reignite investor interest in Equities. Hence, we believe that Pakistan equities offer a good opportunity for long-term investors.

### **Distribution**

The Board of Directors approved nil distribution from Active Allocation Plan and Conservative Allocation plan for the year ended June 30, 2022.

### **Significant Changes in the State of Affairs**

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

## Breakdown of Unit Holding by Size

From – To (Number of units)	Active Allocation Plan		Conservative Allocation Plan	
	Number of Unit Holders	Units Held	Number of Unit Holders	Units Held
1 – 100	5	298	6	253
101 – 500	4	1,217	1	292
501 – 1,000	3	1,836	-	-
1,001 – 10,000	10	48,673	4	14,834
10,001 – 100,000	9	279,127	2	24,788
1,00,001 – 5,00,000	-	-	2	663,657
500,001 – 1,000,000	1	827,696	-	-
1,000,001 – 5,000,000	-	-	-	-
5,000,001 and above	-	-	-	-
<b>Total</b>	<b>32</b>	<b>1,158,847</b>	<b>15</b>	<b>703,824</b>

### Unit Splits

There were no unit splits during the period.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

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

# Performance Table HBL FINANCIAL PLANNING FUND

	2022		2021		2020		2019			2018		
	Active Allocation Plan	Conservative Allocation Plan	Active Allocation Plan	Conservative Allocation Plan	Active Allocation Plan	Conservative Allocation Plan	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan
Net assets at the period end (Rs'000)	85,879	78,620	57,800	51,119	57,447	52,549	102,605	67,051	169,313	330,457	133,695	208,522
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>												
Redemption	74.1076	111.704	115.7579	115.2069	95.9459	108.303	96.9864	103.8264	99.0331	102.6500	103.7607	101.4978
Offer	75.7824	114.2285	118.374	117.8106	98.1143	110.7506	99.1783	106.1729	N/A	104.9699	106.1057	N/A
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>												
Highest offer price per unit	119.3214	119.0896	118.9257	121.4314	116.7508	118.1207	107.87	109.8794	N/A	110.2402	106.9356	N/A
Lowest offer price per unit	75.6618	114.1575	98.9211	111.1667	92.2867	104.0117	97.2601	104.9065	N/A	101.938	100.3622	N/A
Highest redemption price per unit	116.6843	116.4577	116.2974	118.7477	114.1705	115.5102	105.486	107.451	103.9281	107.8038	104.5723	106.4632
Lowest redemption price per unit	73.9896	111.6346	96.7349	108.7099	90.2471	101.713	95.1106	102.588	96.28	99.6851	99.5899	98.5547
<b>RETURN (%)</b>												
Total return	-35.98%	-3.04%	21.28%	9.80%	3.85%	10.69%	-5.52%	2.71%	-3.40%	2.65%	3.76%	2.52%
Income distribution	0.00%	0.00%	0.60%	3.70%	4.75%	6.60%	0.00%	2.75%	0.00%	0.00%	0.00%	0.00%
Capital growth	-35.98%	-3.04%	20.68%	6.10%	-0.90%	4.09%	-5.52%	-0.04%	-3.40%	2.65%	3.76%	2.52%
<b>DISTRIBUTION</b>												
Final dividend distribution- Rs	0	0	0.6	3.7	4.75	6.6	-	3	-	-	-	-
Date of Income Distribution	N/A	N/A	25-Jun-21	25-Jun-21	26-Jun-20	26-Jun-20	-	28-Jun-19	-	-	-	-
Total dividend distribution for the year (Rs)	-	-	0.60	3.70	4.75	6.60	-	2.75	-	-	-	-
<b>AVERAGE RETURNS (%)</b>												
Average annual return 1 year	-35.98%	-3.04%	21.28%	9.80%	3.85%	10.69%	-5.52%	2.71%	-3.40%	2.65%	3.76%	2.52%
Average annual return 2 year	-11.88%	3.18%	12.23%	10.24%	-0.94%	6.63%	-1.52%	3.24%	-0.48%			
Average annual return 3 year	-6.92%	5.63%	5.97%	7.67%	0.24%	5.66%						
<b>PORTFOLIO COMPOSITION - (%)</b>												
Percentage of Total Assets as at 30 June:												
Bank Balances	71.81%	1.62%	0.41%	3.01%	5.94%	7.07%	1.25%	0.05%	0.02%	2.41%	0.33%	0.07%
Equity Funds	22.62%	18.92%	79.16%	19.60%	48.19%	19.16%	40.75%	18.54%	23.31%	58.63%	19.82%	49.37%
Income Funds	5.39%	79.26%	19.67%	76.61%	44.61%	72.64%	57.03%	80.22%	76.52%	38.59%	79.04%	50.10%
Others	0.18%	0.20%	0.76%	0.78%	1.20%	1.13%	0.97%	1.19%	0.15%	0.38%	0.81%	0.46%

**Note:**

The Launch date of the Fund is October 11, 2017

**Disclaimer:**

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



## REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

### HBL FINANCIAL PLANNING FUND

#### Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

HBL Financial Planning Fund, an open-end Scheme established under a Trust Deed dated March 22, 2017 executed between HBL Asset Management Company Limited, as the Management Company and Digital Custodian Company Limited Formerly MCB Financial Services Limited, as the Trustee. The Fund commenced its operations from October 11, 2017.

4. HBL Asset Management Company Limited, the Management Company of HBL Financial Planning Fund has, in all material respects, managed HBL Financial Planning Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

- (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
- (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
- (iii) the creation and cancellation of units are carried out in accordance with the deed;
- (iv) and any regulatory requirement

Karachi: September 14, 2022

  
\_\_\_\_\_  
Authorize Signatory

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+92-21-32419770 | www.digitalcustodian.co | info@digitalcustodian.co

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS HBL FINANCIAL PLANNING FUND

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Financial Planning Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

#### Key Audit Matters

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

Following is the Key audit matter:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p><b>Existence and valuation of investments</b></p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2022, the investments held by the Fund comprised of units of Mutual Fund which represent 61.34% of the total assets of the Fund as at the year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We evaluated the design and implementation of key controls over investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>





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

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

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

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

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

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

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



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

#### Report on other legal and regulatory requirements

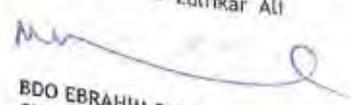
Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

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

KARACHI

DATED: 27 SEP 2022

UDIN: AR202210067JAS1EXDUip

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS



# HBL FINANCIAL PLANNING FUND

## Statement of Assets and Liabilities

As at June 30, 2022

Note	2022				2021				
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	
Rupees in '000									
<b>ASSETS</b>									
Bank balances	5	62,479	1,278	12	63,769	237	1,598	1,089	2,924
Investments	6	24,375	77,306	-	101,681	57,824	51,084	88,149	197,057
Preliminary expenses and flotation costs	7	110	141	-	251	377	372	-	749
Advances and prepayments	8	45	16	-	61	68	36	-	104
<b>TOTAL ASSETS</b>		<u>87,009</u>	<u>78,741</u>	<u>12</u>	<u>165,762</u>	<u>58,506</u>	<u>53,090</u>	<u>89,238</u>	<u>200,834</u>
<b>LIABILITIES</b>									
Payable to the Management Company	9	918	13	-	931	10	9	15	34
Payable to the Trustee	10	2	6	-	8	5	5	8	18
Payable to Securities and Exchange Commission of Pakistan	11	7	13	3	23	12	12	24	48
Accrued expenses and other liabilities	12	203	89	9	301	679	1,944	1,266	3,889
<b>TOTAL LIABILITIES</b>		<u>1,130</u>	<u>121</u>	<u>12</u>	<u>1,263</u>	<u>706</u>	<u>1,970</u>	<u>1,313</u>	<u>3,989</u>
<b>NET ASSETS</b>		<u>85,879</u>	<u>78,620</u>	<u>-</u>	<u>164,499</u>	<u>57,800</u>	<u>51,120</u>	<u>87,925</u>	<u>196,845</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u>85,879</u>	<u>78,620</u>	<u>-</u>	<u>164,499</u>	<u>57,800</u>	<u>51,120</u>	<u>87,925</u>	<u>196,845</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13								
Number of units									
Number of units in issue	14	<u>1,158,847</u>	<u>703,824</u>	<u>-</u>	<u>1,862,671</u>	<u>499,316</u>	<u>443,711</u>	<u>833,350</u>	<u>1,776,377</u>
Rupees									
Net assets value per unit		<u>74.1068</u>	<u>111.7040</u>	<u>-</u>		<u>115.7579</u>	<u>115.2069</u>	<u>105.5096</u>	

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

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL FINANCIAL PLANNING FUND

## Income Statement

For the year ended June 30, 2022

Note	2022				2021				
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	
	Rupees in '000								
<b>Income</b>									
Capital (loss) / gain on sale of investments - net	(509)	475	176	142	7,302	2,691	1,526	11,519	
Dividend income	244	2,059	1,358	3,661	1,052	2,020	4,946	8,018	
Mark-up on bank deposits	56	76	21	153	59	303	48	410	
Back-end load	-	-	-	-	-	-	26	26	
	(209)	2,610	1,555	3,956	8,413	5,014	6,546	19,973	
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6.2	(15,357)	(4,297)	-	(19,654)	3,885	991	36	4,912
	(15,566)	(1,687)	1,555	(15,698)	12,298	6,005	6,582	24,885	
<b>Expenses</b>									
Remuneration of the Management Company	9.1	5	12	4	21	12	54	3	69
Sindh Sales Tax on remuneration of the Management Company	9.2	1	2	1	4	2	7	-	9
Remuneration of the Trustee	10.2	33	58	15	106	53	56	109	218
Sindh Sales Tax on remuneration of the Trustee	10.3	4	8	2	14	7	7	14	28
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	7	13	3	23	12	12	24	48
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	73	129	34	236	119	124	243	486
Amortisation of preliminary expenses and flotation costs		267	231	-	498	267	231	-	498
Auditors' remuneration	15	132	117	49	298	51	60	152	263
Fees and subscription		108	121	11	240	28	25	15	68
Bank charges		8	5	79	92	9	14	11	34
Printing charges		52	74	4	130	16	12	16	44
		690	770	202	1,662	576	602	587	1,765
Net (loss) / income from operations		(16,256)	(2,457)	1,353	(17,360)	11,722	5,403	5,995	23,120
Reversal of provision / (provision) for Sindh Workers' Welfare Fund	12.1	406	332	466	1,204	(234)	(108)	(120)	(462)
Net (loss) / income for the year / period before taxation		(15,850)	(2,125)	1,819	(16,156)	11,488	5,295	5,875	22,658
Taxation	16	-	-	-	-	-	-	-	-
Net (loss) / income for the year / period after taxation		(15,850)	(2,125)	1,819	(16,156)	11,488	5,295	5,875	22,658
<b>Allocation of net income for the year / period</b>									
Income already paid on redemption of units		-	-	(162)	1,602	897	1,073		
Accounting income available for distribution									
Relating to capital gains		-	-	176	9,589	2,838	864		
Excluding capital gains		-	-	1,481	297	1,560	3,938		
		-	-	1,657	9,886	4,398	4,802		
		-	-	1,495	11,488	5,295	5,875		
Earnings per unit	17								

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL FINANCIAL PLANNING FUND**  
**Statement of Comprehensive Income**  
*For the year ended June 30, 2022*

	2022				2021			
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
	Rupees in '000							
Net (loss) / income for the year / period after taxation	(15,850)	(2,125)	1,819	(16,156)	11,488	5,295	5,875	22,658
Total comprehensive (loss) / income for the year / period	<u>(15,850)</u>	<u>(2,125)</u>	<u>1,819</u>	<u>(16,156)</u>	<u>11,488</u>	<u>5,295</u>	<u>5,875</u>	<u>22,658</u>

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

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

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

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

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

# HBL FINANCIAL PLANNING FUND

## Statement of Cash Flows

For the year ended June 30, 2022

	2022				For the period from July 1, 2021 to September 13, 2021				2021			
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
Note ----- Rupees in '000 -----												
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
Net (loss) / income for the year / period before taxation	(15,850)	(2,125)	1,819	(16,156)	11,488	5,295	5,875	22,658				
Adjustments for:												
Capital loss / (gain) on sale of investment - net	509	(475)	(176)	(142)	(7,302)	(2,691)	(1,526)	(11,519)				
Dividend income	(244)	(2,059)	(1,358)	(3,661)	(1,052)	(2,020)	(4,946)	(8,018)				
Mark-up on bank deposits	(56)	(76)	(21)	(153)	(59)	(303)	(48)	(410)				
Back-end load	-	-	-	-	-	-	(26)	(26)				
Amortisation of preliminary expenses and flotation costs	267	231	-	498	267	231	-	498				
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'fair value through profit or loss' - net	15,357	4,297	-	19,654	(3,885)	(991)	(36)	(4,912)				
	(17)	(207)	264	40	(543)	(479)	(707)	(1,729)				
<b>Decrease / (increase) in assets</b>												
Investments - net	17,583	(30,044)	88,325	75,864	7,558	6,045	57,047	70,650				
Advances and prepayments	23	20	-	43	22	19	-	41				
	17,606	(30,024)	88,325	75,907	7,580	6,064	57,047	70,691				
<b>(Decrease) / increase in liabilities</b>												
Payable to the Management Company	908	4	(15)	897	-	(2,316)	(9)	(2,325)				
Payable to the Trustee	(3)	1	(8)	(10)	-	-	(2)	(2)				
Payable to Securities and Exchange Commission of Pakistan	(5)	1	(21)	(25)	(3)	-	1	(2)				
Accrued expenses and other liabilities	(476)	(1,855)	(1,257)	(3,588)	(241)	(1,386)	(1,771)	(3,398)				
	424	(1,849)	(1,301)	(2,726)	(244)	(3,702)	(1,781)	(5,727)				
Cash generated from / (used in) from operations	18,013	(32,080)	87,288	73,221	6,793	1,883	54,559	63,235				
Dividend received	244	2,059	1,358	3,661	1,052	2,020	4,946	8,018				
Mark-up received on bank deposits	56	76	21	153	59	303	48	410				
Back-end load	-	-	-	-	-	-	26	26				
Net cashflows from / (used in) operating activities	18,313	(29,945)	88,667	77,035	7,904	4,206	59,579	71,689				
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
Receipts from issue of units	82,838	32,138	2,552	117,528	4,009	292,353	7,339	303,701				
Payment against redemption of units	(38,909)	(2,513)	(90,880)	(132,302)	(14,846)	(297,438)	(62,466)	(374,750)				
Dividend paid	-	-	(1,416)	(1,416)	(298)	(1,639)	(4,317)	(6,254)				
Net cash generated / (used in) from financing activities	43,929	29,625	(89,744)	(16,190)	(11,135)	(6,724)	(59,444)	(77,303)				
Net increase / (decrease) in cash and cash equivalents during the year / period	62,242	(320)	(1,077)	60,845	(3,231)	(2,518)	135	(5,614)				
Cash and cash equivalents at the beginning of the year / period	237	1,598	1,089	2,924	3,468	4,116	954	8,538				
Cash and cash equivalents at the end of the year / period	5	62,479	1,278	12	63,769	237	1,598	1,089	2,924			

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

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL FINANCIAL PLANNING FUND

## Statement of Movement in Unit Holders' Fund

For the year ended June 30, 2022

	Active Allocation Plan					
	2022			2021		
	Capital value	Accumulated loss	Total	Capital value	Undistributed Income	Total
	Rupees in '000					
Net assets at beginning of the year	56,275	1,525	57,800	65,510	(8,063)	57,447
<b>Issuance of 1,100,371 units (2021: 37,988 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	127,377	-	127,377	3,735	-	3,735
Element of (loss) / income	(44,539)	-	(44,539)	274	-	274
<b>Total proceeds on issuance of units</b>	<b>82,838</b>	<b>-</b>	<b>82,838</b>	<b>4,009</b>	<b>-</b>	<b>4,009</b>
<b>Redemption of 440,840 units (2021: 137,418 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	(51,031)	-	(51,031)	(13,235)	-	(13,235)
Income already paid on redemption of units	-	-	-	-	(1,602)	(1,602)
Element of income / (loss)	12,122	-	12,122	(9)	-	(9)
<b>Total payments on redemption of units</b>	<b>(38,909)</b>	<b>-</b>	<b>(38,909)</b>	<b>(13,244)</b>	<b>(1,602)</b>	<b>(14,846)</b>
Total comprehensive (loss) / income for the year	-	(15,850)	(15,850)	-	11,488	11,488
<b>Interim distribution Rs. 0.6 per unit declared on June 25, 2021 as cash dividend</b>						
Refund of capital	-	-	-	-	-	-
Distribution during the year	-	-	-	-	(298)	(298)
<b>Net assets at end of the year</b>	<b>100,204</b>	<b>(14,325)</b>	<b>85,879</b>	<b>56,275</b>	<b>1,525</b>	<b>57,800</b>
<b>Undistributed income / (loss) brought forward</b>						
Realised loss		(2,360)			(7,644)	
Unrealised income / (loss)		3,885			(419)	
		1,525			(8,063)	
<b>Accounting income available for distribution</b>						
Relating to capital gains		-			9,589	
Excluding capital gains		-			297	
		-			9,886	
Total comprehensive loss for the year		(15,850)			(298)	
Distributions during the year		-			-	
Undistributed (loss) / income carried forward		(14,325)			1,525	
<b>Undistributed (loss) / income carried forward</b>						
Realised income / (loss)		1,032			(2,360)	
Unrealised (loss) / income		(15,357)			3,885	
		(14,325)			1,525	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			115,7579			95,9459
Net assets value per unit at end of the year			<u>74,1068</u>			<u>115,7579</u>

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

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL FINANCIAL PLANNING FUND**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2022

Conservative Allocation Plan

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	Rupees in '000					
Net assets at beginning of the year	42,154	8,966	51,120	46,342	6,207	52,549
<b>Issuance of 282,207 units (2021: 2,634,220 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	32,512	-	32,512	285,395	-	285,395
Element of (loss) / income	(374)	-	(374)	6,958	-	6,958
<b>Total proceeds on issuance of units</b>	<b>32,138</b>	<b>-</b>	<b>32,138</b>	<b>292,353</b>	<b>-</b>	<b>292,353</b>
<b>Redemption of 22,094 units (2021: 2,675,712 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	(2,547)	-	(2,547)	(289,884)	-	(289,884)
Income already paid on redemption of units	-	-	-	-	(897)	(897)
Element of income / (loss)	34	-	34	(6,657)	-	(6,657)
<b>Total payments on redemption of units</b>	<b>(2,513)</b>	<b>-</b>	<b>(2,513)</b>	<b>(296,541)</b>	<b>(897)</b>	<b>(297,438)</b>
Total comprehensive (loss) / income for the year	-	(2,125)	(2,125)	-	5,295	5,295
<b>Interim distributions</b>						
Rs. 3.7 per unit declared on June 25, 2021 as cash dividend	-	-	-	-	-	-
Refund of capital	-	-	-	-	-	-
Distribution during the year	-	-	-	-	(1,639)	(1,639)
	-	(2,125)	(2,125)	-	3,656	3,656
<b>Net assets at end of the year</b>	<b>71,779</b>	<b>6,841</b>	<b>78,620</b>	<b>42,154</b>	<b>8,966</b>	<b>51,120</b>
<b>Undistributed income brought forward</b>						
Realised income		7,975			6,074	
Unrealised income		991			133	
		8,966			6,207	
<b>Accounting income available for distribution</b>						
Relating to capital gains		-			2,838	
Excluding capital gains		-			1,560	
		-			4,398	
Total comprehensive loss for the year		(2,125)			-	
Distribution during the year		-			(1,639)	
Undistributed income carried forward		6,841			8,966	
<b>Undistributed income carried forward</b>						
Realised income		11,138			7,975	
Unrealised (loss) / income		(4,297)			991	
		6,841			8,966	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			115.2069			108.3030
Net assets value per unit at end of the year			<u>111.7040</u>			<u>115.2069</u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

# HBL FINANCIAL PLANNING FUND

## Statement of Movement in Unit Holders' Fund

For the year ended June 30, 2022

Special Income Plan						
For the period from July 1, 2021 to September 13, 2021			2021			
Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	
Rupees in '000						
<b>Net assets at beginning of the period / year</b>	81,693	6,232	87,925	135,761	5,733	141,494
<b>Issuance of 24,127 units (2021: 69,353 units)</b>						
Capital value (at net asset value per unit at the beginning of the period / year)	2,546	-	2,546	7,353	-	7,353
Element of income / (loss)	6	-	6	(14)	-	(14)
<b>Total proceeds on issuance of units</b>	2,552	-	2,552	7,339	-	7,339
<b>Redemption of 857,477 units (2021: 586,172 units)</b>						
Capital value (at net asset value per unit at the beginning of the period / year)	(90,472)	-	(90,472)	(62,042)	-	(62,042)
Income already paid on redemption of units	-	(162)	(162)	-	(1,073)	(1,073)
Element of (loss) / income	(246)	-	(246)	649	-	649
<b>Total payments on redemption of units</b>	(90,718)	(162)	(90,880)	(61,393)	(1,073)	(62,466)
<b>Total comprehensive income for the period / year</b>	-	1,819	1,819	-	5,875	5,875
Interim distributions						
Rs. 0.2 per unit declared on October 02, 2020 as cash dividend	-	-	-	-	-	-
Refund of capital	-	-	-	-	-	-
Distribution during the period	-	-	-	-	(265)	(265)
Rs. 0.3 per unit declared on December 31, 2020 as cash dividend	-	-	-	-	-	-
Refund of capital	-	-	-	-	(335)	(335)
Distribution during the period	-	-	-	-	-	-
Rs. 1.75 per unit declared on April 02, 2021 as cash dividend	-	-	-	(2)	-	(2)
Refund of capital	-	-	-	-	-	-
Distribution during the period	-	-	-	-	(1,746)	(1,746)
Rs. 2.40 per unit declared on June 25, 2021 as cash dividend	-	-	-	-	-	-
Refund of capital	-	-	-	(12)	-	(12)
Distribution during the period	-	-	-	-	(1,957)	(1,957)
Rs. 2.2 per unit declared on September 13, 2021 as cash dividend	-	-	-	-	-	-
Refund of capital	-	-	-	-	-	-
Distribution during the period / year	-	(1,416)	(1,416)	-	-	-
	-	403	403	(14)	1,572	1,558
<b>Net assets at end of the period</b>	(6,473)	6,473	-	81,693	6,232	87,925
<b>Undistributed income brought forward</b>						
Realised income / (loss)		6,196			(1,029)	
Unrealised income		36			6,762	
		6,232			5,733	
<b>Accounting income available for distribution</b>						
Relating to capital gains		176			864	
Excluding capital gains		1,481			3,938	
		1,657			4,802	
Distribution during the period / year		(1,416)			(4,303)	
<b>Undistributed income carried forward</b>		6,473			6,232	
<b>Undistributed income carried forward</b>						
Realised income		6,473			6,196	
Unrealised income		-			36	
		6,473			6,232	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period / year</b>			105.5096			104.7978
<b>Net assets value per unit at end of the period / year</b>			-			105.5096

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

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

HBL Financial Planning Fund (the Fund), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and Digital Custodian Comapany Limited (DCCL) [formerly, MCB Financial Services Limited (MCBFSL)] as the Trustee. The Trust Deed was executed on March 22, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 14, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 the (NBFC Rules). The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 24, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

Effective from March 22, 2017, HBL Asset Management Limited became Management Company of the Fund, which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

The Fund is an open ended fund of fund scheme and the Fund is listed on Pakistan Stock Exchange Limited. The Fund currently has three different plans; namely, Active Allocation Plan, Conservative Allocation Plan and Special Income Plan (collectively referred as 'Plans'). The units of Conservative Allocation Plan and Active Allocation Plan were initially offered to public (IPO) from September 11, 2017 to October 10, 2017, the units of Strategic Allocation Plan were offered from August 07, 2017 to October 10, 2017 and the units of Special Income Plan were offered from June 11, 2019 to September 13, 2019. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The Fund is perpetual, however, the Allocation Plans may have a set time frame. Each Allocation Plan will announce separate NAVs which will rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans may be offered for a limited subscription period.

The Fund aims to generate returns on investment as per the respective Allocation Plan by investing in Mutual Funds in line with the risk tolerance of the investor. Following is the description of the plans currently in operation:

- The "Active Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" with an objective to earn a potentially high return through active asset allocation between Equity scheme(s), Income scheme(s) and Money Market Schemes based on the Fund Manager's outlook on the asset classes.
- The "Conservative Allocation Plan" is an Allocation Plan under the "HBL Financial Planning Fund" and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of investments in equity, income and money market funds. This Allocation Plan is suitable for Investors who have moderate risk tolerance and have a short to medium term investment horizon.
- The "Special Income Plan" is an Allocation Plan under the "HBL Financial Planning Fund" with an objective to earn a potentially high return through active allocation of funds between income scheme(s) and money market scheme(s) based on fundamental analysis of economic indicators, interest rate environment, market liquidity conditions and a strategy of minimizing risk and volatility. The plan commenced on September 15, 2019 for the duration of 24 months (two years) and matured on September 13, 2021.

VIS Credit Rating Agency has assigned a long term management quality rating of 'AM2++ (Positive outlook) to the Management Company while the Fund is currently not rated.

Title to the assets of the Fund are held in the name of Digital Custodian Company Limited (DCCL) [formerly MCB Financial Services Limited (MCBFSL)] as the Trustee of the Fund.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost basis, unless otherwise stated.

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

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

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

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

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

#### **Classification and valuation of investments**

For details please refer notes 6 and 18 to these financial statements.

### Impairment of investment

For details please refer notes 4.2.1.2 to these financial statements.

## 3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

### 3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following accounting standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after:</b>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16: 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

### 3.2 New accounting standards, amendments and interpretations that are not yet effective

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

	<b>Effective from accounting period beginning on or after:</b>
Amendments to IFRS 3: 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16: 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37: 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1: 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12: 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 1: 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024

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

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards; and
IFRS 17	Insurance Contracts

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

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

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

##### **4.2 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

###### **4.2.1 Financial assets**

###### **4.2.1.1 Classification and measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified as measured at: amortised cost and fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL  
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.

Financial assets at amortised cost  
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.

#### **4.2.1.2 Impairment of financial assets**

The Fund has applied the expected credit loss model that requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly investment, advances and deposits, dividend and mark-up receivable and bank balances.

#### **4.2.1.3 Regular way contracts**

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### **4.2.1.4 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

#### **4.2.2 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### **4.2.3 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.3 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

#### **4.6 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.7 Element of income**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unitholders' fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### **4.8 Net assets value per unit**

The net assets value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

#### 4.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.
- Markup on bank deposits is recognised on a time apportionment basis using effective interest rate.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

#### 4.10 Transactions with related parties / connected persons

Transactions with connected persons are carried in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.

	Note	2022				2021			
		Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
		Rupees in '000				Rupees in '000			
<b>5 BANK BALANCES</b>									
In saving accounts	5.1	62,479	1,278	12	63,769	237	1,598	1,089	2,924

5.1 These accounts carry mark-up at the rates ranging between 8% to 12.25% (2021: 4% to 5.6%) per annum. This includes an amount held by a related party (Habib Bank Limited) amounting to Rs. 62.466 million (2021: Rs. 0.225 million), Rs. 1.187 million (2021: 1.513 million) and Rs. 0.011 million (2021: 0.998 million) by Active Allocation Plan, Conservative Allocation Plan and Special Income Plan respectively.

	Note	2022				2021			
		Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
		Rupees in '000				Rupees in '000			
<b>6 INVESTMENTS</b>									
Financial assets classified at fair value through profit or loss									
Units of mutual funds	6.1	24,375	77,306	-	101,681	57,824	51,084	88,149	197,057

#### 6.1 Units of Mutual Funds

Name of Investee Funds	Total units as at July 1, 2021	Purchases made during the year	Sales made during the year	Total units as at June 30, 2022	Total carrying value as at June 30, 2022	Total market value as at June 30, 2022	Unrealised appreciation / (diminution) on re-measurement of investment	Market value as a percentage of net assets	Market value as a percentage of total value of investment
		Number of units			Rupees in '000			%	
<b>Active Allocation Plan</b>									
HBL Cash Fund	14,995	-	14,995	-	-	-	-	-	-
HBL Equity Fund	330,937	22,814	97,650	256,101	35,057	19,685	(15,372)	23	81
HBL Income Fund	90,388	20,417	79,716	31,089	3,450	3,464	14	4	14
HBL Money Market Fund	-	32,748	20,816	11,931	1,225	1,226	1	1	5
	436,320	75,979	213,177	299,121	39,732	24,375	(15,357)	28	100
<b>Conservative Allocation Plan</b>									
HBL Cash Fund	124	13	-	137	14	14	-	0	0
HBL Equity Fund	74,370	64,571	78,422	60,519	7,681	4,652	(3,029)	6	6
HBL Income Fund	-	616,245	112,120	504,125	55,949	56,175	226	71	73
HBL Stock Fund	-	142,460	-	142,460	11,749	10,247	(1,502)	13	13
HBL Money Market Fund	396,326	83,015	418,846	60,495	6,210	6,218	8	8	8
	470,820	906,304	609,388	767,736	81,603	77,306	(4,297)	98	100
<b>Special Income Plan</b>									
HBL Cash Fund	871,029	13,422	884,451	-	-	-	-	-	-
	871,029	13,422	884,451	-	-	-	-	-	-
Total as at June 30, 2022	1,778,169	995,705	1,707,016	1,066,857	121,335	101,681	(19,654)	-	-
Total as at June 30, 2021	2,400,469	3,520,606	4,142,906	1,778,169	192,145	197,057	4,912	-	-

**6.2 Net Unrealised (Diminution) / Appreciation On Re-Measurement Of Investments Classified As Financial Assets 'Fair Value Through Profit Or Loss'**

	2022				2021			
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000			
Market value of investments	24,375	77,306	-	101,681	57,824	51,084	88,149	197,057
Less: Carrying value of investments	(39,732)	(81,603)	-	(121,335)	(53,939)	(50,093)	(88,113)	(192,145)
	<u>(15,357)</u>	<u>(4,297)</u>	<u>-</u>	<u>(19,654)</u>	<u>3,885</u>	<u>991</u>	<u>36</u>	<u>4,912</u>

**7 PRELIMINARY EXPENSES AND FLOTATION COSTS**

	2022			2021		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
	Rupees in '000			Rupees in '000		
Opening balance	377	372	749	644	603	1,247
Less: Amortised during the year / period	(267)	(231)	(498)	(267)	(231)	(498)
Closing balance	<u>110</u>	<u>141</u>	<u>251</u>	<u>377</u>	<u>372</u>	<u>749</u>

Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operation of the Fund and are being amortized over the period of 5 years for Active Allocation Plan and Conservative Allocation Plan, commencing from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC Rules.

**8 ADVANCES AND PREPAYMENTS**

	Note	2022			2021		
		Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
		Rupees in '000			Rupees in '000		
Advance tax	8.1	37	9	46	37	9	46
Prepaid listing fee		8	7	15	31	27	58
		<u>45</u>	<u>16</u>	<u>61</u>	<u>68</u>	<u>36</u>	<u>104</u>

**8.1** The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.

The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 151 of ITO 2001. The Management Company is confident that the same shall be refunded after filing refund application.

**9 PAYABLE TO THE MANAGEMENT COMPANY**

	Note	2022				2021			
		Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
		Rupees in '000				Rupees in '000			
Remuneration payable to the Management Company	9.1	1	2	-	3	-	-	-	-
Sindh Sales Tax payable on Management Company's remuneration	9.2	-	-	-	-	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	4	11	-	15	10	9	15	34
Sales load payable		913	-	-	913	-	-	-	-
		<u>918</u>	<u>13</u>	<u>-</u>	<u>931</u>	<u>10</u>	<u>9</u>	<u>15</u>	<u>34</u>

- 9.1** As per the Regulation 61 of the NBFC Regulations, Asset Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document. However, no management fee is charged on that part of the average annual net assets which have been invested in mutual funds managed by the Management Company. The maximum limit disclosed in the Offering Document is 1% per annum of average annual net assets. During the year, the fee is being charged at the rate of 1% of the average annual net assets. The fee is payable monthly in arrears.
- 9.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2021: 13%) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.
- 9.3** As per Regulation 60(3)(s) of NBFC Regulations, fees and expenses related to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee has been charged at the rate of 0.2%, in case of Active Allocation Plan, Conservative Allocation Plan and Special Income Plan of the average annual net assets of the Fund.

**10 PAYABLE TO THE TRUSTEE**

	Note	2022				2021			
		Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
		Rupees in '000				Rupees in '000			
Trustee fee payable	10.1	2	5	-	7	4	4	7	15
Sindh Sales Tax payable on remuneration of the Trustee		-	1	-	1	1	1	1	3
		<u>2</u>	<u>6</u>	<u>-</u>	<u>8</u>	<u>5</u>	<u>5</u>	<u>8</u>	<u>18</u>

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed, as per the tariff specified therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee monthly in arrears.
- 10.2** As per the Trust Deed and Offering Document, the tariff structure was as follows:

Net assets	Tariff per annum
Up to Rs. 1 billion	0.09% of the daily net assets or Rs. 250,000 per annum whichever is higher.
Over Rs. 1 billion	Rs. 0.9 million plus 0.065% per annum of the daily average annual net assets exceeding one billion

- 10.3** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2021: 13%) on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

**11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

	Note	2022				2021			
		Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
		Rupees in '000				Rupees in '000			
Annual fee payable	11.1	7	13	3	23	12	12	24	48

- 11.1** As per Regulation 62 of NBFC Regulations, An Asset Management Company managing a CIS shall pay SECP an annual fee of 0.02% of the average annual nets assets. The fee is payable annually in arrears.

**12 ACCRUED EXPENSES AND OTHER LIABILITIES**

	2022				2021			
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000			
<b>Note</b>								
Provision for Sindh Workers' Welfare Fund	-	-	-	-	406	332	466	1,204
12.1 Withholding tax payable	-	-	-	-	62	485	376	923
Auditors' remuneration	57	50	-	107	68	62	167	297
Printing charges payable	19	39	-	58	-	-	-	-
Others	127	-	9	136	143	1,065	257	1,465
	<b>203</b>	<b>89</b>	<b>9</b>	<b>301</b>	<b>679</b>	<b>1,944</b>	<b>1,266</b>	<b>3,889</b>

**12.1 Workers' Welfare Fund and Sindh Workers' Welfare Fund**

The Government of Sindh introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan (MUFAP), in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry i.e Sindh Finance Ministry for appropriate resolution of the matter.

During the current year, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to MUFAP has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the SWWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

Based on the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 0.406 million, Rs. 0.332 million and Rs. 0.466 million in Active Allocation Plan, Conservative Allocation Plan and Special Income Plan that was charged for the period from July 1, 2014 till August 12, 2021.

**13 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2022 (2021: Nil).

**14 NUMBER OF UNITS IN ISSUE**

	2022				2021			
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
	Number of units				Number of units			
Total units in issue at the beginning of the year / period	499,316	443,711	833,350	1,776,377	598,746	485,203	1,350,169	2,434,118
Add: Units issued	1,100,371	282,207	24,127	1,406,705	37,988	2,634,220	69,353	2,741,561
Less: Units redeemed	(440,840)	(22,094)	(857,477)	(1,320,411)	(137,418)	(2,675,712)	(586,172)	(3,399,302)
Total units in issue at the end of the year / period	<u>1,158,847</u>	<u>703,824</u>	<u>-</u>	<u>1,862,671</u>	<u>499,316</u>	<u>443,711</u>	<u>833,350</u>	<u>1,776,377</u>

**15 AUDITORS' REMUNERATION**

	2022				2021			
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000			
Annual audit fee	97	88	25	210	36	35	112	183
Fee for half yearly review	7	4	13	24	6	4	12	22
Other certifications and out of pocket expenses	28	25	10	63	9	21	28	58
	<u>132</u>	<u>117</u>	<u>48</u>	<u>297</u>	<u>51</u>	<u>60</u>	<u>152</u>	<u>263</u>

**16 TAXATION**

The Fund's income is exempt from income tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund in its Active Allocation Plan (AAP) and Conservative Allocation Plan (CAP) has not recorded a tax liability in the current year as a result of loss incurred during the year.

The Fund in its Special Income Plan (SIP) has not recorded a tax liability as the Management Company has distributed 100% of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) to its unit holders as the Plan has matured in the current year.

**17 EARNINGS PER UNIT**

Earnings per unit (EPU) has not been disclosed in these financial statements as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

**18 FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	Active Allocation Plan			Conservative Allocation Plan			Special Income Plan			Total
	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	
Rupees in '000										
<b>Financial assets</b>										
Bank balances	-	62,479	62,479	-	1,278	1,278	-	12	12	63,769
Investments	24,375	-	24,375	77,306	-	77,306	-	-	-	101,681
	<u>24,375</u>	<u>62,479</u>	<u>86,854</u>	<u>77,306</u>	<u>1,278</u>	<u>78,584</u>	<u>-</u>	<u>12</u>	<u>12</u>	<u>165,450</u>

Particulars	Active Allocation Plan			Conservative Allocation Plan			Special Income Plan			Total
	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	
Rupees in '000										
<b>Financial liabilities</b>										
Payable to the Management Company	-	918	918	-	13	13	-	-	-	931
Payable to the Trustee	-	2	2	-	6	6	-	-	-	8
Accrued expenses and other liabilities	-	76	76	-	89	89	-	9	9	174
	<u>-</u>	<u>996</u>	<u>996</u>	<u>-</u>	<u>108</u>	<u>108</u>	<u>-</u>	<u>9</u>	<u>9</u>	<u>1,113</u>

Particulars	Active Allocation Plan			Conservative Allocation Plan			Special Income Plan			Total
	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	
2021 Rupees in '000										
<b>Financial assets</b>										
Bank balances	-	237	237	-	1,598	1,598	-	1,089	1,089	2,924
Investments	57,824	-	57,824	51,084	-	51,084	88,149	-	88,149	197,057
	<u>57,824</u>	<u>237</u>	<u>58,061</u>	<u>51,084</u>	<u>1,598</u>	<u>52,682</u>	<u>88,149</u>	<u>1,089</u>	<u>89,238</u>	<u>199,981</u>

Particulars	Active Allocation Plan			Conservative Allocation Plan			Special Income Plan			Total
	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	
Rupees in '000										
<b>Financial liabilities</b>										
Payable to the Management Company	-	10	10	-	9	9	-	15	15	34
Payable to the Trustee	-	4	4	-	4	4	-	7	7	15
Accrued expenses and other liabilities	-	71	71	-	1,122	1,122	-	402	402	1,595
	<u>-</u>	<u>85</u>	<u>85</u>	<u>-</u>	<u>1,135</u>	<u>1,135</u>	<u>-</u>	<u>424</u>	<u>424</u>	<u>1,645</u>

**19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Digital Custodian Company Limited (DCCL) [formerly MCB Financial Services Limited (MCBFSL)] being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

Transactions and balances with parties who were connected persons due to 10% holding or more units in the comparative year and not in the current year are not disclosed in the comparative year.

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the financial statements are as follows:

# HBL FINANCIAL PLANNING FUND

## Notes to the Financial Statements

For the year ended June 30, 2022

	2022				2021			
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000			
<b>19.1 Transactions during the year / period</b>								
<b>HBL Asset Management Limited - Management Company</b>								
Remuneration of the Management Company	5	12	4	21	12	54	3	69
Sindh Sales Tax on remuneration of the Management Company	1	2	1	4	2	7	-	9
Allocation of expenses / (reversal) related to registrar services, accounting, operation and valuation services	73	129	34	236	119	124	243	486
Issue of 263,657 (2021: Nil) units	-	30,000	-	30,000	-	-	-	-
<b>Digital Custodian Company Limited (DCCL) [formerly MCB Financial Services Limited (MCBFSL)] - Trustee</b>								
Remuneration of the Trustee	33	58	15	106	53	56	109	218
Sindh Sales Tax on remuneration of the Trustee	4	8	2	14	7	7	14	28
<b>Habib Bank Limited - Sponsor</b>								
Bank charges	7	4	79	90	5	9	2	16
Mark-up on bank deposits	56	69	20	145	58	259	30	347
<b>HBL Cash Fund - CIS managed by the Management Company</b>								
Purchase of Nil (2021: 22,105) units	-	-	-	-	2,236	-	-	2,236
Purchase of 13 (2021: 8) units	-	1	-	1	-	1	-	1
Purchase of 13,422 (2021: 1,401,835) units	-	-	1,359	1,359	-	-	141,809	141,809
Redemption of 14,995 (2021: 192,203) units	1,522	-	-	1,522	19,483	-	-	19,483
Redemption of 884,451 (2021: 530,806) units	-	-	89,683	89,683	-	-	53,863	53,863
Dividend Income	-	1	1,359	1,360	685	1	5,503	6,189
<b>HBL Stock Fund- CIS managed by the Management Company</b>								
Purchase of Nil (2021: 522) units	-	-	-	-	51	-	-	51
Purchase of 142,460 (2021: 285,263) units	-	11,749	-	11,749	-	29,575	-	29,575
Redemption of Nil (2021: 326,475) units	-	-	-	-	34,672	-	-	34,672
Redemption of Nil (2021: 414,440) units	-	-	-	-	-	42,659	-	42,659
<b>HBL Income Fund - CIS managed by the Management Company</b>								
Purchase of 20,417 (2021: 22,925) units	2,275	-	-	2,275	2,529	-	-	2,529
Purchase of 616,245 (2021: Nil) units	-	69,115	-	69,115	-	-	-	-
Redemption of 79,716 (2021: 265) units	9,369	-	-	9,369	30	-	-	30
Redemption of 112,120 (2021: Nil) units	-	13,344	-	13,344	-	-	-	-
Dividend Income	129	1,841	-	1,970	436	-	-	436
<b>HBL Money Market Fund - CIS managed by the Management Company</b>								
Purchase of 32,748 (2021: Nil) units	3,367	-	-	3,367	-	-	-	-
Purchase of 83,015 (2021: 1,193,781) units	-	8,595	-	8,595	-	123,101	-	123,101
Redemption of 20,816 (2021: Nil) units	2,146	-	-	2,146	-	-	-	-
Redemption of 418,846 (2021: 1,210,548) units	-	45,622	-	45,622	-	125,689	-	125,689
Dividend Income	114	217	-	331	-	2,562	-	2,562
<b>HBL Government Securities Fund - CIS managed by the Management Company</b>								
Redemption of Nil (2021: 1,279,309) units	-	-	-	-	-	-	144,994	144,994
Dividend Income	-	-	-	-	-	-	-	-
<b>HBL Islamic Dedicated Equity Fund - CIS managed by the Management Company</b>								
Purchase of Nil (2021: 159,617) units	-	-	-	-	15,600	-	-	15,600
Redemption of Nil (2021: 159,617) units	-	-	-	-	16,203	-	-	16,203
<b>HBL Equity Fund - CIS managed by the Management Company</b>								
Purchase of 22,814 (2021: 349,765) units	2,404	-	-	2,404	45,011	-	-	45,011
Purchase of 64,571 (2021: 84,785) units	-	7,227	-	7,227	-	10,976	-	10,976
Redemption of 97,650 (2021: 18,828) units	12,592	-	-	12,592	2,597	-	-	2,597
Redemption of 64,571 (2021: 10,415) units	-	7,678	-	7,678	-	1,350	-	1,350

	2022				2021			
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000			
<b>Patient Welfare Association - Connected person due to 10% holding</b>								
Issue of Nil (2021: Nil) units	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	1,480	-	1,480
<b>Raheem Ali Charania - Connected person due to 10% holding</b>								
Issue of 827,696 (2021: Nil) units	62,024	-	-	62,024	-	-	-	-
Dividend Income	-	-	-	-	-	-	-	-
<b>Asif Nadeem Minhas - Connected person due to 10% holding</b>								
Issue of Nil (2021: 321) units	-	-	-	-	37	-	-	37
Issue of 1,173 (2021: 3,584) units	-	-	124	124	-	-	379	379
Redemption of Nil (2021: 19,203) units	-	-	-	-	2,013	-	-	2,013
Redemption of 99,593 (2021: Nil) units	-	-	17,531	17,531	-	-	-	-
Dividend Income	-	-	124	124	44	-	444	488
<b>Shazia Afshan Minhas - Connected person due to 10% holding</b>								
Issue of 2,971 (2021: 6,149) units	-	-	314	314	-	-	651	651
Redemption of 206,900 (2021: Nil) units	-	-	21,870	21,870	-	-	-	-
Dividend Income	-	-	314	314	-	-	925	925
<b>Anwer Ahmed Syed - Connected person due to 10% holding</b>								
Issue of 1,628 (2021: 3,251) units	-	-	172	172	-	-	355	355
Redemption of 93,655 (2021: Nil) units	-	-	9,900	9,900	-	-	-	-
Dividend Income	-	-	172	172	-	-	415	415
<b>19.2 Balances outstanding as at year / period end</b>								
<b>HBL Asset Management Limited - Management Company</b>								
Remuneration payable to the Management Company	1	2	3	6	-	-	-	-
Sindh Sales Tax payable on remuneration of the Management Company	-	-	-	-	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	4	11	-	15	10	9	15	34
Sales load payable	913	-	913	1,826	-	-	-	-
Units held: 263,657 (June 30, 2021: Nil)	-	29,451	-	29,451	-	-	-	-
<b>Habib Bank Limited - Sponsor</b>								
Bank balances	62,466	1,187	11	63,663	225	1,513	998	2,736
<b>Digital Custodian Company Limited (DCCL) [formerly MCB Financial Services Limited (MCBFSL)] - Trustee</b>								
Trustee fee payable	2	5	-	7	4	4	7	15
Sindh Sales Tax payable on remuneration of the Trustee	-	1	-	1	1	1	1	3
<b>HBL Cash Fund - CIS managed by the Management Company</b>								
Units held: Nil (June 30, 2021: 14,995)	-	-	-	-	1,518	-	-	1,518
Units held: 137 (June 30, 2021: 124)	-	14	-	14	-	13	-	13
Units held: Nil (June 30, 2021: 871,029)	-	-	-	-	-	-	88,149	88,149
<b>HBL Stock Fund- CIS managed by the Management Company</b>								
Units held: 142,460 (June 30, 2021: Nil)	-	10,247	-	10,247	-	-	-	-
<b>HBL Income Fund - CIS managed by the Management Company</b>								
Units held: 31,089 (June 30, 2021: 90,388)	3,464	-	-	3,464	9,993	-	-	9,993
Units held: 504,124 (June 30, 2021: Nil)	-	56,175	-	56,175	-	-	-	-
<b>HBL Money Market Fund - CIS managed by the Management Company</b>								
Units held: 11,931 (June 30, 2021: Nil)	1,226	-	-	1,226	-	-	-	-
Units held: 60,495 (June 30, 2021: 396,326)	-	6,218	-	6,218	-	40,663	-	40,663

	2022				2021			
	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Total
	Rupees in '000				Rupees in '000			
<b>HBL Equity Fund - CIS managed by the Management Company</b>								
Units held: 256,101 (June 30, 2021: 330,937)	19,685	-	-	19,685	46,313	-	-	46,313
Units held: 60,519 (June 30, 2021: 74,370)	-	4,652	-	4,652	-	10,408	-	10,408
<b>Patient Welfare Association - Connected Person due to 10% holding</b>								
Units held: 400,000 (2021: 400,000)	-	44,682	-	44,682	-	46,083	-	46,083
<b>Raheem Ali Charania - Connected person due to 10% holding</b>								
Units held: 827,696 (2021: Nil)	61,339	-	-	61,339	-	-	-	-
<b>Asif Nadeem Minhas - Connected Person due to 10% holding</b>								
Units held: Nil (2021: 73,012)	-	-	-	-	8,452	-	-	8,452
Units held: Nil (2021: 98,420)	-	-	-	-	-	-	10,384	10,384
<b>Shazia Afshan Minhas - Connected Person due to 10% holding</b>								
Units held: Nil (2021: 203,929)	-	-	-	-	-	-	21,516	21,516
<b>Anwar Ahmad Syed - Connected Person due to 10% holding</b>								
Units held: Nil (2021: 92,027)	-	-	-	-	-	-	9,710	9,710

## 20 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 20.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

#### 20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk.

**20.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

**a) Cash flow interest rate risk**

The Fund is exposed to cash flow interest rate risk for balances in savings accounts, the interest rates on which range between 8% to 12.25% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2022, with all other variables held constant, the net income for the year / period and the net assets would have been higher / lower by Rs. 0.6248 million, Rs. 0.0128 million and Rs. 0.0001 million of Active Allocation Plan, Conservative Allocation plan, and Special Income Plan (2021: Rs. 0.0024 million, Rs. 0.0160 million, and Rs. 0.0109 million) respectively.

**b) Fair value interest rate risk**

Since the Fund currently does not have any fixed rate instruments that are impacted by market interest rates, therefore, it is not exposed to fair value interest rate risk.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

Active Allocation Plan												
Particulars	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year				Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000					%	Rupees in '000				
<b>On-balance sheet financial instruments</b>												
<b>Financial assets</b>												
Bank balances	8 - 12.25	62,479	-	-	-	62,479	4 - 5.6	237	-	-	-	237
Investments - net		-	-	-	24,375	24,375		-	-	-	57,824	57,824
<b>Sub total</b>		<b>62,479</b>	<b>-</b>	<b>-</b>	<b>24,375</b>	<b>86,854</b>		<b>237</b>	<b>-</b>	<b>-</b>	<b>57,824</b>	<b>58,061</b>
<b>Financial liabilities</b>												
Payable to the Management Company		-	-	-	918	918		-	-	-	10	10
Payable to the Trustee		-	-	-	2	2		-	-	-	4	4
Accrued expenses and other liabilities		-	-	-	76	76		-	-	-	71	71
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>996</b>	<b>996</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>85</b>	<b>85</b>
<b>On-balance sheet gap (a)</b>		<b>62,479</b>	<b>-</b>	<b>-</b>	<b>23,379</b>	<b>85,858</b>		<b>237</b>	<b>-</b>	<b>-</b>	<b>57,739</b>	<b>57,976</b>
<b>Off-balance sheet financial instruments</b>												
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<b>62,479</b>	<b>-</b>	<b>-</b>	<b>23,379</b>	<b>85,858</b>		<b>237</b>	<b>-</b>	<b>-</b>	<b>57,739</b>	<b>57,976</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>62,479</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conservative Allocation Plan												
Particulars	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year				Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000					%	Rupees in '000				
<b>On-balance sheet financial instruments</b>												
<b>Financial assets</b>												
Bank balances	8 - 12.25	1,278	-	-	-	1,278	4 - 5.6	1,598	-	-	-	1,598
Investments - net		-	-	-	77,306	77,306		-	-	-	51,084	51,084
<b>Sub total</b>		<b>1,278</b>	<b>-</b>	<b>-</b>	<b>77,306</b>	<b>78,584</b>		<b>1,598</b>	<b>-</b>	<b>-</b>	<b>51,084</b>	<b>52,682</b>
<b>Financial liabilities</b>												
Payable to the Management Company		-	-	-	13	13		-	-	-	9	9
Payable to the Trustee		-	-	-	6	6		-	-	-	4	4
Accrued expenses and other liabilities		-	-	-	89	89		-	-	-	1,122	1,122
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>108</b>	<b>108</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,135</b>	<b>1,135</b>
<b>On-balance sheet gap (a)</b>		<b>1,278</b>	<b>-</b>	<b>-</b>	<b>77,198</b>	<b>78,476</b>		<b>1,598</b>	<b>-</b>	<b>-</b>	<b>49,949</b>	<b>51,547</b>
<b>Off-balance sheet financial instruments</b>												
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<b>1,278</b>	<b>-</b>	<b>-</b>	<b>77,198</b>	<b>78,476</b>		<b>1,598</b>	<b>-</b>	<b>-</b>	<b>49,949</b>	<b>51,547</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>1,278</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>1,598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Particulars	Special Income Plan					Effective yield / interest rate	Special Income Plan						
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk		Total	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year					Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				%	Rupees in '000						
On-balance sheet financial instruments													
Financial assets													
Bank balances	8 - 12.25	12	-	-	-	12	4 - 5.6	1,089	-	-	-	1,089	
Investments - net		-	-	-	-	-		-	-	-	88,149	88,149	
Sub total		12	-	-	-	12		1,089	-	-	88,149	89,238	
Financial liabilities													
Payable to the Management Company		-	-	-	-	-		-	-	-	15	15	
Payable to the Trustee		-	-	-	-	-		-	-	-	7	7	
Accrued expenses and other liabilities		-	-	-	9	9		-	-	-	402	402	
Sub total		-	-	-	9	9		-	-	-	424	424	
On-balance sheet gap (a)		12	-	-	(9)	3		1,089	-	-	88,573	89,662	
Off-balance sheet financial instruments		-	-	-	-	-		-	-	-	-	-	
Off-balance sheet gap (b)		-	-	-	-	-		-	-	-	-	-	
Total interest rate sensitivity gap (a) + (b)		12	-	-	(9)	3		1,089	-	-	88,573	89,662	
Cumulative interest rate sensitivity gap		12	-	-	-	-		1,089	-	-	-	-	

### 20.1.3 Other price risk

The Fund is exposed to price risk i.e. the risk of unfavorable changes in the fair value of securities as a result of changes in the value of individual net assets value of open end funds, which arises from investments measured at fair value through income statement. The price risk exposure of the Fund arises from investments in mutual funds only. The Fund's policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines or the requirements of NBFC Regulations.

In case of 5% increase / (decrease) in price of all units held by Funds at the year end, net income for the year would increase / (decrease) by Rs. 1.2188 million, Rs. 3.8653 million and Rs. 0.0000 million of Active Allocation Plan, Conservative Allocation Plan and Special Income Plan (2021: Rs. 2.8912 million, Rs. 2.5542 million and Rs. 4.4075 million) respectively.

In case of 5% increase / (decrease) in price of all units held by Funds at the year end, net assets of the Active Allocation Plan, Conservative Allocation Plan and Special Income Plan would increase / (decrease) by the same amount as a result of gains / losses on units of Fund at fair value through profit or loss.

### 20.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to bank balances and financial institutions.

#### Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed institutions. All transactions in units are settled / paid for upon delivery using the system of Trustee. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

**20.2.1** The analysis below summarises the credit quality of the Fund's financial assets as at June 30, 2022 and June 30, 2021:

2022					
Bank	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Latest available published rating as at June 30, 2022	Rating agency
----- Rupees in '000 -----					
Habib Bank Limited	62,466	1,187	11	A-1+	VIS
JS Bank Limited	13	91	1	A-1+	PACRA
Soneri Bank Limited	-	-	-	A-1+	PACRA
	<u>62,479</u>	<u>1,278</u>	<u>12</u>		

2021					
Bank	Active Allocation Plan	Conservative Allocation Plan	Special Income Plan	Latest available published rating as at June 30, 2021	Rating agency
----- Rupees in '000 -----					
Habib Bank Limited	225	1,513	998	A-1+	VIS
JS Bank Limited	12	85	64	A-1+	PACRA
Soneri Bank Limited	-	-	27	A-1+	PACRA
	<u>237</u>	<u>1,598</u>	<u>1,089</u>		

**20.2.2** The analysis below summarizes the credit quality of the Fund's credit exposure:

Rating by rating category	2022	2021
	----- (Percentage) -----	
A-1+	100%	100%

The maximum exposure to credit risk other the bank balance as disclosed above as at June 30, 2022 is the carrying amount of the financial assets of the Fund. Investments in mutual fund as at the reporting date amounting to Rs. 101.681 million (2021: 197.057 million) is exposed to credit risk as well.

#### Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

#### 20.3 Liquidity risk

Liquidity risk is a risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in units of mutual funds which can be readily redeemed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year, no borrowings were made by the Fund (2021: None).

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	2022												Total
	Active Allocation Plan				Conservative Allocation Plan				Special Income Plan				
	Up to three months	More than three months and up to one year	More than one year	Total	Up to three months	More than three months and up to one year	More than one year	Total	Up to three months	More than three months and up to one year	More than one year	Total	
Rupees in '000													
<b>Financial liabilities</b>													
Payable to the Management Company	918	-	-	918	13	-	-	13	-	-	-	-	931
Payable to the Trustee	2	-	-	2	6	-	-	6	-	-	-	-	8
Accrued expenses and other liabilities	76	-	-	76	89	-	-	89	9	-	-	9	174
	<u>996</u>	<u>-</u>	<u>-</u>	<u>996</u>	<u>108</u>	<u>-</u>	<u>-</u>	<u>108</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>1,113</u>

Particulars	2021												Total
	Active Allocation Plan				Conservative Allocation Plan				Special Income Plan				
	Up to three months	More than three months and up to one year	More than one year	Total	Up to three months	More than three months and up to one year	More than one year	Total	Up to three months	More than three months and up to one year	More than one year	Total	
Rupees in '000													
<b>Financial liabilities</b>													
Payable to the Management Company	10	-	-	10	9	-	-	9	15	-	-	15	34
Payable to the Trustee	4	-	-	4	4	-	-	4	7	-	-	7	15
Accrued expenses and other liabilities	71	-	-	71	1,122	-	-	1,122	402	-	-	402	1,595
	<u>85</u>	<u>-</u>	<u>-</u>	<u>85</u>	<u>1,135</u>	<u>-</u>	<u>-</u>	<u>1,135</u>	<u>424</u>	<u>-</u>	<u>-</u>	<u>424</u>	<u>1,644</u>

## 21 UNITHOLDERS' FUND RISK MANAGEMENT

The unitholders' fund is represented by the net assets attributable to unitholders / redeemable units. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unitholders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unitholders' fund. Unitholders fund risk management is carried out by the Management Company through following steps:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unitholders;
- Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

## 22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying amount and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		2022 Active Allocation Plan						
Particulars	Note	Carrying amount			Fair value			
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
		Rupees in '000						
<b>Financial assets measured at fair value</b>	22.1							
Investments		24,375	-	24,375	24,375	-	-	24,375
		<u>24,375</u>	<u>-</u>	<u>24,375</u>	<u>24,375</u>	<u>-</u>	<u>-</u>	<u>24,375</u>
<b>Financial assets not measured at fair value</b>	22.2							
Bank balances		-	62,479	62,479				
		<u>-</u>	<u>62,479</u>	<u>62,479</u>				
<b>Financial liabilities not measured at fair value</b>	22.2							
Payable to the Management Company		-	918	918				
Payable to the Trustee		-	2	2				
Accrued expenses and other liabilities		-	76	76				
		<u>-</u>	<u>996</u>	<u>996</u>				

2021							
Active Allocation Plan							
Particulars	Note	Carrying amount			Fair value		
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3
Rupees in '000							
<b>Financial assets measured at fair value</b>	22.1						
Investments		57,824	-	57,824	57,824	-	-
		57,824	-	57,824	57,824	-	-
<b>Financial assets not measured at fair value</b>	22.2						
Bank balances		-	237	237			
		-	237	237			
<b>Financial liabilities not measured at fair value</b>	22.2						
Payable to the Management Company		-	10	10			
Payable to the Trustee		-	4	4			
Accrued expenses and other liabilities		-	71	71			
		-	85	85			

2022							
Conservative Allocation Plan							
Particulars	Note	Carrying amount			Fair value		
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3
Rupees in '000							
<b>Financial assets measured at fair value</b>	22.1						
Investments		77,306	-	77,306	77,306	-	-
		77,306	-	77,306	77,306	-	-
<b>Financial assets not measured at fair value</b>	22.2						
Bank balances		-	1,278	1,278			
		-	1,278	1,278			
<b>Financial liabilities not measured at fair value</b>	22.2						
Payable to the Management Company		-	13	13			
Payable to the Trustee		-	6	6			
Accrued expenses and other liabilities		-	89	89			
		-	108	108			

2021							
Conservative Allocation Plan							
Particulars	Note	Carrying amount			Fair value		
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3
Rupees in '000							
<b>Financial assets measured at fair value</b>	22.1						
Investments		51,084	-	51,084	51,084	-	-
		51,084	-	51,084	51,084	-	-
<b>Financial assets not measured at fair value</b>	22.2						
Bank balances		-	1,598	1,598			
		-	1,598	1,598			
<b>Financial liabilities not measured at fair value</b>	22.2						
Payable to the Management Company		-	9	9			
Payable to the Trustee		-	4	4			
Accrued expenses and other liabilities		-	1,122	1,122			
		-	1,135	1,135			

2022							
Special Income Plan							
Particulars	Note	Carrying amount			Fair value		
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3
Rupees in '000							
<b>Financial assets measured at fair value</b>	22.1						
Investments		-	-	-	-	-	-
		-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>	22.2						
Bank balances		-	12	12			
		-	12	12			
<b>Financial liabilities not measured at fair value</b>	22.2						
Payable to the Management Company		-	-	-			
Payable to the Trustee		-	-	-			
Accrued expenses and other liabilities		-	9	9			
		-	9	9			

2021 Special Income Plan								
Particulars	Note	Carrying amount			Fair value			
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----								
<b>Financial assets measured at fair value</b>	22.1							
Investments		88,149	-	88,149	88,149	-	-	88,149
		<u>88,149</u>	<u>-</u>	<u>88,149</u>	<u>88,149</u>	<u>-</u>	<u>-</u>	<u>88,149</u>
<b>Financial assets not measured at fair value</b>	22.2							
Bank balances		-	1,089	1,089				
		<u>-</u>	<u>1,089</u>	<u>1,089</u>				
<b>Financial liabilities not measured at fair value</b>	22.2							
Payable to the Management Company		-	15	15				
Payable to the Trustee		-	7	7				
Accrued expenses and other liabilities		-	402	402				
		<u>-</u>	<u>424</u>	<u>424</u>				

## 22.1 Valuation techniques

For level 1 investments at fair value through profit or loss in units of mutual funds, Fund uses daily NAVs which are taken from MUFAP at the reporting date.

22.2 The Fund has not disclosed the fair values of these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

## 22.3 Transfers during the year

No transfer were made between various levels of fair value hierarchy during the year.

## 23 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

There were no brokers during the year ended June 30, 2022.

## 24 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund as on June 30, 2022 are as follows:

S. no.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	23.2
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	26.9
3	Wamiq Sakrani	Head of Fixed Income	MBA	12.9
4	Karim Khawaja	Head of Risk	MBA, CMA	19.2
5	Mustafa Mahmood Khan	Head of Research	ACCA, CFA	12.1
6	Muhammad Zohaib	Senior Fund Manager	CIMA, MA	14
7	Raza Abbas	Senior Fund Manager	M.Com	19

**25 PATTERN OF UNITHOLDING**

<b>2022</b>				
Category	Number of unit holders	Number of units held	Investment amount	Percentage
<b>Rupees in '000</b>				
<b>Active Allocation Plan</b>				
Individuals	32	1,158,847	85,879	100%
	32	1,158,847	85,879	100%
<b>Conservative Allocation Plan</b>				
Individuals	13	40,168	4,487	5.71%
Associated Company	1	263,657	29,451	37.46%
Trust	1	400,000	44,682	56.83%
	15	703,824	78,620	100%
<b>Special Income Plan</b>				
Individuals	-	-	-	0%
	-	-	-	0%
<b>2021</b>				
Category	Number of unit holders	Number of units held	Investment amount	Percentage
<b>Rupees in '000</b>				
<b>Active Allocation Plan</b>				
Individuals	37	499,316	57,800	100%
	37	499,316	57,800	100%
<b>Conservative Allocation Plan</b>				
Individuals	11	43,711	5,036	9.85%
Trust	1	400,000	46,084	90.15%
	12	443,711	51,120	100%
<b>Special Income Plan</b>				
Individuals	37	833,350	87,925	100%
	37	833,350	87,925	100%

**26 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS**

Seven meetings of the Board of Directors were held on August 26, 2021, September 09, 2021, October 28, 2021, February 11, 2022, April 26, 2022, May 10, 2022 and May 16, 2022 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar *	7	7	0	-
2	Ms. Ava A. Cowasjee *	7	5	2	May 10, 2022 May 16, 2022
3	Mr. Rayomond H. Kotwal *	7	7	0	-
4	Mr. Abrar Ahmed Mir *	7	7	0	-
5	Mr. Tariq Masaud *	7	7	0	-
6	Mr. Muhammad Afaq Khan **	3	1	2	August 26, 2021 October 28, 2021
7	Mr. Abid Sattar ***	3	3	0	-
8	Mr. Khalid Malik ****	2	2	0	-
9	Mr. Shabbir Hussain Hashmi *****	5	5	0	-

\*Completed term and reappointed on April 29, 2022.

\*\*Resigned on January 20, 2022.

\*\*\*Appointed on February 11, 2022.

\*\*\*\*Appointed on April 29, 2022.

\*\*\*\*\*Completed term and retired on April 28, 2022.

**27 TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016, dated July 20, 2016, issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended June 30, 2022 is 1.89%, 1.20%, and 0.15% which includes 0.04%, 0.04%, and 0.01% representing Government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan, and Special Income Plan respectively.

The total expense ratio of the fund for the year ended June 30, 2021 is 1.36%, 1.15%, and 0.58% which includes 0.42%, 0.22%, and 0.13% representing Government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan, and Special Income Plan respectively.

**28 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 29, 2022 by the Board of Directors of the Management Company.

**29 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

**30 GENERAL**

**30.1** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**30.2** In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the year ended June 30, 2022 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity, and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

**For HBL Asset Management Limited  
(Management Company)**

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



**HBL** Growth Fund

## FUND INFORMATION

<b>NAME OF FUND</b>	HBL GROWTH FUND
<b>NAME OF AUDITOR</b>	A.F. Ferguson & Co.
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited.
<b>NAME OF BANKERS</b>	Allied Bank limited Bank Alfalah Limited Habib Bank Limited Habib Metro Bank Limited HBL Micro Finance Bank JS Bank Limited Khushali Micro Finance Bank MCB Bank Limited Mobillink Micro Finance Bank National Bank Limited Soneri Bank limited U Micro Finance Bank Limited Zarai Taraqati Bank Limited

**Type and Category of Fund**

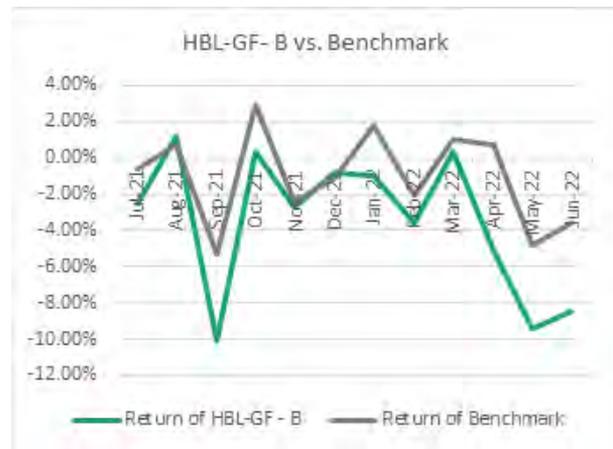
Equity / Open-end

**Investment Objective and Accomplishment of Objective**

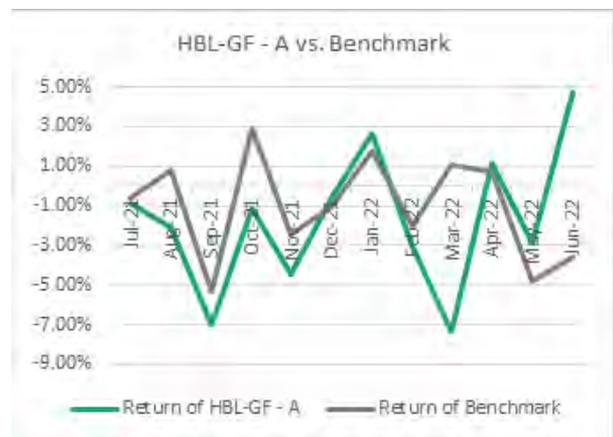
The objective of HBL Growth Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations. The Collective Investment Scheme achieved its stated objective.

**Benchmark and Performance Comparison with Benchmark**

Month	Return of Fund	
	HBL-GF - B	Benchmark
Jun-22	-8.49%	-3.57%
May-22	-9.39%	-4.80%
Apr-22	-5.07%	0.71%
Mar-22	0.31%	1.05%
Feb-22	-3.60%	-2.01%
Jan-22	-0.98%	1.75%
Dec-21	-0.79%	-1.06%
Nov-21	-2.68%	-2.41%
Oct-21	0.38%	2.94%
Sep-21	-10.09%	-5.31%
Aug-21	1.17%	0.77%
Jul-21	-2.51%	-0.64%



Month	Return of Fund	
	HBL-GF - A	Benchmark
Jun-22	4.70%	-3.57%
May-22	-2.91%	-4.80%
Apr-22	1.15%	0.71%
Mar-22	-7.38%	1.05%
Feb-22	-3.06%	-2.01%
Jan-22	2.67%	1.75%
Dec-21	-0.58%	-1.06%
Nov-21	-4.47%	-2.41%
Oct-21	-1.15%	2.94%
Sep-21	-6.98%	-5.31%
Aug-21	-2.10%	0.77%
Jul-21	-0.82%	-0.64%

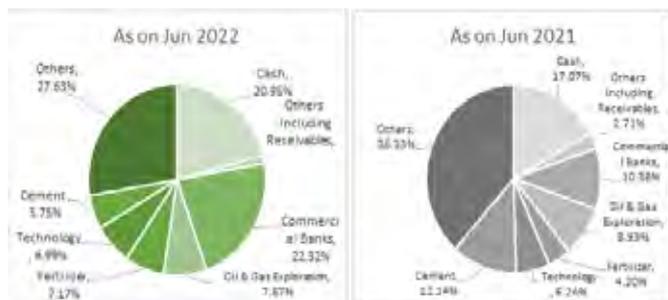


**Strategies and Policies employed during the Year**

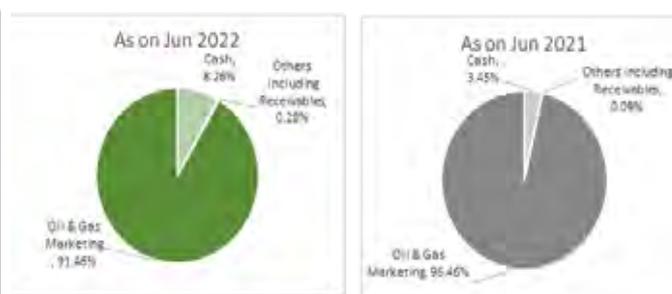
During the year under review, the Fund decreased its exposure in equities from 80% on June 30, 2021 to 78% as on June 30, 2022. Furthermore, sector-wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in commercial banks and fertilizer companies was increased, while exposure in cement and oil & gas exploration companies was decreased.

## Asset Allocation

Growth - B



Growth - A



### Significant Changes in Asset Allocation during the Year

The following table shows a comparison of top sector wise allocation of equity investments in the Fund as on June 30, 2022 and June 30, 2021:

#### HBL Growth Fund – B

Sector Name	As on Jun 2022	As on Jun 2021
Cash	20.95%	17.07%
Others Including Receivables	1.32%	2.71%
Commercial Banks	22.32%	10.38%
Oil & Gas Exploration	7.87%	8.93%
Fertilizer	7.17%	4.20%
Technology	6.99%	6.24%
Cement	5.75%	12.14%
Others	27.6%	38.3%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

#### HBL Growth Fund – A

Sector Name	As on Jun 2022	As on Jun 2021
Cash	8.26%	3.45%
Others Including Receivables	0.28%	0.09%
Oil & Gas Marketing	91.46%	96.46%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Fund Performance

The Fund as a whole incurred a total and net loss of Rs. 223.63 million and Rs. 385.79 million respectively during the year under review. The fund size of the fund stood at Rs. 6.55 billion as on June 30, 2022.

Performance review of each class is presented below:

#### HBL Growth Fund – Class 'A'

HBL Growth Fund – Class 'A' earned a total income and net income of Rs. 374.39 million and Rs. 233.04 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Class 'A' was Rs. 19.4009 per unit as on June 30, 2022 as compared to Rs. 24.1401 as at June 30, 2021, thereby giving a negative return of 19.63%. During the year the benchmark KSE 100 index yielded a negative return of 12.28%. The size of Class 'A' was Rs. 5.50 billion as on June 30, 2022 as compared to Rs. 6.84 billion at the start of the year.

#### HBL Growth Fund – Class 'B'

HBL Growth Fund – Class 'B' incurred a total and net loss of Rs. 598.02 million and Rs. 618.83 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Class 'B' was Rs. 12.8951 per unit as on June 30, 2022 as compared to Rs. 19.9059 as at June 30, 2021, thereby giving a negative return of 35.22%. During the year the benchmark KSE 100 index yielded a negative return of 12.28%. The size of Class 'B' was Rs. 1.05 billion as on June 30, 2022 as compared to Rs. 1.86 billion at the start of the year.

## Market Review

During FY22, the KSE-100 index declined by 5,815pts or 12.8% to close at 41,541pts. The poor performance of the market is primarily attributable to i) Rapid increase in CAD due to rising domestic demand and significant increase in international commodity prices, which were further fueled by the war between Russia and Ukraine, ii) Rising inflation due to the commodity super cycle, iii) Commencement of monetary tightening, iv) Uncertain local political situation, v) Geopolitical issues in the region with heightened uncertainty post U.S. exit from Afghanistan, vi) Delay in the resumption of IMF program, vii) Depleting foreign exchange reserves resulting in PKR losing significant ground against the USD, and viii) Continued foreign selling after Pakistan's reclassification from MSCI Emerging to Frontier Market Index.

During FY22, major negative contribution came from Cement (2,328 pts), Technology & Communication (912 pts), Commercial Banks (520 pts) and Refinery (424 pts) sectors. On the other hand, major positive contribution came from Fertilizer (668 pts), and Chemical (424 pts) sectors.

During the period, average traded volume declined by 56% YoY to 115mn shares, while average traded value declined by 53% YoY to PKR 6.3bn. On the flows side, Foreigners were net sellers during FY22 and sold shares worth USD 297.5Mn.

We expect the equity market to remain range-bound in the near-term due to the prevailing local and geopolitical uncertainty, rising commodity prices, and depleting foreign exchange reserves. However, the additional revenue measures announced by the government are expected to pave the way for resumption of the IMF program, which is crucial for the country to secure financing from other sources. This may alleviate the downward pressure on the PKR and potentially limit any downside in the equity market.

Our longer-term equity outlook remains positive due to attractive valuations. The equity market is trading at an eye catching P/E multiple of 4.1x compared to regional average of 14.5x, and offers an attractive dividend yield of 10.9%, compared to regional average of 2.8%. It is pertinent to note that the spread between KSE-100 index earnings yield and 10Y PKR is 11.7%, compared to 5-year historical average spread of 4.4%, which implies an upside of ~42%.

The market is likely to regain its positive momentum once there is more clarity on the Government's economic policies, along with easing of geopolitical tensions. Reversal in international commodity prices, either on the back of disruption in demand or increase in supply, is likely to reignite investor interest in Equities. Hence, we believe that Pakistan equities offer a good opportunity for long-term investors.

## Distribution

The Board of Directors approved nil dividend to the unit holders for the year ended June 30, 2022.

## Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.

## Breakdown of Certificate Holding by Size

From – To (No. of Certificates)	No. of Certificate Holders (Class 'A' Units)	Total No. of Certificates Held (Class 'A' Units)	No. of Certificate Holders (Class 'B' Units)	Total No. of Certificates Held (Class 'B' Units)
1 – 100	436	23,562	363	14,451
101 – 500	2,704	731,605	2,605	647,560
501 – 1,000	1,115	878,950	1,074	748,136
100,1 – 10,000	3,396	11,897,581	3,401	10,980,922
10,001 – 100,000	1,003	27,394,004	910	21,804,859
100,001 – 500,000	91	18,790,948	66	11,303,295
500,001 – 1,000,000	16	11,492,062	4	2,648,545
1,000,001 – 5,000,000	12	25,089,957	5	5,699,968
5,000,001 and above	14	187,201,331	2	27,384,663
<b>Total</b>	<b>8,787</b>	<b>283,500,000</b>	<b>8,430</b>	<b>81,232,399</b>

## Certificate Splits

There were no unit splits during the year.

## Circumstances materially affecting the Interest of Certificate Holders

Investments are subject to market risk.

## Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –**  
**HBL GROWTH FUND**  
*As at June 30, 2022*

	2022		2021		2020		2019	2018	2017	2016
	Class A	Class B	Class A	Class B	Class A	Class B				
Net assets at the period end(Rs'000)	5,500,143	1,047,498	6,843,722	1,860,878	5,126,450	1,504,866	4,848,295	4,463,482	12,675,960	14,582,713
NET ASSETS VALUE PER UNIT/CERTIFICATE AT 30 JUNE - RUPEES	19.4009	12.8951	24.1401	19.9069	18.0827	15.2116	17.10	16.09	44.71	51.44
Redemption - Class B unit type B	-	12.8951	-	19.9069	-	15.2116	-	15.28	-	-
Redemption - Class B unit type C	-	12.8951	-	19.9069	-	15.2116	-	16.09	-	-
Offer - Class B unit type C	-	13.1865	-	20.3558	-	15.5554	-	16.45	-	-
OFFER / REDEMPTION DURING THE PERIOD - RUPEES										
Highest offer price per unit - Class B unit type C	-	20.5463	-	20.7254	-	20.8505	-	20.48	-	-
Lowest offer price per unit - Class B unit type C	-	13.1311	-	15.7388	-	13.0756	-	16.09	-	-
Highest redemption price per unit - Class B unit type B	N/A	N/A	-	20.2674	-	20.3897	-	19.25	-	-
Lowest redemption price per unit - Class B unit type B	N/A	N/A	-	15.4699	-	12.8091	-	14.95	-	-
Highest redemption price per unit - Class B unit type C	-	20.0922	-	20.2674	-	20.3897	-	20.03	-	-
Lowest redemption price per unit - Class B unit type C	-	12.8409	-	15.4699	-	12.7866	-	15.74	-	-
RETURN (%)										
Total return	-19.63%	-35.22%	33.50%	30.86%	5.74%	-2.62%	*-32.96%	*-16.21%	-8.23%	25.36%
Income distribution	0.00%	0.00%	0.00%	0.00%	0.00%	0.45%	0.00%	0.00%	0.00%	27.50%
Capital growth	-19.63%	-35.22%	33.50%	30.86%	5.74%	-3.07%	*-32.96%	*-16.21%	-8.23%	-2.14%
DISTRIBUTION										
First Interim dividend distribution										
Second Interim dividend distribution										
Third Interim dividend distribution										
First Interim dividend distribution	-	-	-	-	-	0.45	-	-	-	2.75
Date of Income Distribution	-	-	-	-	-	26-Jun-20	-	-	-	25-Aug-17
Total dividend distribution for the year/ period	-	-	-	-	-	0.45	-	-	-	2.75
AVERAGE RETURNS (%)										
Average annual return 1 year	-19.63%	-35.22%	33.50%	30.86%	5.74%	-2.62%	-32.96%	-16.21%	-8.23%	25.36%
Average annual return 2 year	3.58%	-7.93%	18.81%	12.89%	-15.80%	-9.67%	N/A	N/A	4.38%	13.85%
Average annual return 3 year	4.30%	-6.19%	-1.82%	2.21%	N/A	N/A	N/A	N/A	4.05%	8.77%
PORTFOLIO COMPOSITION - (%)										
Percentage of Total Assets as at 30 June:										
Bank Balances	8%	21%	3%	17%	5%	17%	3%	16%	6%	4%
GoP Ijarah Sukuks	-	-	-	-	-	-	-	-	-	-
Placement with Banks and DFIs	-	-	-	-	-	-	-	-	-	-
Corporate Sukuks	-	-	-	-	-	-	-	-	-	-
Stock / Equities	91%	78%	96%	80%	94%	82%	94%	84%	93%	94%
Others	0%	1%	0%	3%	0%	1%	4%	0%	2%	-

Note:

The Fund converted to open end fund on July 02, 2018

\* Since conversion from Closed-End to Open-End

Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

## Summary of Actual Proxy voted by CIS

HBL GSF	Meetings	Resolutions	For	Against
Number	6	25	25	-
(%ages)	100%			-

(h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Adamjee Insurance Co Ltd	4/28/2022	5/27/2022
AGP Limited	4/26/2022	
Attock Cement Pakistan Ltd	10/21/2021	
Attock Refinery Ltd	9/22/2021	7/12/2021
Bank Al-Falah Ltd	(15-3-2022)(29-3-2022)	
Bank Al-Habib Limited	3/29/2022	
Bank of Punjab Ltd		(11/10/2021)(29-6-2022)
BankIslami Pakistan Limited	3/30/2022	
Cherat Cement Company Ltd.	10/16/2021	
D G Khan Cement Co.Ltd.	10/28/2021	
Engro Corporation Ltd	3/24/2022	
Engro Fertilizers Limited	3/22/2022	
Engro Polymer & Chemicals Ltd	3/16/2022	
Fauji Fertilizer Co Ltd (8-10-2021)(5-11-2021)	3/25/2022	(27/07/2021)
Faysal Bank Limited	3/29/2022	
GlaxoSmithKline Pakistan Ltd		
Gul Ahmed Textile Mills Ltd	(28/10/2021)(27-11-2021)	
Habib Metropolitan Bank Ltd	3/30/2022	
Hascol Petroleum Ltd	12/7/2021	
Highnoon Laboratories Limited		8/31/2021
Hum Network Ltd	(16/07/2021)(23-11-21)	
IGI Holdings Limited	4/29/2022	
IGI LIFE INSURANCE LIMITED	4/28/2022	
Interloop Limited	10/15/2021	2/24/2022
International Industries Ltd	9/30/2021	
International Steels Limited	9/29/2021	
K-Electric Limited	NIL	NIL
Kohat Cement Ltd (29/June /2022)	10/4/2021	(21/03/2022) (14 April 2022)
Lucky Cement Ltd	9/28/2021	
Maple Leaf Cement Factory Ltd	9/28/2021	
Mari Petroleum Company Ltd		(19/10/2021) (10/05/2022)
MCB Bank Ltd	3/29/2022	
Meezan Bank Ltd	3/29/2022	11/17/2021
Mughal Iron & Steel Inds Ltd		
National Bank of Pakistan Ltd	3/30/2022	
National Refinery Ltd	10/10/2021	
Nishat Mills Ltd	10/28/2021	(03/03/2022) (23/03/2022)
Oil & Gas Development Co Ltd	10/28/2021	
Pakistan National Shipping Corp Ltd	(26/10/2021) (28/10/2021)	

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Pakistan Oilfields Ltd	9/22/2021	
Pakistan Petroleum Ltd	(25/10/2021) (27/10/2021)	19-Jul-21
Sitara Chemical Industries Limited	10/25/2021	
Standard Chartered Bank (Pakistan) Ltd	3/29/2022	4/28/2021
Sui Northern Gas Pipeline Ltd	7/27/2021	
Tariq Glass Industries Ltd		3/21/2022
Thal Limited	10/12/2021	
The Searle Company Ltd	10/28/2021	
TPL Insurance Limited	4/25/2022	7/6/2022
TPL Trakker Limited		
United Bank Limited	3/29/2022	8/6/2021

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL GROWTH FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Growth Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 16, 2022



**INDEPENDENT AUDITOR'S REPORT**

**To the Unit holders of HBL Growth Fund**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of HBL Growth Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Net Asset Value</b> (Refer notes 4 and 5 to the financial statements)</p> <p>Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2022 amounted to Rs 6,065,840 million and balances with banks aggregated to Rs 731.434 million.</p> <p>The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>• Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2022 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li> <li>• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> <li>• Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

AFCO

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**Other Matter**

The financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 27, 2021.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: September 29, 2022

UDIN: AR202210061GJhVaxqc

**HBL Growth Fund**  
**Statement of Assets and Liabilities**  
AS AT JUNE 30, 2022

	2022			2021			
	Class A	Class B	Total	Class A	Class B	Total	
Note ----- Rupees in '000 -----							
<b>ASSETS</b>							
Bank balances	4	455,453	275,981	731,434	236,374	381,491	617,865
Investments	5	5,041,449	1,024,391	6,065,840	6,618,068	1,792,927	8,410,995
Dividend receivable and accrued mark-up	6	14,076	2,536	16,612	6,596	1,576	8,172
Deposits and other receivables	7	1,206	4,127	5,333	204	12,984	13,188
Receivable against sale of investments		-	10,444	10,444	-	45,633	45,633
<b>Total assets</b>		5,512,184	1,317,479	6,829,663	6,861,242	2,234,611	9,095,853
<b>LIABILITIES</b>							
Payable to the HBL Asset Management Limited - Management Company	8	9,832	8,998	18,830	13,027	9,038	22,065
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	588	276	864	749	297	1,046
Payable to the Securities and Exchange Commission of Pakistan	10	1,179	302	1,481	1,310	350	1,660
Payable against purchase of investments		-	1,614	1,614	-	52,114	52,114
Accrued expenses and other liabilities	11	442	126,824	127,266	2,434	178,814	181,248
Unclaimed dividend		-	131,967	131,967	-	133,120	133,120
<b>Total liabilities</b>		12,041	269,981	282,022	17,520	373,733	391,253
<b>NET ASSETS</b>		5,500,143	1,047,498	6,547,641	6,843,722	1,860,878	8,704,600
<b>UNIT HOLDERS' FUND</b>		5,500,143	1,047,498	6,547,641	6,843,722	1,860,878	8,704,600
(as per statement attached)							
<b>Contingencies and commitments</b>							
	12	-----Number of units-----			-----Number of units-----		
Number of units in issue	13	283,500,000	81,232,399		283,500,000	93,483,779	
		-----Rupees-----			-----Rupees-----		
Net assets value per unit	3.9	19.4009	12.8951		24.1401	19.9059	

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

**HBL Growth Fund**  
**Income Statement**  
For the year ended June 30, 2022

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
<b>Note</b> Rupees in '000						
<b>INCOME</b>						
(Loss) / gain on sale of investments - net	(36)	(268,939)	(268,975)	-	283,462	283,462
Dividend income	333,117	92,111	425,228	156,647	75,900	232,547
Unrealised (diminution) / appreciation on re-measurement of investment 'classified as 'financial asset at fair value through profit or loss'	5.1.1.1	-	(444,162)	(444,162)	-	165,910
Income on government securities	8,997	720	9,717	-	-	-
Mark-up on deposits with banks	32,313	22,254	54,567	13,925	18,915	32,840
<b>Total income / (loss)</b>	<b>374,391</b>	<b>(598,016)</b>	<b>(223,625)</b>	<b>170,572</b>	<b>544,187</b>	<b>714,759</b>
<b>EXPENSES</b>						
Remuneration of HBL Asset Management Limited - Management Company	8.1	88,387	30,171	118,558	117,622	34,957
Sindh Sales Tax on remuneration of the Management Company	8.2	11,490	3,922	15,412	15,291	4,544
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	6,686	1,715	8,401	7,338	2,106
Sindh Sales Tax on remuneration of the Trustee	9.2	869	223	1,092	954	274
Annual fee to the Securities and Exchange Commission of Pakistan	10	1,179	302	1,481	1,310	350
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	32,409	11,025	43,434	36,033	9,613
Selling and marketing expense	8.4	-	18,568	18,568	21,434	18,353
Security transaction charges		-	4,651	4,651	-	8,231
Auditors' remuneration	14	551	190	741	503	136
Fee and subscription charges		1,837	671	2,508	822	104
Settlement and bank charges		8	348	356	874	814
<b>Total expenses</b>		<b>143,416</b>	<b>71,786</b>	<b>215,202</b>	<b>202,181</b>	<b>79,482</b>
<b>Net income / (loss) from operating activities</b>		<b>230,975</b>	<b>(669,802)</b>	<b>(438,827)</b>	<b>(31,609)</b>	<b>464,705</b>
Reversal of provision / (provision) for Sindh Workers' Welfare Fund	11.2	2,065	50,977	53,042	-	(9,294)
<b>Net income / (loss) for the year before taxation</b>		<b>233,040</b>	<b>(618,825)</b>	<b>(385,785)</b>	<b>(31,609)</b>	<b>455,411</b>
Taxation	15	-	-	-	-	-
<b>Net income / (loss) for the year after taxation</b>		<b>233,040</b>	<b>(618,825)</b>	<b>(385,785)</b>	<b>(31,609)</b>	<b>455,411</b>
<b>Allocation of net income for the year</b>						
Net income for the year after taxation		233,040	-	-	-	455,411
Income already paid on redemption of units		-	-	-	-	(17,953)
		<b>233,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>437,458</b>
<b>Accounting income available for distribution:</b>						
- Relating to capital gains		-	-	-	-	431,513
- Excluding capital gains		233,040	-	-	-	5,946
		<b>233,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>437,458</b>

Earnings per unit

16

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited**  
**(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

**HBL Growth Fund**  
**Statement of Comprehensive Income**  
*For the year ended June 30, 2022*

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
	Rupees in '000					
<b>Net income / (loss) for the year after taxation</b>	<b>233,040</b>	<b>(618,825)</b>	<b>(385,785)</b>	(31,609)	455,411	423,802
<b>Items that will not be reclassified to income statement</b>						
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial asset at fair value through other comprehensive income'	(1,576,619)	-	(1,576,619)	1,748,881	-	1,748,881
<b>Total comprehensive (loss) / income for the year</b>	<b>(1,343,579)</b>	<b>(618,825)</b>	<b>(1,962,404)</b>	1,717,272	455,411	2,172,683

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

**HBL Growth Fund**  
**Statement of Movement In Unitholders' Fund**  
For the year ended June 30, 2022

2022								
Class A					Class B			
Capital value	Accumulated losses	Unrealized gain on investment	Premium on issue of certificates	Total	Capital value	Undistributed income	Total	
Rupees in '000								
Net assets at beginning of the year	2,835,000	(3,196,781)	5,197,691	2,007,812	6,843,722	(319,699)	2,180,577	1,860,878
Issuance of Class A: nil units (2021: nil units) and Class B: 3,612,469 units (2021: 724,744 units)								
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	-	71,909	-	71,909
- Element of (loss) / income	-	-	-	-	-	(9,588)	-	(9,588)
Total proceeds on issuance of units						62,321	-	62,321
Redemption of Class A: nil units (2021: nil units) and Class B: 5,863,849 units (2021: 6,170,106 units)								
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	-	315,784	-	315,784
- Element of (income) / loss	-	-	-	-	-	(572,660)	-	(572,660)
Total payment on redemption of units	-	-	-	-	-	(256,876)	-	(256,876)
Net income / (loss) for the year after taxation	-	233,040	-	-	233,040	-	(618,825)	(618,825)
Other comprehensive income for the year	-	-	(1,576,619)	-	(1,576,619)	-	-	-
Total comprehensive (loss) / income for the year	-	233,040	(1,576,619)	-	(1,343,579)	-	(618,825)	(618,825)
<b>Net assets at the end of the year</b>	<b>2,835,000</b>	<b>(2,963,741)</b>	<b>3,621,072</b>	<b>2,007,812</b>	<b>5,500,143</b>	<b>(514,254)</b>	<b>1,561,752</b>	<b>1,047,498</b>
<b>Accumulated (loss) / undistributed income brought forward comprising of:</b>								
- Realised (loss) / income		(3,196,781)					2,014,667	
- Unrealised Income		-					165,910	
		(3,196,781)					2,180,577	
<b>Accounting income available for distribution:</b>								
- Relating to capital gains		-					-	
- Excluding capital gains		233,040					-	
Net income available for distribution		233,040					-	
Net loss for the year after taxation		-					(618,825)	
<b>(Accumulated loss) / undistributed income carried forward</b>		<b>(2,963,741)</b>					<b>1,561,752</b>	
<b>(Accumulated loss) / undistributed income carried forward comprising of:</b>								
- Realised income		(2,963,741)					2,005,914	
- Unrealised loss		-					(444,162)	
		(2,963,741)					1,561,752	
<b>Net asset value per unit at the beginning of the year</b>					<b>24.1401</b>			<b>19.9059</b>
<b>Net asset value per unit at the end of the year</b>					<b>19.4009</b>			<b>12.8951</b>

**NOTE:** Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

**HBL Growth Fund**  
**Statement Of Movement In Unit Holders' Fund**  
For The Year Ended June 30, 2022

	2021							
	Class A				Class B			
	Capital value	Accumulated losses	Unrealized gain on investment	Premium on issue of certificat	Total	Capital value	Undistributed income	Total
	Rupees in '000-							
<b>Net assets at beginning of the year</b>	2,835,000	(3,165,172)	3,448,810	2,007,812	5,126,450	(238,252)	1,743,119	1,504,867
Issuance of Class A: nil units (2021: nil units) and Class B: 724,744 units (2020: 10,440,376 units)								
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	-	11,024	-	11,024
- Element of income	-	-	-	-	-	2,015	-	2,015
Total proceeds on issuance of units	-	-	-	-	-	13,039	-	13,039
Redemption of Class A: nil units (2021: nil units) and Class B: 6,170,106 units (2020: 188,945,616 units)								
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	-	(93,857)	-	(93,857)
- Element of loss	-	-	-	-	-	(629)	(17,953)	(18,582)
Total payment on redemption of units	-	-	-	-	-	(94,486)	(17,953)	(112,439)
Net (loss) / income for the year after taxation	-	(31,609)	-	-	(31,609)	-	455,411	455,411
Other comprehensive income for the year	-	-	1,748,881	-	1,748,881	-	-	-
Total comprehensive (loss) / income for the year	-	(31,609)	1,748,881	-	1,717,272	-	455,411	455,411
<b>Net assets at the end of the year</b>	<b>2,835,000</b>	<b>(3,196,781)</b>	<b>5,197,691</b>	<b>2,007,812</b>	<b>6,843,722</b>	<b>(319,699)</b>	<b>2,180,577</b>	<b>1,860,878</b>
<b>Accumulated (loss) / undistributed income brought forward comprising of:</b>								
- Realised (loss) / income		(3,165,172)					1,843,245	
- Unrealised loss		-					(100,126)	
		<u>(3,165,172)</u>					<u>1,743,119</u>	
<b>Accounting income available for distribution:</b>								
- Relating to capital gains		-					431,513	
- Excluding capital gains		-					5,946	
		-					<u>437,458</u>	
Net loss for the year		(31,609)					-	
<b>Accumulated (loss) / undistributed income carried forward</b>		<u><u>(3,196,781)</u></u>					<u><u>2,180,577</u></u>	
<b>Accumulated (loss) / undistributed income carried forward comprising of:</b>								
- Realised (loss) / income		(3,196,781)					2,014,667	
- Unrealised income		-					165,910	
		<u><u>(3,196,781)</u></u>					<u><u>2,180,577</u></u>	
						(Rupees)		(Rupees)
<b>Net asset value per unit at the beginning of the year</b>						<u>18.0827</u>		<u>15.2116</u>
<b>Net asset value per unit at the end of the year</b>						<u>24.1401</u>		<u>19.9059</u>

**NOTE:** Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

**HBL Growth Fund**  
**Statement of Cash Flow**  
For the year ended June 30, 2022

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
Note ----- Rupees in '000 -----						
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income / (loss) for the year before taxation	233,040	(618,825)	(385,785)	(31,609)	455,411	423,802
<b>Adjustments for:</b>						
Loss / (gain) on sale of investments - net	36	268,939	268,975	-	(283,462)	(283,462)
Unrealised diminution / (appreciation) on re-measurement of investment 'classified as 'financial asset at fair value through profit or loss'	5.1.1.1	-	444,162	-	(165,910)	(165,910)
Dividend income	(333,117)	(92,111)	(425,228)	(156,647)	(75,900)	(232,547)
Income on government securities	(8,997)	(720)	(9,717)	-	-	-
Mark-up on deposits with banks	(32,313)	(22,254)	(54,567)	(13,925)	(18,915)	(32,840)
(Reversal of provision) / provision for Sindh Workers' Welfare Fund	11.2	(2,065)	(53,042)	-	9,294	9,294
		(143,416)	(71,786)	(215,202)	(202,181)	(79,482)
			(215,202)	(202,181)	(79,482)	(281,663)
<b>(Increase) / decrease in assets</b>						
Investments	(36)	55,435	55,399	-	159,015	159,015
Deposits and other receivables	(1,002)	8,857	7,855	(20)	(9,438)	(9,458)
Receivable against sale of investments	-	35,189	35,189	-	(36,489)	(36,489)
		(1,038)	99,481	(20)	113,088	113,068
<b>(Decrease) / increase in liabilities</b>						
Payable to the Management Company	(3,195)	(40)	(3,235)	(10,817)	1,708	(9,109)
Payable to the Trustee	(161)	(21)	(182)	193	32	225
Payable to Securities and Exchange Commission of Pakistan	(131)	(48)	(179)	272	(144)	128
Payable against purchase of investments	-	(50,499)	(50,499)	-	52,114	52,114
Unclaimed dividend	-	(1,153)	(1,153)	-	-	-
Accrued expenses and other liabilities	73	(1,013)	(940)	19	(5,974)	(5,955)
		(3,414)	(52,775)	(56,189)	(10,333)	47,736
			(56,189)	(10,333)	47,736	37,403
Dividend income received	330,837	92,079	422,916	155,507	75,892	231,399
Mark-up / return received on bank deposit	36,110	22,046	58,156	14,491	19,124	33,615
			58,156	14,491	19,124	33,615
<b>Net cash generated from / (used in) operating activities</b>	<b>219,079</b>	<b>89,045</b>	<b>308,124</b>	<b>(42,536)</b>	<b>176,358</b>	<b>133,822</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Amount received on issue of units	-	62,321	62,321	-	13,039	13,039
Amount paid on redemption of units	-	(256,876)	(256,876)	-	(112,439)	(112,439)
Dividend paid	-	-	-	-	(9,688)	(9,688)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(194,555)</b>	<b>(194,555)</b>	<b>-</b>	<b>(109,088)</b>	<b>(109,088)</b>
Net increase / (decrease) in cash and cash equivalents	219,079	(105,510)	113,569	(42,536)	67,270	24,734
<b>Cash and cash equivalents at beginning of the year</b>	<b>236,374</b>	<b>381,491</b>	<b>617,865</b>	<b>278,910</b>	<b>314,221</b>	<b>593,131</b>
<b>Cash and cash equivalents at end of the year</b>	<b>455,453</b>	<b>275,981</b>	<b>731,434</b>	<b>236,374</b>	<b>381,491</b>	<b>617,865</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** HBL Growth Fund (The Fund), an Open End Scheme that was initially constituted as a Closed End Fund under the name of PICIC Investment Fund vide a registered Trust Deed 'Initial Trust Deed' dated April 02, 2004 , as amended vide First Supplemental Trust Deed dated June 28, 2004. The Fund has been converted into an Open End Scheme through a registered Restated Trust Deed (the Deed) dated April 24, 2018 under the Trusts Act, 1882 entered into and between HBL Asset Management Limited ("the Management Company") and Central Depository Company of Pakistan Limited ("the Trustee").
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The objective of the Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.
- 1.4** As per Regulation 65 of the NBFC Regulations, all closed end funds were required to be converted into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. However, closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has Frozen Portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, its conversion into an open end scheme was deferred.

The Board of the Management Company (HBL Asset Management Limited) of the Fund in its meeting held on November 23, 2017 approved the Conversion Plan (the Plan) of the fund for the conversion of the Fund into an open end scheme, with the approval of the certificate holders of the Fund to fulfill the requirements of the merger order dated August 31, 2016. For this purpose, the Plan was presented to and approved by the certificate holders of the Fund in its General Meeting dated January 10, 2018. The Plan was also approved by Securities and Exchange Commission of Pakistan (the Commission) on February 16, 2018.

The Replacement Trust Deed and Replacement Offering Document were approved by SECP vide its letter no. SCD/AMCW/HIF/339/2018 dated April 18, 2018 and letter no. SCD/AMCW/HIF/398/2018 dated June 7, 2018 respectively. As per the approved Plan, the conversion took place on July 2, 2018 and every certificate holder of the closed end fund was entitled to following for each certificate held;

- One Class-A unit of the Fund was issued to every certificate holder of the Fund for each certificate held representing frozen portfolio and related assets and liabilities.
- One Class-B unit of the Fund was issued to the every certificate holder of the Fund for each certificate held representing unfrozen portfolio and related assets and liabilities.

The plan also envisages that Class-A units would not be redeemable and would be traded on the Pakistan Stock Exchange. Whereas Class-B units can be redeemed at the redemption price.

During the year ended June 30, 2021, the Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 17, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

**1.5** The Management Company has been assigned a quality rating of 'AM2++' (positive outlook) by VIS Credit Rating Company Limited dated December 31, 2021 ('AM2++' dated December 31, 2020).

**1.6** Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), The Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

### **2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year**

There are certain amendments to the standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

### **2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

There are certain standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2022 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

### **2.4 Critical accounting estimates and judgments**

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.2 and 5), provision for FED (note 11.1) and provision for SWWF (note 11.2).

## **2.5 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

## **2.6 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All amounts have been rounded to the nearest thousands of Rupee, unless otherwise indicated.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented.

### **3.1 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

### **3.2 Financial assets**

#### **3.2.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

#### **3.2.2 Classification and subsequent measurement**

##### **3.2.2.1 Debt instruments**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified based on the business model of the entity as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL)

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

### **3.2.2.2 Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

### **3.2.3 Impairment**

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### **3.2.4 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

### **3.2.5 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### **3.2.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the income statement.

### **3.3 Financial liabilities**

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the income statement.

### **3.4 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the 'statement of assets and liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **3.5 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of that business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours of that date. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

### **3.6 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### **3.7 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **3.8 Earnings / (loss) per unit**

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

### **3.9 Net assets value per unit**

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in circulation at the year end.

### **3.10 Distribution to the unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

### **3.11 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

### **3.12 Revenue recognition**

- Gains / (losses) arising on sale of investments are included in the income statement, on the date when the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Profit on saving accounts with bank and income from government securities is recognised on a time proportion basis using the effective yield method.

### **3.13 Expenses**

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee and annual fee to the SECP are recognised in the Income Statement on an accrual basis.

**4 BANK BALANCES**

	2022			2021			
	Class A	Class B	Total	Class A	Class B	Total	
Note	Rupees in '000						
Saving accounts	4.1	455,453	275,981	731,434	236,374	381,491	617,865

**4.1** These include balance of Rs. 1.691 million (2021: 1.578 million) with Habib Bank Limited (a related party). The account carries profit at the rate of 10% (2021: 5%) per annum. Other saving accounts of the Fund carry profit at the rates ranging from 5% to 17% (2021: 5% to 7.4%) per annum.

**5 INVESTMENTS**

	2022			2021			
	Class A	Class B	Total	Class A	Class B	Total	
Note	Rupees in '000						
<b>At fair value through profit or loss</b>							
- Listed equity securities	5.1	-	1,024,391	1,024,391	-	1,792,927	1,792,927
<b>At fair value through other comprehensive income</b>							
- Listed equity securities	5.1.2	5,041,449	-	5,041,449	6,618,068	-	6,618,068
<b>At fair value through profit or loss</b>							
- Market treasury bills	5.2	-	-	-	-	-	-
		<u>5,041,449</u>	<u>1,024,391</u>	<u>6,065,840</u>	<u>6,618,068</u>	<u>1,792,927</u>	<u>8,410,995</u>

**5.1 Listed equity securities**

**5.1.1 Class B - At fair value through profit or loss**

All shares have face value of Rs. 10 each unless otherwise stated.

Name of the Investee Company	As at July 1, 2021	Purchased during the year	Bonus / rights shares issued during the year	Sold during the year	As at June 30, 2022	Balance as at June 30, 2022			Market value as a percentage of		Par value as a percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)	Total investments	Net assets	
	(Number of shares)					(Rupees in '000)			(%)		
<b>Insurance</b>											
IGI Holdings Limited	412,200	136,400	-	253,200	295,400	53,853	32,716	(21,138)	3.19%	3.12%	0.21%
IGI Life Insurance Limited (5.1.3)	393,500	41,000	-	-	434,500	20,090	7,373	(12,717)	0.72%	0.70%	0.25%
TPL Insurance Limited	751,695	5,000	-	-	756,695	29,582	25,531	(4,051)	2.49%	2.44%	0.65%
	<u>1,557,395</u>	<u>182,400</u>	<u>-</u>	<u>253,200</u>	<u>1,486,595</u>	<u>103,525</u>	<u>65,620</u>	<u>(37,906)</u>	<u>6.41%</u>	<u>6.26%</u>	
<b>Textile Composite</b>											
Nishat (Chunian) Limited	363,500	-	-	363,500	-	-	-	-	-	-	-
Azgard Nine Limited	1,773,000	1,075,000	-	1,362,000	1,486,000	44,877	15,276	(29,601)	1.49%	1.46%	0.31%
Gul Ahmed Textile Mills Limited	540,600	435,227	-	355,500	620,327	30,931	20,973	(9,958)	2.05%	2.00%	0.12%
Interloop Limited (5.1.3)	271,915	-	7,257	95,000	184,172	12,522	11,234	(1,287)	1.10%	1.07%	0.02%
	<u>2,949,015</u>	<u>1,510,227</u>	<u>7,257</u>	<u>2,176,000</u>	<u>2,290,499</u>	<u>88,330</u>	<u>47,484</u>	<u>(40,847)</u>	<u>4.64%</u>	<u>4.53%</u>	
<b>Cement</b>											
D G Khan Cement Company Limited	195,500	-	-	195,500	-	-	-	-	-	-	-
Lucky Cement Limited	128,338	16,530	-	118,444	26,424	22,275	12,130	(10,145)	1.18%	1.16%	0.01%
Maple Leaf Cement Factory Limited	403,500	1,306,701	-	1,482,105	228,096	9,038	6,238	(2,800)	0.61%	0.60%	0.02%
Fauji Cement Company Limited	-	400,000	-	400,000	-	-	-	-	-	-	-
Pioneer Cement Limited	116,000	14,000	-	130,000	-	-	-	-	-	-	-
Kohat Cement Limited	80,300	-	-	36,500	43,800	9,044	5,700	(3,345)	0.56%	0.54%	0.02%
Cherat Cement Company Limited (5.1.3)	76,000	-	-	76,000	-	-	-	-	-	-	-
Attock Cement Pakistan Limited	407,500	370,500	-	-	778,000	130,624	51,737	(78,887)	5.05%	4.94%	0.57%
	<u>1,407,138</u>	<u>2,107,731</u>	<u>-</u>	<u>2,438,549</u>	<u>1,076,320</u>	<u>170,981</u>	<u>75,805</u>	<u>(95,176)</u>	<u>7.40%</u>	<u>7.24%</u>	
<b>Power Generation &amp; Distribution</b>											
The Hub Power Company Limited (5.1.3)	814,856	40,000	-	380,900	473,956	37,501	32,310	(5,191)	3.15%	3.08%	-
	<u>814,856</u>	<u>40,000</u>	<u>-</u>	<u>380,900</u>	<u>473,956</u>	<u>37,501</u>	<u>32,310</u>	<u>(5,191)</u>	<u>3.15%</u>	<u>3.08%</u>	

**HBL Growth Fund**  
**Notes to the financial statements**  
For the year ended June 30, 2022

Name of the Investee Company	As at July 1, 2021	Purchased during the year	Bonus / rights shares issued during the year	Sold during the year	As at June 30, 2022	Balance as at June 30, 2022			Market value as a percentage of		Par value as a percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)	Total investments	Net assets	
(Number of shares)						(Rupees in '000)			(%)		
<b>Engineering</b>											
International Steels Limited	290,500	-	-	290,500	-	-	-	-	-	-	-
Aisha Steel Mills Limited	1,105,494	2,445,142	-	3,550,636	-	-	-	-	-	-	-
International Industries Limited	84,000	-	-	84,000	-	-	-	-	-	-	-
Amreli Steels Limited	185,000	372,500	-	557,500	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	172,300	337,300	42,990	169,100	383,490	36,425	22,104	(14,321)	2.16%	2.11%	0.11%
Agha Steel Industries Limited	529,000	130,000	27,250	686,250	-	-	-	-	-	-	-
	<b>2,366,294</b>	<b>3,284,942</b>	<b>70,240</b>	<b>5,337,986</b>	<b>383,490</b>	<b>36,425</b>	<b>22,104</b>	<b>(14,321)</b>	<b>2.16%</b>	<b>2.11%</b>	
<b>Automobile Assembler</b>											
Pak Suzuki Motor Company Limited	26,700	-	-	26,700	-	-	-	-	-	-	-
Ghandahara Ind Limited	-	41,500	-	41,500	-	-	-	-	-	-	-
Millat Tractors Ltd	-	12,000	-	12,000	-	-	-	-	-	-	-
	<b>26,700</b>	<b>53,500</b>	<b>-</b>	<b>80,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited	649,000	397,000	-	1,046,000	-	-	-	-	-	-	-
Pak Elektron Limited [Right Shares]	-	297,720	-	297,720	-	-	-	-	-	-	-
Waves Singer Pakistan Limited	692,000	360,000	-	1,052,000	-	-	-	-	-	-	-
	<b>1,341,000</b>	<b>1,054,720</b>	<b>-</b>	<b>2,395,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Pharmaceuticals</b>											
The Searle Company Limited*	3,020	-	906	-	3,926	733	428	(305)	0.04%	0.04%	-
Ferozsons Laboratories Limited	-	67,000	-	26,700	40,300	16,327	10,837	(5,490)	1.06%	1.03%	0.11%
Highnoon Laboratories	-	25,500	2,390	9,450	18,440	10,434	9,771	(663)	0.95%	0.93%	0.04%
	<b>3,020</b>	<b>92,500</b>	<b>3,296</b>	<b>36,150</b>	<b>62,666</b>	<b>27,493</b>	<b>21,036</b>	<b>(6,457)</b>	<b>2.05%</b>	<b>2.01%</b>	
<b>Paper &amp; Board</b>											
Pak Agro Packaging Limited	-	179,117	-	179,117	-	-	-	-	-	-	-
	<b>-</b>	<b>179,117</b>	<b>-</b>	<b>179,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>											
The Organic Meat Company Limited	965,894	1,899,000	168,889	1,542,500	1,491,283	49,922	32,570	(17,352)	3.18%	3.11%	1.21%
	<b>965,894</b>	<b>1,899,000</b>	<b>168,889</b>	<b>1,542,500</b>	<b>1,491,283</b>	<b>49,922</b>	<b>32,570</b>	<b>(17,352)</b>	<b>3.18%</b>	<b>3.11%</b>	
<b>Miscellaneous</b>											
Pace (Pakistan) Limited	-	1,245,000	-	1,245,000	-	-	-	-	-	-	-
Pakistan Aluminium Beverage Can Limited	-	211,584	-	211,584	-	-	-	-	-	-	-
	<b>-</b>	<b>1,456,584</b>	<b>-</b>	<b>1,456,584</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>	
<b>PROPERTIES</b>											
TPL Properties Limited	900,000	1,003,000	-	1,120,000	783,000	15,102	15,785	684	1.54%	1.51%	0.20%
	<b>900,000</b>	<b>1,003,000</b>	<b>-</b>	<b>1,120,000</b>	<b>783,000</b>	<b>15,102</b>	<b>15,785</b>	<b>684</b>	<b>1.54%</b>	<b>1.51%</b>	<b>0.20%</b>
<b>Oil &amp; Gas Exploration Companies</b>											
Pakistan Oilfields Limited	35,600	30,800	-	18,275	48,125	18,468	19,530	1,062	1.91%	1.86%	0.02%
Oil & Gas Development Co Limited (5.1.3)	698,600	313,729	-	614,600	397,729	34,497	31,289	(3,208)	3.05%	2.99%	-
Pakistan Petroleum Limited (5.1.3)	785,536	315,800	-	788,536	312,800	24,238	21,117	(3,121)	2.06%	2.02%	0.01%
Mari Petroleum Company Limited	33,453	1,000	-	16,100	18,353	28,103	31,929	3,827	3.12%	3.05%	0.01%
	<b>1,553,189</b>	<b>661,329</b>	<b>-</b>	<b>1,437,511</b>	<b>777,007</b>	<b>105,305</b>	<b>103,866</b>	<b>(1,440)</b>	<b>10.14%</b>	<b>9.92%</b>	
<b>Oil &amp; Gas Marketing Companies</b>											
Pakistan State Oil Company Limited (5.1.3)	292,456	22,300	-	47,512	267,244	59,321	45,923	(13,398)	4.48%	4.38%	0.06%
	<b>292,456</b>	<b>22,300</b>	<b>-</b>	<b>47,512</b>	<b>267,244</b>	<b>59,321</b>	<b>45,923</b>	<b>(13,398)</b>	<b>4.48%</b>	<b>4.38%</b>	
<b>Refinery</b>											
Attock Refinery Limited	69,600	132,400	-	72,000	130,000	22,763	22,851	89	2.23%	2.18%	0.12%
Energycio PK Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
National Refinery Limited	113,500	59,200	-	59,700	113,000	52,364	28,540	(23,824)	2.79%	2.72%	0.14%
	<b>183,100</b>	<b>691,600</b>	<b>-</b>	<b>631,700</b>	<b>243,000</b>	<b>75,127</b>	<b>51,392</b>	<b>(23,735)</b>	<b>5.02%</b>	<b>4.91%</b>	
<b>Commercial Banks</b>											
Bank Alfalah	-	762,000	-	-	762,000	26,754	24,384	(2,370)	2.38%	2.33%	-
Faysal Bank Limited	17,250	1,211,000	-	-	1,228,250	32,172	28,323	(3,849)	2.76%	2.70%	0.08%
MCB Bank Limited	228,004	50,000	-	15,000	263,004	41,804	32,344	(9,460)	3.16%	3.09%	0.02%
United Bank Limited (5.1.3)	752,205	260,000	-	362,750	649,455	81,306	73,473	(7,833)	7.17%	7.01%	0.05%
Bank Al-Habib Limited (5.1.3)	-	407,317	-	40,000	367,317	25,925	21,326	(4,598)	2.08%	2.04%	-
Standard Chartered Bank (Pakistan) Limited	2,245,000	236,000	-	2,481,000	83,293	47,412	(35,881)	4.63%	4.53%	-	
Habib Bank Limited (5.1.3)	224,000	844,209	-	338,285	729,924	87,462	66,671	(20,791)	6.51%	6.36%	0.05%
	<b>3,466,459</b>	<b>3,770,526</b>	<b>-</b>	<b>756,035</b>	<b>6,480,950</b>	<b>378,716</b>	<b>293,934</b>	<b>(84,782)</b>	<b>28.69%</b>	<b>28.06%</b>	
<b>Fertilizer</b>											
Engro Corporation Limited	186,253	151,488	-	186,253	151,488	41,212	38,946	(2,266)	3.80%	3.72%	0.03%
Fauji Fertilizer Bin Qasim Limited	422,000	819,500	-	1,241,500	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	260,500	515,985	-	273,000	503,485	57,257	55,494	(1,763)	5.42%	5.30%	0.04%
	<b>868,753</b>	<b>1,486,973</b>	<b>-</b>	<b>1,700,753</b>	<b>654,973</b>	<b>98,469</b>	<b>94,440</b>	<b>(4,028)</b>	<b>9.22%</b>	<b>9.02%</b>	
<b>Chemicals</b>											
Descon Oxychem Limited	-	28,500	-	28,500	-	-	-	-	-	-	-
Engro Polymer & Chemicals Ltd	-	145,500	-	-	145,500	12,181	11,586	(595)	1.13%	1.11%	0.02%
Nimir Resins Limited 5	1,392,000	555,500	-	1,947,500	-	-	-	-	-	-	-
Nimir Resins Limited	-	1,162,750	-	1,162,750	-	-	-	-	-	-	-
	<b>1,392,000</b>	<b>1,892,250</b>	<b>-</b>	<b>3,138,750</b>	<b>145,500</b>	<b>12,181</b>	<b>11,586</b>	<b>(595)</b>	<b>1.13%</b>	<b>1.11%</b>	
<b>Automobile Parts &amp; Accessories</b>											
General Tyre & Rubber Co of Pakistan Limited / Ghandhara Tyre & Rubber Company Limited	555,500	114,000	-	669,500	-	-	-	-	-	-	-
Panther Tyres Limited	329,363	-	-	329,363	-	-	-	-	-	-	-
	<b>884,863</b>	<b>114,000</b>	<b>-</b>	<b>998,863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Name of the Investee Company	As at July 1, 2021	Purchased during the year	Bonus / rights shares issued during the year	Sold during the year	As at June 30, 2022	Balance as at June 30, 2022			Market value as a percentage of		Par value as a percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)	Total investments	Net assets	
					(Rupees in '000)			(%)			
<b>Technology &amp; Communication</b>											
TRG Pakistan Limited	101,000	224,000	-	325,000	-	-	-	-	-	-	-
Netsol Technologies	145,500	135,500	-	281,000	-	-	-	-	-	-	-
WorldCall Telecom Limited	1,350,000	-	-	1,350,000	-	-	-	-	-	-	-
TPL Corporation Limited	-	700,000	-	700,000	-	-	-	-	-	-	-
Systems Limited	42,000	21,500	31,000	94,500	-	-	-	-	-	-	-
Avanceon Limited	99,000	222,100	26,875	212,000	135,975	12,752	10,594	(2,158)	1.03%	1.01%	0.05%
TPL Trakker Limited (5.1.3)	3,417,000	6,146,000	-	132,000	9,431,000	160,209	81,578	(78,630)	7.96%	7.79%	5.04%
Air Link Communication Limited	-	216,925	12,931	229,856	-	-	-	-	-	-	-
Octopus Digital Limited	-	40,609	-	40,609	-	-	-	-	-	-	-
	<b>5,154,500</b>	<b>7,706,634</b>	<b>70,806</b>	<b>3,364,965</b>	<b>9,566,975</b>	<b>172,961</b>	<b>92,172</b>	<b>(80,789)</b>	<b>9.00%</b>	<b>8.80%</b>	
<b>Food &amp; Personal Care Products</b>											
Al Shaheer Corporation Limited	-	1,025,000	-	1,025,000	-	-	-	-	-	-	-
Fauji Foods Limited	23,500	1,849,856	-	1,873,356	-	-	-	-	-	-	-
Unity Foods Limited (5.1.3)	1,271,007	804,000	-	1,160,000	915,007	37,193	18,364	(18,828)	1.79%	1.75%	0.09%
Clover Pakistan Limited	142,000	-	-	142,000	-	-	-	-	-	-	-
Fauji Foods Limited-LOR	-	1,234,856	-	1,234,856	-	-	-	-	-	-	-
Unity Foods Limited-LOR3	-	333,988	-	333,988	-	-	-	-	-	-	-
	<b>1,436,507</b>	<b>5,247,700</b>	<b>-</b>	<b>5,769,200</b>	<b>915,007</b>	<b>37,193</b>	<b>18,364</b>	<b>(18,828)</b>	<b>1.79%</b>	<b>1.75%</b>	
<b>Total as at June 30, 2022 (Audited)</b>	<b>27,563,139</b>	<b>34,457,033</b>	<b>320,488</b>	<b>35,242,195</b>	<b>27,098,465</b>	<b>1,468,552</b>	<b>1,024,391</b>	<b>(444,162)</b>			
<b>Total as at June 30, 2021 (Audited)</b>	<b>27,242,846</b>	<b>57,825,744</b>	<b>117,600</b>	<b>57,623,051</b>	<b>27,563,139</b>	<b>1,627,017</b>	<b>1,792,927</b>	<b>165,910</b>			

\*Nil due to rounding off.

5.1.1.1 Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	2022	2021
	----- Rupees in '000 -----	
Market value of investments	1,024,391	1,792,927
Less: carrying value of investments	(1,468,552)	(1,627,017)
	<b>(444,162)</b>	<b>165,910</b>

**5.1.2 Class A - At fair value through other comprehensive income**

Name of the Investee Company	As at July 1, 2021	Purchased during the year	Bonus / right shares issued during the year	Sold during the year	As at June 30, 2022	Balance as at June 30, 2022			Market value as a percentage of		Par value as a percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)	Total investments	Net assets	
					(Rupees in '000)			(%)			
<b>CLASS A</b>											
<b>Oil and Gas Marketing Companies</b>											
Pakistan State Oil Company Limited	27,364,904	-	-	-	27,364,904	1,307,982	4,702,385	3,394,403	93.27%	85.50%	5.83%
Sui Northern Gas Pipeline Limited	9,911,246	-	-	-	9,911,246	112,395	339,064	226,669	6.73%	6.16%	1.56%
	<b>37,276,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,276,150</b>	<b>1,420,377</b>	<b>5,041,449</b>	<b>3,621,072</b>	<b>100.00%</b>	<b>91.66%</b>	
<b>Total as at June 30, 2022</b>	<b>37,276,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,276,150</b>	<b>1,420,377</b>	<b>5,041,449</b>	<b>3,621,072</b>			
<b>Total as at June 30, 2021</b>	<b>37,276,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,276,150</b>	<b>1,420,377</b>	<b>6,618,068</b>	<b>5,197,691</b>			

**5.1.2.1** The above mentioned Class A shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited are blocked / frozen by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the NBFC Regulations, does not apply to the above frozen shares.

	2022	2021
	----- Rupees in '000 -----	
<b>5.1.2.2 Unrealised appreciation on re-measurement of investments classified as 'financial asset at fair value through other comprehensive income'</b>		
Market value of investments	5,041,449	6,618,068
Less: cost of investments	<u>(1,420,377)</u>	<u>(1,420,377)</u>
	<u>3,621,072</u>	<u>5,197,691</u>

**5.1.3** The above investments in Class B include shares of the following companies which have been pledged with National Clearing Company of Pakistan for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 of 2007 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan. The details of shares which have been pledged are as follows:

	2022		2021	
	Number of shares	Rupees in '000	Number of shares	Rupees in '000
Habib Bank Limited	50,000	4,567	50,000	6,119
The Hub Power Company Limited	250,000	17,043	250,000	19,918
IGI Life Insurance Limited	100,000	1,697	-	-
Interloop Limited	100,000	6,100	-	-
Oil and Gas Development Company Limited	50,000	3,934	200,000	19,006
Pakistan State Oil Company Limited	165,000	28,354	105,000	23,546
TPL Trakker Limited	100,000	865	-	-
United Bank Limited	559,000	63,240	699,000	85,418
Unity Foods Limited	100,000	2,007	-	-
Pakistan Petroleum Limited	-	-	100,000	8,683
Cherat Cement Company Limited	-	-	50,000	8,869
	<u>1,474,000</u>	<u>127,805</u>	<u>1,454,000</u>	<u>171,559</u>

**5.1.4** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposit tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh (HCS) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 the Honourable High Court of Sindh. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at June 30, 2022, the following bonus shares of sub fund A and sub fund B have been withheld by certain companies at the time of declaration of bonus shares respectively.

Name of the Company	Class A			
	2022		2021	
	----- Bonus shares -----			
Number of shares withheld	Market value as at June 30, 2022	Number of shares withheld	Market value as at June 30, 2021	
	Rupees in '000		Rupees in '000	

Pakistan State Oil Company Limited	228,041	39,187	228,041	51,139
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Name of the Company	Class B			
	2022		2021	
	----- Bonus shares -----			
Number of shares withheld	Market value as at June 30, 2022	Number of shares withheld	Market value as at June 30, 2021	
	Rupees in '000		Rupees in '000	

The Searle Company Limited	3,926	428	3,020	733
TPL Insurance Limited	1,212	41	1,212	47
Faysal Bank Limited	17,250	398	17,250	293
	<u>22,388</u>	<u>867</u>	<u>21,482</u>	<u>1,073</u>

## 5.2 Market treasury bills - 'at fair value through profit or loss'

Particulars	Issue date	Class 'A'							Market value as a percentage of	
		Face value				Balance as at June 30, 2022				
		As at July 1, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying value	Market value	Unrealised gain / (loss)	net assets	total investments
		(Rupees in '000)							----- (%) -----	
<b>Market treasury bills - 3-months</b>										
Market treasury bills	August 12, 2021		5,000	5,000	-	-	-	-	-	-
Market treasury bills	October 7, 2021		495,000	495,000	-	-	-	-	-	-
<b>Market treasury bills - 12 months</b>										
Market treasury bills	April 22, 2021		210,000	210,000	-	-	-	-	-	-
Market treasury bills	May 6, 2021		205,000	205,000	-	-	-	-	-	-
Market treasury bills	June 17, 2021		275,000	275,000	-	-	-	-	-	-
Market treasury bills	September 9, 2021		460,000	460,000	-	-	-	-	-	-
<b>Total as at June 30, 2022</b>						<u>-</u>	<u>-</u>	<u>-</u>		
<b>Total as at June 30, 2021</b>						<u>-</u>	<u>-</u>	<u>-</u>		

Particulars	Issue date	Class 'B'							Market value as a percentage of		
		Face value				Balance as at June 30, 2022					
		As at July 1, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying value	Market value	Unrealised gain / (loss)	net assets	total investments	
							(Rupees in '000)			(%)	
<b>Market treasury bills - 3-months</b>											
Market treasury bills	August 12, 2020	-	15,000	15,000	-	-	-	-	-	-	
Market treasury bills	October 7, 2021	-	90,000	90,000	-	-	-	-	-	-	
<b>Market treasury bills - 6-months</b>											
Market treasury bills	May 6, 2021	-	60,000	60,000	-	-	-	-	-	-	
Market treasury bills	April 22, 2021	-	55,000	55,000	-	-	-	-	-	-	
Market treasury bills	September 9, 2021	-	35,000	35,000	-	-	-	-	-	-	
<b>Total as at June 30, 2022</b>						<b>-</b>			<b>-</b>		
<b>Total as at June 30, 2021</b>						<b>-</b>			<b>-</b>		

6	DIVIDEND RECEIVABLE AND ACCRUED MARK-UP	2022			2021		
		Class A	Class B	Total	Class A	Class B	Total
Rupees in '000							
	Dividend receivable	7,696	63	7,759	5,416	31	5,447
	Mark-up accrued on bank deposits	6,380	2,473	8,853	1,180	1,545	2,725
		<b>14,076</b>	<b>2,536</b>	<b>16,612</b>	<b>6,596</b>	<b>1,576</b>	<b>8,172</b>

7	DEPOSITS AND OTHER RECEIVABLES						
	Security deposits with:						
	- Central Depository Company of Pakistan Limited	-	175	175	-	175	175
	- National Clearing Company of Pakistan Limited	100	2,749	2,849	100	2,500	2,600
	Advance against IPO subscription	-	-	-	-	9,296	9,296
	Other receivables	1,106	1,203	2,309	104	1,013	1,117
		<b>1,206</b>	<b>4,127</b>	<b>5,333</b>	<b>204</b>	<b>12,984</b>	<b>13,188</b>

8	PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	2022			2021			
		Class A	Class B	Total	Class A	Class B	Total	
Note Rupees in '000								
	Management fee payable	8.1	6,569	1,809	8,378	8,704	3,079	11,783
	Sindh sales tax payable on management fee	8.2	854	235	1,089	1,131	400	1,531
	Allocated expenses payable relating to registrar services, accounting, operation and valuation services	8.3	2,409	1,245	3,654	-	-	-
	Selling and marketing expenses payable	8.4	-	5,709	5,709	-	4,712	4,712
			<b>9,832</b>	<b>8,998</b>	<b>18,830</b>	<b>13,027</b>	<b>9,038</b>	<b>22,065</b>

b Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets of the Fund. As per the instructions of SECP via letter No. SCD/AMCW/HBLAML/9/2020 dated October 19, 2020, it was advised to HBL AMC to take up the matter at their Board level for lowering the rate of management fee keeping in view the passive nature of investments in Class A units of HBL Growth Fund and in the best interest of the certificate holders. Subsequently, management of HBL AMC in its 83rd Board meeting held on February 10, 2021 has approved the reduction in rate of 2% to 1.5% effective from February 10, 2021. Currently, the management fee is charged at the rate of 1.5% and 2% (2021: 1.5% and 2%) of average annual net assets of the Fund for Class A and Class B, respectively.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2021: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

8.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its own discretion has charged 0.55% for Class A and 0.55% to 1.60% for Class B of the average annual net assets of the Fund during the year ended June 30, 2022 (2021: 0.55% for Class A and 0.55% for Class B).

8.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion while keeping in view the overall return, the annual plan and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008, at the rates nil (2021: 1.05%) for Class A and 1.05% to 2.10% (2021: 1.05%) for Class B.

8.4.1 As per the instructions of SECP via letter No. SCD/AMCW/HBLAML/9/2020 dated October 19,2020, the Management Company ceased to charge selling and marketing expenses to the certificate holders of Class A with effect from November 01, 2020.

**9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**

		-----2022-----			-----2021-----		
		Class A	Class B	Total	Class A	Class B	Total
	<b>Note</b>	-----Rupees in '000-----					
Trustee fee payable	9.1	520	173	693	663	236	899
Sindh sales tax payable on Trustee fee	9.2	68	22	90	86	31	117
CDS charges payable		-	81	81	-	30	30
		<u>588</u>	<u>276</u>	<u>864</u>	<u>749</u>	<u>297</u>	<u>1,046</u>

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund is as follows:

Tariff structure	
Net assets (Rs.)	Fee
- Up to Rs 1,000 million	0.02% of the net assets or Rs. 700,000 per annum whichever is higher
- From Rs 1,000 million to Rs 5,000 million	Rs. 2.0 million plus 0.10% exceeding Rs. 1,000 million

9.2 The Sindh Provincial Government had levied Sindh Sales Tax at the rate of 13% (2021: 13%) on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

## 10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

	Note	2022			2021		
		Class A	Class B	Total	Class A	Class B	Total
Note ----- (Rupees in '000) -----							
Annual fee	10.1	1,179	302	1,481	1,310	350	1,660

10.1 In accordance with the NBFC Regulations, 2008, a collective investment scheme is required to pay annual fee to the Securities and Exchange Commission of Pakistan at the rate of 0.02% (2021: 0.02%) per annum of average annual net assets of the Fund.

## 11 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2022			2021		
		Class A	Class B	Total	Class A	Class B	Total
Note ----- Rupees in '000 -----							
Provision for Federal Excise Duty on management company's remuneration	11.1	-	125,303	125,303	-	125,303	125,303
Provision for Sindh Workers' Welfare Fund	11.2	-	-	-	2,065	50,977	53,042
Brokerage		-	287	287	-	1,392	1,392
Auditors' remuneration payable		396	150	546	352	94	446
National Clearing Company Pakistan Limited charges payable		-	30	30	-	30	30
Withholding tax payable		46	74	120	17	37	54
Other payables		-	980	980	-	981	981
		442	126,824	127,266	2,434	178,814	181,248

11.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16% on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 55.961 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund for Class B would have been higher by Rs 1.543 (2021: Rs 1.340)

**11.2** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). However, the Fund had recorded provision in respect of SWWF with effect from July 1, 2014.

During the year, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP. All the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from July 1, 2014 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at June 30, 2022 and June 30, 2021.

### 13 NUMBER OF UNITS IN ISSUE

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
Total outstanding as of July 01	283,500,000	93,483,779	376,983,779	283,500,000	98,929,141	382,429,141
Add: Issued during the year	-	3,612,469	3,612,469	-	724,744	724,744
Less: Redeemed during the year	-	15,863,849	15,863,849	-	6,170,106	6,170,106
Total units in issue as of June 30	283,500,000	81,232,399	364,732,399	283,500,000	93,483,779	376,983,779

### 14 AUDITORS' REMUNERATION

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
	-----Rupees in '000-----					
Annual audit fee	359	124	483	327	89	416
Fee for half yearly review	116	41	157	106	29	135
Other certifications and out of pocket expenses	76	25	101	70	18	88
	551	190	741	503	136	639

**15 TAXATION**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Fund has incurred net loss during the year, therefore no provision for taxation has been made in these financial statements.

**16 EARNINGS PER UNIT**

Earnings per unit (EPU) has not been disclosed as in the opinion of Management Company determination of weighted average units for calculating EPU is not practicable.

**17 TOTAL EXPENSES RATIO**

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 of is 2.43% and 4.76% (2021: 3.09% and 5.08%) which includes 0.23% and 0.33% (2021: 0.27% and 0.88%) representing government levies on the Fund such as Sales Taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

**18 TRANSACTION AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons/related parties include HBL Asset Management Limited (HBL-AML) being the Management Company of the Fund, Habib Bank Limited (HBL) being the Sponsor (holding 100% shares of HBL Asset Management Limited), Central Depository Company of Pakistan Limited being the Trustee of the Fund, other associated companies of HBL, HBL-AML and its subsidiaries, other collective investment schemes managed by the Management Company, directors, their close family members and the trustee and key officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons essentially comprise of sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in these financial statements are as follows:

**18.1 Transactions during the year**

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
-----Rupees in '000-----						
<b>HBL Asset Management Limited - Management Company</b>						
Remuneration of the Management Company	88,387	30,171	118,558	117,622	34,957	152,579
Sindh Sales tax on remuneration of the management company	11,490	3,922	15,412	15,291	4,544	19,835
Allocation of expenses related to registrar services, accounting, operation and valuation services	32,409	11,025	43,434	36,033	9,613	45,646
Selling and marketing expense	-	18,568	18,568	21,434	18,353	39,787
<b>Habib Bank Limited - Sponsor</b>						
Dividend income	-	-	-	-	1,627	1,627
Mark-up on bank deposits	-	113	113	-	85	85
<b>Central Depository Company of Pakistan Limited - Trustee</b>						
Remuneration of Trustee	6,686	1,715	8,401	7,338	2,106	9,444
Sindh sales tax on the remuneration of Trustee	869	223	1,092	954	274	1,228
CDS charges	-	319	319	-	298	298
CDC annual listing fee	904	76	980	870	76	946
<b>Jubilee General Insurance Company Limited - associate</b>						
Redemption of 142,500 (2021: nil) units	1,425	-	1,425	-	-	-
<b>Directors and Executives of the Management Company</b>						
Issue of 245,500 (2021: nil) units	-	4,098	4,098	-	-	-
Redemption of 368,552 (2021: nil) units	-	6,488	6,488	-	-	-

**18.2 Balances outstanding as at year end**

<b>HBL Asset Management Company Limited - Management Company</b>						
Management fee payable	6,569	1,809	8,378	8,704	3,079	11,783
Sindh sales tax payable on management fee	854	235	1,089	1,131	400	1,531
Allocated expenses payable relating to registrar services, accounting, operation and valuation services	2,409	1,245	3,654	3,192	847	4,039
Selling and marketing expenses payable	-	5,709	5,709	-	4,712	4,712
<b>Habib Bank Limited - Sponsor</b>						
Banks balances	-	1,691	1,691	-	1,578	1,578

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
-----Rupees in '000-----						
<b>HBL Microfinance Bank Limited</b> <b>(formerly: The First Microfinance Bank) - Associate</b>						
Banks balances	932	9	941	-	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>						
Trustee fee payable	520	173	693	663	236	899
Sales tax payable on trustee fee	68	22	90	86	31	117
Security deposit with trustee	-	175	175	-	175	175
CDS charges payable	-	81	81	-	30	30
<b>Pakistan Reinsurance Company Limited- Connected person - due to holding more than 10% units</b>						
Outstanding 30,406,721 (2021: 30,406,721) units at par value	304,067	-	304,067	304,067	-	304,067
Outstanding 15,000,000 (2021: 15,000,000) units	-	193,427	193,427	-	298,589	298,589
<b>State Life Corporation of Pakistan - connected person due to holding more than 10% units</b>						
Outstanding 12,384,663 (2021: 12,384,663 units)	-	159,701	159,701	-	246,528	246,528
<b>MCB Bank Limited - Treasury - connected person due to holding more than 10% units</b>						
Outstanding 43,482,858 (2021: nil units) at par value	434,829	-	434,829	-	-	-
<b>CDC - Trustee National Investment (Unit) Trust - associate</b>						
Outstanding 6,646,800 (2021: nil units) at par value	66,468	-	66,468	-	-	-
<b>Jubilee General Insurance Company Limited - associate</b>						
Outstanding Nil (2021: 142,500) units at par value	-	-	-	1,425	-	1,425
Outstanding 146,124 (2021: 146,124) units	-	1,884	1,884	-	2,909	2,909
<b>Directors and Executives of the Management Company</b>						
Outstanding 18,000 (2021: 18,000) units at par value	180	-	180	180	-	180
Outstanding 18,000 (2021: 141,052) units	-	232	232	-	2,808	2,808



**Financial assets**

Bank balances	
Investments	
Dividend receivable and accrued mark-up	
Deposits and other receivables	

**Financial liabilities**

Payable to the HBL Asset Management Limited - Management Company	
Payable to the Central Depository Company of Pakistan Limited - Trustee	
Accrued expenses and other liabilities	

-----Class A-----		
-----As on June 30, 2021-----		
At amortised cost	At fair value through other comprehensive income	Total
-----Rupees in '000-----		
236,374	-	236,374
-	6,618,068	6,618,068
6,596	-	6,596
100	-	100
<u>243,070</u>	<u>6,618,068</u>	<u>6,861,138</u>
13,027	-	13,027
749	-	749
352	-	352
<u>14,128</u>	<u>-</u>	<u>14,128</u>

**Financial assets**

Bank balances	
Investments	
Dividend receivable and accrued mark-up	
Deposits and other receivables	
Receivable against sale of investments	

**Financial liabilities**

Payable to the HBL Asset Management Limited - Management Company	
Payable to the Central Depository Company of Pakistan Limited - Trustee	
Accrued expenses and other liabilities	
Unclaimed dividend	
Payable against purchase of investments	

-----Class B-----		
-----As on June 30, 2021-----		
At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----		
381,491	-	381,491
-	1,792,927	1,792,927
1,576	-	1,576
11,971	-	11,971
45,633	-	45,633
<u>440,671</u>	<u>1,792,927</u>	<u>2,233,598</u>
9,038	-	9,038
297	-	297
2,497	-	2,497
133,120	-	133,120
52,114	-	52,114
<u>197,066</u>	<u>-</u>	<u>197,066</u>



Category	Class B			
	2022			
	Number of units holders	Number of units held	Unit holding or investment	Percentage of total (%)
	Rupees in '000'			
Individuals	8,334	47,391,909	611,122	58.34%
Associated company	1	146,124	1,884	0.18%
Director	1	18,000	232	0.02%
Banks and DFIs	3	2,087,256	26,915	2.57%
Insurance companies	4	27,399,017	353,313	33.73%
Retirement funds	6	755,072	9,737	0.93%
Trust	7	528,519	6,815	0.65%
Foreign Investor	-	-	-	0.00%
Others	74	2,906,502	37,480	3.58%
	<b>8,430</b>	<b>81,232,399</b>	<b>1,047,498</b>	<b>100%</b>

Category	Class A			
	2021			
	Number of units holders	Number of units held	Unit holding or investment	Percentage of total (%)
	Rupees in '000'			
Individuals	8,672	80,686,377	1,947,778	28.46%
Director	1	18,000	435	0.01%
Associated companies	2	6,609,300	159,549	2.33%
Insurance companies	5	42,691,625	1,030,581	15.06%
Banks and DFIs	12	53,226,324	1,284,889	18.77%
NBFCs	8	110,512	2,668	0.04%
Foreign companies	6	59,004,650	1,424,379	20.81%
Modarba	1	15,000	362	0.01%
Others	89	26,284,869	634,520	9.27%
Foreign individuals	463	14,853,343	358,561	5.24%
	<b>9,259</b>	<b>283,500,000</b>	<b>6,843,722</b>	<b>100%</b>

Category	Class B			
	2021			
	Number of units holders	Number of units held	Unit holding or investment	Percentage of total (%)
	Rupees in '000'			
Individuals	8,545	58,391,908	1,162,343	62.46%
Associated company	1	146,124	2,909	0.16%
Director	1	18,000	358	0.02%
Banks and DFIs	3	2,087,256	41,549	2.23%
Insurance companies	4	27,399,018	545,402	29.31%
Retirement funds	6	755,072	15,030	0.81%
Trust	7	528,519	10,521	0.57%
Foreign Investor	1	5,127	102	0.01%
Others	83	4,152,755	82,664	4.44%
	<b>8,651</b>	<b>93,483,779</b>	<b>1,860,878</b>	<b>100%</b>

## 23 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Seven meetings of the Board of Directors were held on August 26, 2021, September 09, 2021, October 28, 2021, February 11, 2022, April 26, 2022, May 10, 2022 and May 16, 2022 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of director	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar <sup>1</sup>	7	7	-	-
2	Ms. Ava A. Cowasjee <sup>1</sup>	7	5	2	May 10, 2022 and May 16, 2022
3	Mr. Shabbir Hussain Hashmi <sup>5</sup>	5	5	-	-
4	Mr. Rayomond H. Kotwal <sup>1</sup>	7	7	-	-
5	Mr. Abrar Ahmed Mir <sup>1</sup>	7	7	-	-
6	Mr. Tariq Masaud <sup>1</sup>	7	7	-	-
7	Mr. Muhammad Afaq Khan <sup>2</sup>	3	1	2	August 26, 2021 and October 28, 2021
8	Mr. Abid Sattar <sup>3</sup>	3	3	-	-
9	Mr. Khalid Malik <sup>4</sup>	2	2	-	-

<sup>1</sup> Completed term and reappointed on April 29, 2022.

<sup>2</sup> Resigned on January 20, 2022.

<sup>3</sup> Appointed on February 11, 2022.

<sup>4</sup> Appointed on April 29, 2022.

<sup>5</sup> Completed term and retired on April 28, 2022.

## 24 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP.

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in a portfolio of equity investments and government securities

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 24.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk ; currency risk, interest rate risk and price risk.

#### **24.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

#### **24.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

##### **a) Sensitivity analysis for variable rate instruments**

Presently, the Fund holds balances with banks which expose the Fund to cashflow and interest rate risk. In case of increase / decrease of 100 basis points in interest rates or in rates with all other variables held constant, net assets of the Class A and Class B for the year then ended would have been higher / lower by Rs. 4.55 million and Rs. 2.76 million (2021: Re 2.36 million and Rs. 3.8 million) respectively.

##### **b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2022, the Fund does not hold any fixed rate instrument that may expose the Fund to fixed interest rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

As at June 30, 2022					
Effective Yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
CLASS A	Rupees in '000				
On-balance sheet financial instruments					
<b>Financial assets</b>					
Bank balances	455,453	-	-	-	455,453
Investments	-	-	-	5,041,449	5,041,449
Dividend receivable and accrued mark-up	-	-	-	14,076	14,076
Deposits and other receivables	-	-	-	100	100
	455,453	-	-	5,055,625	5,511,078
<b>Financial liabilities</b>					
Payable to the HBL Asset Management Limited - Management Company	-	-	-	9,832	9,832
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	588	588
Accrued expenses and other liabilities	-	-	-	396	396
	-	-	-	10,816	10,816
<b>On-balance sheet gap (a)</b>	455,453	-	-	5,044,809	5,500,262
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap (b)	-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>	455,453	-	-	-	-
<b>Cumulative interest rate sensitivity gap</b>	455,453	455,453	455,453	-	-
CLASS B					
On-balance sheet financial instruments					
<b>Financial assets</b>					
Bank balances	275,981	-	-	-	275,981
Investments	-	-	-	1,024,391	1,024,391
Dividend receivable and accrued mark-up	-	-	-	2,536	2,536
Deposits and other receivables	-	-	-	2,924	2,924
Receivable against sale of investments	-	-	-	10,444	10,444
	275,981	-	-	1,040,295	1,316,276
<b>Financial liabilities</b>					
Payable to the HBL Asset Management Limited - Management Company	-	-	-	8,998	8,998
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	276	276
Payable against purchase of investments	-	-	-	1,614	1,614
Unclaimed dividend	-	-	-	131,967	131,967
Accrued expenses and other liabilities	-	-	-	1,333	1,333
	-	-	-	144,188	144,188
<b>On-balance sheet gap (a)</b>	275,981	-	-	896,107	1,172,088
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap (b)	-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>	275,981	-	-	-	-
<b>Cumulative interest rate sensitivity gap</b>	275,981	275,981	275,981	-	-

As at June 30, 2021					
Effective Yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
CLASS A	%	Rupees in '000			
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	5% to 7.4%	236,374	-	-	236,374
Investments		-	-	6,618,068	6,618,068
Dividend receivable and accrued mark-up		-	-	6,596	6,596
Deposits and other receivables		-	-	100	100
		236,374	-	6,624,764	6,861,138
<b>Financial liabilities</b>					
Payable to the HBL Asset Management Limited - Management Company		-	-	13,027	13,027
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	749	749
Accrued expenses and other liabilities		-	-	352	352
		-	-	14,128	14,128
<b>On-balance sheet gap (a)</b>		236,374	-	6,610,636	6,847,010
<b>Off-balance sheet financial instruments</b>					
		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		236,374	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		236,374	236,374	236,374	
<b>Class B</b>					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	5% to 7.4%	381,491	-	-	381,491
Investments		-	-	1,792,927	1,792,927
Dividend receivable and accrued mark-up		-	-	1,576	1,576
Deposits and other receivables		-	-	11,971	11,971
Receivable against sale of investments		-	-	45,633	45,633
		381,491	-	1,852,107	2,233,598
<b>Financial liabilities</b>					
Payable to the HBL Asset Management Limited - Management Company		-	-	9,038	9,038
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	297	297
Payable against purchase of investments		-	-	52,114	52,114
Unclaimed dividend		-	-	133,120	133,120
Accrued expenses and other liabilities		-	-	2,497	2,497
		-	-	197,066	197,066
<b>On-balance sheet gap (a)</b>		381,491	-	1,655,040	2,036,531
<b>Off-balance sheet financial instruments</b>					
		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		381,491	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		381,491	381,491	381,491	

### 24.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities as financial assets 'at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations, 2008 also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to 30% of net assets. However, relaxation in this regard has been obtained from the regulators in respect of frozen investments classified as fair value through comprehensive income as disclosed in note 5.1.2.

In case of 5% increase / decrease in the fair value of the Fund's Class A equity securities on June 30, 2022, net assets of the Fund would have increased / decreased by Rs. 252.072 million (2021: Rs. 330.903 million) as a result of gains / losses on equity securities in 'at fair value through other comprehensive income' category, with corresponding effect on other comprehensive income reported in 'Statement of comprehensive income'.

In case of 5% increase / (decrease) in the fair value of the Fund's equity securities on June 30, 2022, net assets of the Fund would have increased / (decreased) by Rs. 51.220 million (2021: Rs. 89.646 million).

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE 100 Index.

### 24.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

The table below analyses the Fund's maximum exposure to credit risk:

	2022		2021	
	Financial Assets	Maximum exposure to credit risk	Financial Assets	Maximum exposure to credit risk
----- Rupees in '000 -----				
<b>CLASS A</b>				
Bank balances	455,453	455,453	236,374	236,374
Investments	5,041,449	-	6,618,068	-
Dividend receivable and accrued mark-up	14,076	14,076	6,596	6,596
Deposits and other receivables	100	100	100	100
	<u>5,511,078</u>	<u>469,629</u>	<u>6,861,138</u>	<u>243,070</u>

**CLASS B**

	2022		2021	
	Financial Assets	Maximum exposure to credit risk	Financial Assets	Maximum exposure to credit risk
	----- Rupees in '000 -----			
Bank balances	275,981	275,981	381,491	381,491
Investments	1,024,391	-	1,792,927	-
Dividend receivable and accrued mark-up	2,536	2,536	1,576	1,576
Deposits and other receivables	2,924	2,924	11,971	11,971
Receivable against sale of investments	10,444	10,444	45,633	45,633
	<u>1,316,276</u>	<u>291,885</u>	<u>2,233,598</u>	<u>440,671</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. The difference is because of investment in equity securities which are not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

**Credit quality of financial assets**

The Fund's significant credit risk arises mainly on account of its placements in banks and mark-up accrued thereon. The credit rating profile of balances with banks is as follows:

	Class A		Class B	
	2022	2021	2022	2021
<b>Class A</b>	----- % -----		----- % -----	
A	-	-	4.37%	69.58%
A+	94.73%	-	85.03%	-
AA	0.00%	-	-	-
AA-	5.23%	99.94%	8.04%	30.00%
AA+	0.00%	-	0.01%	0.00%
AAA	0.03%	0.06%	2.54%	0.42%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**24.3 Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has a policy to invest the majority of its assets in investments that are traded in an active market and can be readily disposed off. The Fund's listed securities are considered readily realisable, as they are listed on the Pakistan Stock Exchange Limited.

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short-term in nature and are restricted to the extent of available liquidity and significant assets of the Fund are readily disposable in the market.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

----- Class A -----						
----- 2022 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
<b>Financial assets</b>						
Balances with banks	455,453	-	-	-	-	455,453
Investments	-	-	-	-	5,041,449	5,041,449
Dividend receivable and accrued mark-up	14,076	-	-	-	-	14,076
Advances and deposits	-	-	-	-	100	100
	469,529	-	-	-	5,041,549	5,511,078
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	9,832	-	-	-	-	9,832
Payable to Central Depository Company of Pakistan Limited - Trustee	588	-	-	-	-	588
Accrued expenses and other liabilities	396	-	-	-	-	396
	10,816	-	-	-	-	10,816
<b>Net financial assets</b>	458,713	-	-	-	5,041,549	5,500,262
----- Class B -----						
----- 2022 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
<b>Financial assets</b>						
Bank balances	275,981	-	-	-	-	275,981
Investments	-	-	-	-	1,024,391	1,024,391
Dividend receivable and accrued mark-up	2,536	-	-	-	-	2,536
Receivable against sale of investments	10,444	-	-	-	-	10,444
Advances and deposits	-	-	-	-	2,924	2,924
	288,961	-	-	-	1,027,315	1,316,276
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	8,998	-	-	-	-	8,998
Payable to Central Depository Company of Pakistan Limited - Trustee	276	-	-	-	-	276
Accrued expenses and other liabilities	1,333	-	-	-	-	1,333
Payable against purchase of investments	1,614	-	-	-	-	1,614
Unclaimed dividend	131,967	-	-	-	-	131,967
	144,188	-	-	-	-	144,188
<b>Net financial assets</b>	144,773	-	-	-	1,027,315	1,172,088

----- Class A -----						
----- 2021 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
<b>Financial assets</b>						
Balances with banks	236,374	-	-	-	-	236,374
Investments	-	-	-	-	6,618,068	6,618,068
Dividend receivable and accrued mark-up	6,596	-	-	-	-	6,596
Advances and deposits	-	-	-	-	100	100
	242,970	-	-	-	6,618,168	6,861,138
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	13,027	-	-	-	-	13,027
Payable to Central Depository Company of Pakistan Limited - Trustee	749	-	-	-	-	749
Accrued expenses and other liabilities	352	-	-	-	-	352
	14,128	-	-	-	-	14,128
<b>Net financial assets</b>	228,842	-	-	-	6,618,168	6,847,010

----- Class B -----						
----- 2021 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
<b>Financial assets</b>						
Bank balances	381,491	-	-	-	-	381,491
Investments	-	-	-	-	1,792,927	1,792,927
Dividend receivable and accrued mark-up	1,576	-	-	-	-	1,576
Receivable against sale of investments	45,633	-	-	-	-	45,633
Advances and deposits	-	-	-	-	11,971	11,971
	428,700	-	-	-	1,804,898	2,233,598
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	9,038	-	-	-	-	9,038
Payable to Central Depository Company of Pakistan Limited - Trustee	297	-	-	-	-	297
Payable against purchase of investments	52,114	-	-	-	-	52,114
Accrued expenses and other liabilities	2,497	-	-	-	-	2,497
Unclaimed dividend	133,120	-	-	-	-	133,120
	197,066	-	-	-	-	197,066
<b>Net financial assets</b>	231,634	-	-	-	1,804,898	2,036,532

**25 FAIR VALUE MEASUREMENT**

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.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

**Fair value hierarchy**

International Financial Reporting Standard 13, 'Fair value measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2022, the Fund held the following financial instruments measured at fair values:

ASSETS	2022			
	Level 1	Level 2	Level 3	Total
<b>Class A</b>	----- (Rupees in '000) -----			
<b>At fair value through profit or loss</b>				
- Listed equity securities	5,041,449	-	-	5,041,449
<b>Class B</b>				
<b>At fair value through other comprehensive income</b>				
- Listed equity securities	1,024,391	-	-	1,024,391
<b>ASSETS</b>	----- (Rupees in '000) -----			
<b>Class A</b>				
<b>At fair value through profit or loss</b>				
- Listed equity securities	6,618,068	-	-	6,618,068
<b>Class B</b>				
<b>At fair value through other comprehensive income</b>				
- Listed equity securities	1,792,927	-	-	1,792,927

**26 GENERAL**

Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

**27 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 29, 2022.

**For HBL Asset Management Limited  
(Management Company)**

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



**HBL Investment Fund**

<b>NAME OF FUND</b>	HBL INVESTMENT FUND
<b>NAME OF AUDITOR</b>	A.F. Ferguson & Co.
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited.
<b>NAME OF BANKERS</b>	Allied Bank limited Bank Alfalah Limited Habib Bank Limited Habib Metro Bank Limited HBL Micro Finance Bank JS Bank Limited Khushali Micro Finance Bank MCB Bank Limited Mobillink Micro Finance Bank National Bank Limited Soneri Bank limited U Micro Finance Bank Limited Zarai Taraqiati Bank Limited

## Type and Category of Fund

Equity / Open-end

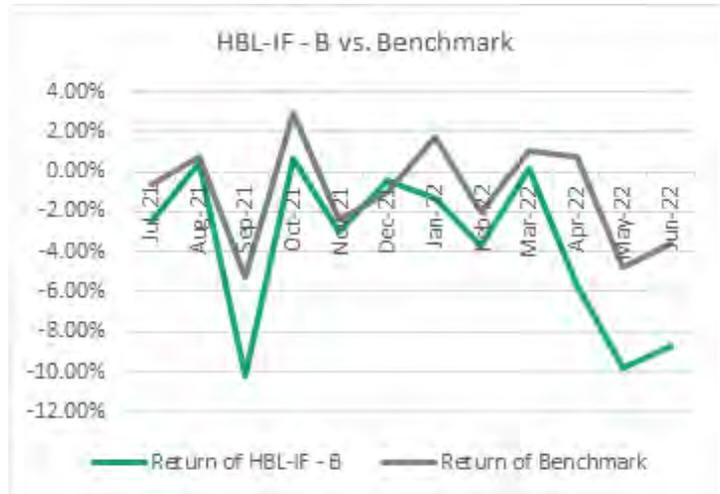
## Investment Objective and Accomplishment of Objective

The objective of HBL Investment Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations. The Collective Investment Scheme achieved its stated objective.

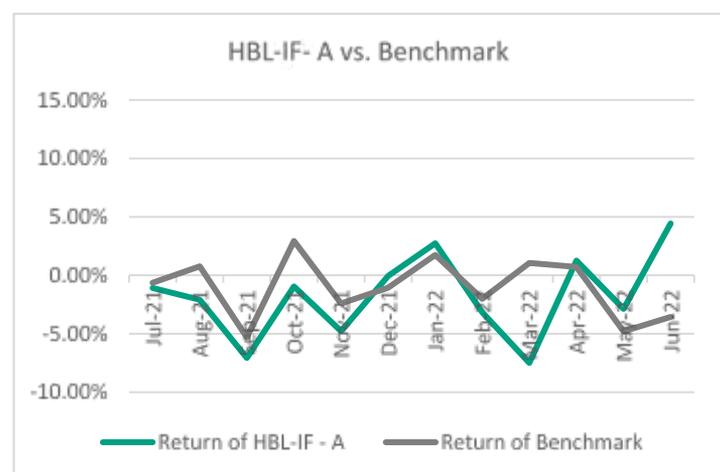
## Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KSE-100 Index.

Month	Return of Fund	
	HBL-IF - B	Benchmark
Jun-22	-8.73%	-3.57%
May-22	-9.78%	-4.80%
Apr-22	-5.63%	0.71%
Mar-22	0.20%	1.05%
Feb-22	-3.73%	-2.01%
Jan-22	-1.32%	1.75%
Dec-21	-0.46%	-1.06%
Nov-21	-3.04%	-2.41%
Oct-21	0.68%	2.94%
Sep-21	-10.18%	-5.31%
Aug-21	0.48%	0.77%
Jul-21	-2.53%	-0.64%



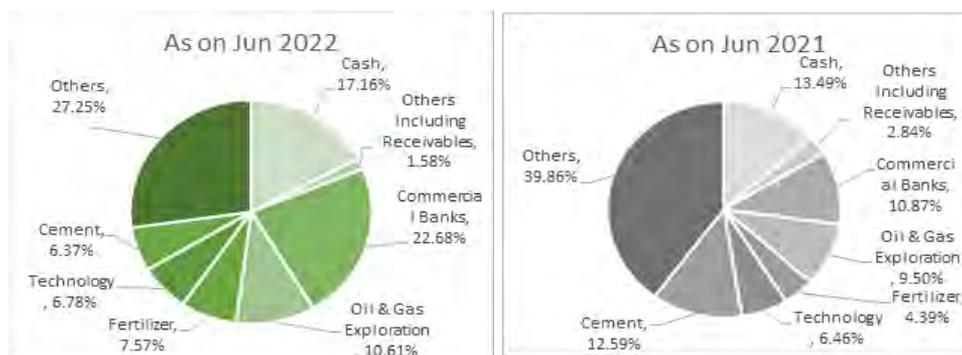
Month	Return of Fund	
	HBL-IF - A	Benchmark
Jun-22	4.43%	-3.57%
May-22	-2.87%	-4.80%
Apr-22	1.25%	0.71%
Mar-22	-7.49%	1.05%
Feb-22	-3.17%	-2.01%
Jan-22	2.74%	1.75%
Dec-21	-0.06%	-1.06%
Nov-21	-4.78%	-2.41%
Oct-21	-0.96%	2.94%
Sep-21	-7.07%	-5.31%
Aug-21	-2.09%	0.77%
Jul-21	-1.09%	-0.64%



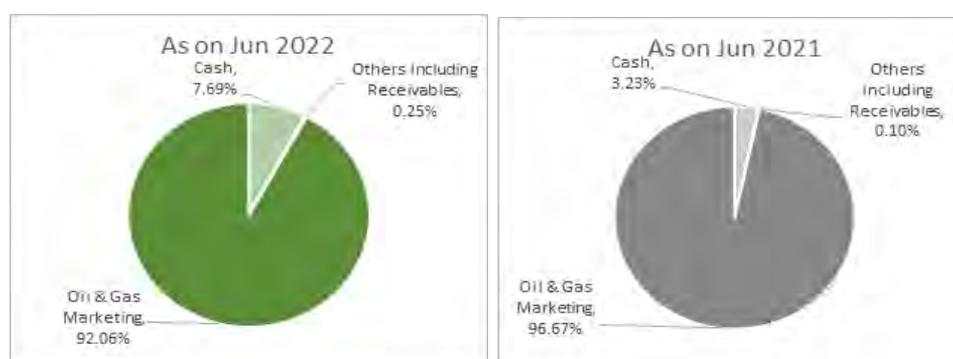
## Strategies and Policies employed during the Year

During the year under review, the Fund reduced its exposure in equities from 84% on June 30, 2021 to 81% on June 30, 2022. Furthermore, sector-wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in commercial banks and oil & gas exploration companies was increased, while exposure in cement and insurance companies was decreased.

## Asset Allocation HBL Investment Fund - B



## HBL Investment Fund – A



### Significant Changes in Asset Allocation during the Year

The following table shows a comparison of top sector wise allocation of equity investments in the Fund as on June 30, 2022 and June 30, 2021:

#### HBL Investment Fund – B

Sector Name	As on Jun 2022	As on Jun 2021
Cash	17.16%	13.49%
Others Including Receivables	1.58%	2.84%
Commercial Banks	22.68%	10.87%
Oil & Gas Exploration	10.61%	9.50%
Fertilizer	7.57%	4.39%
Technology	6.78%	6.46%
Cement	6.37%	12.59%
Others	27.3%	39.9%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

#### HBL Investment Fund - A

Sector Name	As on Jun 2022	As on Jun 2021
Cash	7.69%	3.23%
Others Including Receivables	0.25%	0.10%
Oil & Gas Marketing	92.06%	96.67%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Fund Performance

The Fund as a whole incurred a total and net loss of Rs. 333.30 million and Rs. 411.88 million respectively during the year under review. The fund size of the fund stood at Rs. 2.71 billion as on June 30, 2022.

Performance review of each class is presented below:

### HBL Investment Fund – Class ‘A’

HBL Investment Fund – Class ‘A’ earned a total income and net income of Rs. 131.08 million and Rs. 77.98 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Class ‘A’ was Rs. 7.0325 per unit as on June 30, 2022 as compared to Rs. 8.7715 as at June 30, 2021, thereby giving a negative return of 19.83%. During the year the benchmark KSE 100 index yielded a negative return of 12.28%. The size of Class ‘A’ was Rs. 2.00 billion as on June 30, 2022 as compared to Rs. 2.49 billion at the start of the year.

### HBL Investment Fund – Class ‘B’

HBL Investment Fund – Class ‘B’ incurred a total and net loss of Rs. 464.38 million and Rs. 489.87 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) per unit of the Class ‘B’ was Rs. 7.0325 per unit as on June 30, 2022 as compared to Rs. 10.2262 as at June 30, 2021, thereby giving a negative return of 36.76%. During the year the benchmark KSE 100 index yielded a negative return of 12.28%. The size of Class ‘B’ was Rs. 0.71 billion as on June 30, 2022 as compared to Rs. 1.39 billion at the start of the year.

## Review of Market invested in

During FY22, the KSE-100 index declined by 5,815pts or 12.8% to close at 41,541pts. The poor performance of the market is primarily attributable to i) Rapid increase in CAD due to rising domestic demand and significant increase in international commodity prices, which were further fueled by the war between Russia and Ukraine, ii) Rising inflation due to the commodity super cycle, iii) Commencement of monetary tightening, iv) Uncertain local political situation, v) Geopolitical issues in the region with heightened uncertainty post U.S. exit from Afghanistan, vi) Delay in the resumption of IMF program, vii) Depleting foreign exchange reserves resulting in PKR losing significant ground against the USD, and viii) Continued foreign selling after Pakistan’s reclassification from MSCI Emerging to Frontier Market Index.

During FY22, major negative contribution came from Cement (2,328 pts), Technology & Communication (912 pts), Commercial Banks (520 pts) and Refinery (424 pts) sectors. On the other hand, major positive contribution came from Fertilizer (668 pts), and Chemical (424 pts) sectors.

During the period, average traded volume declined by 56% YoY to 115mn shares, while average traded value declined by 53% YoY to PKR 6.3bn. On the flows side, Foreigners were net sellers during FY22 and sold shares worth USD 297.5Mn.

We expect the equity market to remain range-bound in the near-term due to the prevailing local and geopolitical uncertainty, rising commodity prices, and depleting foreign exchange reserves. However, the additional revenue measures announced by the government are expected to pave the way for resumption of the IMF program, which is crucial for the country to secure financing from other sources. This may alleviate the downward pressure on the PKR and potentially limit any downside in the equity market.

Our longer-term equity outlook remains positive due to attractive valuations. The equity market is trading at an eye catching P/E multiple of 4.1x compared to regional average of 14.5x, and offers an attractive dividend yield of 10.9%, compared to regional average of 2.8%. It is pertinent to note that the spread between KSE-100 index earnings yield and 10Y PKRV is 11.7%, compared to 5-year historical average spread of 4.4%, which implies an upside of ~42%.

The market is likely to regain its positive momentum once there is more clarity on the Government's economic policies, along with easing of geopolitical tensions. Reversal in international commodity prices, either on the back of disruption in demand or increase in supply, is likely to reignite investor interest in Equities. Hence, we believe that Pakistan equities offer a good opportunity for long-term investors.

### Distribution

The Board of Directors approved nil dividend to the unit holders for the year ended June 30, 2022.

### Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.

### Breakdown of Certificate Holding by Size

From – To (No. of Certificates)	No. of Certificate Holders (Class 'A' Units)	Total No. of Certificates Held (Class 'A' Units)	No. of Certificate Holders (Class 'B' Units)	Total No. of Certificates Held (Class 'B' Units)
1 – 100	3,135	196,651	2,414	127,216
101 – 500	6,737	1,713,296	7,294	1,746,805
501 – 1,000	2,131	1,569,750	2,038	1,452,077
100,1 – 10,000	2,394	7,630,813	2,318	6,343,908
10,001 – 100,000	509	16,782,200	473	12,400,690
100,001 – 500,000	93	19,408,518	65	11,610,573
500,001 – 1,000,000	29	21,231,519	5	4,184,140
1,000,001 – 5,000,000	14	36,607,788	8	19,798,097
5,000,001 and above	10	178,984,465	4	52,640,158
<b>Total</b>	<b>15,052</b>	<b>284,125,000</b>	<b>14,619</b>	<b>110,303,664</b>

### Certificate Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Certificate Holders

Investments are subject to market risk.

### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –  
HBL INVESTMENT FUND**  
As at June 30, 2022

	2022		2021		2020		2019		2018	2017
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B		
Net assets at the period end(Rs'000)	1,998,102	713,289	2,492,208	1,386,597	1,844,924	1,155,705	1,721,698	2,340,009	5,435,289	6,330,569
NET ASSETS VALUE PER UNIT/CERTIFICATE AT 30 JUNE - RUPEES	7.0325	6.4666	8.7715	10.2262	6.4934	7.8872	6.0597	8.4072	19.13	22.28
Redemption - Class B unit type B	-	6.4666	-	10.2262	-	7.8872	-	7.9868	-	-
Redemption - Class B unit type C	-	6.4666	-	10.2262	-	7.8872	-	8.4072	-	-
Offer - Class B unit type C	-	6.6127	-	10.4573	-	8.0655	-	8.5972	-	-
OFFER / REDEMPTION DURING THE PERIOD - RUPEES										
Highest offer price per unit - Class B unit type C	-	10.5531	-	10.6571	-	10.8780	-	10.7063	-	-
Lowest offer price per unit - Class B unit type C	-	6.5924	-	8.2026	-	6.8247	-	8.4074	-	-
Highest redemption price per unit - Class B unit type B	-	N/A	-	N/A	-	10.6376	-	9.8040	-	-
Lowest redemption price per unit - Class B unit type B	-	N/A	-	N/A	-	6.6739	-	7.8105	-	-
Highest redemption price per unit - Class B unit type C	-	10.3199	-	10.4216	-	10.6376	-	10.4697	-	-
Lowest redemption price per unit - Class B unit type C	-	6.4467	-	8.0213	-	6.6739	-	8.2216	-	-
RETURN ( % )										
Total return	-19.83%	-36.76%	35.08%	29.66%	7.16%	-2.94%	*-33.34%	*-16.26%	-8.54%	23.18%
Income distribution	0.00%	0.00%	0.00%	0.00%	0.00%	0.27%	0.00%	0.00%	0.00%	13.50%
Capital growth	-19.83%	-36.76%	35.08%	29.66%	7.16%	-3.21%	*-33.34%	*-16.26%	-8.54%	9.68%
DISTRIBUTION										
First Interim dividend distribution										
Second Interim dividend distribution										
Third Interim dividend distribution										
First Interim dividend distribution	-	-	-	-	-	0.27	-	-	-	1.35
Date of Income Distribution	-	-	-	-	-	26-Jun-20	-	-	-	25-Aug-17
Total dividend distribution for the year/ period	-	-	-	-	-	0.27	-	-	-	1.35
AVERAGE RETURNS ( % )										
Average annual return 1 year	-19.83%	-36.76%	35.08%	29.66%	7.16%	-2.94%	-33.34%	-16.26%	-8.54%	23.18%
Average annual return 2 year	4.06%	-9.45%	20.31%	12.18%	-15.48%	-9.85%	N/A	N/A	2.84%	13.25%
Average annual return 3 year	5.09%	-7.33%	-1.18%	1.76%	N/A	N/A	N/A	N/A	3.26%	8.24%
PORTFOLIO COMPOSITION - (%)										
Percentage of Assets as at 30 June:										
Bank Balances	7.69%	17.16%	3.23%	13.49%	5.32%	13.61%	2.86%	15.17%	6.59%	5%
GoP Ijarah Sukuks					-	-	-	-	-	-
Placement with Banks and DFIs					-	-	-	-	-	-
Corporate Sukuks					-	-	-	-	-	-
Stock / Equities	92.06%	81.26%	96.67%	83.67%	94.56%	84.72%	93.58%	83.72%	91.93%	94%
Others	0.25%	1.58%	0.10%	2.84%	0.12%	1.67%	3.56%	1.11%	1.49%	1%

Note:

The Fund converted to open end fund on July 02, 2018

\* Since conversion from Closed-End to Open-End

Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

# PROXY VOTING DISCLOURE

Summary of Actual Proxy voted by CIS

HBL IF	Meetings	Resolutions	For	Against
Number	6	25	25	-
(%ages)	100%			-

(h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Adamjee Insurance Co Ltd	4/28/2022	5/27/2022
AGP Limited	4/26/2022	
Attock Cement Pakistan Ltd	10/21/2021	
Attock Refinery Ltd	9/22/2021	7/12/2021
Bank Al-Falah Ltd	(15-3-2022)(29-3-2022)	
Bank Al-Habib Limited	3/29/2022	
Bank of Punjab Ltd		(11/10/2021)(29-6-2022)
BankIslami Pakistan Limited	3/30/2022	
Cherat Cement Company Ltd.	10/16/2021	
D G Khan Cement Co.Ltd.	10/28/2021	
Engro Corporation Ltd	3/24/2022	
Engro Fertilizers Limited	3/22/2022	
Engro Polymer & Chemicals Ltd	3/16/2022	
Fauji Fertilizer Co Ltd	3/25/2022	(27/07/2021) (8-10-2021)(5-11-2021)
Faysal Bank Limited	3/29/2022	
GlaxoSmithKline Pakistan Ltd		
Gul Ahmed Textile Mills Ltd	(28/10/2021)(27-11-2021)	
Habib Metropolitan Bank Ltd	3/30/2022	
Hascol Petroleum Ltd	12/7/2021	
Highnoon Laboratories Limited		8/31/2021
Hum Network Ltd	(16/07/2021)(23-11-21)	
IGI Holdings Limited	4/29/2022	
IGI LIFE INSURANCE LIMITED	4/28/2022	
Interloop Limited	10/15/2021	2/24/2022
International Industries Ltd	9/30/2021	
International Steels Limited	9/29/2021	
K-Electric Limited	NIL	NIL
Kohat Cement Ltd	10/4/2021	(21/03/2022) (14 April 2022) (29/June /2022)
Lucky Cement Ltd	9/28/2021	
Maple Leaf Cement Factory Ltd	9/28/2021	
Mari Petroleum Company Ltd		(19/10/2021) (10/05/2022)
MCB Bank Ltd	3/29/2022	
Meezan Bank Ltd	3/29/2022	11/17/2021
Mughal Iron & Steel Inds Ltd		
National Bank of Pakistan Ltd	3/30/2022	
National Refinery Ltd	10/10/2021	
Nishat Mills Ltd	10/28/2021	(03/03/2022) (23/03/2022)
Oil & Gas Development Co Ltd	10/28/2021	
Pakistan National Shipping Corp Ltd	(26/10/2021) (28/10/2021)	
Pakistan Oilfields Ltd	9/22/2021	

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Pakistan Petroleum Ltd	(25/10/2021) (27/10/2021)	19-Jul-21
Sitara Chemical Industries Limited	10/25/2021	
Standard Chartered Bank (Pakistan) Ltd	3/29/2022	4/28/2021
Sui Northern Gas Pipeline Ltd	7/27/2021	
Tariq Glass Industries Ltd		3/21/2022
Thal Limited	10/12/2021	
The Searle Company Ltd	10/28/2021	
TPL Insurance Limited	4/25/2022	7/6/2022
TPL Trakker Limited		
United Bank Limited	3/29/2022	8/6/2021

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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S.M.C.H.S., Main Shahr-e-Faisal  
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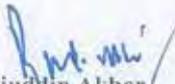
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL INVESTMENT FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Investment Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

  
**Badiuddin Akber,**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 16, 2022





**INDEPENDENT AUDITOR'S REPORT**

**To the Unit holders of HBL Investment Fund**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of HBL Investment Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 4 and 5 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2022 amounted to Rs 2,545,307 million and balances with banks aggregated to Rs 302.176 million.  The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> <li>• Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2022 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li> <li>• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> <li>• Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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**Other Matter**

The financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 27, 2021.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: September 29, 2022

UDIN: AR202210061xZezgmUA

**HBL Investment Fund**  
**Statement of Assets and Liabilities**  
*As at June 30, 2022*

	2022			2021			
	Class A	Class B	Total	Class A	Class B	Total	
Note ----- Rupees in '000 -----							
<b>ASSETS</b>							
Banks Balances	4	154,016	148,160	302,176	80,798	216,276	297,074
Investments	5	1,843,635	701,672	2,545,307	2,415,724	1,341,920	3,757,644
Dividend receivable and accrued mark-up	6	4,967	5,441	10,408	2,425	643	3,068
Receivable against sale of investments		-	4,384	4,384	-	33,792	33,792
Advances and deposits	7	111	3,819	3,930	160	10,758	10,918
<b>Total assets</b>		2,002,729	863,476	2,866,205	2,499,107	1,603,389	4,102,496
<b>LIABILITIES</b>							
Payable to HBL Asset Management Limited - Management Company	8	3,574	6,694	10,268	4,749	6,744	11,493
Payable to Central Depository Company of Pakistan Limited - Trustee	9	273	187	460	332	259	591
Payable to the Securities and Exchange Commission of Pakistan	10	428	227	655	476	266	742
Payable against purchase of investments		-	-	-	-	36,111	36,111
Accrued expenses and other liabilities	11	352	57,707	58,059	1,342	87,989	89,331
Unclaimed dividend		-	85,372	85,372	-	85,420	85,420
<b>Total liabilities</b>		4,627	150,187	154,814	6,899	216,789	223,688
<b>NET ASSETS</b>		<u>1,998,102</u>	<u>713,289</u>	<u>2,711,391</u>	<u>2,492,208</u>	<u>1,386,600</u>	<u>3,878,808</u>
<b>UNIT HOLDERS' FUND (AS PER</b>		<u>1,998,102</u>	<u>713,289</u>	<u>2,711,391</u>	<u>2,492,208</u>	<u>1,386,600</u>	<u>3,878,808</u>
<b>Contingencies and commitments</b>	12	-----Number of units-----		-----Number of units-----			
<b>Number of units in issue</b>	14	<u>284,125,000</u>	<u>110,303,665</u>	<u>284,125,000</u>	<u>135,592,594</u>		
		-----Rupees-----		-----Rupees-----			
<b>Net assets value per unit</b>	3.9	<u>7.0325</u>	<u>6.4666</u>	<u>8.7715</u>	<u>10.2262</u>		

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

**HBL Investment Fund**  
**Income Statement**  
For the year ended June 30, 2022

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
<b>INCOME</b>	Rupees in '000					
(Loss)/gain on sale of investments - net	(8)	(249,814)	(249,822)	-	216,961	216,961
Dividend income	117,263	66,771	184,034	56,143	58,165	114,308
Income from government securities	2,637	22	2,659	-	-	-
Mark-up on bank deposits	11,188	13,812	25,000	4,631	10,526	15,157
Unrealised (diminution)/ appreciation on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	5.1.1.2	-	(295,175)	(295,175)	-	119,737
<b>Total Income</b>	131,080	(464,384)	(333,304)	60,774	405,389	466,163
<b>EXPENSES</b>						
Remuneration of HBL Asset Management Limited - Management Company	8.1	32,137	22,689	54,826	42,750	26,649
Sindh Sales Tax on remuneration of the Management Company	8.2	4,178	2,950	7,128	5,558	3,464
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,746	1,444	4,190	3,019	1,696
Sindh Sales Tax on remuneration of the Trustee	9.2	410	216	626	393	220
Annual fee to the Securities and Exchange Commission of Pakistan	10	428	227	655	476	266
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	11,783	8,281	20,064	13,104	7,328
Selling and marketing expenses	8.4	-	13,954	13,954	7,731	13,991
Securities transaction costs		904	3,761	4,665	-	6,319
Auditors' remuneration	13	444	246	690	407	231
Printing charges		40	-	40	37	-
Fee and subscription charges		533	500	1,033	496	28
Legal fees		109	-	109	-	-
Settlement and bank charges		19	379	398	871	774
<b>Total expenses</b>		53,731	54,647	108,378	74,842	60,966
<b>Net income / (loss) from operating activities</b>		77,349	(519,031)	(441,682)	(14,068)	344,423
Provision for Sindh Workers' Welfare Fund	11.2	634	29,166	29,800	-	(6,888)
<b>Net income / (loss) for the year before taxation</b>		77,983	(489,865)	(411,882)	(14,068)	337,535
Taxation	15	-	-	-	-	-
<b>Net income / (loss) for the year after taxation</b>		77,983	(489,865)	(411,882)	(14,068)	337,535
<b>Allocation of net income for the year</b>						
Net income for the year after taxation		77,983	-	-	-	337,535
Income already paid on redemption of units		-	-	-	-	(21,075)
		77,983	-	-	-	316,460
<b>Accounting income available for distribution:</b>						
- Relating to capital gains		-	-	-	-	315,662
- Excluding capital gains		77,983	-	-	-	798
		77,983	-	-	-	316,460

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

**HBL Investment Fund**  
**Statement of Comprehensive Income**  
*For the year ended June 30, 2022*

	2022			2021			
	Class A	Class B	Total	Class A	Class B	Total	
	Rupees in '000						
<b>Net income / (loss) for the year after taxation</b>	77,983	(489,865)	(411,882)	(14,068)	337,535	323,467	
<b>Items that will not be reclassified to income statement</b>							
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through other comprehensive income'	5.1.2.2	(572,089)	-	(572,089)	661,352	-	661,352
<b>Total comprehensive (loss) / income for the year</b>	<u>(494,106)</u>	<u>(489,865)</u>	<u>(983,971)</u>	<u>647,284</u>	<u>337,535</u>	<u>984,819</u>	

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

**HBL Investment Fund**  
**Statement of Movement In Unitholders' Fund**  
For the year ended June 30, 2022

2022						
Class A				Class B		
Capital value	Accumulated loss	Unrealised income on investment	Total	Capital value	Accumulated loss	Total
Rupees in '000						
<b>Net assets at beginning of the year</b>	2,841,250	(2,247,274)	1,898,232	2,492,208	1,495,225	(108,625) 1,386,600
Issuance of Class A: nil units (2021: nil units) and Class B: 5,591,776 units (2021: 517,213 units)						
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	57,183	- 57,183
- Element of income	-	-	-	-	(8,018)	- (8,018)
Total proceeds on issuance of units	-	-	-	-	49,165	- 49,165
Redemption of Class A: nil units (2021: nil units) and Class B: 30,880,706 units (2021: 11,453,249 units)						
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	(315,793)	- (315,793)
- Element of income	-	-	-	-	83,182	- 83,182
Total payment on redemption of units	-	-	-	-	(232,611)	- (232,611)
Net income / (loss) for the year after taxation	-	77,983	-	77,983	-	(489,865) (489,865)
Other comprehensive loss for the year	-	-	(572,089)	(572,089)	-	- -
Net income / (loss) for the year less Distribution	-	77,983	(572,089)	(494,106)	-	(489,865) (489,865)
<b>Net assets at end of the year</b>	<b>2,841,250</b>	<b>(2,169,291)</b>	<b>1,326,143</b>	<b>1,998,102</b>	<b>1,311,779</b>	<b>(598,490) 713,289</b>

**Accumulated loss brought forward comprising of:**

- Realised loss	(2,247,274)	(228,362)
- Unrealised income	-	119,737
	<u>(2,247,274)</u>	<u>(108,625)</u>

**Accounting income available for distribution**

- Relating to capital gains	-	-
- Excluding to capital gains	77,983	-
	<u>77,983</u>	<u>-</u>

Net loss for the year after taxation (489,865)

Distribution during the year -

**Accumulated loss carried forward** (2,169,291) (598,490)

**Accumulated loss carried forward comprising of:**

- Realised loss	(2,169,291)	(303,315)
- Unrealised loss	-	(295,175)
	<u>(2,169,291)</u>	<u>(598,490)</u>

	(Rupees)	(Rupees)
<b>Net asset value per unit at the beginning of the year</b>	<u>8.7715</u>	<u>10.2262</u>
<b>Net asset value per unit at the end of the year</b>	<u>7.0325</u>	<u>6.4666</u>

**NOTE:** Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For HBL Asset Management Limited**  
**(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

**HBL Investment Fund**  
**Statement of Movement In Unitholders' Fund**  
For the year ended June 30, 2022

	2021						
	Class A			Class B			
	Capital value	Accumulated loss	Unrealised income on investment	Total	Capital value	Accumulated loss	Total
	Rupees in '000						
<b>Net assets at beginning of the year</b>	2,841,250	(2,233,206)	1,236,880	1,844,924	1,580,790	(425,085)	1,155,705
Issuance of Class A: nil units (2021: nil units) and Class B: 517,213 units (2020: 15,865,632 units)							
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	4,079	-	4,079
- Element of income	-	-	-	-	935	-	935
Total proceeds on issuance of units	-	-	-	-	5,014	-	5,014
Redemption of Class A: nil units (2021: nil units) and Class B: 11,453,249 units (2020: 147,672,333 units)							
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	(90,334)	-	(90,334)
- Element of income	-	-	-	-	(245)	(21,075)	(21,320)
Total payment on redemption of units	-	-	-	-	(90,579)	(21,075)	(111,654)
Net (loss) / income for the year after taxation	-	(14,068)	-	(14,068)	-	337,535	337,535
Other comprehensive income for the year	-	-	661,352	661,352	-	-	-
Net (loss) / income for the year less distribution	-	(14,068)	661,352	647,284	-	337,535	337,535
<b>Net assets at end of the year</b>	<b>2,841,250</b>	<b>(2,247,274)</b>	<b>1,898,232</b>	<b>2,492,208</b>	<b>1,495,225</b>	<b>(108,625)</b>	<b>1,386,600</b>
<b>Accumulated loss brought forward comprising of:</b>							
- Realised loss		(2,233,206)				(349,006)	
- Unrealised loss		-				(76,079)	
		<u>(2,233,206)</u>				<u>(425,085)</u>	
<b>Accounting income available for distribution</b>							
- Relating to capital gains		-				315,662	
- Excluding to capital gains		-				798	
		-				316,460	
Net loss for the year after taxation		(14,068)				-	
Distribution during the year		-				-	
<b>Accumulated loss carried forward</b>		<u>(2,247,274)</u>				<u>(108,625)</u>	
<b>Accumulated loss carried forward comprising of:</b>							
- Realised loss		(2,247,274)				(228,362)	
- Unrealised income		-				119,737	
		<u>(2,247,274)</u>				<u>(108,625)</u>	
					(Rupees)		(Rupees)
<b>Net asset value per unit at the beginning of the year</b>					<u>6.4934</u>		<u>7.8872</u>
<b>Net asset value per unit at the end of the year</b>					<u>8.7715</u>		<u>10.2262</u>

**NOTE:** Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

**HBL Investment Fund**  
**Statement of Cash Flow**  
For the year ended June 30, 2022

	2022			2021			
	Class A	Class B	Total	Class A	Class B	Total	
<b>Note</b>							
<b>Rupees in '000</b>							
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Net income / (loss) for the period before taxation	77,983	(489,865)	(411,882)	(14,068)	337,535	323,467	
<b>Adjustments for:</b>							
Loss / (gain) on sale of investments - net	8	249,814	249,822	-	(216,961)	(216,961)	
Income from government securities	(2,637)	(22)	(2,659)	-	-	-	
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	5.1.1.2	-	295,175	295,175	-	(119,737)	(119,737)
Dividend income	(117,263)	(66,771)	(184,034)	(56,143)	(58,165)	(114,308)	
Mark-up on bank deposits	(11,188)	(13,812)	(25,000)	(4,631)	(10,526)	(15,157)	
Provision for Sindh Workers' Welfare Fund	11.2	(634)	(29,166)	(29,800)	-	6,888	6,888
		(53,731)	(54,647)	(108,378)	(74,842)	(60,966)	(135,808)
<b>Decrease / (increase) in assets</b>							
Investments - net	2,629	95,281	97,910	-	136,965	136,965	
Receivable against sale of investments	-	29,408	29,408	-	(15,651)	(15,651)	
Advances and deposits	49	6,939	6,988	(60)	(7,278)	(7,338)	
	2,678	131,628	134,306	(60)	114,036	113,976	
<b>(Decrease) / increase in liabilities</b>							
Payable to HBL Asset Management Limited - Management Company	(1,175)	(50)	(1,225)	(3,824)	1,094	(2,730)	
Payable to Central Depository Company of Pakistan Limited - Trustee	(59)	(72)	(131)	73	20	93	
Payable to the Securities and Exchange Commission of Pakistan	(48)	(39)	(87)	105	(63)	42	
Payable against purchase of investments	-	(36,111)	(36,111)	-	35,021	35,021	
Accrued expenses and other liabilities	(356)	(1,116)	(1,472)	113	(3,088)	(2,975)	
	(1,638)	(37,388)	(39,026)	(3,533)	32,984	29,451	
Dividend income received	116,410	63,675	180,085	55,717	58,162	113,879	
Mark-up received on bank deposits	9,499	12,110	21,609	4,843	10,739	15,582	
	125,909	75,785	201,694	60,560	68,900	129,460	
<b>Net cash generated from / (used in) operating activities</b>	<b>73,218</b>	<b>115,378</b>	<b>188,596</b>	<b>(17,875)</b>	<b>154,954</b>	<b>137,079</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Amount received on issue of units	-	49,165	49,165	-	5,014	5,014	
Amount paid on redemption of units	-	(232,611)	(232,611)	-	(111,654)	(111,654)	
Dividend paid	-	(48)	(48)	-	(15,595)	(15,595)	
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(183,494)</b>	<b>(183,494)</b>	<b>-</b>	<b>(122,235)</b>	<b>(122,235)</b>	
Net increase / (decrease) in cash and cash equivalents	73,218	(68,116)	5,102	(17,875)	32,719	14,844	
<b>Cash and cash equivalents at beginning of the year</b>	<b>80,798</b>	<b>216,276</b>	<b>297,074</b>	<b>98,673</b>	<b>183,557</b>	<b>282,230</b>	
<b>Cash and cash equivalents at end of the year</b>	<b>4</b>	<b>154,016</b>	<b>148,160</b>	<b>302,176</b>	<b>80,798</b>	<b>216,276</b>	
						<b>297,074</b>	

The annexed notes from 1 to 26 form an integral part of these financial statements.

**1 LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** HBL Investment Fund (The Fund), an Open End Scheme that was initially constituted as a Closed End Fund under the name of PICIC Investment Fund vide a registered Trust Deed 'Initial Trust Deed' dated April 02, 2004, as amended vide First Supplemental Trust Deed dated June 28, 2004. The Fund has been converted into an Open End Scheme through a registered Restated Trust Deed (the Deed) dated April 24, 2018 under the Trusts Act, 1882 entered into and between HBL Asset Management Limited ("the Management Company") and Central Depository Company of Pakistan Limited ("the Trustee").

**1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

**1.3** The objective of the Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.

**1.4** As per Regulation 65 of the NBFC Regulations, all closed end funds were required to be converted into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. However closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has frozen portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, its conversion into an open end scheme was deferred.

The Board of the Management Company of the Fund in its meeting held on November 23, 2017 approved the conversion plan for the conversion of the Fund into an open end scheme, with the approval of the certificate holders of the Fund to fulfill the requirements of the merger order dated August 31, 2016. For this purpose, the plan was presented to and approved by the certificate holders of the Fund in its General Meeting held on January 10, 2018. The plan was also approved by the SECP on February 16, 2018.

The Replacement Trust Deed and Replacement Offering Document were approved by SECP vide its letter no. SCD/AMCW/HIF/339/2018 dated April 18, 2018 and letter no. SCD/AMCW/HIF/398/2018 dated June 7, 2018 respectively. As per the approved Plan, the conversion took place on July 2, 2018 and every certificate holder of the closed end fund was entitled to following for each certificate held;

- One Class-A unit of the Fund was issued to every certificate holder of the Fund for each certificate held representing frozen portfolio and related assets and liabilities.
- One Class-B unit of the Fund was issued to the every certificate holder of the Fund for each certificate held representing unfrozen Portfolio and related assets and liabilities.

During the year ended June 30, 2021, the Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 17, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

**1.5** The Management Company has been assigned a quality rating of 'AM2++' (positive outlook) by VIS Credit Rating Company Limited dated December 31, 2021 ('AM2++' dated December 31, 2020).

**1.6** Title to the assets of the Fund is held in the name of Central Depository Company Limited as the Trustee of the Fund.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), The Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

### **2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year**

There are certain amendments to the standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

### **2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

There are certain standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2022 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

### **2.4 Critical accounting estimates and judgments**

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.2 and 5), provision for FED (note 11.1) and provision for Sindh Workers' Welfare Fund (note 11.2).

## **2.5 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

## **2.6 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All amounts have been rounded to the nearest thousands of Rupee, unless otherwise indicated.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented.

### **3.1 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

### **3.2 Financial assets**

#### **3.2.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

#### **3.2.2 Classification and subsequent measurement**

##### **3.2.2.1 Debt instruments**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified based on the business model of the entity as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL)

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

##### **3.2.2.2 Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the “Statement of Assets and Liabilities” at fair value, with gains and losses recognised in the “Income Statement”, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

### **3.2.3 Impairment**

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### **3.2.4 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

### **3.2.5 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### **3.2.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the income statement.

### **3.3 Financial liabilities**

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the income statement.

### **3.4 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the 'statement of assets and liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **3.5 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of that business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours of that date. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

### **3.6 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### **3.7 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **3.8 Earnings / (loss) per unit**

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

### 3.9 Net assets value per unit

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in circulation at the year end.

### 3.10 Distribution to the unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

### 3.11 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

### 3.12 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the income statement, on the date when the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Profit on saving accounts with bank and on government securities is recognised on a time proportion basis using the effective yield method.

### 3.13 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee and annual fee to the SECP are recognised in the Income Statement on an accrual basis.

## 4. BANK BALANCES

	2022			2021			
	Class A	Class B	Total	Class A	Class B	Total	
	Note -----Rupees in '000 -----						
Savings accounts	5.1	154,016	148,160	302,176	80,798	216,276	297,074

4.1 These include a balance of Rs. 0.507 million (2022: Rs. 0.479 million) with Habib Bank Limited (a related party). The account carries profit at the rate of 5% (2021: 5%) per annum. Other profit and loss saving accounts of the Fund carry profit at the rates ranging from 5.35% to 17.4% (2021: 5% to 7.4%) per annum.

**5 INVESTMENTS**

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
<b>Note</b> -----Rupees in '000-----						
<b>At fair value through profit or loss</b>						
- Listed equity securities	5.1.1	-	701,672	701,672	-	1,341,920
<b>At fair value through other comprehensive income</b>						
- Listed equity securities	5.1.2	1,843,635	-	1,843,635	2,415,724	-
<b>At fair value through profit or loss</b>						
- Market treasury bills	5.2	-	-	-	-	-
		<u>1,843,635</u>	<u>701,672</u>	<u>2,545,307</u>	<u>2,415,724</u>	<u>1,341,920</u>
						<u>3,757,644</u>

**5.1 Listed equity securities**

**5.1.1 Class B - At fair value through profit or loss**

Name of the Investee Company	As at July 01, 2021	Purchased during the period	Bonus / right shares received during the year	Disposed of during the year	As at June 30, 2022	Balance as at June 30, 2022			Market value as a percentage of		Par value as a percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)	Total investments	Net assets	
						(Rupees in '000)			(%)		
<b>CLASS B</b>											
<b>TEXTILE COMPOSITE</b>											
Nishat Chunian Limited	271,000	-	-	271,000	-	-	-	-	-	-	-
Azgard Nine Limited	1,322,000	771,500	-	1,172,000	921,500	28,045	9,473	(18,572)	1.35%	1.33%	0.19%
Gul Ahmed Textile Mills Limited	403,900	333,000	-	349,000	387,900	19,325	13,115	(6,210)	1.87%	1.84%	0.06%
Interloop Limited	203,142	-	5,434	69,000	139,576	9,490	8,514	(976)	1.21%	1.19%	0.02%
	<u>2,200,042</u>	<u>1,104,500</u>	<u>5,434</u>	<u>1,861,000</u>	<u>1,448,976</u>	<u>56,860</u>	<u>31,102</u>	<u>(25,758)</u>	<u>4.43%</u>	<u>4.36%</u>	
<b>CEMENT</b>											
D.G. Khan Cement Company Limited	145,500	-	-	145,500	-	-	-	-	-	-	-
Lucky Cement Limited	95,700	19,200	-	94,900	20,000	16,713	9,181	(7,532)	1.31%	1.29%	0.01%
Maple Leaf Cement Factory Limited	300,500	1,263,000	-	1,385,600	177,900	6,577	4,866	(1,711)	0.69%	0.68%	0.02%
Fauji Cement Company Limited	-	300,000	-	300,000	-	-	-	-	-	-	-
Pioneer Cement Limited	86,000	10,000	-	96,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	59,600	11,000	-	38,300	32,300	6,476	4,203	(2,273)	0.60%	0.59%	0.02%
Cherat Cement Company Limited	57,000	-	-	57,000	-	-	-	-	-	-	-
Attock Cement Pakistan Limited (note 5.1.3)	302,000	413,900	-	163,300	552,600	90,299	36,748	(53,551)	5.24%	5.15%	0.40%
	<u>1,046,300</u>	<u>2,017,100</u>	<u>-</u>	<u>2,280,600</u>	<u>782,800</u>	<u>120,065</u>	<u>54,997</u>	<u>(65,068)</u>	<u>7.84%</u>	<u>7.71%</u>	
<b>POWER GENERATION &amp; DISTRIBUTION</b>											
The Hub Power Company Limited (note 5.1.3)	605,909	-	-	303,602	302,307	24,085	20,608	(3,477)	2.94%	3%	0.02%
	<u>605,909</u>	<u>-</u>	<u>-</u>	<u>303,602</u>	<u>302,307</u>	<u>24,085</u>	<u>20,608</u>	<u>(3,477)</u>	<u>2.94%</u>	<u>2.89%</u>	
<b>ENGINEERING</b>											
Mughal Iron & Steel Industries Limited (note 5.1.3)	127,140	337,000	41,796	317,685	188,251	17,951	10,851	(7,100)	1.55%	1.52%	0.06%
Aisha Steel Mills Limited	824,525	1,598,904	-	2,423,429	-	-	-	-	-	-	-
International Industries Limited	64,000	-	-	64,000	-	-	-	-	-	-	-
Amreli Steels Limited	143,500	310,000	-	453,500	-	-	-	-	-	-	-
International Steels Limited	216,500	-	-	216,500	-	-	-	-	-	-	-
Agha Steel Ind.Ltd	395,000	210,000	26,000	631,000	-	-	-	-	-	-	-
	<u>1,770,665</u>	<u>2,455,904</u>	<u>67,796</u>	<u>4,106,114</u>	<u>188,251</u>	<u>17,951</u>	<u>10,851</u>	<u>(7,100)</u>	<u>1.55%</u>	<u>1.52%</u>	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>											
Ghandhara Tyre & Rubber Company Limited	411,500	143,000	-	554,500	-	-	-	-	-	-	-
Panther Tyres Ltd.	260,213	-	-	260,213	-	-	-	-	-	-	-
	<u>671,713</u>	<u>143,000</u>	<u>-</u>	<u>814,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Name of the Investee Company	As at July 01, 2021	Purchased during the period	Bonus / right shares received during the year	Disposed of during the year	As at June 30, 2022	Balance as at June 30, 2022			Market value as a percentage of		Par value as a percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)	Total investments	Net assets	
(Number of shares)					(Rupees in '000)			(-%)			
<b>TECHNOLOGY &amp; COMMUNICATION</b>											
TRG Pakistan Limited	74,500	171,000	-	245,500	-	-	-	-	-	-	-
NetSol Technologies Limited	111,000	97,000	-	208,000	-	-	-	-	-	-	-
Worldcall Telecom Limited	1,000,000	-	-	1,000,000	-	-	-	-	-	-	-
TPL Corp Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
Systems Limited	31,300	15,900	23,800	71,000	-	-	-	-	-	-	-
Avanceon Limited	74,000	182,100	16,125	185,000	87,225	8,213	6,796	(1,417)	0.97%	1%	0.03%
TPL Trakker Limited (note 5.1.3)	2,520,500	3,892,500	-	431,500	5,981,500	104,453	51,740	(52,713)	7.37%	7%	3.19%
Air Link Communication Limited	-	169,375	9,590	178,965	-	-	-	-	-	-	-
Octopus Digital Limited	-	75,299	-	75,299	-	-	-	-	-	-	-
	<b>3,811,300</b>	<b>5,103,174</b>	<b>49,515</b>	<b>2,895,264</b>	<b>6,068,725</b>	<b>112,666</b>	<b>58,536</b>	<b>(54,130)</b>	<b>8.34%</b>	<b>8.21%</b>	
<b>PHARMACEUTICALS</b>											
The Searle Company Limited*	1,463	-	438	-	1,901	355	207	(148)	0.03%	0.03%	-
Ferozsons Laboratories Limited	-	45,600	-	17,700	27,900	11,412	7,503	(3,910)	1.07%	1.05%	0.08%
Highnoon Laboratories Limited	-	19,500	1,830	12,600	8,730	4,940	4,626	(315)	0.66%	0.65%	0.02%
	<b>1,463</b>	<b>65,100</b>	<b>2,268</b>	<b>30,300</b>	<b>38,531</b>	<b>16,708</b>	<b>12,336</b>	<b>(4,372)</b>	<b>1.76%</b>	<b>1.73%</b>	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>											
Pakistan Oilfields Limited*	28,000	48,375	-	40,000	36,375	13,677	14,761	1,085	2.10%	2.07%	-
Oil & Gas Development Company Limited (note 5.1.3)	532,595	408,500	-	534,595	406,500	34,916	31,979	(2,936)	4.56%	4.48%	0.01%
Pakistan Petroleum Limited (note 5.1.3)	609,546	308,200	-	611,546	306,200	23,146	20,672	(2,474)	2.95%	2.90%	0.01%
Mari Petroleum Company Limited	24,666	-	-	10,700	13,966	21,290	24,297	3,008	3.46%	3.41%	0.01%
	<b>1,194,807</b>	<b>765,075</b>	<b>-</b>	<b>1,196,841</b>	<b>763,041</b>	<b>93,028</b>	<b>91,709</b>	<b>(1,319)</b>	<b>13.07%</b>	<b>12.86%</b>	
<b>OIL &amp; GAS MARKETING COMPANIES</b>											
Pakistan State Oil Company Limited* (note 5.1.3)	217,692	12,700	-	55,400	174,992	38,703	30,071	(8,632)	4.29%	4.22%	-
	<b>217,692</b>	<b>12,700</b>	<b>-</b>	<b>55,400</b>	<b>174,992</b>	<b>38,703</b>	<b>30,071</b>	<b>(8,632)</b>	<b>4.29%</b>	<b>4.22%</b>	
<b>COMMERCIAL BANKS</b>											
Bank Alfalah Limited (note 5.1.3)	-	345,000	-	-	345,000	12,099	11,040	(1,059)	1.57%	1.55%	0.02%
Faysal Bank Limited	9,000	441,500	-	50,000	400,500	10,417	9,236	(1,181)	1.32%	1.29%	0.03%
MCB Bank Limited	177,253	36,500	-	15,000	198,753	31,492	24,443	(7,050)	3.48%	3.43%	0.02%
United Bank Limited (note 5.1.3)	560,200	162,125	-	290,892	431,433	53,878	48,808	(5,070)	6.96%	6.84%	0.04%
Bank Al Habib Limited (note 5.1.3)	-	307,000	-	55,000	252,000	17,795	14,631	(3,164)	2.09%	2.05%	0.02%
Standard Chartered Bank (Pak) Ltd	1,675,000	173,500	-	1,848,500	62,303	35,325	(26,978)	5.03%	4.95%	0.05%	
Habib Bank Limited (note 5.1.3)	167,100	733,295	-	327,004	573,391	69,647	52,374	(17,273)	7.46%	7.34%	0.04%
	<b>2,588,553</b>	<b>2,198,920</b>	<b>-</b>	<b>737,896</b>	<b>4,049,577</b>	<b>257,631</b>	<b>195,856</b>	<b>(61,775)</b>	<b>27.91%</b>	<b>27.46%</b>	
<b>FERTILIZER</b>											
Engro Corporation Limited	139,000	68,394	-	139,000	68,394	18,504	17,583	(921)	2.51%	2.47%	0.01%
Fauji Fertilizer Bin Qasim Limited	340,000	934,000	-	1,274,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	194,100	403,063	-	203,100	394,063	44,718	43,434	(1,285)	6.19%	6.09%	0.03%
Engro Fertilizers Limited*	-	48,363	-	48,363	4,326	4,326	4,287	(39)	0.61%	0.60%	-
	<b>673,100</b>	<b>1,453,820</b>	<b>-</b>	<b>1,616,100</b>	<b>510,820</b>	<b>67,549</b>	<b>65,304</b>	<b>(2,245)</b>	<b>9.31%</b>	<b>9.16%</b>	
<b>CHEMICAL</b>											
Engro Polymer & Chemicals Limited	-	97,000	-	5,500	91,500	7,640	7,286	(354)	1.04%	1.02%	0.01%
Nimir Resins Limited	102,600	1,209,500	-	2,235,500	-	-	-	-	-	-	-
	<b>1,026,000</b>	<b>1,306,500</b>	<b>-</b>	<b>2,241,000</b>	<b>91,500</b>	<b>7,640</b>	<b>7,286</b>	<b>(354)</b>	<b>1.04%</b>	<b>1.02%</b>	
<b>AUTOMOBILE ASSEMBLER</b>											
Millat Tractors Limited	-	4,400	-	4,400	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	19,900	-	-	19,900	-	-	-	-	-	-	-
Ghandhara Industries Limited	-	30,500	-	30,500	-	-	-	-	-	-	-
	<b>19,900</b>	<b>34,900</b>	<b>-</b>	<b>54,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TEXTILE SPINNING</b>											
Sunshine Cotton Mills Limited*	50,000	-	-	-	50,000	-	-	-	-	-	-
	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TEXTILE WEAVING</b>											
Mohib Exports Limited*	40,820	-	-	-	40,820	-	-	6	-	-	-
	<b>40,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,820</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INSURANCE</b>											
TPL Insurance Limited	536,189	2,000	-	-	538,189	21,057	18,158	(2,898)	2.59%	2.55%	0.46%
IGI Holdings Limited	305,900	100,500	-	217,000	189,400	34,874	20,976	(13,898)	2.99%	2.94%	0.13%
IGI Insurance Limited	290,500	17,000	-	-	307,500	14,358	5,218	(9,140)	0.74%	0.73%	0.18%
	<b>1,132,589</b>	<b>119,500</b>	<b>-</b>	<b>217,000</b>	<b>1,035,089</b>	<b>70,289</b>	<b>44,353</b>	<b>(25,936)</b>	<b>6.32%</b>	<b>6.22%</b>	
<b>CABLE &amp; ELECTRICAL GOODS</b>											
Pak Elektron Limited	501,500	537,080	-	1,038,580	-	-	-	-	-	-	-
Waves Singer Pakistan Limited	520,000	272,000	-	792,000	-	-	-	-	-	-	-
	<b>1,021,500</b>	<b>809,080</b>	<b>-</b>	<b>1,830,580</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>											
Al Shaheer Corporation Limited	-	800,000	-	800,000	-	-	-	-	-	-	-
Fauji Foods Limited	17,000	1,581,545	949,045	2,547,590	-	-	-	-	-	-	-
Unity Foods Limited (note 5.1.3)	942,816	658,000	252,264	1,404,264	448,816	17,024	9,008	(8,016)	1.28%	1.26%	0.04%
Clover Pakistan Limited	122,000	-	-	122,000	-	-	-	-	-	-	-
The Organic Meat Company Limited	725,572	1,502,000	125,157	1,178,000	1,174,729	38,981	25,656	(13,325)	3.66%	3.60%	0.96%
	<b>1,807,388</b>	<b>4,541,545</b>	<b>1,326,466</b>	<b>6,051,854</b>	<b>1,623,545</b>	<b>56,005</b>	<b>34,664</b>	<b>(21,341)</b>	<b>4.94%</b>	<b>4.86%</b>	

Name of the Investee Company	As at July 01, 2021	Purchased during the period	Bonus / right shares received during the year	Disposed of during the year	As at June 30, 2022	Balance as at June 30, 2022			Market value as a percentage of		Par value as a percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)	Total investments	Net assets	
						(Rupees in '000)			(%)		
<b>PROPERTY</b>											
TPL Properties Limited*	700,000	745,000	-	940,000	505,000	9,720	10,181	461	1.45%	1.43%	-
	<b>700,000</b>	<b>745,000</b>	<b>-</b>	<b>940,000</b>	<b>505,000</b>	<b>9,720</b>	<b>10,181</b>	<b>461</b>	<b>1.45%</b>	<b>1.43%</b>	<b>-</b>
<b>REFINERY</b>											
Attock Refinery Limited	52,500	102,000	-	72,500	82,000	14,446	14,414	(32)	2.05%	2.02%	0.08%
National Refinery Limited	82,000	54,700	-	59,903	76,797	33,483	19,397	(14,103)	2.76%	2.72%	0.10%
	<b>134,500</b>	<b>156,700</b>	<b>-</b>	<b>132,403</b>	<b>158,797</b>	<b>47,930</b>	<b>33,811</b>	<b>(14,135)</b>	<b>4.82%</b>	<b>4.74%</b>	
<b>MISCELLANEOUS</b>											
Pace (Pakistan) Limited	-	895,000	-	895,000	-	-	-	-	-	-	-
Pakistan Aluminium Beverage Cans Limited	-	158,570	-	158,570	-	-	-	-	-	-	-
	<b>-</b>	<b>1,053,570</b>	<b>-</b>	<b>1,053,570</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total as at June 30, 2022</b>	<b>20,714,241</b>	<b>24,086,088</b>	<b>1,451,479</b>	<b>28,419,037</b>	<b>17,832,771</b>	<b>996,847</b>	<b>701,672</b>	<b>(295,175)</b>			
<b>Total as at June 30, 2021</b>						<b>1,222,183</b>	<b>1,341,920</b>	<b>119,737</b>			

\*Nil due to rounding off.

**5.1.1.1** All shares have a face value of Rs 10 each except for the shares of Millat Tractors Limited which have a nominal value of Rs 4.5 each.

	Note	2022 Rupees in '000	2021 Rupees in '000
<b>5.1.1.2 Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss' - net</b>			
Market value of investments	5.1.1	701,672	1,341,920
Less: carrying value of investments	5.1.1	(996,847)	(1,222,183)
		<b>(295,175)</b>	<b>119,737</b>

**5.1.2 Class A - At fair value through other comprehensive income**

Name of the Investee Company	As at July 01, 2021	Purchased during the period	Bonus / right shares received during the year	Disposed of during the year	As at June 30, 2022	Balance as at June 30, 2022			Market value as a percentage of		Par value as a percentage of issued capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)	Total Investments	Net Assets	
						(Rupees in '000)			(%)		
<b>Oil and gas marketing companies</b>											
Pakistan State Oil Company Limited	10,233,471	-	-	-	10,233,471	484,438	1,758,520	(1,274,082)	95.38%	88.01%	37.46%
Sui Northern Gas Pipeline Limited	2,488,024	-	-	-	2,488,024	33,053	85,115	(52,062)	4.62%	4.26%	1.34%
<b>Total as at June 30, 2022</b>						<b>517,491</b>	<b>1,843,635</b>	<b>(1,326,144)</b>			
<b>Total as at June 30, 2021</b>						<b>517,491</b>	<b>2,415,724</b>	<b>1,898,232</b>			

**5.1.2.1** The above mentioned shares of Sui Northern Gas Pipelines Limited and Pakistan State Oil Company Limited are frozen / blocked by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the NBFC Regulations, 2008 does not apply to the above frozen shares.

	Note	2022 Rupees in '000	2021 Rupees in '000
<b>5.1.2.2 Unrealised appreciation on re-measurement of investments classified as 'financial asset at fair value through other comprehensive income'</b>			
Market value of investments	5.1.2	1,843,635	2,415,724
Less: Cost of investments	5.1.2	(517,491)	(517,491)
		<b>1,326,144</b>	<b>1,898,232</b>

**5.1.3** Investments include the following company shares which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

	2022		2021	
	Number of shares	Rupees in '000	Number of shares	Rupees in '000
Attock Cement Pakistan Limited	100,000	6,650	100,000	17,982
Bank Alfalah Limited	100,000	3,200	100,000	3,218
Bank Al Habib Limited	100,000	5,806	100,000	7,012
Habib Bank Limited	90,000	8,221	90,000	11,013
The Hub Power Company Limited	300,000	20,451	300,000	23,901
Pakistan State Oil Company Limited	135,000	23,198	105,000	23,546
United Bank Limited	390,000	44,121	490,000	59,878
Unity Foods Limited	100,000	2,007	-	-
TPL Trakker Limited	100,000	865	-	-
Oil & Gas Development Company Limited	-	-	300,000	28,509
Pakistan Petroleum Limited	-	-	50,000	4,342
Mughal Iron & Steel Industries Limited	20,000	1,153	-	-
	<b>1,435,000</b>	<b>115,672</b>	<b>1,635,000</b>	<b>179,401</b>

**5.1.4** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposit tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh (HCS) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 the Honourable High Court of Sindh. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2022, the following bonus shares of the Fund have been withheld by certain companies at the time of declaration of bonus shares.

Name of the Company	Class A			
	2022		2021	
	----- Bonus shares -----			
	Number of shares withheld	Market value as at June 30, 2022	Number of shares withheld	Market value as at June 30, 2021
	Rupees in '000		Rupees in '000	
Pakistan State Oil Company Limited	85,273	14,653	85,273	19,122

Name of the Company	Class B			
	2022		2021	
	----- Bonus shares -----			
	Number of shares withheld	Market value as at June 30, 2022	Number of shares withheld	Market value as at June 30, 2021
	Rupees in '000		Rupees in '000	
The Searle Company Limited	1,901	207	1,463	358
Faysal Bank Limited	8,764	202	8,764	149
TPL Insurance Limited	569	19	569	21
		428		528

## 5.2 Market Treasury Bills

Particulars	Issue date	Class 'A'							Market value as a percentage of	
		Face value				Balance as at June 30, 2022			net assets	total investments
		As at July 1, 2021	Purchased during the period	Sold / matured during the period	As at June 30, 2022	Carrying value	Market value	Unrealised gain / (loss)		
(Rupees in '000)							(%)			
<b>Market treasury bills- 3-months</b>										
Market treasury bills	6-May-21	-	60,000	60,000	-	-	-	-	-	-
Market treasury bills	22-Apr-21	-	55,000	55,000	-	-	-	-	-	-
Market treasury bills	7-Oct-21	-	20,000	20,000	-	-	-	-	-	-
Market treasury bills	7-Oct-21	-	55,000	55,000	-	-	-	-	-	-
Market treasury bills	7-Oct-21	-	70,000	70,000	-	-	-	-	-	-
Market treasury bills	2-Dec-21	-	150,000	150,000	-	-	-	-	-	-
Market treasury bills	16-Dec-21	-	150,000	150,000	-	-	-	-	-	-
<b>Total as at June 30, 2022</b>						-	-	-		
<b>Total as at June 30, 2021</b>						-	-	-		

## 6 DIVIDEND RECEIVABLE AND ACCRUED MARK-UP

	-----2022-----			-----2021-----		
	Class A	Class B	Total	Class A	Class B	Total
	-----Rupees in '000-----					
Mark-up accrued on bank deposits	2,089	2,330	4,419	400	628	1,028
Dividend receivable	2,878	3,111	5,989	2,025	15	2,040
	4,967	5,441	10,408	2,425	643	3,068

7	ADVANCES AND DEPOSITS	Note	2022			2021		
			Class A	Class B	Total	Class A	Class B	Total
			Rupees in '000					
	Security deposits with:							
	- National Clearing Company of Pakistan Limited		-	2,500	2,500	-	2,500	2,500
	- Central Depository Company of Pakistan Limited		100	200	300	100	200	300
	Advance tax		11	1,119	1,130	60	1,123	1,183
	Advance against IPO subscription	7.1	-	-	-	-	6,935	6,935
			<u>111</u>	<u>3,819</u>	<u>3,930</u>	<u>160</u>	<u>10,758</u>	<u>10,918</u>

7.1 This represents advance paid against the participation of the Fund in the book building process of Pakistan Aluminum Beverage Cans Limited.

8	PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2022			2021		
			Class A	Class B	Total	Class A	Class B	Total
			Rupees in '000					
	Management fee payable	8.1	2,388	1,333	3,721	3,173	2,297	5,470
	Sindh sales tax payable on management fee	8.2	310	173	483	412	298	710
	Allocation of expenses related to registrar services, accounting, operation and valuation services payable	8.3	876	918	1,794	1,164	632	1,796
	Selling and marketing expenses payable	9.4	-	4,270	4,270	-	3,517	3,517
			<u>3,574</u>	<u>6,694</u>	<u>10,268</u>	<u>4,749</u>	<u>6,744</u>	<u>11,493</u>

8.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets of the Fund. As per the instructions of SECP via letter No. SCD/AMCW/HBLAML/9/2020 dated October 19, 2020, it was advised to HBL AMC to take up the matter at their Board level for lowering the rate of management fee keeping in view the passive nature of investments in Class A units of HBL Investment Fund and in the best interest of the certificate holders. Subsequently, the management of HBL AMC in its 83rd Board meeting held on February 10, 2021 has approved the reduction in rate of 2% to 1.5% effective from February 10, 2021. Currently, the management fee is charged at the rate of 1.5% and 2% of average annual net assets of the Fund for Class A and Class B, respectively.

8.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (2021: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

8.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS). The Management Company based on its discretion has charged the expense at the following rates during the year:

The Management Company based on its discretion has charged 0.55% for Class A and 0.55% to 1.35% for Class B of the average annual net assets of the Fund during the year ended June 30, 2022 (2021: 0.55% for Class A and 0.55% for Class B).

**8.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion while keeping in view the overall return, the annual plan and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008, at the rates nil (2021: 1.05%) for Class A and 1.05% to 1.85% (2021: 0.55%) for Class B.

**8.4.1** As per the instructions of SECP via letter No. SCD/AMCW/HBLAML/9/2020 dated October 19, 2020, the Management Company ceased to charge selling and marketing expenses to the certificate holders of Class A with effect from November 01, 2020.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2022			2021		
			Class A	Class B	Total	Class A	Class B	Total
			Rupees in '000					
	Trustee fee payable	10.1	273	151	424	294	197	491
	Sindh sales tax payable on trustee fee	10.2	-	-	-	38	26	64
	CDS charges payable		-	36	36	-	36	36
			<u>273</u>	<u>187</u>	<u>460</u>	<u>332</u>	<u>259</u>	<u>591</u>

**9.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund is as follows:

Tariff structure	
Net assets (Rs.)	Fee
- Up to Rs 1,000 million	0.02% of the net assets or Rs. 700,000 per annum whichever is higher
- From Rs 1,000 million to Rs 5,000 million	Rs. 2.0 million plus 0.10% exceeding Rs. 1,000 million

**9.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2021: 13%) on the remuneration of Trustee through the Sindh Sales Tax on Services Act, 2011.

**10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

In accordance with the NBFC Regulations, 2008, a collective investment scheme is required to pay annual fee to the Securities and Exchange Commission of Pakistan at the rate of 0.02% (2021: 0.02%) per annum of average annual net assets of the Fund.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022			2021		
			Class A	Class B	Total	Class A	Class B	Total
			Rupees in '000					
	Provision for Federal Excise Duty payable on Management Company's remuneration	11.1	-	55,961	55,961	-	55,961	55,961
	Provision for Sindh Workers' Welfare Fund	11.2	-	-	-	634	29,166	29,800
	Auditors' remuneration		326	182	508	569	370	939
	Security transaction costs		-	362	362	-	1,079	1,079
	Withholding tax		26	89	115	139	276	415
	Other payables		-	1,113	1,113	-	1,137	1,137
			<u>352</u>	<u>57,707</u>	<u>58,059</u>	<u>1,342</u>	<u>87,989</u>	<u>89,331</u>

**11.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16% on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 55.961 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund for Class B would have been higher by Re 0.507 (2021: Re 0.413)

**11.2** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). However, the Fund had recorded provision in respect of SWWF with effect from July 1, 2014.

During the year, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP. All the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from July 1, 2014 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

**12 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

**13 AUDITORS' REMUNERATION**

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
	Rupees in '000					
Annual audit fee	287	163	450	263	153	416
Fee for half yearly review	83	63	146	76	59	135
Other certifications and out of pocket	74	20	94	68	19	87
	444	246	690	407	231	638

**14 NUMBER OF UNITS IN ISSUE**

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
	Number of units in '000					
Total outstanding as of July 01	284,125	135,593	419,718	284,125	146,529	430,654
Add: Issued during the year	-	5,592	5,592	-	517	517
Less: Redemptions during the year	-	(30,881)	(30,881)	-	(11,453)	(11,453)
Total units in issue as of June 30	284,125	110,304	394,429	284,125	135,593	419,718

**15 TAXATION**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Fund has incurred net loss in aggregate during the year, therefore no provision for taxation has been made in these financial statements.

**16 FINANCIAL INSTRUMENTS BY CATEGORY**

	Class A		
	2022		
	At fair value through other comprehensive income	At amortised cost	Total
	Rupees in '000		
<b>Financial assets</b>			
Bank balances	-	154,016	154,016
Investments	1,843,635	-	1,843,635
Dividend receivable and accrued mark-up	-	4,967	4,967
Advances and deposits	-	100	100
	1,843,635	159,083	2,002,718
<b>Financial liabilities</b>			
Payable to HBL Asset Management Limited - Management Company	-	3,574	3,574
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	273	273
Accrued expenses and other liabilities	-	326	326
	-	4,173	4,173

**Financial assets**

Bank balances	-	148,160	148,160
Investments	701,672	-	701,672
Dividend receivable and accrued mark-up	-	5,441	5,441
Receivable against sale of investments	-	4,384	4,384
Advances and deposits	-	2,700	2,700
	<u>701,672</u>	<u>160,685</u>	<u>862,357</u>

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company	-	6,694	6,694
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	187	187
Accrued expenses and other liabilities	-	1,657	1,657
Unclaimed dividend	-	85,372	85,372
	<u>-</u>	<u>93,910</u>	<u>93,910</u>

-----Class B-----		
-----2022-----		
At fair value through profit or loss	At amortised cost	Total
----- Rupees in '000 -----		
-	148,160	148,160
701,672	-	701,672
-	5,441	5,441
-	4,384	4,384
-	2,700	2,700
<u>701,672</u>	<u>160,685</u>	<u>862,357</u>
-	6,694	6,694
-	187	187
-	1,657	1,657
-	85,372	85,372
<u>-</u>	<u>93,910</u>	<u>93,910</u>

**Financial assets**

Bank balances	-	80,798	80,798
Investments	2,415,724	-	2,415,724
Dividend receivable and accrued mark-up	-	2,425	2,425
Advances and deposits	-	100	100
	<u>2,415,724</u>	<u>83,323</u>	<u>2,499,047</u>

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company	-	4,749	4,749
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	332	332
Accrued expenses and other liabilities	-	569	569
	<u>-</u>	<u>5,650</u>	<u>5,650</u>

-----Class A-----		
-----2021-----		
At fair value through other comprehensive income	At amortised cost	Total
----- Rupees in '000 -----		
-	80,798	80,798
2,415,724	-	2,415,724
-	2,425	2,425
-	100	100
<u>2,415,724</u>	<u>83,323</u>	<u>2,499,047</u>
-	4,749	4,749
-	332	332
-	569	569
<u>-</u>	<u>5,650</u>	<u>5,650</u>

**Financial assets**

Bank balances	-	216,276	216,276
Investments	1,341,920	-	1,341,920
Dividend receivable and accrued mark-up	-	643	643
Receivable against sale of investments	-	33,792	33,792
Advances and deposits	-	9,635	9,635
	<u>1,341,920</u>	<u>260,346</u>	<u>1,602,266</u>

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company	-	6,744	6,744
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	259	259
Payable against purchase of investments	-	36,111	36,111
Accrued expenses and other liabilities	-	2,586	2,586
Unclaimed dividend	-	85,420	85,420
	<u>-</u>	<u>131,120</u>	<u>131,120</u>

-----Class B-----		
-----2021-----		
At fair value through profit or loss	At amortised cost	Total
----- Rupees in '000 -----		
-	216,276	216,276
1,341,920	-	1,341,920
-	643	643
-	33,792	33,792
-	9,635	9,635
<u>1,341,920</u>	<u>260,346</u>	<u>1,602,266</u>
-	6,744	6,744
-	259	259
-	36,111	36,111
-	2,586	2,586
-	85,420	85,420
<u>-</u>	<u>131,120</u>	<u>131,120</u>

**17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Connected persons/related parties include HBL Asset Management Limited (HBL-AML) being the Management Company of the Fund, Habib Bank Limited (HBL) being the Sponsor (holding 100% shares of HBL Asset Management Limited), Central Depository Company of Pakistan Limited being the Trustee of the Fund, other associated companies of HBL, HBL-AML and its subsidiaries, other collective investment schemes managed by the Management Company, directors, their close family members and the trustee and key officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons essentially comprise of sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in these financial statements are as follows:

17.1 Transactions during the year	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
-----Rupees in '000-----						
<b>HBL Asset Management Limited</b>						
<b>- Management Company</b>						
Remuneration of the Management Company	32,137	22,689	54,826	42,750	26,649	69,399
Sindh Sales tax on remuneration of the Management Company	4,178	2,950	7,128	5,558	3,464	9,022
Allocation of expenses related to registrar services, accounting, operation and valuation services	11,783	8,281	20,064	13,104	7,328	20,432
Selling and marketing expense	-	13,954	13,954	7,731	13,991	21,722
<b>Habib Bank Limited - Sponsor</b>						
Dividend income	-	4,757	4,757	-	1,247	1,247
Mark-up on bank deposits	-	34	34	-	26	26
Redemption of 17,290,369 (2021: nil) units	-	115,000	-	-	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>						
Trustee Fee including sales tax thereon	3,156	1,660	4,816	3,019	1,696	4,715
CDC charges	904	282	1,186	870	304	1,175
<b>MCB Bank Limited - Connected Person due to holding more than 10% units</b>						
Mark-up on bank deposits	10	9,982	9,992	8	8,536	8,544
Dividend income	-	3,476	3,476	-	3,456	3,456

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
	-----Rupees in '000-----					
<b>Directors and Executives of the Management Company</b>						
Issuance of 100,000 (2021: nil) units	-	854	854	-	-	-
Redemption of 305,885 (2021: nil) units	-	2,890	2,890	-	-	-
<b>HBL Islamic Equity Fund</b>						
Purchase of 100,000 ACPL Equity Securities	-	13,676	13,676	-	-	-
<b>17.2 Balances outstanding at the year end</b>						
<b>HBL Asset Management Limited - Management Company</b>						
Management fee payable	2,388	1,333	3,721	3,173	2,297	5,470
Sindh sales tax payable on management fee	310	173	483	412	298	710
Allocation of expenses related to registrar services, accounting, operation and valuation services payable	876	918	1,794	1,164	632	1,796
Selling and marketing expense payable	-	4,270	4,270	-	3,517	3,517
<b>Habib Bank Limited - Sponsor</b>						
Outstanding 48,662,161 (2021: 48,662,161) units	486,622		486,622	486,622	-	486,622
Outstanding 31,371,533 (2021: 48,662,547) units		202,867	202,867	-	497,634	497,634
Bank balance	-	507	507	-	479	479
<b>HBL Micro Finance Bank - Associate</b>						
Bank balance	-	8	8	-	-	-
<b>Jubilee General Insurance Company Limited</b>						
Outstanding nil (2021: 100,379) units	-	-	-	1,004	-	1,004
Outstanding 103,333 (2021: 103,333) units	-	668	668	-	1,057	1,057
<b>Jubilee General Insurance Company Limited Staff Provident Fund Trust</b>						
Outstanding 118,454 (2021: 118,454) units	1,184	-	1,184	1,184	-	1,184
Outstanding 121,940 (2021: 121,940) units	-	789	789	-	1,247	1,247
<b>Jubilee General Insurance Company Limited Gratuity Fund Trust</b>						
Outstanding 224,000 (2021: 224,000) units	2,240	-	2,240	2,240	-	2,240
Outstanding 230,592 (2021: 230,592) units	-	1,491	1,491	-	2,358	2,358

	2022			2021		
	Class A	Class B	Total	Class A	Class B	Total
-----Rupees in '000-----						
<b>Aga Khan University Employees Provident Fund Trust</b>						
Outstanding 588,000 (2021: 588,000) units	5,880	-	5,880	5,880	-	5,880
<b>Aga Khan University Employees Gratuity Fund Trust</b>						
Outstanding 138,000 (2021: 138,000) units	1,380	-	1,380	1,380	-	1,380
<b>MCB Bank Limited</b>						
<b>Connected person - due to holding more than 10% units</b>						
Bank balance	152	-	152	142	179,286	179,428
Outstanding 66,090,021 (2021: 66,090,021) units	660,900	-	660,900	660,900	-	660,900
<b>Central Depository Company Of Pakistan Limited - Trustee</b>						
Trustee fee payable including sales tax thereon	273	151	424	332	223	555
Security deposit with trustee	100	200	300	100	200	300
CDS charges payable	-	36	36	-	36	36
<b>National Investment Trust Limited - Administration Fund</b>						
Outstanding 60,720 (2021: 60,720) units	607	-	607	607	-	607
Outstanding 62,507 (2021: 62,507) units	-	404	404	-	639	639
<b>CDC - Trustee National Investment (Unit) Trust</b>						
Outstanding 10,108,128 (2021: 10,108,128) units	101,081	-	101,081	101,081	-	101,081
<b>Directors and Executives of the Management Company</b>						
Outstanding 26,195 (2021: 26,195) units	262	-	262	262	-	262
Outstanding 26,812 (2021: 232,698) units	-	173	173	-	2,380	2,380

## 18 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP.

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities. The Fund primarily invests in a portfolio of equity investments and government securities.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

## **18.1 Market risk**

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; interest rate risk, currency risk and price risk.

### **18.1.1 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### **a) Sensitivity analysis for variable rate instruments**

Presently, the Fund holds balances with banks which expose the Fund to cashflow and interest rate risk. In case of increase / decrease of 100 basis points in interest rates or in rates with all other variables held constant, net assets of the Class A and Class B for the year then ended would have been higher / lower by Rs. 1.54 million and Rs. 1.48 million (2021: Re 0.81 million and Rs. 2.16 million) respectively.

#### **b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2022, the Fund does not hold any fixed rate instrument that may expose the Fund to fixed interest rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

CLASS - A

As at June 30, 2022					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
%	Rupees in '000				
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	154,016	-	-	-	154,016
Investments	-	-	-	1,843,635	1,843,635
Dividend receivable and accrued mark-up	-	-	-	4,967	4,967
Advances and deposits	-	-	-	100	100
	154,016	-	-	1,848,702	2,002,718
<b>Financial liabilities</b>					
Payable to HBL Asset Management Limited - Management Company	-	-	-	3,574	3,574
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	273	273
Accrued expenses and other liabilities	-	-	-	326	326
	-	-	-	4,173	4,173
<b>On-balance sheet gap (a)</b>	154,016	-	-	1,844,529	1,998,545
<b>Off-balance sheet financial instruments</b>	-	-	-	-	-
<b>Off-balance sheet gap (b)</b>	-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>	154,016	-	-	-	-
<b>Cumulative interest rate sensitivity gap</b>	154,016	154,016	154,016	-	-

CLASS - B

As at June 30, 2022					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
%	Rupees in '000				
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	148,160	-	-	-	148,160
Investments	-	-	-	701,672	701,672
Dividend receivable and accrued mark-up	-	-	-	5,441	5,441
Receivable against sale of investments	-	-	-	4,384	4,384
Advances and deposits	-	-	-	2,700	2,700
	148,160	-	-	714,197	862,357
<b>Financial liabilities</b>					
Payable to HBL Asset Management Limited - Management Company	-	-	-	6,694	6,694
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	187	187
Accrued expenses and other liabilities	-	-	-	1,657	1,657
Unclaimed dividend	-	-	-	85,372	85,372
	-	-	-	93,910	93,910
<b>On-balance sheet gap (a)</b>	148,160	-	-	620,287	768,447
<b>Off-balance sheet financial instruments</b>	-	-	-	-	-
<b>Off-balance sheet gap (b)</b>	-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>	148,160	-	-	-	-
<b>Cumulative interest rate sensitivity gap</b>	148,160	148,160	148,160	-	-

CLASS - A

As at June 30, 2021					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
%	Rupees in '000				
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	80,798	-	-	-	80,798
Investments	-	-	-	2,415,724	2,415,724
Dividend receivable and accrued mark-up	-	-	-	2,425	2,425
Advances and deposits	-	-	-	100	100
	80,798	-	-	2,418,249	2,499,047
<b>Financial liabilities</b>					
Payable to HBL Asset Management Limited - Management Company	-	-	-	4,749	4,749
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	332	332
Accrued expenses and other liabilities	-	-	-	569	569
	-	-	-	5,650	5,650
<b>On-balance sheet gap (a)</b>	<b>80,798</b>	<b>-</b>	<b>-</b>	<b>2,412,599</b>	<b>2,493,397</b>
<b>Off-balance sheet financial instruments</b>	-	-	-	-	-
<b>Off-balance sheet gap (b)</b>	-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>	<b>80,798</b>	<b>-</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>80,798</b>	<b>80,798</b>	<b>80,798</b>		

CLASS - B

As at June 30, 2021					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
%	Rupees in '000				
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	216,276	-	-	-	216,276
Investments	-	-	-	1,341,920	1,341,920
Dividend receivable and accrued mark-up	-	-	-	643	643
Receivable against sale of investments	-	-	-	33,792	33,792
Advances and deposits	-	-	-	9,635	9,635
	216,276	-	-	1,385,990	1,602,266
<b>Financial liabilities</b>					
Payable to HBL Asset Management Limited - Management Company	-	-	-	6,744	6,744
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	259	259
Payable against purchase of investments	-	-	-	36,111	36,111
Accrued expenses and other liabilities	-	-	-	2,586	2,586
Unclaimed dividend	-	-	-	85,420	85,420
	-	-	-	131,120	131,120
<b>On-balance sheet gap (a)</b>	<b>216,276</b>	<b>-</b>	<b>-</b>	<b>(2,580,824)</b>	<b>(2,364,548)</b>
<b>Off-balance sheet financial instruments</b>	-	-	-	-	-
<b>Off-balance sheet gap (b)</b>	-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>	<b>216,276</b>	<b>-</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>216,276</b>	<b>216,276</b>	<b>216,276</b>		

### **18.1.2 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

### **18.1.3 Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities as financial assets 'at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations, 2008 also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to 30% of net assets. However, relaxation in this regard has been obtained from the regulators in respect of frozen investments classified as fair value through comprehensive income as disclosed in note 6.1.2.

In case of 5% increase / decrease in the fair value of the Fund's Class A equity securities on June 30, 2022, net assets of the Fund would have increased / decreased by Rs. 92.182 million (2021: Rs. 120.786 million) as a result of gains / losses on equity securities in 'at fair value through other comprehensive income' category, with corresponding effect on other comprehensive income reported in 'statement of comprehensive income'.

In case of 5% increase / decrease in the fair value of the Fund's Class B equity securities on June 30, 2022, net assets of the Fund would have increased / decreased by Rs. 35.083 million (2021: Rs. 67.096 million) as a result of gains / losses on equity securities in 'fair value through profit and loss' category, with corresponding effect on operating income reported in 'Income statement'.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE 100 Index.

## **18.2 Credit risk**

### **18.2.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

The table below analyses the Fund's maximum exposure to credit risk:

	2022		2021	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- Rupees in '000 -----				
<b>CLASS A</b>				
Balances with banks	154,016	154,016	80,798	80,798
Investments	1,843,635	-	2,415,724	-
Dividend receivable and accrued mark-up	4,967	4,967	2,425	2,425
Advances and deposits	100	100	100	100
	<u>2,002,718</u>	<u>159,083</u>	<u>2,499,047</u>	<u>83,323</u>
<b>CLASS B</b>				
Bank balances	148,160	148,160	216,276	216,276
Investments	701,672	-	1,341,920	-
Dividend receivable and accrued mark-up	5,441	5,441	643	643
Receivable against sale of investments	4,384	4,384	33,792	33,792
Advances and deposits	2,700	2,700	9,635	9,635
	<u>862,357</u>	<u>160,685</u>	<u>1,602,266</u>	<u>260,346</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. The difference is because of investment in equity securities which are not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

### 18.2.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and mark-up accrued thereon. The credit rating profile of balances with banks is as follows:

Rating category	Class A		Class B	
	2022	2021	2022	2021
AAA	0.14%	0.23%	89.51%	83.12%
AA+	0.01%	-	0.01%	-
A+	0.01%	-	3.57%	-
A	0.59%	-	0.01%	-
AA-	2.33%	99.77%	6.91%	16.88%
A-	96.92%	-	-	-
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The maximum exposure to credit risk before considering any collateral as at June 30, 2022 and June 30, 2021 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk. None of these assets are 'impaired' nor 'past due but not impaired'.

### **18.2.3 Concentration of credit risk**

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The Fund does not have any collateral against any of the aforementioned assets.

### **18.3 Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to daily settlement of securities and daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has a policy to invest the majority of its assets in investments that are traded in an active market and can be readily disposed off. The Fund's listed securities are considered readily realisable, as they are listed on the Pakistan Stock Exchange Limited.

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short-term in nature and are restricted to the extent of available liquidity and significant assets of the Fund are readily disposable in the market.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Class A						
2022						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
<b>Financial assets</b>						
Balances with banks	154,016	-	-	-	-	154,016
Investments	-	-	-	-	1,843,635	1,843,635
Dividend receivable and accrued mark-up	4,967	-	-	-	-	4,967
Advances and deposits	-	-	-	-	100	100
	158,983	-	-	-	1,843,735	2,002,718
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	3,574	-	-	-	-	3,574
Payable to the Central Depository Company of Pakistan Limited - Trustee	273	-	-	-	-	273
Accrued expenses and other liabilities	326	-	-	-	-	326
	4,173	-	-	-	-	4,173
<b>Net financial assets</b>	154,810	-	-	-	1,843,735	1,998,545

Class B						
2022						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
<b>Financial assets</b>						
Bank balances	148,160	-	-	-	-	148,160
Investments	-	-	-	-	701,672	701,672
Dividend receivable and accrued mark-up	5,441	-	-	-	-	5,441
Receivable against sale of investments	4,384	-	-	-	-	4,384
Advances and deposits	-	-	-	-	2,700	2,700
	157,985	-	-	-	704,372	862,357
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	6,694	-	-	-	-	6,694
Payable to the Central Depository Company of Pakistan Limited - Trustee	187	-	-	-	-	187
Accrued expenses and other liabilities	1,657	-	-	-	-	1,657
Unclaimed dividend	85,372	-	-	-	-	85,372
	93,910	-	-	-	-	93,910
<b>Net financial assets</b>	64,075	-	-	-	704,372	768,447

Class A						
2021						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
<b>Financial assets</b>						
Balances with banks	80,798	-	-	-	-	80,798
Investments	-	-	-	-	2,415,724	2,415,724
Dividend receivable and accrued mark-up	2,425	-	-	-	-	2,425
Advances and deposits	-	-	-	-	100	100
	83,223	-	-	-	2,415,824	2,499,047
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	4,749	-	-	-	-	4,749
Payable to the Central Depository Company of Pakistan Limited - Trustee	332	-	-	-	-	332
Accrued expenses and other liabilities	569	-	-	-	-	569
	5,650	-	-	-	-	5,650
<b>Net financial assets</b>	77,573	-	-	-	2,415,824	2,493,397

Class B						
2021						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
<b>Financial assets</b>						
Bank balances	216,276	-	-	-	-	216,276
Investments	-	-	-	-	1,341,920	1,341,920
Dividend receivable and accrued mark-up	643	-	-	-	-	643
Receivable against sale of investments	33,792	-	-	-	-	33,792
Advances and deposits	-	-	-	-	9,635	9,635
	250,711	-	-	-	1,351,555	1,602,266
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	6,744	-	-	-	-	6,744
Payable to the Central Depository Company of Pakistan Limited - Trustee	259	-	-	-	-	259
Payable against purchase of investments	36,111	-	-	-	-	36,111
Accrued expenses and other liabilities	2,586	-	-	-	-	2,586
Unclaimed dividend	85,420	-	-	-	-	85,420
	131,120	-	-	-	-	131,120
<b>Net financial assets</b>	<b>119,591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,351,555</b>	<b>1,471,146</b>

## 19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2022, the Fund held the following financial instruments measured at fair values:

Financial assets 'at fair value through  
Other Comprehensive Income'  
Listed equity securities

Class 'A			
2022			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
1,843,635	-	-	1,843,635

Financial assets 'at fair value through  
profit or loss'  
Listed equity securities

Class 'B			
2022			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
701,672	-	-	701,672

Financial assets 'at fair value through  
Other Comprehensive Income'  
Listed equity securities

Class 'A			
2021			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
2,415,724	-	-	2,415,724

Financial assets 'at fair value through  
profit or loss'  
Listed equity securities

Class 'B			
2021			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
1,341,920	-	-	1,341,920

## 20 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

Top ten brokers during the year ended June 30, 2022

- Multiline Securities Limited
- Intermarket Securities Limited
- Spectrum Securities (Pvt) Limited
- IGI Finex Securities Limited
- DJM Securities Limited
- AKD Securities Limited
- Fortune Securities Limited
- KTrade Securities Ltd (Formerly) Khadim Ali Shah B
- WE Financial Services Limited
- JS Global Capital Ltd

Top ten brokers during the year ended June 30, 2021

- AKD Securities Limited
- Intermarket Securities Limited
- Cedar Capital (Private) Limited
- Al Falah Securities (Private) Limited
- Ismail Iqbal Securities (Private) Limited
- EFG Hermes Pakistan Limited
- BIPL Securities Limited
- Next Capital Limited
- JS Global Capital Limited
- BMA Capital Management Limited

## 21 PARTICULARS OF THE INVESTMENT COMMITTEE

Details of members of the Investment Committee of the Fund as on June 30, 2022 are as follows:

S. No.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	23+ years
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	26+ years
3	Karim Khawaja	Head of Risk	MBA, CMA	19+ years
4	Mustafa Mahmood Khan	Head of Research	ACCA, CFA	12+ years

## 22 PATTERN OF UNITHOLDING

Class A				
As at June 30, 2022				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000				
Individuals	14,738	114,497,826	805,203	40.30%
Associated companies and directors	10	59,925,658	421,426	21.09%
Insurance companies	13	5,752,267	40,453	2.02%
NBFCs	20	45,648	321	0.02%
Bank/DFIs	25	76,299,497	536,574	26.85%
Modarabas	4	6,084	43	0.00%
Foreign individuals	149	12,668,518	89,091	4.46%
Others	93	14,929,502	104,991	5.25%
	15,052	284,125,000	1,998,102	100%

Class B				
As at June 30, 2022				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000				
Individuals	14,468	56,700,408	366,659	51.40%
Associated companies and directors	8	31,916,718	206,392	28.94%
Insurance companies	12	5,912,073	38,231	5.36%
NBFCs	12	5,971,516	38,615	5.41%
Bank/DFIs	15	7,808,436	50,494	7.08%
Modarabas	5	1,419,199	9,177	1.29%
Foreign individuals	98	575,316	3,720	0.52%
	14,618	110,303,665	713,289	100%

Class A				
As at June 30, 2021				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000				
Individuals	15,000	97,731,966	857,258	34.40%
Associated companies and directors	11	60,026,037	526,520	21.13%
Insurance companies	15	5,936,530	52,072	2.09%
NBFCs	20	45,648	400	0.02%
Bank/DFIs	24	76,116,997	667,662	26.79%
Foreign companies	3	22,356,706	196,102	7.87%
Modarabas	4	6,084	53	0.00%
Foreign individuals	119	5,955,262	52,237	2.10%
Others	97	15,949,770	139,904	5.61%
	15,293	284,125,000	2,492,208	100%

Category	Class B			
	As at June 30, 2021			
	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
			Rupees in '000	
Individuals	14,616	63,587,417	650,259	46.90%
Associated companies and directors	8	49,207,357	503,205	36.29%
Insurance companies	12	5,912,073	60,458	4.36%
Trust	12	5,971,516	61,066	4.40%
Bank/DFIs	15	7,808,436	79,851	5.76%
Retirement funds	5	1,419,199	14,513	1.05%
Other corporate	103	1,681,449	17,195	1.24%
Foreign investor	1	5,147	53	0.00%
	<b>14,772</b>	<b>135,592,594</b>	<b>1,386,600</b>	<b>100%</b>

## 23 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

seven meetings of the Board of Directors were held on August 26, 2021, September 09, 2021, October 28, 2021, February 11, 2022, April 26, 2022, May 10, 2022 and May 16, 2022 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of director	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar <sup>1</sup>	7	7	-	-
2	Ms. Ava A. Cowasjee <sup>1</sup>	7	5	2	May 10, 2022 and May 16, 2022
3	Mr. Shabbir Hussain Hashmi <sup>5</sup>	5	5	-	-
4	Mr. Raymond H. Kotwal <sup>1</sup>	7	7	-	-
5	Mr. Abrar Ahmed Mir <sup>1</sup>	7	7	-	-
6	Mr. Tariq Masaud <sup>1</sup>	7	7	-	-
7	Mr. Muhammad Afaq Khan <sup>2</sup>	3	1	2	August 26, 2021 and October 28, 2021
8	Mr. Abid Sattar <sup>3</sup>	3	3	-	-
9	Mr. Khalid Malik <sup>4</sup>	2	2	-	-

<sup>1</sup> Completed term and reappointed on April 29, 2022.

<sup>2</sup> Resigned on January 20, 2022.

<sup>3</sup> Appointed on February 11, 2022.

<sup>4</sup> Appointed on April 29, 2022.

<sup>5</sup> Completed term and retired on April 28, 2022.

## 24 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 of is 2.51% and 4.82% (2021: 3.41% and 5.09%) which includes 0.23% and 0.34% (2021: 0.27% and 0.87%) representing government levies on the Fund such as Sales Taxes and annual fee to the SECP etc for Class A and Class B respectively. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

**25 GENERAL**

Figures have been rounded off to the nearest thousand Rupees unless otherwise stated

**26 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 29, 2022.

**For HBL Asset Management Limited  
(Management Company)**

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**Chief Financial Officer**

---

**Chief Executive Officer**

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**Director**



**HBL Investment Fund**

<b>NAME OF FUND</b>	<b>FINANCIAL SECTOR INCOME FUND</b>
<b>NAME OF AUDITOR</b>	Yousuf Adil, Chartered Accountants
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited.
<b>NAME OF BANKERS</b>	MCB Bank Limited JS Bank Limited Habib Bank Limited Soneri Bank limited

**Type and Category of Fund**

**Open end Income Fund**

**Investment Objective and Accomplishment of Objective**

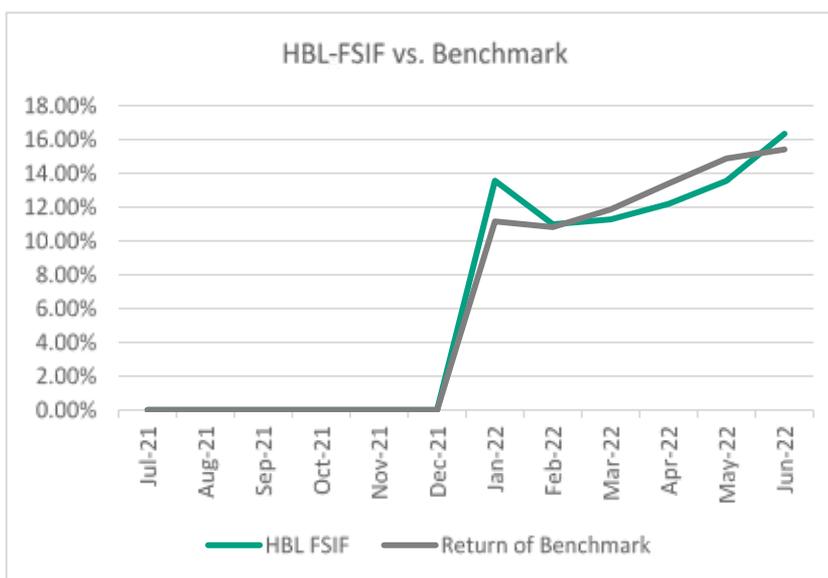
The objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuku, Bank deposits and short-term money market instruments.

**Benchmark and Performance Comparison with Benchmark**

The Fund's benchmark is average six month KIBOR Offer rate.

The comparison of the fund return with benchmark is given below:

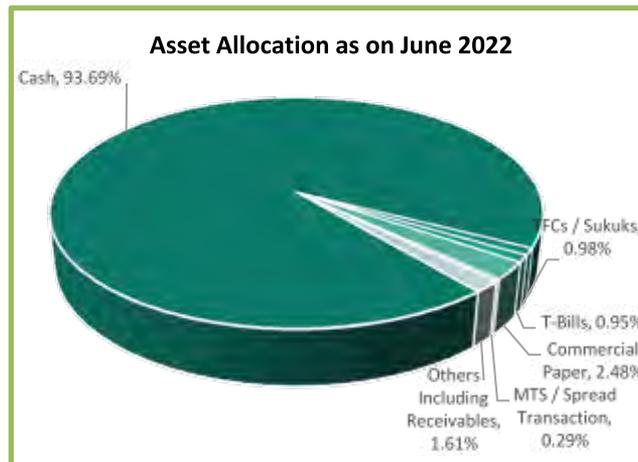
Month	HBL-IF	Benchmark
Jun-22	16.34%	15.41%
May-22	13.55%	14.88%
Apr-22	12.19%	13.40%
Mar-22	11.27%	11.87%
Feb-22	10.99%	10.82%
Jan-22	13.56%	11.15%
Dec-21	NA	NA
Nov-21	NA	NA
Oct-21	NA	NA
Sep-21	NA	NA
Aug-21	NA	NA
Jul-21	NA	NA



**Strategies and Policies employed during the Year**

During the year under review, HBL Financial Sector Income Fund – Plan 1 was launched and at June end had attained the size of PKR 45.8bn. As at June end, combined exposure in TFCs/Sukuk and Commercial Papers were recorded at 3.46% as on June 30, 2022. The Fund was further invested in MTS/ Spread transactions, T-bills and cash at bank which accounted for 0.29%, 0.95% and 93.69% of the portfolio. In order to capture the benefit from the increasing interest rates, fund invested majority of the amount in Cash with Commercial Banks and Micro Finance Banks.

## Asset Allocation



### Fund Performance

The Fund commenced its operations on January 18, 2022.

The total income and net income of the Fund was Rs. 1.97 billion and Rs. 1.84 billion respectively during the period ended June 30, 2022. The Net Asset Value (NAV) per unit of the Fund was Rs. 100.0454 per unit as on June 30, 2022 (after incorporating dividends of Rs. 5.7692 per unit), thereby giving an annualized return of 13.26%. During the same period, the benchmark (6 Month KIBOR) return was 13.11%. The size of Fund was Rs. 45.83 billion as on June 30, 2022.

### Money Market Review

Post-COVID, the SBP shifted its focus from catalyzing economic recovery toward sustaining it. Accordingly, the Monetary Policy Committee (MPC) increased the Policy Rate by 2.75% to 9.75% during 1HFY22. However, the onset of war between Russia and Ukraine during 2HFY22 led to a spike in international commodity prices, fueling inflationary concerns and prompting the MPC to increase the Policy Rate by another 400bps to 13.75%. Resultantly, during FY22, secondary market yields on T-bills increased in the range of 7.49-7.70%, while those on PIBs increased in the range of 2.98-4.46%.

The cut-off yields in the last T-bills auction were 15.23%, 14.80%, and 14.95% for 3M, 6M and 12M tenors, respectively. The cut-off yields in the last PIBs auction were 13.97%, 13.18%, and 13.15% in 3Y, 5Y and 10Y tenors, respectively, while bids for 15Y tenors were rejected.

GOP Ijarah Sukuk auction was held on 20-Jun-22, with a target of PKR 100bn (PKR 25bn Fixed Rental and PKR 75bn Variable Rental Rate) for a period of 5 years. The Ministry of Finance accepted bids worth PKR 6.03bn (at 12.9406%) in FRR Sukuk, and PKR 61.11bn (at 13.64%) in VRR Sukuk.

The latest hike in the Policy Rate to 13.75% is expected to help moderate demand to a more sustainable pace, while keeping inflation expectations anchored, and containing risks to external stability. However, we believe that gradual imposition of PDL on fuel, along with hike in electricity and gas tariffs, will translate adversely in CPI. Resultantly, we expect average inflation for FY23 to be in the range of 15.0-16.0%. Hence, further monetary tightening cannot be ruled out in order to cushion the adverse impact on CAD and local currency.

However, inflation is expected to taper down from FY24 onwards due to high-base effect and expectation of easing in international commodity prices. Upside risks to our estimates remain in the form of elevated international commodity prices for an extended period due to geopolitical concerns.

## Distribution

The Fund has distributed cash dividend up-to Rs. 5.7692 per unit for the year ended June 30, 2022.

## Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.

## Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	29	977
101 – 500	27	6,293
501 – 1,000	16	11,603
1,001 – 10,000	130	602,674
10,001 – 100,000	226	7,359,470
100,001 – 500,000	90	19,552,331
500,001 – 1,000,000	13	8,548,325
1,000,001 – 5,000,000	17	32,970,828
5,000,001 and above	11	389,040,328
<b>Total</b>	<b>559</b>	<b>458,092,829</b>

## Unit Splits

There were no unit splits during the year.

## Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

## Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –  
FINANCIAL SECTOR INCOME FUND**  
As at June 30, 2021

	<b>2022</b>
Net assets at the period end (Rs'000)	45,830,084
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>	
Redemption	100.0454
Offer	102.3064
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>	
Highest offer price per unit	103.4676
Lowest offer price per unit	100.0000
Highest redemption price per unit	101.1809
Lowest redemption price per unit	100.0000
<b>RETURN ( % )</b>	
Total return	13.26%
Income distribution	5.77%
Capital growth	7.49%
<b>DISTRIBUTION</b>	
First Interim dividend distribution (Rs)	-
Date of Income Distribution	-
Second Interim dividend distribution (Rs)	-
Date of Income Distribution	-
Third Interim dividend distribution (Rs)	-
Date of Income Distribution	-
Final dividend distribution (Rs)	5.7692
Date of Income Distribution	Various dates
Total dividend distribution for the year/ period (Rs)	5.7692
<b>AVERAGE RETURNS ( % )</b>	
Average annual return 1 year	13.26%
Average annual return 2 year	10.14%
Average annual return 3 year	11.17%
Weighted average portfolio during (No. of days)	5
<b>PORTFOLIO COMPOSITION - ( % )</b>	
Percentage of Total Assets as at 30 June:	
Bank Balances	93.69%
TFCs	0.98%
PIBs	0.00%
Tbill	0.95%
Placement with Banks and DFIs	0.00%
MTS / Spread Transaction	0.29%
Commercial Paper	2.48%
Others Including receivables	1.61%

**Note:**

The Launch date of the Fund is January 18, 2022

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

# PROXY VOTING DISCLOURE

## Summary of Actual Proxy voted by CIS

HBL IF	Meetings	Resolutions	For	Against
Number	9	33	33	-
(%ages)		100%	100%	-

(h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Adamjee Insurance Co Limited		16/03/2021 - 26/04/2021
Agha Steel Ind.Ltd		
AGP Limited		9-Jun-21
Aisha Steel Mills Ltd	24-Sep-20	
Allied Bank Limited	25-Mar-21	
Al Shaheer Corporation Ltd		
Amreli Steels Limited	27-Oct-20	6-May-21
Attock Cement Pakistan Ltd	22-Oct-20	
Attock Refinery Ltd	19-Oct-20	
Avanceon Limited	26-May-21	
Azgard Nine Ltd	28-Oct-20	
Bank Al-Falah Ltd	27/03/2020 09-03-2021	27-May-21
Bank Al-Habib Limited	25-03-2021,	
Bank of Punjab Ltd	30-03-2021,	
BankIslami Pakistan	30-Mar-21	11-Feb-21
Berger PaintsPakistan Ltd	27-Oct-20	
Bunnys Limited	28-Oct-20	21-06-2021,04-02-2021
Byco Petroleum Pakistan Ltd	22-Oct-20	26-04-2021
Cherat Cement Company Ltd.	27-Oct-20	
Clover Pakistan Limited	20-Jan-21	5-May-21
D G Khan Cement Co.Ltd.	28-Oct-20	
Engro Corporation Ltd		26-04-2021,
Engro Fertilizers Limited	30-03-2021,	
Engro Polymer & Chemicals Ltd	08-04-2021,	
Fauji Cement Company Limited	14-Oct-20	10-Jan-20
Fauji Fertilizer Bin Qasim Ltd	29-Mar-21	25-11-2020, 09-09-2020
Fauji Fertilizer Co Ltd	18-03-2021,	6-Nov-20
Faysal Bank Limited		29-Mar-21
Ferozsons Laboratories Limited	26-Oct-20	12/02/2021'06-07-2020
General Tyre & Rubber Co of Pakistan Ltd	28-Oct-20	20-Aug-20
Ghandhara Nissan Ltd.	28-Oct-20	
Ghandhara Industries Limited	28-Oct-20	10-Apr-21
Ghani Global Holdings Limited	28-Oct-20	05-09-2020
Ghani Value Glass Limited	21-Oct-20	9-Nov-20
GlaxoSmithKline Pakistan Ltd		27/04/2021,
Gul Ahmed Textile Mills Ltd	28-Oct-20	29-Jun-21
Habib Bank Ltd	26-Mar-21	
Hascol Petroleum Ltd	23-02-2021, 11-08-2020	08-09-2020
Highnoon Laboratories Limited	27-Apr-21	
Honda Atlas Cars (Pakistan) Ltd	14-07-2020, 29/06/2021,	27-Apr-21
Hub Power Company Ltd	24-Sep-20	
ICI Pakistan Ltd	29-09-2020,	30-Jun-21
IGI Holdings Limited	29-04-2021,	
IGI LIFE INSURANCE LIMITED	28-04-2021	
Indus Motor Company Limited	30-Sep-20	28-Oct-20
Interloop Limited	15/10/2020,	10-Dec-20
International Industries Ltd	30-Sep-20	
International Steels Limited	29-Sep-20	
Ittefaq Iron Industries Limited	28-Oct-20	
Hi-Tec Lubricants Limited	23/10/2020,	

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Jahangir Siddiqui & Co.	28-Apr-21	
K-Electric Limited	26/11/2020 ; 03-06-2020	
Kot Addu Power Company Ltd	28-Oct-20	24-Mar-21
Kohat Cement Limited	28-Oct-20	
Kohinoor Textile Mills Limited	27/10/2020,	23-Apr-20
Lotte Chemical Pakistan Ltd	21-04-2021,	17-06-2020
Lucky Cement Ltd	29-Sep-20	
Maple Leaf Cement Factory Ltd	27-Oct-20	
Mari Petroleum Company Ltd	29/09/2020,	24-Jun-21
MCB Bank Ltd	27-03-2021,	
Meezan Bank Limited	29-03-2021,	
Millat Tractors Ltd	26/10/2020,	
Mughal Iron & Steel Inds Ltd	28-Oct-20	19-Apr-21
National Bank of Pakistan Ltd	29-Mar-21	
National Foods Ltd	21/10/2020,	
National Refinery Ltd	22-Oct-20	
Netsol Technologies	23-Oct-20	
Nimir Resins Limited	21-10-2020	10-Jun-21
Nishat (Chunian) Ltd	28-Oct-20	16-Apr-21
Nishat Mills Ltd	28/10/2020,	15-Dec-20
Oil & Gas Development Co Ltd	28/10/2020,	17-Mar-21
Pak Elektron Ltd	29-Apr-21	
Pak Suzuki Motor Company Limited	22-Apr-21	29-Jan-21
Pakistan International Bulk Terminal Limited	22-Oct-20	
Pakistan National Shipping Corporation	26-Oct-20	
Pakistan Oilfields Ltd	19-Oct-20	
Pakistan Petroleum Ltd	26-Oct-20	23-Dec-20
Pakistan Refinery Limited	7-Oct-20	1-Sep-20
Pakistan State Oil Company Ltd	21-Oct-20	
PANTHER TYRES LIMITED		
Pioneer Cement Limited	28-Oct-20	
Sazgar Engineering Works Limited	27-Oct-20	
Service Industries Ltd	17-07-2020,	04-08-2020
Shell Pakistan Limited	21-04-2021	9-Dec-20
Sitara Chemical Industries Limited	26-Oct-20	
Sitara Peroxide Limited	24-Oct-20	
Standard Chartered Bank (Pakistan) Ltd	29-03-2021,	
Sui Northern Gas Pipeline Ltd	15-08-2020,	
Systems Limited	31-03-2021,	3-Dec-20
Tariq Glass Industries Ltd	28-Oct-20	2-Sep-20
thal Limited	22/10/2020,	
Thatta Cement Co. Ltd	26-Oct-20	
The Organic Meat Company Limited	27-Oct-20	
The Searle Company Ltd	28/10/2020,	28-06-2021
TPL Corp Limited	28-Oct-20	21/12/2020 10-06-2021
TPL Insurance Limited	22-Apr-21	21-12-2020
TPL Trakker Limited	26-Oct-20	
Treet Corporation Ltd	31-Oct-20	02/12/2020 01-07-2020
TRG Pakistan Ltd	27-Nov-20	
Tri-Pak Films		14-04-2021,
United Bank Limited	31-03-2021,	
Unity Foods Limited	23-Oct-20	22-Mar-21
Waves Singer Pakistan Limited	23-04-2021,	09/09/2020 11-08-2020

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)

Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL FINANCIAL SECTOR INCOME FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Financial Sector Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund for the period from January 18, 2022 to June 30, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 29, 2022



**INDEPENDENT AUDITOR'S REPORT**

To the unit holders of HBL Financial Sector Income Fund

Report on the Audit of the Financial Statements

**Opinion**

We have audited the financial statements of **HBL Financial Sector Income Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the period from January 18, 2022 to June 30, 2022 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the period from January 18, 2022 to June 30, 2022 in accordance with accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and HBL Asset Management Limited (Management Company) in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investments</b></p> <p>As disclosed in note 6.1 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs.901 million and in note 6.3 investments held at amortised cost amounted to Rs.1,146 million as at June 30, 2022, consisting of corporate sukuk bonds, market treasury bills, listed equity securities (spread based transaction) and commercial papers, which</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> <li>evaluated design and implementation of controls in place related to purchases and sales of investments;</li> <li>independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;</li> </ul>

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>represent significant item on the statement of assets and liabilities of the Fund.</p> <p>We have identified the existence and valuation as the significant areas during our audit of investment.</p>	<ul style="list-style-type: none"> <li>independently matched securities held by the Fund with the securities appearing in the CDC account statement and Investor Portfolio Securities account statement;</li> <li>tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities.</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management Company and Those Charged with Governance for the Financial Statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Management Company are responsible for overseeing the Fund's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadia.

  
Chartered Accountants

Place: Karachi

Date: September 28, 2022

UDIN: AR202210057WRwxZrzqc

**HBL Financial Sector Income Fund**  
**Statement of Assets and Liabilities**  
*As at June 30, 2022*

	Note	June 30, 2022 (Rupees in '000)
<b>ASSETS</b>		
Bank balances	5	43,918,633
Investments	6	2,047,101
Receivable against margin trading system		123,160
Profit / markup receivable	7	251,794
Deposits and prepayments	8	4,229
<b>TOTAL ASSETS</b>		<b>46,344,917</b>
<b>LIABILITIES</b>		
Payable to the Management Company	9	38,439
Payable to the Trustee	10	3,063
Payable to Securities and Exchange Commission of Pakistan	11	2,776
Payable against purchase of Investment		351,029
Accrued expenses and other liabilities	12	119,526
<b>TOTAL LIABILITIES</b>		<b>514,833</b>
<b>NET ASSETS</b>		<b>45,830,083</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND)</b>		<b>45,830,083</b>
<b>Contingencies and commitments</b>	13	<b>(Number of units)</b>
<b>Number of units in issue</b>	14	<b>458,092,829</b>
		----- (Rupees) -----
<b>Net assets value per unit</b>		<b>100.0454</b>

The annexed notes 1 to 29 form an integral part of this financial statements.

**For HBL Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

# HBL Financial Sector Income Fund

## Income Statement

For the year ended June 30, 2022

For the period from  
January 18, 2022 to  
June 30, 2022

	Note	(Rupees in '000)
<b>INCOME</b>		
Capital gain on sale of investments - net		810
Markup from market treasury bills		3,019
Markup from corporate sukuk bonds		19,517
Markup from commercial papers and term deposit receipts		32,779
Markup from margin trading system		2,738
Profit on bank deposit		1,909,401
		1,968,264
Unrealised gain on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6.2	429
		<u>1,968,693</u>
<b>EXPENSES</b>		
Remuneration of the Management Company	9.1	60,581
Sindh Sales Tax on remuneration of the Management Company	9.2	7,876
Remuneration of the Trustee	10.1	10,410
Sindh Sales Tax on remuneration of the Trustee	10.2	1,353
Annual fee to Securities and Exchange Commission of Pakistan	11.1	2,776
Selling and marketing expenses	9.4	22,525
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	22,525
Securities transaction costs and settlement charges		422
Fees and Subscription		195
Auditors' remuneration	15	368
Bank charges		266
Formation Cost		72
		129,369
<b>Net income for the period from operating activities</b>		<u>1,839,324</u>
<b>Net income for the period before taxation</b>		<u>1,839,324</u>
Taxation	16	-
<b>Net income for the period after taxation</b>		<u><u>1,839,324</u></u>
<b>Allocation of net income for the period</b>		
Income already paid on redemption of units		501,032
Accounting income available for distribution:		
Relating to capital gains		901
Excluding capital gains		1,337,391
		<u>1,338,292</u>
		<u><u>1,839,324</u></u>
<b>Earnings per unit</b>	17	

The annexed notes 1 to 29 form an integral part of this financial statements.

**For HBL Asset Management Limited  
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

For the period from  
January 18, 2022 to  
June 30, 2022  
(Rupees in '000)

Net income for the period after taxation	1,839,324
Other comprehensive income for the period	-
<b>Total comprehensive income for the period</b>	<b>1,839,324</b>

The annexed notes 1 to 29 form an integral part of this financial statements.

**For HBL Asset Management Limited**  
**(Management Company)**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

**HBL Financial Sector Income Fund**  
**Statement of Movement In Unitholders' Fund**  
For the year ended June 30, 2022

	For the period from January 18, 2022 to June 30, 2022		
	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----		
<b>Net assets at beginning of the period</b>	-	-	-
<b>Issue of 1,312,476,537 units</b>			
Capital value (at net asset value per unit at the beginning of the period)	131,247,654	-	131,247,654
Element of income	811,622	-	811,622
<b>Total proceeds on issue of units</b>	<b>132,059,276</b>	<b>-</b>	<b>132,059,276</b>
<b>Redemption of 854,383,708 units</b>			
Capital value (at net asset value per unit at the beginning of the period)	(85,438,371)	-	(85,438,371)
Income already paid on redemption of units	-	(501,032)	(501,032)
Element of loss	(132,859.58)	-	(132,860)
<b>Total payments on redemption of units</b>	<b>(85,571,231)</b>	<b>(501,032)</b>	<b>(86,072,263)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,839,324</b>	<b>1,839,324</b>
Distribution during the period	-	(1,327,680)	(1,327,680)
Refund of capital	(668,574)	-	(668,574)
	(668,574)	511,644	(156,930)
<b>Net assets at end of the period</b>	<b>45,819,471</b>	<b>10,612</b>	<b>45,830,083</b>
<b>Accounting income available for distribution</b>			
Relating to capital gains		901	
Excluding capital gains		1,337,391	
		1,338,292	
<b>Distribution for the period:</b>			
Distribution during the period		(1,327,680)	
		(1,327,680)	
<b>Undistributed income carried forward</b>		<b>10,612</b>	
<b>Undistributed income carried forward</b>			
Realised income		10,183	
Unrealised income		429	
		10,612	
			Rupees
<b>Net assets value per unit at end of the period</b>			<b>100.0454</b>

The annexed notes 1 to 29 form an integral part of this financial statements.

**For HBL Asset Management Limited  
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

**HBL Financial Sector Income Fund**  
**Statement of Movement In Unitholders' Fund**  
For the year ended June 30, 2022

For the period from  
January 18, 2022 to  
June 30, 2022

(Rupees in '000)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income for the period before taxation	1,839,324
Adjustments for:	
Capital gain on sale of investments - net	(810)
Markup from market treasury bills	(3,019)
Markup from corporate sukuk bonds	(19,517)
Markup from commercial papers and term deposit receipts	(32,779)
Markup from margin trading system	(2,738)
Profit on bank deposit	(1,909,401)
Unrealised gain on re-measurement of investments classified as financial asset at fair value through profit or loss - net	(429)
	(129,369)
<b>Increase in assets</b>	
Investments - net	(2,045,862)
Receivable against margin trading system	(123,160)
Deposits and prepayments	(4,229)
	(2,173,251)
<b>Increase in liabilities</b>	
Payable to the Management Company	38,439
Payable to the Trustee	3,063
Payable to the Securities and Exchange Commission of Pakistan	2,776
Payable against purchase of investment	351,029
Accrued expenses and other liabilities	119,526
	514,833
<b>Cash used from operations</b>	(1,787,787)
Income from market treasury bills	3,019
Income received from corporate sukuk bonds	-
Income received from commercial papers and term deposit receipts	32,779
Income received from margin trading system	1,272
Profit received on bank deposits	1,678,590
	1,715,660
<b>Net cash used in operating activities</b>	(72,127)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Amount received on issue of units	132,059,276
Payment against redemption of units	(86,072,263)
Dividend paid	(1,996,254)
<b>Net cash generated from financing activities</b>	43,990,759
<b>Net increase in cash and cash equivalents</b>	43,918,633
Cash and cash equivalents at beginning of the period	-
<b>Cash and cash equivalents at end of the period</b>	43,918,633

The annexed notes 1 to 29 form an integral part of this financial statements.

**For HBL Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

## **1. LEGAL STATUS AND NATURE OF BUSINESS**

HBL Financial Sector Income Fund Plan 1 ("the Fund") was established under a Trust Deed, dated November 16, 2021, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on December 14, 2021.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open-ended mutual fund. The units are transferable and can also be redeemed by surrendering to the Fund.

The Fund has been categorised as a Compliant Income Scheme as per the criteria laid down by the SECP for categorization of open-end Collective Investment Schemes (CIS) and is listed on the Pakistan Stock Exchange Limited. The units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs / Sukuks, bank deposits and short-term money market instruments.

Title to the assets of the Fund is held in the name of CDC as Trustee of the Fund.

VIS Credit Rating Company has assigned a management quality rating of AM2++ (Positive Outlook) to the Management Company on December 31, 2021.

Pursuant to the enactment of the Sindh Trusts Act, 2020 (as amended vide Sindh Trusts (Amended) Act, 2021), the Trusts including Collective Investment Schemes, Private Funds, etc, being Specialized Trusts are required to be registered with the Assistant Directorate of Industries and Commerce (Trust Wing), Government of Sindh under Section 12 of the Sindh Trusts Act, 2020. In this regard, the Fund was duly registered on December 06, 2021.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

**2.1.1** This financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed.

Where the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, the directives issued by the SECP and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, the directions issued by the SECP and requirements of the Trust Deed have been followed.

## **2.2 Basis of measurement**

This financial statements have been prepared under the historical cost convention except for the investments which are classified as fair value through profit and loss.

## **2.3 Functional and presentation currency**

This financial statements are presented in Pakistan Rupees which is the Fund's functional and presentation currency.

## **2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the result of which from the basis of making the judgment about the company values of assets and liabilities that are not readily apparent from other sources and actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (a) classification and measurement of financial assets (Note 4.2.1.1)
- (b) impairment of financial assets (Note 4.2.1.2)
- (c) provisions (Note 4.3)

## **3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

### **3.1 New accounting standards, amendments and IFRS interpretations that are effective for the period ended June 30, 2022**

The following standards, amendments and interpretations are effective for the period ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective from accounting periods beginning on or after:</b>
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021

### 3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	<b>Effective from accounting periods beginning on or after:</b>
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

## 4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this financial statements are set out below.

### 4.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

## 4.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### 4.2.1 Financial assets

#### 4.2.1.1 Classification and measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

**Financial assets at FVTPL** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.

**Financial assets at amortised cost** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.

#### 4.2.1.2 Impairment of financial assets

The Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

The SECP/Commission, through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017, has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

#### **4.2.1.3 Regular way contracts**

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### **4.2.1.4 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

#### **4.2.2 Classification and measurement of Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### **4.2.3 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.3 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

#### **4.6 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.7 Element of income**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### **4.8 Net assets value per unit**

The net assets value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the period end.

#### **4.9 Revenue recognition**

- Capital gain / (loss) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Profit / return on Market treasury bills and investment in debt securities are recognized at a time apportionment basis using the effective interest method.
- Unrealised gain / (loss) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.
- Dividend income is recognised when the right to receive the dividend is established.

**4.10 Transactions with related parties / connected persons**

Transactions with connected persons are carried in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.

**4.11 Expenses**

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

	Note	June 30, 2022 (Rupees in '000)
<b>5 BANK BALANCES</b>		
Savings accounts	5.1	<u>43,918,633</u>
<b>5.1</b>	These carry profits at the rates ranging between 6% to 18% per annum and include Rs. 29,607.99 million maintained with Habib Bank Limited and HBL Micro Finance Bank Limited (related party) which carries profit at the rates ranging between 17.25% to 17.62%.	
<b>6 INVESTMENTS</b>	Note	June 30, 2022 (Rupees in '000)
Financial asset at fair value through profit or loss	6.1	901,012
Financial asset at amortised cost	6.3	1,146,089
		<u>2,047,101</u>
<b>6.1 Financial assets at fair value through profit or loss</b>		
Corporate sukuk bonds	6.1.1	450,000
Market treasury bills	6.1.2	438,724
Listed equity securities (spread transactions)	6.1.3	12,042
Future stock contracts		246
		<u>901,012</u>

**6.1.1 Corporate sukuk bond**

Name of the investee company	As at January 18, 2022	Purchases made during the period	Sales during the period	As at June 30, 2022	Market value as at June 30, 2022	Carrying value as at June 30, 2022	Un-realised Gain / (Loss)	Market value as a percentage of	
								Total investments	Net assets
----- (Number of units) ----- (Rupees in '000) -----									
<b>Corporate sukuk bond - unlisted</b>									
K-Electric Limited	-	450	-	450	450,000	450,000	-	22%	1%
<b>Total - as at June 30, 2022</b>	<b>-</b>	<b>450</b>	<b>-</b>	<b>450</b>	<b>450,000</b>	<b>450,000</b>	<b>-</b>	<b>22%</b>	<b>1%</b>

6.1.1.1 This corporate sukuk bonds carry profit at the rate 11.65% per annum.

6.1.1.2 Significant terms and conditions of corporate sukuk bond as at June 30, 2022 is as follows:

Name of the investee company	Payment term	Remaining principal (per sukuk bond)	Profit rate (per annum)	Issue date	Maturity date
<b>Corporate sukuk bond - Unlisted</b>					
K-Electric Limited	(Semi - annually)	1,000,000	6 Month Kibor + 0.85%	February 11, 2022	August 11, 2022

**6.1.2 Market treasury bills**

Particulars	Issue Date	Face value			Balance as at June 30, 2022			Market value as a percentage of	
		As at January 18, 2022	Purchased during the period	Sold / matured during the period	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Un-realised gain / (loss)	total investments
----- (Rupees '000') -----									
<b>Market Treasury Bills - 3 -months</b>									
Market treasury bills	December 30, 2021	-	100,000	100,000	-	-	-	-	-
Market treasury bills	January 27, 2022	-	507,000	507,000	-	-	-	-	-
Market treasury bills	February 10, 2022	-	510,000	510,000	-	-	-	-	-
Market treasury bills	April 21, 2022	-	100,000	-	100,000	99,554	99,525	(29)	4.86%
Market treasury bills	June 30, 2022	-	350,000	-	350,000	338,849	339,199	350	16.57%
<b>Market Treasury Bills - 6 -months</b>									
Market treasury bills	January 27, 2022	-	500,000	500,000	-	-	-	-	-
Market treasury bills	February 10, 2022	-	250,000	250,000	-	-	-	-	-
<b>Total as at June 30, 2022</b>		<b>-</b>	<b>2,317,000</b>	<b>1,867,000</b>	<b>450,000</b>	<b>438,403</b>	<b>438,724</b>	<b>321</b>	<b>21.43%</b>
									<b>0.96%</b>

6.1.2.1 These market treasury bills carry profit at the rate ranging from 10.12% to 14.3% per annum.

**6.1.3 Listed equity securities (spread transactions)**

The movement in equity securities given below represents spread transactions entered into by the Fund. The Fund purchases equity securities in ready market and sells them in future market on the same day, resulting in spread income due to difference in ready and future stock prices. This way the Fund has no open exposure to the stock market. These securities (if any) at the period-end are valued at the period end ready rate while the future contracts (representing the derivatives) are valued at the period end future rate and the difference between the contracted rate and the future rate has been taken to the income statement.

Sectors / Companies	As at January 18, 2022	Acquired during the Period	Disposed during the Period	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of total investments	Market value as a percentage of net assets	Paid up value of shares held as a percentage of total paid up capital of the Investee Company
	----- (Number of shares) -----				----- (Rupees in '000) -----				
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>									
Treet Corporation Limited	-	1,000,000	1,000,000	-	-	-	-	-	-
Unity Foods Limited	-	600,000	-	600,000	12,180	12,042	1%	0.03%	0.50%
<b>Investment as at June 30, 2022</b>	<b>-</b>	<b>1,600,000</b>	<b>1,000,000</b>	<b>600,000</b>	<b>12,180</b>	<b>12,042</b>	<b>0.59%</b>	<b>0.03%</b>	

All equity shares have a par value of Rs. 10 each unless stated otherwise

<b>6.2</b>	<b>Unrealised gain on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net</b>	<b>Note</b>	<b>June 30, 2022</b> <b>(Rupees in '000)</b>
	Market value of investments		901,012
	Carrying value of investments		(900,583)
			<b>429</b>
<b>6.3</b>	<b>Financial assets at amortised cost</b>	<b>Note</b>	<b>June 30, 2022</b> <b>(Rupees in '000)</b>
	Commercial papers	6.3.1	1,146,089
	Term deposit receipts	6.3.2	-
			<b>1,146,089</b>
<b>6.3.1</b>	<b>Commercial papers</b>		

Name of investee company	Issue date	As at January 18, 2022	Placement made during the period	Income accrued	Sales / matured during the period	As at June 30, 2022	Percentage of total of investments	Percentage of net assets
		----- (Rupees '000') -----						
Pak Elektron Limited	February 01, 2022	-	91,456	4,653	-	96,108	5%	0.21%
China Power Hub Generation Company	April 12, 2022	-	467,601	14,053	-	481,654	24%	1.05%
Lucky Electric Power Company	May 06, 2022	-	555,587	12,741	-	568,327	28%	1.24%
<b>Total as at June 30, 2022</b>		<b>-</b>	<b>1,114,643</b>	<b>1,114,643</b>	<b>-</b>	<b>1,146,089</b>	<b>56%</b>	<b>2.50%</b>

6.3.1.1 These commercial papers carry profit rates ranging from 12.63% to 16.48%. The maturity date for commercial papers of Pak Elektron Limited, China Power Hub Generation Company and Lucky Electric Power Limited is October 29, 2022, October 09, 2022 and November 02, 2022 respectively. Management believes that fair value of the commercial paper is equal to its amortised cost.

6.3.2 Term deposit receipts

Name of investee company	As at January 18, 2022	Placement made during the period	Matured during the period	As at June 30, 2022	Percentage of total of investments	Percentage of net assets
----- (Rupees in '000) -----						
Pak Oman Investment Company Limited	-	3,500,000	3,500,000	-	0%	0%
<b>Total - as at June 30, 2022</b>	<b>-</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>7 PROFIT / MARK-UP RECEIVABLE</b>	<b>Note</b>	<b>June 30, 2022 (Rupees in '000)</b>
Profit receivable on:		
Bank deposits	7.1	230,811
Margin trading system Income		1,466
Corporate sukuk bonds		19,517
Market treasury bills		-
		<u>251,794</u>

7.1 This includes Rs. 35.75 million receivable from Habib Bank Limited, which is a (related party).

**8 DEPOSITS AND PREPAYMENTS**

Security deposits with:		
Central Depository Company of Pakistan Limited		100
National Clearing Company of Pakistan Limited		2,990
Margin trading system Security deposit		250
		<u>3,340</u>
Preliminary cost		728
Prepaid MTS fee		161
		<u>4,229</u>

**9 PAYABLE TO THE MANAGEMENT COMPANY**

Remuneration payable to the Management Company	9.1	13,621
Sindh Sales Tax payable on Management Company's remuneration	9.2	1,771
Sales load payable		174
Formation cost payable		800
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	2,664
Selling and marketing expense payable	9.4	19,409
		<u>38,439</u>

9.1 As per Regulation 61 of the amended NBFC regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document, further subject to the guidelines as may be issued by the Commission from time to time. During the period, the fee is being charged at the rate ranging from 0.2% to 0.5% pf the average annual net assets accordingly. The fee is payable monthly in arrears.

- 9.2** The Sindh Government has levied Sindh Sales Tax (SST) at the rate of 13% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 9.3** As per Regulation 60(3)(s) of the amended NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the period, the fee is being charged at the rate ranging from 0.125% to 0.5% of the average annual net assets accordingly.
- 9.4** As per Regulation 60(3)(v) of the amended NBFC Regulations, selling and marketing expenses is allowed on all categories of open end mutual funds, except fund of funds with no cap. During the period, the fee is being charged at the rate ranging from 0.125% to 0.5% of the average annual net assets accordingly.

	Note	June 30, 2022 (Rupees in '000)
<b>10</b>	<b>PAYABLE TO THE TRUSTEE</b>	
	Trustee fee payable	2,711
	Sindh Sales Tax payable on remuneration of the Trustee	352
		<u>3,063</u>

- 10.1** As per CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, Trustee fee shall be charged at the rate of 0.075% of the average annual net assets of the Fund. During the period, Management Company has charged the Trustee fee accordingly.
- 10.2** Sindh Sales Tax at the rate of 13% is applicable on Trustee fee as per Sindh Sales Tax on Services Act, 2011.

	Note	June 30, 2022 (Rupees in '000)
<b>11</b>	<b>PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	
	Annual fee payable	<u>2,776</u>

- 11.1** As per Regulation 62 of the amended NBFC Regulations, a Collective Investment Scheme (CIS) categorised as an income scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% of the average net assets of the Scheme. During the period, Management Company has charged the fee accordingly. The fee is payable annually in arrears.

**June 30,  
2022  
(Rupees in '000)**

**12 ACCRUED EXPENSES AND OTHER LIABILITIES**

Withholding tax payable	118,999
Auditors' remuneration	297
Brokerage payable	22
Margin trading system charges payable	78
Other payables	130
	119,526

**13 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2022.

**June 30,  
2022  
(Number of Units)**

**14 NUMBER OF UNITS IN ISSUE**

Total units in issue at the beginning of the period	-
Units issued during the period	1,312,476,537
Units redeemed during the period	(854,383,708)
	458,092,829

**June 30,  
2022  
(Rupees in '000)**

**15 AUDITORS' REMUNERATION**

Annual audit fee	310
Out of pocket expenses	31
Sindh sales tax on services	27
	368

**16 TAXATION**

The Fund's income is exempt from income tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company has distributed atleast 90% of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the period ended June 30, 2022 to its unit holders.

**17 EARNINGS PER UNIT**

Earnings per unit (EPU) has not been disclosed in this financial statements as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

**18. FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	As at June 30, 2022		
	Fair value through profit or loss	Amortised cost	Total
----- (Rupees in '000) -----			
<b>Financial assets</b>			
Bank balances		43,918,633	43,918,633
Investments			
Corporate sukuk bonds	450,000		450,000
Market treasury bills	438,724		438,724
Listed equity securities (spread transactions)	12,042		12,042
Future stock contracts	246		
Commercial Papers		1,146,089	1,146,089
Profit / markup receivable		251,794	251,794
Receivable against margin trading system		123,160	123,160
Deposits		3,340	3,340
	901,012	45,443,016	46,343,782

Particulars	As at June 30, 2022		
	Fair value through profit or loss	Amortised cost	Total
----- (Rupees in '000) -----			
<b>Financial liabilities</b>			
Payable to the Management Company	-	36,668	36,668
Payable to the Trustee	-	2,711	2,711
Payable against purchase of investment	-	351,029	351,029
Accrued expenses and other liabilities	-	527	527
	-	390,935	390,935

**19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Connected persons include HBL Asset Management Limited, being the Management Company, Habib Bank Limited, being the Sponsor, CDC, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed, respectively.

Details of the transactions with connected persons and balances with them are as follows:

	June 30, 2022 (Rupees in '000)
<b>19.1 Transactions during the Period</b>	
<b>HBL Asset Management Limited - Management Company</b>	
Remuneration of the Management Company	60,581
Sindh Sales Tax on remuneration of the Management Company	7,876
Allocation of expenses related to registrar services, accounting, operation and valuation services	22,525
Selling and marketing expense	22,525
<b>HBL Asset Management Limited</b>	
Issue of 3,894,562 units	390,847
Redemption of 2,498,624 units	251,620
Dividend paid	2,987
<b>Central Depository Company of Pakistan Limited - Trustee</b>	
Trustee remuneration	10,410
Sindh Sales Tax payable on the Trustee fee	1,353
Central Depository Service charges	30
<b>Habib Bank Limited - Sponsors</b>	
Bank charges	266
Profit on bank deposit earned	108,700
<b>HBL Micro Finance Bank</b>	
Profit on bank deposit earned	1,033,707
<b>Directors and executives of the Management Company</b>	
Issue of 619,322 units	62,101
Redemption of 447,907 units	45,020
Dividend Paid	1,216
<b>Fauji Fertilizer Company Limited</b>	
<b>Connected person due to holding more than 10%</b>	
Issue of 534,425,925 units	53,882,530
Redemption of 431,402,494 units	43,544,406
Dividend paid	967
<b>Ibrahim Fibres Limited</b>	
<b>Connected person due to holding more than 10%</b>	
Issue of 55,802,802 units	5,608,300
Dividend paid	129,741
<b>HBL Income Fund</b>	
Purchase of market treasury bill 3 months	7,000

	June 30, 2022 (Rupees in '000)
<b>Riaz Textile Mills (Private) Limited</b>	
<b>Connected person due to holding more than 10%</b>	
Issue of 97,700,358 units	9,822,103
Redemption of 45,499,465 units	4,563,041
Dividend paid	317,689
<b>19.2 Balances outstanding as at period end</b>	
<b>HBL Asset Management Limited - Management Company</b>	
Remuneration payable to the Management Company	13,621
Sindh Sales Tax payable on Management Company's remuneration	1,771
Sales load payable	174
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,664
Selling and marketing expense payable	19,409
Preliminary cost payable	800
<b>Central Depository Company of Pakistan Limited - Trustee</b>	
Trustee fee payable	2,711
Sindh Sales Tax payable on Trustee Fee	352
Security deposit	100
<b>Habib Bank Limited - Sponsor</b>	
Bank balances	9,757,407
<b>HBL Micro Finance Bank</b>	
Bank balances	19,850,586
<b>HBL Asset Management Limited</b>	
Units held: 1,395,938	139,657
<b>Fauji Fertilizer Company Limited</b>	
<b>Connected person to holding more than 10%</b>	
Units held: 103,023,431	10,307,020
<b>Ibrahim Fibres Limited</b>	
<b>Connected person due to holding more than 10%</b>	
Units held: 55,802,802	5,582,814
<b>Riaz Textile Mills (Private) Limited</b>	
<b>Connected person due to holding more than 10%</b>	
Units held: 52,200,893	5,222,459
<b>Directors and executives of the Management Company</b>	
Units held: 171,415 units	17,149

## **20. FINANCIAL RISK MANAGEMENT**

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in prime quality Financial Sector Sukuks, Bank deposits, Listed equity spread based transactions and short-term money market instruments. These activities are exposed to a variety of financial risks, market risks, credit risks and liquidity risks.

### **20.1 Market risk**

Market risk is a risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, interest rate risk and price risk.

#### **20.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pakistan Rupees.

#### **20.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

##### **a) Cash flow interest rate risk**

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 6% and 18% per annum, and against investments in corporate sukuk bonds, the interest rate on which is 11.65%.

In case of 100 basis points increase / decrease in interest rates on June 30, 2022, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 443.69 million.

##### **b) Fair value interest rate risk**

The Fund's investment in market treasury bills and commercial papers is expose it to fair value interest rate risk.

In case of 100 basis points increase in rates announced by the Financial Market Association of Pakistan on June 30, 2022, with all other variables held constant, the net income for the period and the net assets would be lower by Rs. 15.85 million. In case of 100 basis points decrease in rates announced by the Financial Market Association of Pakistan on June 30, 2022, with all other variables held constant, the net income for the period and the net assets would be higher by Rs. 15.85million.

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

Particulars	----- As at June 30, 2022 -----					Total
	Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
----- Rupees in '000 -----						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	6 - 18	43,918,633	-	-	-	43,918,633
Investments						
Corporate sukuk bonds	11.65	450,000	-	-	-	450,000
Market treasury bills	12.9 - 15.21	-	-	-	438,724	438,724
Commercial Papers	12.63 - 16.21	-	-	-	1,146,089	1,146,089
Listed equity securities		-	-	-	12,042	12,042
Profit / markup receivable		-	-	-	251,794	251,794
Receivable against margin trading system					123,160	123,160
Deposits		-	-	-	3,340	3,340
<b>Sub total</b>		<b>44,368,633</b>	<b>-</b>	<b>-</b>	<b>44,368,633</b>	<b>46,343,782</b>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	36,668	36,668
Payable to the Trustee		-	-	-	2,711	2,711
Payable against purchase of investment		-	-	-	351,029	351,029
Accrued expenses and other liabilities		-	-	-	527	527
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>390,935</b>	<b>390,935</b>
<b>On-balance sheet gap (a)</b>		<b>44,368,633</b>	<b>-</b>	<b>-</b>	<b>43,977,698</b>	<b>45,952,846</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<b>44,368,633</b>	<b>-</b>	<b>-</b>	<b>43,977,698</b>	<b>45,952,846</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>44,368,633</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 20.1.3 Price risk

Price risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund's overall exposure to price risk is limited to investment in listed equities.

The net assets of the Fund will increase / decrease by approximately Rs. 0.12 million if the prices of equity vary due to increase / decrease in the PSX 100 index. This is based on the assumption that the fair value of the Fund's portfolio moves according to their historical correlation with the PSX 100 index and that the PSX 100 index increases / decreases by 1% on PSX 100 index with all other factors held constant.

### 20.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to investment in debt securities, profit / markup receivable and bank balances. Risk attributable to investments in securities issue by the GOP Ijara sukuk certificates is limited, while the bank balances are maintained with bank with a reasonably high credit rating and investment in corporate sukuk are made in good rating companies.

The Fund has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from balances with banks and financial institutions is managed in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

#### 20.2.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2022:

Name of banks / institutions	Balances held by the Fund as at June 30, 2022	Latest available published rating as at June 30, 2022	Rating agency
------------------------------	---	---	---------------

----- (Rupees in '000') -----

#### Balances with banks by rating category

HBL Micro Finance Bank	19,850,586	A-1	VIS
Soneri Bank Limited	21,551	A-1+	PACRA
Habib bank limited	9,757,407	A-1+	VIS
U Micro Finance Bank Limited	7,020,346	A-1	VIS
Mobilink Micro Bank Ltd	16,483	A-1	PACRA
Bank alfalah limited	3,898,580	A-1+	PACRA
Khushhali Bank limited	2,850,026	A-1	VIS
Finca Micro Finance Bank	503,653	A-1	VIS
Allied Bank Limited	1	A-1+	PACRA
	43,918,633		

**Investments by rating category**

Name of investee company	Balances held by the Fund as at June 30, 2022	Latest available published rating as at June 30, 2022	Rating agency
------(Rupees in '000')-----			
<b>Corporate sukuk bonds - Unlisted</b>			
K-Electric Limited	450,000	AA+	VIS
	450,000		
<b>Commercial Paper</b>			
Pak Elektron Limited	96,108	A1	PACRA
China Power Hub Generation Company	481,654	A1+	PACRA
Lucky Electric Power Company	568,327	A1+	PACRA
<b>Total Investments</b>	<u>1,146,089</u>		

**20.2.2** The analysis below summarizes the credit quality of the Fund's credit exposure in relation to balances with banks:

Rating by rating category	June 30, 2022 (Percentage)
A-1+	31.14%
A-1	68.86%

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in privately placed corporate sukus and bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

**20.3 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund, through Management Company with prior approval of Trustee, has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year no borrowings was made by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current year .

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	----- As at June 30, 2022 -----			
	Upto three months	More than three months and upto one year	More than one year	Total
	----- Rupees in '000 -----			
<b>Financial liabilities</b>				
Payable to the Management Company	36,668	-	-	36,668
Payable to the Trustee	2,711	-	-	2,711
Payable against purchase of investment	351,029	-	-	351,029
Accrued expenses and other liabilities	527	-	-	527
	390,935	-	-	390,935

## 21. UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;
- Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current period.

## 22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Particulars	June 30, 2022						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Note			(Rupees in '000)			
<b>Financial assets measured at fair value</b>	22.1						
Corporate sukuk bonds	450,000	-	450,000	-	450,000	-	450,000
Market treasury bills	438,724	-	438,724	-	438,724	-	438,724
Listed equity securities (spread transactions)	12,042	-	12,042	12,288	-	-	12,288
	<b>900,766</b>	<b>-</b>	<b>900,766</b>	<b>12,288</b>	<b>888,724</b>	<b>-</b>	<b>901,012</b>
<b>Financial assets not measured at fair value</b>	22.2						
Bank balance	-	43,918,633	43,918,633				
Commercial Paper	-	1,146,089	1,146,089				
Profit / markup receivable	-	251,794	251,794				
Receivable against margin trading system	-	123,160	123,160				
Deposits	-	3,340	3,340				
	<b>-</b>	<b>45,443,016</b>	<b>45,443,016</b>				
<b>Financial liabilities not measured at fair value</b>	22.2						
Payable to the Management Company	-	36,668	36,668				
Payable to the Trustee	-	2,711	2,711				
Payable against purchase of investment	-	351,029	351,029				
Accrued expenses and other liabilities	-	527	527				
	<b>-</b>	<b>390,935</b>	<b>390,935</b>				

**22.1 Valuation techniques**

For level 2 investments at fair value through profit or loss - investment in respect of corporate sukuk bonds and market treasury bills, Fund uses rates which are prescribed by MUFAP at reporting date in accordance with the methodology prescribed by SECP vide its circular no. 1 of 2009 dated January 6, 2009 and circular no. 33 of 2012 dated October 24, 2012 at reporting date.

**22.2** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**23. LIST OF BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

Brokers during the period ended June 30, 2022

- 1 Sherman Securities (Private) Limited
- 2 AHM Securities (Private) Limited

**24. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the Investment Committee of the Fund as on June 30, 2022 are as follows:

S.no.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	23+
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	27+
3	Wamiq Sakrani	Head of Fixed Income	MBA	13+
4	Karim Khawaja	Head of Risk	MBA, CMA	19+
5	Mustafa Mahmood Khan	Head of Research	ACCA, CFA	12+
6	Muhammad Zohaib	Senior Fund Manager	CIMA, MA	14+
7	Raza Abbas	Senior Fund Manager	M.Com	19+

**25. PATTERN OF UNIT HOLDING**

Pattern of unit holding as at June 30, 2022 is as follows:

Category	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000'				
Individuals	478	32,879,722	3,289,465	7.18%
Associated Companies	1	1,395,938	139,657	0.30%
Insurance Companies	1	517,599	51,783	0.11%
Trust	1	17,368	1,738	0.00%
NBFCs	1	20,628,217	2,063,758	4.50%
Retirement Funds	28	24,301,417	2,431,245	5.30%
Other corporate	26	375,209,953	37,538,033	81.91%
Individual Foreign	23	3,142,614	314,404	0.69%
	559	458,092,829	45,830,083	100.00%

**26. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

Six meetings of the Board of Directors were held on August 26,2021 ,September 09, 2021, October 28, 2021, February 11, 2022, April 26, 2022, May 10,2022 and May 16,2022 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar <sup>1</sup>	7	7	-	-
2	Ms. Ava A. Cowasjee <sup>1</sup>	7	5	2	May 10,2022,May 16,2022
3	Mr. Shabbir Hussain Hashmi <sup>5</sup>	5	5	-	-
4	Mr. Rayomond H. Kotwal <sup>1</sup>	7	7	-	-
5	Mr. Abrar Ahmed Mir <sup>1</sup>	7	7	-	-
6	Mr. Tariq Masaud <sup>1</sup>	7	7	-	-
7	Mr. Muhammad Afaq Khan <sup>2</sup>	3	2	1	August 26,2021,October 28,2021
8	Mr. Abid Sattar <sup>3</sup>	3	3	-	-
9	<sup>4</sup>	2	2	-	-

1 Completed term and reappointed on April 29, 2022.

2 Resigned on January ,20 2022.

3 Appointed on February 11, 2022.

4 Appointed on February April 29, 2022.

5 Completed term and retire on April 28, 2022.

**27. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan the maximum limit of total expense ratio is 2.5% and the total expense ratio of the Fund for the period ended June 30, 2022 is 0.42% which includes 0.04% representing Government levy and SECP fee.

**28. GENERAL**

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

**29. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 29, 2022 by the Board of Directors of the Management Company.

**For HBL Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**



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# HBL

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