

HBL

ASSET MANAGEMENT LTD.

ایسیٹ مینجمنٹ لمیٹڈ

AM2++ (Positive Outlook) by VIS

Annual Report 2021-22

MOVING TOWARDS
EXCELLENCE

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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.

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.

Management Company**HBL Asset Management Limited****Board of Directors** (Composition as of August 29, 2022)

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

Audit Committee

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

Human Resource Committee

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

Risk Management Committee

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

Technology Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

AMC Rating

AM2++ (Positive Outlook)

Legal AdvisorBawany & Partners,
Lane 13, D.H.A Phase 6, Bukhari Commercial Area,
Defense Housing Authority, Karachi.**Website**

www.hblasset.com

Head Office & Registered Office

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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Islamic Money Market Fund, HBL Islamic Income Fund, HBL Islamic Stock Fund, HBL Islamic Equity Fund, HBL Islamic Asset Allocation Fund, HBL Islamic Financial Planning Fund and HBL Islamic Dedicated Equity Fund (the Funds) for the 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 KMI-30 index declined by 7,855pts or 10.3% to close at 68,766pts. 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 (7,090 pts), Food (1,007 pts), Engineering (923 pts) and OGMCs (909 pts) sectors. On the other hand, major positive contribution came from Fertilizer (1,686 pts), and Chemical (1,401 pts) sectors.

During the period, average traded volume declined by 59% YoY to 53mn shares, while average traded value declined by 49% YoY to PKR 3.6bn. 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 to 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%.

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%. Hence, we believe that Pakistan equities offer a good opportunity for long-term investors.

FUND'S PERFORMANCE AND PAYOUTS

HBL Islamic Money Market Fund

The total income and net income of the Fund was Rs. 965.93 million and Rs. 947.49 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) of the Fund was Rs. 101.2171 per unit as on June 30, 2022 as compared to Rs. 101.1940 per unit as on June 30, 2021, after incorporating dividend of Rs. 9.6178 per unit, thereby giving an annualized return of 9.99%. During the year the benchmark return (3 Month bank deposit rates) was 3.68%. The size of Fund was Rs. 15.54 billion as on June 30, 2022 as compared to Rs. 6.64 billion at the start of the year.

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

HBL Islamic Income Fund

The total income and net income of the Fund was Rs. 253.61 million and Rs. 240.99 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) of the Fund was Rs. 102.7607 per unit as on June 30, 2022 as compared to Rs. 101.7500 per unit as on June 30, 2021, after incorporating dividend of Rs. 10.30 per unit, thereby giving an annualized return of 11.14%. During the same year the benchmark return (6 Month bank deposit rates) was 3.34%. The size of Fund was Rs. 4.67 billion as on June 30, 2022 as compared to Rs. 1.02 billion at the start of the year.

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

HBL Islamic Stock Fund

The total and net loss of the Fund was Rs. 181.72 million and Rs. 203.81 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) of the Fund was Rs. 88.4322 per unit as on June 30, 2022 as compared to Rs. 123.9845 per unit as on June 30, 2021, thereby giving a negative return of 28.67% during the year, against the benchmark return (KMI 30 Index) of negative 10.25%. The size of Fund was Rs. 0.41 billion as on June 30, 2022 as compared to Rs. 0.76 billion at the start of the year.

HBL Islamic Equity Fund

The total and net loss of the Fund was Rs. 123.35 million and Rs. 134.09 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) of the Fund was Rs. 69.9797 per unit as on June 30, 2022 as compared to Rs. 105.0735 per unit as on June 30, 2021, thereby giving a negative return of 33.40% during the year, against the benchmark return (KMI 30 Index) of 10.25%. The size of Fund was Rs. 0.15 billion as on June 30, 2022 as compared to Rs. 0.62 billion at the start of the year.

HBL Islamic Asset Allocation Fund

Under HBL Islamic Asset Allocation Fund (HBL-IAAF), the HBL Islamic Asset Allocation Fund – Plan 1 (HBL IAAF-Plan1) has been constituted on July 13, 2020.

The total and net income of the Fund including HBL IAAF-Plan1 was Rs. 221.70 million and Rs. 210.10 million respectively during the period ended June 30, 2022. The Net Asset Value (NAV) of the HBL-IAAF decreased from Rs. 112.9636 per unit as on June 30, 2021 to Rs. 108.5372 per unit as on June 30, 2022, thereby giving a negative return of 3.92% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) of negative 1.46%. The Net Asset Value (NAV) of the HBL-IAAF Plan-1 was Rs. 100.5354 per unit as on June 30, 2022 (after incorporating dividend of Rs. 9.00, thereby giving a return of 9.09% during the period against the benchmark return of 2.34%. The collective size of Fund was Rs. 2.62 billion as on June 30, 2022 as compared to Rs. 2.86 billion at the start of the year.

HBL Islamic Financial Planning Fund

HBL Islamic Financial Planning Fund comprises of two sub funds (plans) namely Active allocation plan and Conservative allocation plan.

The Fund as a whole incurred a total and net loss of Rs. 8.31 million and Rs. 8.93 million respectively during the year under review. The fund size of the fund stood at Rs. 0.12 billion. Performance review for plan is given below:

Active Allocation Plan

During the year under review, the Active allocation plan incurred a total and net loss of Rs. 8.61 million and Rs. 8.89 million respectively. The net assets of the Active allocation plan stood at Rs. 123 million representing Net Asset Value (NAV) of Rs. 87.1696 per unit as at June 30, 2022 as compared to Rs. 115.8209 as at June 30, 2021. The plan earned a negative return of 24.74% for the year under review against the benchmark return of negative 7.08%. The plan is invested to the extent of 98% in fixed income funds.

Conservative Allocation Plan

During the year under review, the Conservative allocation plan earned and incurred total income and net loss of Rs. 0.30 million and Rs. 0.04 million respectively. The net assets of the Conservative allocation plan stood at Rs. 0.73 million representing Net Asset Value (NAV) of Rs. 90.9171 per unit as at June 30, 2022 as compared to Rs. 114.9507 as at June 30, 2021. The plan earned a negative return of 20.91% for the year under review against the benchmark return of 0.85%. The plan is invested to the extent of 58% in fixed income funds.

HBL Islamic Dedicated Equity Fund

During the period under review, the Islamic Dedicated Equity Fund remained inactive for the tenure and its fund size stands nil as all units were redeemed by Fund of Fund Plans managed by the Company as disclosed in note 1.7 to the financial statements of the Fund.

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 KPMG Taseer Hadi & Co., Chartered Accountants, existing auditors of HBL Islamic Money Market Fund, HBL Islamic Asset Allocation Fund and HBL Islamic Financial Planning 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 these Funds for the year ending June 30, 2023.

M/s Yousuf Adil & Co., Chartered Accountants, existing auditors of HBL Islamic Income Fund and HBL Islamic Dedicated Equity 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 these Funds for the year ending June 30, 2023.

M/s A.F.Fergusons & Co., Chartered Accountants, existing auditors of HBL Islamic Stock 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 HBL Islamic Stock Fund for the year ending June 30, 2023.

M/s BDO Ebrahim & Co., Chartered Accountants, existing auditors of HBL Islamic Equity 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 HBL Islamic Equity 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 and 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 ایسٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کو 30 جون 2022 کو ختم ہونے والے سال کے لیے ایچ بی ایل ایسٹ مینجمنٹ مارکیٹ فنڈ، ایچ بی ایل ایسٹ مینجمنٹ ایسٹ اسلامک اسٹاک فنڈ، ایچ بی ایل ایسٹ مینجمنٹ ایسٹ ایلوکیشن فنڈ، ایچ بی ایل ایسٹ مینجمنٹ ایسٹ اسلامک فنڈ پلاننگ فنڈ اور ایچ بی ایل ایسٹ مینجمنٹ ایسٹ ایلوکیشن فنڈ (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 پروگریڈ بٹ 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 مائٹری اور مالیاتی پالیسی اقدامات کیے ہیں۔ تاہم، حالیہ جغرافیائی سیاسی پیشرفتوں 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 ہے (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 نئی اقدامات کیے ہیں، جیسے کہ بعض اشیاء کی درآمد پر 100 فیصد نقد مارجن کی شرط عائد کرنا، اور بعض پر تعین 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 پمپنگ کی طرف کی کاؤٹس اب بھی برقرار ہیں۔

مالی سال 22 کے دوران مالیاتی خسارہ GDP کا 7.9 فیصد (5,260 بلین روپے) ریکارڈ کیا گیا، جو گزشتہ سال کی اسی مدت (SPLY) کے دوران GDP کا 6.1 فیصد (3,403 بلین روپے) کا تھا۔ اسی طرح، پرائمری بیلنس پوسٹ 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 بیسڈ LSMIF22 آؤٹ پٹ جون 22 میں 2.14 فیصد بڑھ گیا، جس سے LSMIF22 کی نمو 7.7 فیصد سالانہ ہو گئی۔ یہ بنیادی طور پر خوراک، مشروبات اور تباہی (2.15 فیصد) کے دو سازی (9.19 فیصد)، اور آٹوموبائلز (6.24 فیصد) کے ذریعے کارفرما تھا۔

اسٹاک مارکیٹ کا جائزہ

مالی سال 22 کے دوران، KMI-30 انڈیکس pts 7855 یا 10.3 فیصد کمی کے ساتھ pts 68,788 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) مائٹری سختی کا آغاز، (iv) غیر یقینی مقامی سیاسی صورتحال، (v) خطے میں جغرافیائی سیاسی مسائل، (vi) IMF پروگرام کی بحالی میں تاخیر، (vii) زر مبادلہ 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 فرنیچر مارکیٹ انڈیکس میں پاکستان کی دوبارہ درج بندی کے بعد مسلسل غیر ملکی فروخت۔

مالی سال 22 کے دوران سینٹ (7,090 pts) بوڈ (1,007 pts)، انجینئرنگ (923 pts) اور او جی ایم سی (909 pts) کے شعبوں سے بڑا منفی حصہ آیا۔ دوسری طرف، اہم مثبت شراکت فریلائیڈ (1686 pts) اور کیمیکل (1401 pts) کے شعبوں سے آئی۔

اس عرصے کے دوران، اوسط تجارت کا حجم 59 فیصد ساہا سال کی سے 53mn حصص پر آگیا، جبکہ اوسط تجارت کی قیمت 49 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 تھے۔

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 ممکن طور پر ایکویٹی مارکیٹ میں کسی بھی کمی کو محدود کر سکتا ہے۔ پرکشش قیمتوں کی وجہ سے ہمارا 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 ایشیا کے 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۔

GOP اجارہ سلوک 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 سلوک میں 6.03 بلین پاکستانی روپے (12.9406 فیصد پر) اور VRR سلوک 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، اعتماد 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 ٹریلین 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 ٹریلین پاکستانی روپے کے ساتھ پیٹرولیم 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 بہترین 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 نرمی کی توقع کی وجہ سے مالی سال 24 سے افراط زر 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 سلوک اور دیگر GoP گارنٹیڈ سلوک جاری کرے گی۔

سستی قیمتوں کی وجہ سے پاکستانی ایکویٹی کے بارے میں ہمارا طویل المدتی نقطہ نظر مثبت ہے۔ ایکویٹی مارکیٹ 14.5x کے علاقائی اوسط کے مقابلے میں 4.1x P/E ملٹی پل پر ٹریڈ کر رہی ہے اور 8.2 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۔

فنڈ کی کارکردگی اور ادائیگیاں ایچ بی ایل اسلامک منی مارکیٹ فنڈ

فنڈ کی کل آمدنی اور خالص آمدنی 30 جون کو ختم ہونے والے سال کے دوران بالترتیب 965.93 ملین روپے اور 947.49 ملین روپے تھی۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 101.1940 روپے کے مقابلے میں 101.2171 فی یونٹ تھی۔ منافع کو شامل کرنے کے بعد 9.6178 فیصد یونٹ اس طرح 9.99 کا سالانہ منافع دیتا ہے۔ سال کے دوران بیچ مارک ریٹرن (3 ماہ کے بینک ڈپازٹ کی شرح) 3.68 فیصد تھی۔ فنڈ کا حجم 30 جون 2022 تک 15.54 بلین روپے تھا جو کہ سال کے آغاز میں 6.64 بلین روپے تھا۔

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ میں AA+(f) کی فنڈ استحکام کی درجہ بندی کی دوبارہ تصدیق کی ہے۔

ایچ بی ایل اسلامک انکم فنڈ

30 جون کو ختم ہونے والے سال کے دوران فنڈ کی کل آمدنی اور خالص آمدنی بالترتیب 253.61 ملین روپے اور 240.99 ملین روپے تھی۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 102.7607 روپے تھی جو کہ 30 جون 2021 تک 101.7500 فی یونٹ تھی۔ منافع کو شامل کرنے کے بعد 10.30 فی یونٹ، اس طرح 11.14 فیصد سالانہ منافع دیتا ہے۔ اسی سال کے دوران بیچ مارک ریٹرن (6 ماہ کے بینک ڈپازٹ کی شرح) 3.34 فیصد تھی۔ فنڈ کا حجم 30 جون 2022 تک 4.67 بلین روپے کے مقابلے میں سال کے آغاز میں 1.20 بلین روپے تھا۔

ایچ بی ایل اسلامک اسٹاک فنڈ

30 جون 2022 کو ختم ہونے والے سال کے دوران فنڈ کا کل اور خالص نقصان بالترتیب 181.72 ملین روپے اور 203.81 ملین روپے تھا۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 88.4322 روپے تھی جبکہ 30 جون 2021 تک 123.9845 روپے فی یونٹ تھا، اس طرح سال کے دوران منفی 10.25 فیصد کے بیچ مارک ریٹرن (30 KMI انڈیکس) کے مقابلے میں 28.67 فیصد کا منفی منافع دیا۔ فنڈ کا حجم 30 جون 2022 تک 0.41 بلین روپے کے مقابلے میں سال کے آغاز میں 0.76 بلین روپے تھا۔

ایچ بی ایل اسلامک ایکویٹی فنڈ

30 جون کو ختم ہونے والے سال کے دوران بالترتیب فنڈ کا کل اور خالص نقصان 123.35 ملین روپے اور 134.09 ملین روپے تھا۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2022 تک فی یونٹ 69.9797 روپے تھی جبکہ 30 جون 2021 تک 105.0735 روپے فی یونٹ تھا، اس طرح سال کے دوران 33.40 فیصد کا منفی ریٹرن تھا، 10.25 فیصد کے بیچ مارک ریٹرن (30 KMI انڈیکس) کے مقابلے میں۔ فنڈ کا حجم 30 جون 2022 تک 15.0 بلین روپے کے مقابلے میں سال کے آغاز میں 62.0 بلین روپے تھا۔

ایچ بی ایل اسلامک ایسٹ ایلوکیشن فنڈ

HBL اسلامک ایسٹ ایلوکیشن فنڈ (HBL-IAAF) کے تحت، HBL اسلامک ایسٹ ایلوکیشن فنڈ - پلان 1 (HBL IAAF-Plan1) 13 جولائی 2020 کو تشکیل دیا گیا ہے۔ 30 جون 2022 کو ختم ہونے والے سال کے دوران HBL IAAF-Plan1 سمیت فنڈ کی کل اور خالص آمدنی بالترتیب 221.70 ملین روپے اور 210.10 ملین روپے تھی HBL-IAAF کی خالص اثاثہ قیمت (NAV) 112.9636 روپے فی یونٹ سے کم ہو کر 30 جون 2022 کو فی یونٹ 108.5372 رہی۔

اس طرح بیچ مارک ریٹرن (30 KMI انڈیکس کا اوسط یومیئر ریٹرن اور A ریٹڈ یا اس سے اوپر کے بینکوں میں 6 ماہ کی ڈپازٹ کی شرح) کے مقابلے میں اس مدت کے دوران 3.92 فیصد اور 1.46 فیصد کا منفی منافع دیتا ہے۔ 30 جون 2022 تک HBL-IAAF پلان 1 کی خالص اثاثہ قیمت (NAV) 100.5354 روپے فی یونٹ (9.00 روپے کے ڈیویڈنڈ کو شامل کرنے کے بعد، اس طرح 2.34 فیصد کے بیچ مارک ریٹرن کے مقابلے میں اس مدت کے دوران 9.09 فیصد کی واپسی ہوئی۔ 30 جون 2022 کو فنڈ کا مجموعی سائز 62.2 بلین روپے تھا۔ جبکہ سال کے آغاز میں 2.62 بلین روپے تھا۔

ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ

HBL اسلامک فنانشل پلاننگ فنڈ دو ذیلی فنڈز (پلانز) پر مشتمل ہے یعنی ایکٹو ایلوکیشن پلان اور کنزرویٹو ایلوکیشن پلان۔ فنڈ کو مجموعی طور پر بالترتیب 8.31 بلین روپے اور 8.93 بلین روپے خالص نقصان ہوا۔ فنڈ کا حجم 0.12 بلین روپے رہا۔

منصوبہ 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 8.61 ملین روپے اور 8.89 ملین روپے کا خالص نقصان اٹھایا۔ ایکٹو ایلوکیشن پلان کے 123 ملین روپے کی خالص اثاثہ قیمت (NAV) کی نمائندگی کرتا ہے۔ 30 جون 2022 تک فی یونٹ 87.1696 روپے تھا جبکہ 30 جون 2021 تک 115.8209 تھا۔ پلان نے زیر جائزہ سال کے لیے منفی 7.08 فیصد کے بیچ مارک ریٹرن کے مقابلے میں 24.74 فیصد کا منفی منافع حاصل کیا۔ پلان فکسڈ انکم فنڈز میں 98 فیصد تک سرمایہ کاری کرتا ہے۔

کنزرویٹو ایلوکیشن پلان

موجودہ سال کے دوران، کنزرویٹو ایلوکیشن پلان نے کمائی اور کل آمدنی پر بالترتیب 0.30 ملین اور روپے اور 0.04 ملین روپے کا خالص نقصان اٹھایا۔ 30 جون 2022 تک کنزرویٹو ایلوکیشن پلان کے خالص اثاثے 0.73 ملین روپے تھے۔ خالص اثاثہ قیمت (NAV) کی نمائندگی کرتے ہوئے 30 جون 2022 تک فی یونٹ 90.9171 روپے تھا جو کہ 30 جون 2021 تک 114.9507 روپے تھا۔ پلان نے 0.85 فیصد کے بیچ مارک ریٹرن کے مقابلے میں زیر جائزہ سال کے لیے 20.19 فیصد کا منفی منافع حاصل کیا۔ پلان فکسڈ انکم فنڈز میں 85 فیصد کی حد تک سرمایہ کاری کرتا ہے۔

HBL اسلامک ڈیڈ ایکٹیوٹی فنڈ

زیر جائزہ مدت کے دوران، اسلامک ڈیڈ ایکٹیوٹی فنڈ مدت کے لیے غیر فعال رہا اور اس کے فنڈ کا حجم صفر ہے کیونکہ تمام یونٹس کو کمپنی کے زیر انتظام فنڈ آف فنڈ پلانز کے ذریعے بحال کیا گیا جیسا کہ فنڈ کے مالیاتی بیانات کے نوٹ 1.7 میں ظاہر کیا گیا ہے۔

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 تفویض کردہ درجہ بندی پر آؤٹ لک کو مستحکم سے مثبت میں تبدیل کر دیا گیا ہے۔

آڈیٹرز

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

میسرز یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، HBL اسلامک انکم فنڈ اور HBL اسلامک ڈیڈ ایکٹیوٹی فنڈ کے موجودہ آڈیٹرز ریٹائر ہو گئے ہیں۔ آڈٹ کمپنی 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۔

میسرز A.F.Fergusons & Co چارٹرڈ اکاؤنٹنٹس ایچ بی ایل اسلامک اسٹاک فنڈ کے موجودہ آڈیٹرز ریٹائر ہو گئے ہیں۔ آڈٹ کمپنی 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 ہوں گے۔

میسرز BDO ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ایچ بی ایل اسلامک ایکویٹی فنڈ کے موجودہ آڈیٹرز ریٹائر ہو چکے ہیں۔ آڈٹ کمپنی 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۔

یونٹ ہولڈنگ کا پیٹرن

یونٹ ہولڈنگ کے پیٹرن سے متعلق تفصیلات فنڈز کے متعلقہ مالی بیانات میں فراہم کی گئی ہیں۔ ساز کے لحاظ سے یونٹ ہولڈنگ کی تقسیم متعلقہ فنڈز کی سالانہ فنڈ میجر 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 اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور ڈیجیٹل کسٹوڈین کمپنی لمیٹڈ کی بطور ٹرسٹی، 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 ایسٹ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر



HBL Islamic Money Market Fund

NAME OF FUND	HBL ISLAMIC MONEY MARKET FUND
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	KPMG Taseer Hadi & Co., Chartered Accountants
NAME OF SHARIAH ADVISORS	Al - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Habib Bank Limited Askari Bank Limited Habib Metropolitan Bank Limited Bank Al Habib Limited Allied Bank Limited Faysal Bank Limited Summit Bank Limited

Type and Category of Fund

Open end Islamic Money Market Fund

Investment Objective and Accomplishment of Objective

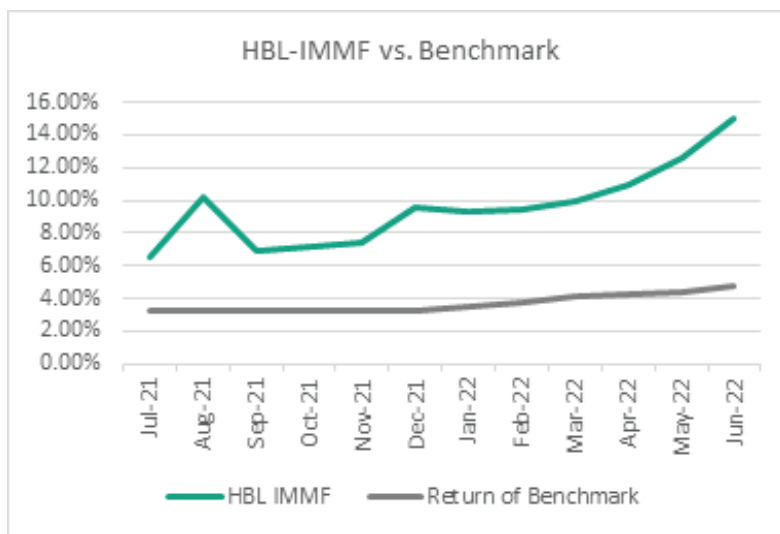
The investment objective of the Fund is to seek high liquidity, competitive return and maximum possible preservation of Capital for investors by investing in low risk Shariah Compliant securities. The investment objective is achieved.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is average 3 Months average deposit rates of 3 AA rated Islamic Banks or Islamic Windows of Conventional Bank as selected by MUFAP.

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

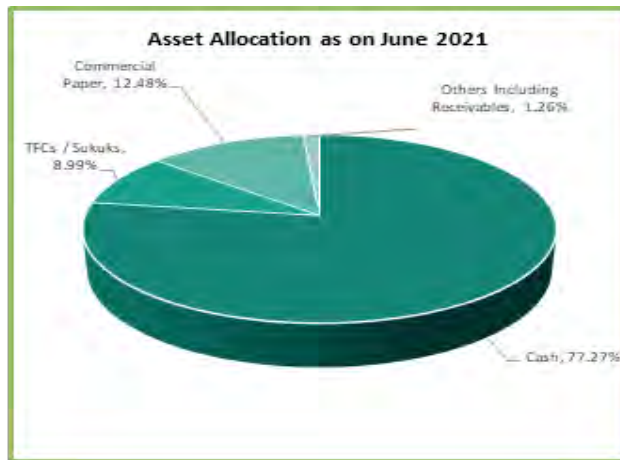
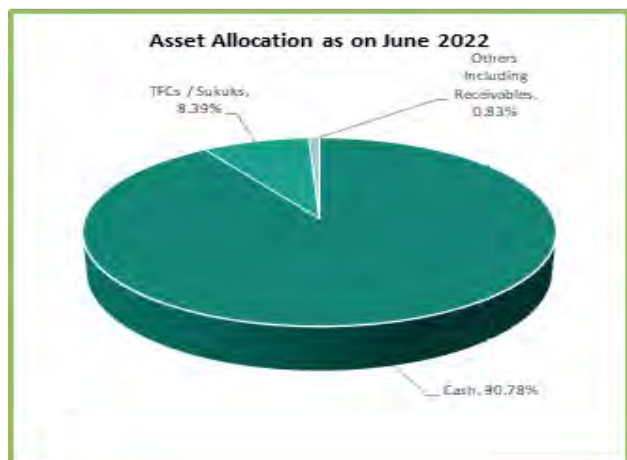
Month	HBL-IMMF	Benchmark
Jun-22	14.94%	4.72%
May-22	12.54%	4.34%
Apr-22	10.90%	4.26%
Mar-22	9.95%	4.09%
Feb-22	9.45%	3.77%
Jan-22	9.26%	3.47%
Dec-21	9.52%	3.27%
Nov-21	7.43%	3.20%
Oct-21	7.21%	3.20%
Sep-21	6.92%	3.20%
Aug-21	10.16%	3.30%
Jul-21	6.57%	3.28%



Strategies and Policies employed during the Period

The Fund continued to remain majorly invested in bank deposit due to absence of investment opportunities in Islamic universe. During the year investment in short term Islamic commercial papers and short term Sukuk assisted the fund manager to support the bottom line of the fund. However, this mode of investment is limited to a few issuers because Money Market Schemes have duration and rating limitations. At the end of period, asset allocation comprised of 90.78% investment in DPA accounts and remaining 8.39% in Islamic Commercial Papers and short term Sukuk. Going forward, we will explore further options to invest the funds in shorter duration placement opportunities to augment the returns.

Asset Allocation



Fund Performance

The total income and net income of the Fund was Rs. 965.93 million and Rs. 947.49 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) of the Fund was Rs. 101.2171 per unit as on June 30, 2022 as compared to Rs. 101.1940 per unit as on June 30, 2021, after incorporating dividend of Rs. 9.6178 per unit, thereby giving an annualized return of 9.99%. During the year the benchmark return (3 Month bank deposit rates) was 3.68%. The size of Fund was Rs. 15.54 billion as on June 30, 2022 as compared to Rs. 6.64 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. 9.6178 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 period under review.

Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	2,198	34,908
101 – 500	212	45,252
501 – 1,000	75	53,254
1,001 – 10,000	427	1,975,883
10,001 – 100,000	502	17,093,874
100,001 – 500,000	104	21,872,391
500,001 – 1,000,000	17	12,161,965
1000,001 – 5,000,000	11	25,767,753
5,000,001 and above	5	74,530,631
Total	3,551	153,535,911

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 ISLAMIC MONEY MARKET FUND**
As at June 30, 2022

	2022	2021	2020	2019	2018	2017
Net assets at the period end(Rs'000)	15,540,463	6,640,304	8,423,242	1,050,315	957,109	835,282
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES						
Redemption	101.2171	101.1940	101.1744	100.9968	104.9735	100.6277
Offer	102.3609	102.3375	102.3177	102.1381	104.9735	100.6277
OFFER / REDEMPTION DURING THE PERIOD - RUPEES						
Highest offer price per unit	102.3177	102.9680	103.2023	110.0993	104.9735	104.7144
Lowest offer price per unit	102.3177	101.1744	102.1381	100.8796	100.6620	100.5319
Highest redemption price per unit	101.1744	101.8175	102.0491	108.8691	104.9735	104.7144
Lowest redemption price per unit	101.1744	101.1744	100.9968	100.8796	100.6620	100.5319
RETURN (%)						
Total return	9.99%	6.47%	11.38%	8.11%	4.32%	4.19%
Income distribution	9.62%	6.33%	10.77%	8.00%	4.15%	4.20%
Capital growth	0.37%	0.14%	0.61%	0.11%	0.17%	-0.01%
DISTRIBUTION						
Final dividend distribution- Rs	9.6178	6.3321	10.7689	8.00	4.15	4.20
Date of Income Distribution	Different Dates	Different Dates	Different Dates	28-Jun-19	4-Jul-18	20-Jun-17
Total dividend distribution for the year/ period	9.62	6.33	10.77	8.00	4.15	4.20
AVERAGE RETURNS (%)						
Average annual return 1 year	9.99%	6.47%	11.38%	8.11%	4.32%	4.19%
Average annual return 2 year	8.22%	8.90%	9.73%	6.20%	4.26%	4.25%
Average annual return 3 year	9.26%	8.63%	7.90%	5.53%	4.27%	5.06%
Weighted average portfolio during (No. of days)						
PORTFOLIO COMPOSITION - (%)						
Percentage of Total Assets as at 30 June:						
Bank Balances	86.09%	77.27%	87.62%	87.68%	90.67%	100%
Commercial paper	6.63%	12.48%	3.75%	11.16%	-	-
Placement with Banks and DFIs	0.00%	0.00%	0.00%	0.00%	8.82%	-
TFCs / Sukuks	5.91%	8.99%	7.99%	-	-	-
Others	1.37%	1.26%	0.64%	1.16%	0.51%	-

Note:

The Launch date of the Fund is May 10, 2011

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**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahr-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 ISLAMIC 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 Islamic 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:

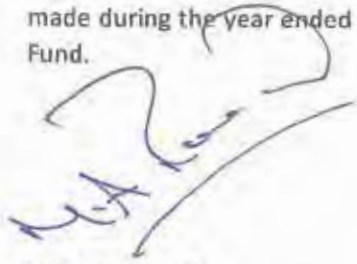
- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance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

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Money Market Fund (the fund) has fully complied with the Shariah Principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during the year ended June 30, 2022. This has been duly confirmed by the Shariah Advisor of the Fund.

**Mir Adil Rashid**

Chief Executive Officer

Dated: August 29, 2022

September 15, 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين، والصلاة والسلام على سيد الانبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2022 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in HBL Islamic Money Market Fund (HBL-IMMF) managed by HBL Asset Management Company Limited are halal and in accordance with Shariah principles.

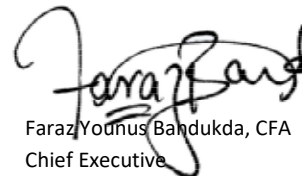
May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

والله أعلم بالصواب، وصلى الله على نبينا محمد وعلى آله وصحبه وبارك وسلم

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.



Mufti Irshad Ahmad Aijaz
Member Shariah Council

Faraz Yodnus Bandukda, CFA
Chief Executive



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

**Independent Reasonable Assurance Report to the Unit Holders on
the Statement of Compliance with the Shariah Principles**

We were engaged by the Board of Directors of HBL Asset Management Limited, Management Company of **HBL Islamic Money Market Fund (the Fund)**, to report on Fund's Compliance with the Shariah Principles as set out in the annexed statement prepared by the Management Company for the year ended June 30, 2022, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended June 30, 2022.

Responsibilities of the Management Company

The Management Company is responsible for preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. The Management Company is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund are in substance and in their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with

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ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal control. Reasonable assurance is less than absolute assurance.

The procedures performed included performing tests of controls for making investments, maintaining bank accounts and transferring impure income to charity in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

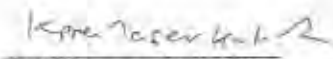
Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended June 30, 2022, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Date: 28 September 2022

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants



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INDEPENDENT AUDITORS' REPORT

To the Unit holders of HBL Islamic Money Market Fund

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 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 International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2022 but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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



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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.



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Report on Other Legal and Regulatory Requirements

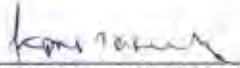
In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditors' report is Zeeshan Rashid.

Date: 28 September 2022

Karachi

UDIN: AR202210188AXIQWnK54


KPMG Taseer Hadi & Co.
Chartered Accountants

HBL Islamic Money Market Fund

Statement of Assets and Liabilities

As at June 30, 2022

		2022	2021
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	14,146,600	5,153,150
Investments	5	1,306,000	1,432,575
Accrued mark-up	6	127,107	82,971
Advances, deposits and prepayment	7	877	880
Total Assets		15,580,584	6,669,576
Liabilities			
Payable to the Management Company	8	5,534	1,769
Payable to the Trustee	9	786	400
Payable to Securities and Exchange Commission of Pakistan	10	1,913	1,452
Accrued expenses and other liabilities	11	31,888	25,650
Total Liabilities		40,121	29,271
Net Assets		15,540,463	6,640,305
Unit Holders' fund (as per statement attached)		15,540,463	6,640,305
Contingencies and commitments	12		
		----- (Number of units) -----	
Number of units in issue	13	153,535,911	65,619,532
		----- (Rupees) -----	
Net assets value per unit		101.2171	101.1940

The annexed notes 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 Islamic Money Market Fund

Income Statement

For the year ended June 30, 2022

	2022	2021
Note	----- (Rupees in '000) -----	
Income		
Profit on deposits with banks calculated using the effective yield method	692,832	313,136
Return on investments calculated using the effective yield method	273,011	188,219
Net realised gain on sale of investments	83	543
	965,926	501,898
Expenses		
Remuneration of the Management Company	24,283	23,601
Remuneration of the Trustee	6,140	5,332
Annual fee to the Securities and Exchange Commission of Pakistan	1,913	1,452
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,390	3,184
Selling and marketing expense	1,390	3,184
Auditors' remuneration	419	395
Settlement and bank charges	1,120	1,175
Fee and subscription	725	536
Printing and stationery	61	31
	37,441	38,890
Net income from operating activities	928,485	463,008
Provision for Sindh Workers' Welfare Fund	19,002	(9,280)
Net income for the year before taxation	947,487	453,728
Taxation	-	-
Net income for the year after taxation	947,487	453,728
Allocation of net income for the year:		
Net income for the year after taxation	947,487	453,728
Income already paid on redemption of units	-	(22,279)
	947,487	431,449
Accounting income available for distribution:		
- Relating to capital gains	-	-
- Excluding capital gains	947,487	431,449
	947,487	431,449
Earnings per unit	18	

The annexed notes 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 Islamic Money Market Fund
Statement of Comprehensive Income
For the year ended June 30, 2022

	2022	2021
	----- (Rupees in '000) -----	
Net income for the year after taxation	947,487	453,728
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>947,487</u>	<u>453,728</u>

The annexed notes 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 Islamic Money Market 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	Total	Capital value	Undistributed Income	Total
	(Rupees in '000)					
Net assets at beginning of the year	6,618,598	21,707	6,640,305	8,400,268	21,468	8,421,736
Issuance of 304,673,046 units (2021: 173,858,867 units)						
- Capital value (at net asset value per unit at the beginning of the period)	30,831,084	-	30,831,084	17,585,661	-	17,585,661
- Element of (Loss) / income	(5,970)	-	(5,970)	52,796	-	52,796
Total proceeds on issuance of units	30,825,114	-	30,825,114	17,638,457	-	17,638,457
Redemption of 216,756,667 units (2021:191,479,124 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(21,934,474)	-	(21,934,474)	(19,368,380)	-	(19,368,380)
- Element of Income/(Loss)	4,245	-	4,245	(5,655)	(22,279)	(27,934)
Total payments on redemption of units	(21,930,229)	-	(21,930,229)	(19,374,035)	(22,279)	(19,396,314)
Total comprehensive income for the year	-	947,487	947,487	-	453,728	453,728
Interim distributions	-	(942,214)	(942,214)	-	(431,210)	(431,210)
Refund of Capital	-	-	-	(46,092)	-	(46,092)
Total distribution	-	(942,214)	(942,214)	(46,092)	(431,210)	(477,302)
Net assets at end of the year	15,513,483	26,980	15,540,463	6,618,598	21,707	6,640,305
Undistributed income brought forward						
- Realised income		21,707			21,468	
- Unrealised income		-			-	
		21,707			21,468	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		947,487			431,449	
		947,487			431,449	
Interim distributions		(942,214)			(431,210)	
Undistributed income carried forward		26,980			21,707	
Undistributed income carried forward						
- Relating to realised gain		26,980			21,707	
- Relating to unrealised gain		-			-	
		26,980			21,707	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		101.1940			101.1744	
Net assets value per unit at end of the year		101.2171			101.1940	

The annexed notes 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 Islamic Money Market Fund

Cash Flow Statement

For the year ended June 30, 2022

	2022	2021
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Net income for the year before taxation	947,487	453,728
Adjustments for:		
Profit on deposits with banks calculated using the effective yield method	(692,832)	(313,136)
Realised gain on investments	83	-
Return on investments calculated using the effective yield method	(273,011)	(188,219)
	<u>(18,273)</u>	<u>(47,627)</u>
<i>(Increase) / Decrease in assets</i>		
Advances, deposits and prepayment	3	(4)
Investments	126,492	(252,517)
	126,495	(252,521)
<i>Increase in liabilities</i>		
Payable to the Management Company	3,765	(1,620)
Payable to the Trustee	386	(117)
Payable to Securities and Exchange Commission of Pakistan	461	836
Accrued expenses and other liabilities	6,238	8,343
	10,850	7,442
Profit received on deposit with banks	921,707	283,979
Net cash generated from / (used in) operating activities	<u>1,040,779</u>	<u>(8,727)</u>
Cash flows from financing activities		
Proceeds from issuance of units	30,825,114	17,592,365
Payments on redemption of units	(21,930,229)	(19,396,314)
Cash distribution	(942,214)	(431,210)
Net cash generated from / (used in) financing activities	7,952,671	(2,235,159)
Net increase / (decrease) in cash and cash equivalents	<u>8,993,450</u>	<u>(2,243,886)</u>
Cash and cash equivalents at beginning of the year	5,153,150	7,397,036
Cash and cash equivalents at end of the year	<u>14,146,600</u>	<u>5,153,150</u>

The annexed notes 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 Islamic Money Market Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on December 10, 2010.
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at 'par from May 9, 2011 to May 10, 2011.
- 1.4** The fund has been categorised as a Shariah Compliant Money Market 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 seek high liquidity and competitive Shariah Compliant return for investors by investing in low risk securities of shorter duration and maturity.
- 1.6** VIS Credit Rating Agency has assigned management quality rating of 'AM2++' (Positive Outlook) to the Management Company and the fund stability rating of AA+(f) to the Fund as of 31 December 2020.
- 1.7** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a 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) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, requirements of the Trust Deed and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirement 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, 2019 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 amendment and improvement have no impact on the financial statements of the Fund.

2.4 Critical accounting estimates and judgements

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, judgements and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgements 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 3.6)
- (b) impairment of financial assets (Note 3.6)
- (c) provisions (Note 3.14)

2.5 Basis of Measurement

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

2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalent

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

3.2 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.

3.3 Initial recognition and measurement

Financial assets 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 expensed in the income statement.

3.4 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.

3.5 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.

3.6 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;
- 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.

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.

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.

3.7 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They 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, cancelled or expired.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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 asset 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.

3.16 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.

3.17 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.

3.18 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.

3.19 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.

3.20 Other assets

Other assets are stated at cost less impairment losses, if any.

4. BANK BALANCES	Note	2022	2021
		----- (Rupees in '000) -----	
Balances with banks in:			
Savings accounts	4.1	<u>14,146,600</u>	<u>5,153,150</u>
		<u>14,146,600</u>	<u>5,153,150</u>

4.1 This represents bank balances held with different banks. Profit rates on these accounts range between 3% and 16.25% per annum (June 30, 2021: between 3.52% and 7.5% per annum).

5. INVESTMENTS	Note	2022	2021
		----- (Rupees in '000) -----	
Investment by category			
Financial assets at amortised cost			
Commercial paper	5.1	-	832,575
Sukuk certificates	5.3	<u>1,306,000</u>	<u>600,000</u>
		<u>1,306,000</u>	<u>1,432,575</u>

HBL Islamic Money Market Fund

Notes to the financial statements

For the year ended June 30, 2022

5.1 Commercial papers - at amortised cost	Maturity date	As at July 1, 2021	Placements made during the year	Income accrued	Matured / Sold during the year	As at June 30, 2022	Carrying value as a percentage of	
							Total investments	Net Assets
							----- (Rupees in '000) -----	
							----- (%) -----	
K - Electric Limited	October 19, 2021	195,181	159,247	5,572	360,000	-	-	-
K - Electric Limited	October 6, 2021	122,311	-	2,689	125,000	-	-	-
K - Electric Limited	August 10, 2021	466,167	-	3,833	470,000	-	-	-
K - Electric Limited	October 6, 2021	48,916	-	1,084	50,000	-	-	-
K - Electric Limited	April 7, 2022	-	330,735	14,265	345,000	-	-	-
K - Electric Limited	January 27, 2022	-	431,394	14,606	446,000	-	-	-
K - Electric Limited	January 27, 2022	-	39,289	711	40,000	-	-	-
K - Electric Limited	May 4, 2022	-	535,034	24,966	560,000	-	-	-
K - Electric Limited	May 15, 2022	-	315,049	14,951	330,000	-	-	-
		832,575	1,810,748	82,677	2,726,000	-	-	-

5.2 Bai Muajjal - at amortised cost	Maturity date	As at July 1, 2021	Placements made during the year	Income accrued	Matured / Sold during the year	As at June 30, 2022	Carrying value as a percentage of	
							Total investments	Net Assets
							----- (Rupees in '000) -----	
							----- (%) -----	
Pak Oman Investment Company	September 20, 2021	-	123,078	1,728	124,806	-	-	-
Pak Kuwait Investment Company	September 22, 2021	-	595,999	8,634	604,633	-	-	-
Pak Oman Investment Company	September 20, 2021	-	666,944	9,364	676,308	-	-	-
Pak Kuwait Investment Company	September 22, 2021	-	395,499	5,416	400,915	-	-	-
Pak Brunei Investment Company	September 22, 2021	-	388,078	3,173	391,251	-	-	-
Pak Brunei Investment Company	September 22, 2021	-	199,014	1,627	200,641	-	-	-
Pak Brunei Investment Company	September 22, 2021	-	109,458	895	110,353	-	-	-
Pak Brunei Investment Company	September 22, 2021	-	114,775	623	115,398	-	-	-
Pak Brunei Investment Company	September 22, 2021	-	109,785	596	110,381	-	-	-
Pak Kuwait Investment Company	November 30, 2021	-	391,021	3,701	394,722	-	-	-
Pak Kuwait Investment Company	November 30, 2021	-	623,301	5,899	629,200	-	-	-
Pak Kuwait Investment Company	November 30, 2021	-	597,911	5,149	603,060	-	-	-
		-	4,314,863	46,805	4,361,668	-	-	-

5.3 Sukuks certificate - at amortised cost	As at July 1, 2021	Purchased during the year	Matured / Sold during the year	As at June 30, 2022	Amortised cost 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) -----	
							----- (%) -----	
HUB Power Company Limited	600,000	-	600,000	-	-	-	-	-
HUB Power Company Limited	-	432,000	432,000	-	-	-	-	-
HUB Power Company Limited	-	160,000	160,000	-	-	-	-	-
HUB Power Company Limited	-	6,000	-	6,000	6,000	6,000	0.46	0.04
Lucky Electric Power Company	-	300,000	-	300,000	300,000	300,000	22.97	1.93
Lucky Electric Power Company	-	1,000,000	-	1,000,000	1,000,000	1,000,000	76.57	6.43
	600,000	1,898,000	1,192,000	1,306,000	1,306,000	1,306,000	100.00	8.40

5.3.1 Significant terms and conditions of Sukuk certificates outstanding as at June 30, 2022 are as follows:

Name of Security	Remaining Principal (per Sukuk)	Mark-up rate (per annum)	Date of Issue	Maturity Date
The HUB Power Company Limited	100,000	6 months KIBOR - 15.10%	27-Apr-22	27-Oct-22
Lucky Electric Power Company	1,875,000	6 months KIBOR - 14.30%	14-Apr-22	14-Oct-22
Lucky Electric Power Company	10,000,000	6 months KIBOR - 16.83%	15-Jun-22	15-Dec-22

6. ACCRUED MARK-UP	Note	2022	2021
		----- (Rupees in '000) -----	
Mark-up accrued on bank deposits		110,441	74,654
Mark-up accrued on Sukuk certificates		16,666	8,317
		127,107	82,971

7. ADVANCES, DEPOSITS AND PREPAYMENT		2022	2021
Prepaid annual rating fee		67	70
CDC security deposit		100	100
Advance tax	7.1	710	710
		877	880

7.1 This pertains to tax collected by bank due to non availability of withholding tax exemption certificate of certain months on profit on bank deposits which will be claimed on filing of tax return of the Fund.

8. PAYABLE TO THE MANAGEMENT COMPANY		2022	2021
		----- (Rupees in '000) -----	
In respect of:			
Management fee	8.1	2,857	1,089
Sindh Sales Tax on management fee	8.2	371	142
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	328	-
Sales load payable		588	97
Selling and Marketing expense payable		1,390	441
		<u>5,534</u>	<u>1,769</u>

8.1 As Per SECP S.R.O. 639 (I)/2019 dated June 20, 2019, there has been amendment in NBFC regulation no. 61, in which limits over management fee had been removed and directed that the asset management company shall disclose in the Offering document the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit. Further, the asset management company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document and such actual rate shall be disclosed in Fund manager report. The management fee expense charged by the asset management company varied between 0.2% and 0.3% (2021: 0.3%) during the year.

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

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

9. PAYABLE TO THE TRUSTEE		2022	2021
	Note	----- (Rupees in '000) -----	
Trustee fee	9.1	696	354
Sindh Sales Tax	9.2	90	46
		<u>786</u>	<u>400</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 in, based on the daily Net Asset Value (NAV) of the Fund.

With effect from July 01, 2019 the tariff is 0.065% per annum of Net Assets.

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

10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		2022	2021
	Note	----- (Rupees in '000) -----	
Annual fee	10.1	<u>1,913</u>	<u>1,452</u>

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

11. ACCRUED EXPENSES AND OTHER LIABILITIES	<i>Note</i>	2022	2021
		----- (Rupees in '000) -----	
Auditors' remuneration		339	318
Federal Excise Duty	<i>11.1</i>	2,185	2,185
Withholding tax payable		28,584	2,569
Provision for Sindh Workers' Welfare Fund	<i>11.2</i>	-	19,002
Other payables		427	1,259
Capital gain tax payable		46	10
Dividend payable		307	307
		31,888	25,650

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

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

The Finance Act 2016, excluded the mutual funds from the levy of FED with effect from July 01, 2016, therefore, no provision was charged during the year ended June 30, 2022.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company has made a provision on FED on remuneration of the Management Company, aggregating to Rs. 2.185 million. Had the provision not being made, the Net Asset Value per unit as at June 30, 2022 would have been higher by Rs. 0.0142 (2021: Rs. 0.0333) 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 had reversed the provision for SWWF on 13 August 2021.

12. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as on June 30, 2022.

13. NUMBER OF UNITS IN ISSUE

	<i>Note</i>	2022	2021
		-----	-----
		Number of units	
Total units in issue at the beginning of the year		65,619,532	83,239,789
Add: Units issued during the year		304,673,046	173,858,867
Less: Units redeemed during the year		<u>(216,756,667)</u>	<u>(191,479,124)</u>
Total units in issue at the end of the year		<u>153,535,911</u>	<u>65,619,532</u>

Since February 2, 2022, the Fund has started distributing its income on daily basis to its Unit Holders.

14. RETURN ON INVESTMENTS CALCULATED USING THE EFFECTIVE YIELD METHOD

	2022	2021
	-----	-----
	(Rupees in '000)	
Sukuk certificates	63,301	60,089
Commercial Paper	81,665	55,733
Bai Muajjal	128,045	64,997
UBL certificate	-	7,400
	<u>273,011</u>	<u>188,219</u>

15. AUDITORS' REMUNERATION

	2022	2021
Annual audit fee	266	253
Fee for half yearly review	47	40
Sindh Sales Tax	31	23
Shariah Compliance Audit fee	5	5
Out of pocket	<u>70</u>	<u>74</u>
	<u>419</u>	<u>395</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 percent 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. During the year, Management Company has distributed cash dividend of at least 90 percent of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

17. 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 0.39% (2021: 0.65% which includes 0.06% (2021: 0.19%) representing government levy, Sindh Worker's Welfare Fund and SECP fee.

18. EARNINGS PER UNIT

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

19. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	----- (Rupees in '000) -----		
Opening balance as at July 1, 2021	-	-	-
Receivable against issuance of units	30,825,114	-	30,825,114
Payable against redemption of units	-	21,930,229	21,930,229
	30,825,114	21,930,229	52,755,343
Amount received on issuance of units	(30,825,114)	-	(30,825,114)
Amount paid on redemption of units	-	(21,930,229)	(21,930,229)
	(30,825,114)	(21,930,229)	(52,755,343)
Closing balance as at June 30, 2022	-	-	-

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 financial statements are as follows:

Transactions during the year	2022	2021
	----- (Rupees in '000) -----	
HBL Asset Management Limited - Management Company		
Management Fee including sales tax	21,490	20,886
Sales tax on remuneration	2,794	2,715
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,390	3,184
Selling and marketing expense	1,390	3,184
Issuance of 14,826 units (2021: 1,205,225 units)	1,500	121,938
Redemption of 1,260,920 units (2021: Nil units)	127,573	-
Dividend	4,135	2,280

	2022	2021
	----- (Rupees in '000) -----	
Habib Bank Limited - Sponsor		
Issuance of nil units (2020: Nil units)	-	-
Redemption of nil units (2021: 2,240,000 units)	-	227,622
Bank charges paid	466	370
Profit on bank deposits accrued	198,754	88,356
Dividend	-	5,143
Executive and Key management personnel		
Issuance of 156,608 units (2021: 149,577 units)	13,930	15,160
Redemption of 93,237 units (2021: 160,115 units)	9,433	16,225
Dividend	695	135
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	5,434	4,719
Sales tax on remuneration	706	613
MCBFSL Trustee HBL Islamic Financial Planning Fund - Active Allocation Plan (Associate)		
Issuance of 1,179,471 units (2021: nil units)	119,332	-
Redemption of Nil units (2021: Nil units)	-	-
Dividend	1,602	-
MCBFSL Trustee HBL Islamic Financial Planning Fund - Conservative Allocation Plan (Associate)		
Issuance of 875 units (2021: Nil units)	88	-
Redemption of 689 units (2021: Nil units)	70	-
Dividend	3	-
Artistic Milliners Pvt Limited - Connected Person Due To holding 10% or more units		
Issuance of 11,860,708 (2021: 20,297,942 units)	1,200,000	2,053,632
Redemption of 15,739,605 (2021: 30,131,613 Units)	1,592,445	3,048,548
Dividend	(97,269)	162,519
Yunus Textile Mills Limited - Connected Person due to holding 10% or more units		
Issuance of 47,442,831 Units (2021: Nil units)	4,800,000	-
Redemption of 26,686,593 Units (2021: units)	2,700,000	-
Dividend	85,450	-
Archroma Pakistan Limited - Employees Gratuity Fund - Associate		
Issuance of 296,518 units (2021: Nil units)	30,000	-
Dividend	5,173	-
HBL Islamic Income Fund		
Purchase of Commercial Paper	40,000	-
Purchase of Sukuk	160,000	-
HBL Money Market Fund		
Purchase of Commercial Paper	66,000	-
Sale of Commercial Paper	70,000	-
HBL Cash Fund		
Purchase of Commercial Paper	380,000	-

20.1 Balances outstanding as at year end	2022	2021
	----- (Rupees in '000) -----	
HBL Asset Management Limited - Management Company		
Management fee *	3,228	1,231
Allocation of expenses related to registrar services, accounting, operation and valuation services	328	-
Sale load payable	588	97
Selling and marketing cost	1,390	441
Investment held in the Fund: Nil units (2021: 1,205,225 units)	-	121,961
Habib Bank Limited - Sponsor		
Investment held in the Fund: Nil units (2021: Nil units)	-	-
Bank balances	93,150	5,146,720
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable*	786	400
Executive and Key management personnel		
Investment held in the Fund: 115,385 units (2021: 34,615 units)	11,674	3,503
MCBFSL Trustee HBL Islamic Financial Planning Fund - Active Allocation Plan (Associate)		
Investment held in the Fund: 1,195,301 units (2021: Nil units)	120,934	-
MCBFSL Trustee HBL Islamic Financial Planning Fund - Conservative Allocation Plan (Associate)		
Investment held in the Fund: 213 units (2021: Nil units)	22	-
Archroma Pakistan Limited - Employees Gratuity Fund - Associate		
Investment held in the Fund: 568,894 units (2021: Nil units)	57,558	-
Artistic Milliners Pvt Limited - Connected Person due to holding 10% or more units		
Investment held in the Fund: 16,952,740 units (2020: 29,703,911 units)	1,715,183	2,010,749
Yunus Textile Mills Limited - Connected Person due to holding 10% or more units		
Investment held in the Fund: 26,548,373 units (2021: 4,947,555 units)	2,686,016	500,663

* These balances are inclusive of Sindh Sales Tax payable

** Investors who were reported as Connected Persons due to holding more than 10% units of Fund in the comparative period but does not hold at least 10% units of the Fund at the end of current period are not reported as related party.

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 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 risk, 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 because of changes in market prices.

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

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

21.1.1 Currency risk

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

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

As at June 30, 2022, the Fund hold balances in bank accounts and sukuks that could expose the Fund to cashflow interest rate risk which are classified as amortised cost. In case of 100 basis points increase / decrease in mark-up rates on June 30, 2022, with all other variables held constant, the impact on the net assets and total comprehensive income for the year as follows:

	2022	2021
	----- (Rupees in '000) -----	
Exposure		
Bank balances	<u>14,146,600</u>	<u>5,153,150</u>
Sukuks	<u>1,306,000</u>	<u>600,000</u>

21.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The fund, currently, does not have any financial instruments which are subject to price risk.

21.2 Credit risk

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

The Fund's 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 debt securities, however, are not exposed to credit risk. None of these assets are 'impaired' nor 'past due but not impaired'.

The analysis below summarises the credit quality of the Fund's bank balances, accrued mark-up and other receivable as at June 30, 2022 and June 30, 2021:

	2022	2021
	----- (Rupees in '000) -----	
Investment in sukus and commercial paper	1,306,000	1,432,575
Accrued mark-up	127,107	82,971
Advances, deposits and prepayment	877	880

Balances with banks by rating category

Name of bank	2022		
	Rating agency	Rating	Amount (Rupees in '000)
Habib Bank Limited	VIS	AAA	93,150
Allied Bank Limited	PACRA	AAA	2,867
MCB Bank Limited	PACRA	AAA	40
Meezan Bank Limited	VIS	AAA	91
United Bank Limited	VIS	AAA	5
National Bank Of Pakistan	VIS	AAA	76
Bank Alhabib Limited	PACRA	AAA	2,019
Askari Bank Limited	PACRA	AA+	23
Habib Metropolitan Bank Limited	PACRA	AA+	4,821,440
Bank Alfalah Limited	PACRA	AA+	4
Faysal Bank Limited	VIS	AA	9,225,641
Dubai Islamic Bank Limited	PACRA	AA	130
Soneri Bank Limited	PACRA	AA-	1,103
Summit Bank Limited	VIS	Suspended	11
			<u>14,146,600</u>

Name of bank	2021		
	Rating agency	Rating	Amount (Rupees in '000)
Habib bank Limited	PACRA	AAA	5,146,720
United Bank Limited	VIS	AAA	94
Allied Bank Limited	PACRA	AAA	48
Bank Al Habib Limited	PACRA	AAA	18
Meezan Bank Limited	VIS	AAA	13
MCB bank Limited	PACRA	AAA	6,028
Habib Metropolitan Bank Limited	PACRA	AA+	13
Askari Bank Limited	PACRA	AA+	24
Dubai Islamic Bank Pakistan Limited	VIS	AA	96
Faysal Bank Limited	VIS	AA	13
Soneri Bank Limited	PACRA	AA-	72
Summit Bank Limited	VIS	N/A	11
			<u>5,153,150</u>

21.2.1 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 equity securities which are primarily subject to price risk. The Fund's portfolio of other financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

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.

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 reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows;

	2022			Total
	Upto three months	More than three months and upto one year	More than one year	
	----- Rupees in '000 -----			
Liabilities				
Payable to the Management Company	5,534	-	-	5,534
Payable to the Trustee	786	-	-	786
Accrued expenses and other liabilities	1,073	-	-	1,073
	7,393	-	-	7,393
Unit holders' Fund	15,540,463	-	-	15,540,463
	2021			
	Upto three months	More than three months and upto one year	More than one year	Total
	----- Rupees in '000 -----			
Liabilities				
Payable to the Management Company	1,769	-	-	1,769
Payable to the Trustee	400	-	-	400
Accrued expenses and other liabilities	1,884	-	-	1,884
	4,053	-	-	4,053
Unit holders' Fund	6,640,305	-	-	6,640,305

21.4 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

22. FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

- 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						
		Carrying amount			Fair value			
		Fair value	At Amortised	Total	Level 1	Level 2	Level 3	Total
		through profit	cost					
		or loss						
Note		----- (Rupees in '000) -----						
Financial instruments								
Financial assets not measured at fair value								
	22.1							
		-	-	-				
		-	1,306,000	1,306,000				
		-	14,146,600	14,146,600				
		-	127,107	127,107				
		-	100	100				
		-	15,579,807	15,579,807				
Financial liabilities not measured at fair value								
		-	5,534	5,534				
		-	696	696				
		-	1,073	1,073				
		-	7,303	7,303				

		2021						
		Carrying amount			Fair value			
		Fair value	At Amortised	Total	Level 1	Level 2	Level 3	Total
		through profit	cost					
		or loss						
Note		----- (Rupees in '000) -----						
Financial instruments								
Financial assets not measured at fair value								
		-	832,575	832,575				
		-	600,000	600,000				
		-	5,153,150	5,153,150				
		-	82,971	82,971				
		-	100	100				
		-	6,668,796	6,668,796				
Financial liabilities not measured at fair value								
	22.1	-	1,769	1,769				
		-	354	354				
		-	1,884	1,884				
		-	4,007	4,007				

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 reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

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.

23 FINANCIAL INSTRUMENTS BY CATEGORY

	2022		
	At fair value through profit or loss	At Amortised cost	Total
	----- (Rupees in '000) -----		
Assets			
Commercial paper	-	-	-
Sukuk Certificates	-	1,306,000	1,306,000
Bank balances	-	14,146,600	14,146,600
Accrued mark-up on banks	-	127,107	127,107
Deposit	-	100	100
	<u>-</u>	<u>15,579,807</u>	<u>15,579,807</u>
Liabilities			
Payable to the Management Company	-	5,534	5,534
Payable to the Trustee	-	786	786
Accrued expenses and other liabilities	-	1,073	1,073
	<u>-</u>	<u>7,393</u>	<u>7,393</u>
	2021		
	At fair value through profit or loss	At Amortised cost	Total
	----- (Rupees in '000) -----		
Assets			
Commercial paper	-	832,575	832,575
Sukuk Certificates	-	600,000	600,000
Bank balances	-	5,153,150	5,153,150
Accrued mark-up on banks	-	82,971	82,971
Deposit	-	100	100
	<u>-</u>	<u>6,668,796</u>	<u>6,668,796</u>
Liabilities			
Payable to the Management Company	-	1,769	1,769
Payable to the Trustee	-	400	400
Accrued expenses and other liabilities	-	1,884	1,884
	<u>-</u>	<u>4,053</u>	<u>4,053</u>

24. 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.

- 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.

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 of Members	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

* He is Jointly Fund Manager of all other funds managed by the Management company.

26. PATTERN OF UNIT HOLDING

	2022			
	Number of unit holders	Units held	Investment amount (Rupees in '000)	Percentage investment
Individuals	3432	45,530,629	4,608,480	29.65%
Associated company	-	-	-	0.00%
Trust	14	2,641,999	267,417	1.72%
Insurance Companies	11	3,762,771	380,857	2.45%
Retirement funds	30	4,901,009	496,066	3.19%
Banks / DFIs	-	-	-	0.00%
Others	64	96,699,503	9,787,643	62.98%
	3,551	153,535,911	15,540,463	100.00%

	2021			
	Number of unit holders	Units held	Investment amount (Rupees in '000)	Percentage investment
Individuals	2,717	20,122,486	2,036,274	30.67
Associated company	1	1,205,225	121,961	1.84
Trust	8	1,224,430	123,905	1.87
Insurance Companies	3	498,447	50,440	0.76
Retirement funds	16	1,819,901	184,163	2.77
Banks / DFIs	1	3,958,646	400,591	6.03
Others	34	36,790,397	3,722,971	56.06
	2,780	65,619,532	6,640,305	100.00

27 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

	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.

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 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

Chief Financial Officer

Chief Executive Officer

Director



HBL Islamic Asset Allocation Fund

NAME OF FUND	HBL ISLAMIC ASSET ALLOCATION FUND
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	KPMG Taseer Hadi & Co., Chartered Accountants
NAME OF SHARIAH ADVISORS	Al - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Habib Bank Limited Bank Al Habib Limited Dubai Islamic Bank Limited Askari Bank Limited Soneri Bank Limited Allied Bank Limited Bank Islami Pakistan Limited Summit Bank Limited Al Baraka Bank Pakistan Limited MCB Islamic Bank Limited National Bank Limited The Bank of Khyber

Type and Category of Fund

Open end Shariah Complaint Asset Allocation Fund

Investment Objective and Accomplishment of Objective

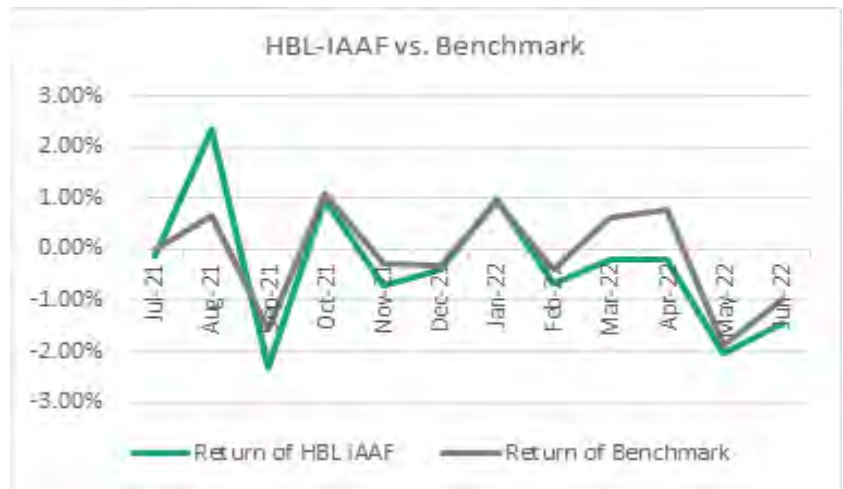
The objective of the Fund is to provide superior returns through investments in Shariah Complaint equity securities and Shariah Compliant income /money market instruments.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is Weighted average daily return of KMI30 and 6M deposit rate of A rated (and above) Islamic Banks or Islamic Banking windows of scheduled commercial banks, based on the actual proportion held by the scheme.

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

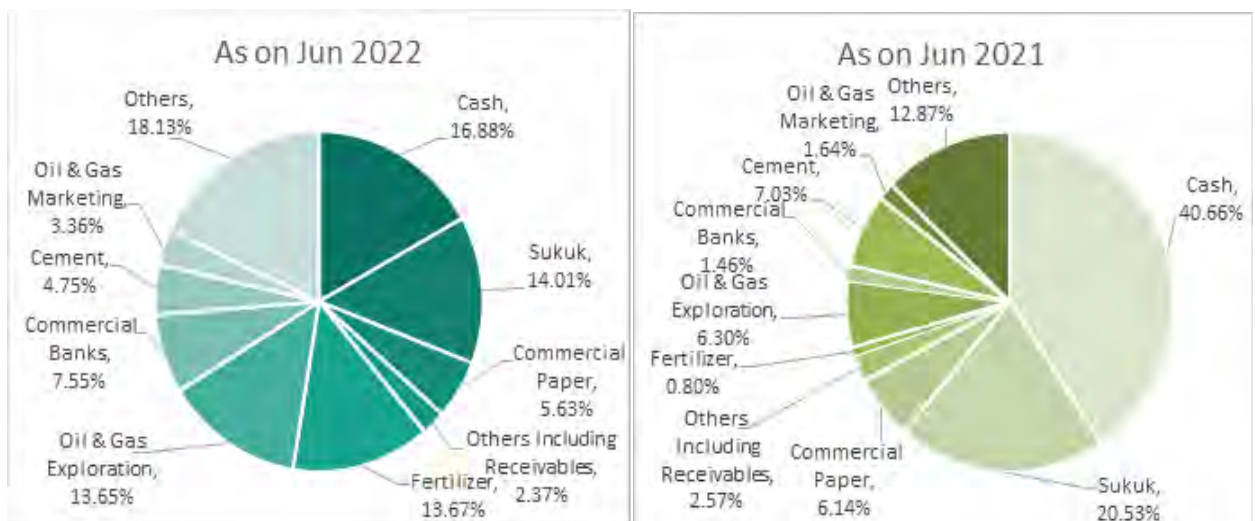
Month	Return of Fund	
	HBL-IAAF	Benchmark
Jun-22	-1.47%	-1.00%
May-22	-2.06%	-1.89%
Apr-22	-0.21%	0.76%
Mar-22	-0.22%	0.60%
Feb-22	-0.68%	-0.41%
Jan-22	0.97%	0.94%
Dec-21	-0.38%	-0.31%
Nov-21	-0.72%	-0.29%
Oct-21	0.97%	1.10%
Sep-21	-2.30%	-1.58%
Aug-21	2.32%	0.64%
Jul-21	-0.11%	0.01%



Strategies and Policies employed during the Year

During the year under review the Fund has increased its exposure in equity securities from 28% as on June 30, 2021 to 61% on June 30, 2022. Furthermore, sector wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. The Fund gradually decreased its exposure in Commercial paper/Sukuk from 21% as on June 30, 2021 to 14% as on June 30, 2022.

Asset Allocation



Fund Performance

Under HBL Islamic Asset Allocation Fund (HBL-IAAF), the HBL Islamic Asset Allocation Fund – Plan 1 (HBL IAAF-Plan1) has been constituted on July 13, 2020.

The total and net income of the Fund including HBL IAAF-Plan1 was Rs. 221.70 million and Rs. 210.10 million respectively during the period ended June 30, 2022. The Net Asset Value (NAV) of the HBL-IAAF decreased from Rs. 112.9636 per unit as on June 30, 2021 to Rs. 108.5372 per unit as on June 30, 2022, thereby giving a negative return of 3.92% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) of negative 1.46%. The Net Asset Value (NAV) of the HBL-IAAF Plan-1 was Rs. 100.5354 per unit as on June 30, 2022 (after incorporating dividend of Rs. 9.00, thereby giving a return of 9.09% during the period against the benchmark return of 2.34%. The collective size of Fund was Rs. 2.62 billion as on June 30, 2022 as compared to Rs. 2.86 billion at the start of the year.

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	16.88%	40.66%
Sukuk	14.01%	20.53%
Commercial Paper	5.63%	6.14%
Others Including Receivables	2.37%	2.57%
Fertilizer	13.67%	0.80%
Oil & Gas Exploration	13.65%	6.30%
Commercial Banks	7.55%	1.46%
Cement	4.75%	7.03%
Oil & Gas Marketing	3.36%	1.64%
Others	18.1%	12.9%
Total	100.00%	100.00%

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 dividend distribution of up to Rs. 9.00 per unit to the unit holders for the year ended June 30, 2022 from HBL Islamic Asset Allocation Fund – Plan-I and NIL distribution from HBL Islamic Asset Allocation Fund.

Significant Changes in the State of Affairs

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

Breakdown of Unit Holding by Size (HBL Islamic Asset Allocation Fund)

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	39	941
101 – 500	24	5,363
501 – 1,000	12	9,115
1,001 – 10,000	37	170,577
10,001 – 100,000	32	839,092
1,00,001 – 5,000,00	2	306,071
500,001 – 1,000,000	1	531,283
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
Total	147	1,862,442

Breakdown of Unit Holding by Size (HBL Islamic Asset Allocation Fund – Plan-I)

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	-	-
101 – 500	-	-
501 – 1,000	-	-
1,001 – 10,000	-	-
10,001 – 100,000	-	-
1,000,01 – 5,000,00	-	-
500,001 – 1,000,000	1	798,109
1,000,001 – 5,000,000	2	3,791,036
5,000,001 and above	2	19,507,147
Total	5	24,096,292

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 ISLAMIC ASSET ALLOCATION FUND

As at June 30, 2022

	2022	2021	2020	2019	2018	2017
Net assets at the period end (Rs'000)	202,144	387,971	310,399	1,130,868	2,469,559	2,623,318
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES						
Redemption	108.5372	112.9636	103.6330	103.2688	104.7748	105.5962
Offer	110.9901	115.5166	105.9751	105.6027	107.1427	108.3890
OFFER / REDEMPTION DURING THE PERIOD - RUPEES						
Highest offer price per unit	118.9244	119.267	118.2841	109.9945	108.8114	118.9345
Lowest offer price per unit	109.7132	106.7077	100.7388	103.5444	102.4066	100.6004
Highest redemption price per unit	116.2961	116.6311	115.67	107.5636	106.4066	116.3060
Lowest redemption price per unit	107.2885	104.3494	98.5124	101.256	100.1434	100.6004
RETURN (%)						
Total return	-3.92%	11.59%	6.42%	-1.15%	-0.78%	9.83%
Income distribution	0.00%	2.70%	6.25%	0.00%	0.30%	6.50%
Capital growth	-3.92%	8.89%	0.17%	-1.15%	-1.08%	3.33%
DISTRIBUTION						
First Interim dividend distribution						
Second Interim dividend distribution						
Third Interim dividend distribution						
Final dividend distribution- Rs	-	2.7	6.25	-	0.3	6.50
Date of Income Distribution	-	18-Jun-21	26-Jun-20	-	3-Jul-18	22-Jun-17
Total dividend distribution for the year (Rs)	-	2.70	6.25	-	0.30	6.50
AVERAGE RETURNS (%)						
Average annual return 1 year	-3.92%	11.59%	6.42%	-1.15%	-0.78%	9.83%
Average annual return 2 year	3.55%	8.97%	2.57%	-0.97%	4.24%	8.94%
Average annual return 3 year	4.49%	5.49%	1.44%	2.51%	3.94%	-
PORTFOLIO COMPOSITION - (%)						
Percentage of Net Assets as at 30 June:						
Bank Balances	16.88%	40.66%	35.33%	19.81%	43.05%	73%
GoP Ijarah Sukuks	0.00%	2.29%	2.85%	-	-	-
Certificate of Modaraba			7.74%			
Commercial Paper	5.63%	6.14%	0.00%	16.05%	-	-
TFC / Sukuks	14.01%	20.53%	20.58%	37.39%	28.69%	2%
Stock/Equities	61.11%	27.81%	29.99%	23.11%	27.31%	25%
Others	2.37%	2.57%	3.51%	3.64%	0.96%	-

Note:

The Launch date of the Fund is January 08, 2016

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

For the year ended June 30, 2022

Summary of Actual Proxy voted by CIS

HBL IAAF	Meetings	Resolutions	For	Against
Number	3	11	11	-
(%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
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	
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**

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URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC ASSET ALLOCATION 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 Islamic Asset Allocation 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.

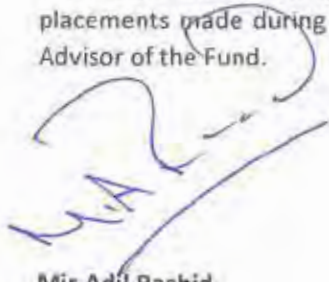
Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 16, 2022



STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Asset Allocation Fund (the fund) has fully complied with the Shariah Principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during the year ended June 30, 2022. This has been duly confirmed by the Shariah Advisor of the Fund.



Mir Adil Rashid

Chief Executive Officer

Dated: August 29, 2022



September 15, 2022



الحمد لله رب العالمين، والصلاة والسلام على سيد الانبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2022 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in HBL Islamic Asset Allocation Fund (HBL-IAAF) managed by HBL Asset Management Company Limited are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

والله أعلم بالصواب، وصلى الله على نبينا محمد وعلى آله وصحبه وبارك وسلم

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.


Mufti Irshad Ahmad Aijaz
Member Shariah Council




Faraz Younus Bandukda, CFA
Chief Executive



KPMG Taseer Hadi & Co.
Chartered Accountants
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Independent Reasonable Assurance Report to the Unit Holders on the Statement of Compliance with the Shariah Principles

We were engaged by the Board of Directors of HBL Asset Management Limited, Management Company of **HBL Islamic Asset Allocation Fund** (the Fund), to report on Fund's Compliance with the Shariah Principles as set out in the annexed statement prepared by the Management Company for the year ended June 30, 2022, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended June 30, 2022.

Responsibilities of the Management Company

The Management Company is responsible for preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. The Management Company is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund are in substance and in their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with

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ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal control. Reasonable assurance is less than absolute assurance.

The procedures performed included performing tests of controls for making investments, maintaining bank accounts and transferring impure income to charity in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

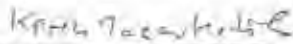
Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended June 30, 2022, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Date: 28 September 2022

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants



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INDEPENDENT AUDITORS' REPORT

To the Unit holders of HBL Islamic Asset Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **HBL Islamic Asset Allocation Fund** ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2022, income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flow for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 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 International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2022 but does not include the financial statements and our auditors' report thereon.



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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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



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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: AR202210188tnloHJCOG

**KPMG Taseer Hadi & Co.
Chartered Accountants**

HBL ISLAMIC ASSET ALLOCATION FUND

Statement of Assets and Liabilities

As at June 30, 2022

	2022			2021			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
Note ----- (Rupees in '000) -----							
Assets							
Bank balances	4	35,794	753,383	789,177	164,167	423,352	587,519
Investments	5	171,328	1,620,518	1,791,846	231,213	2,012,096	2,243,309
Dividend receivable and accrued mark-up	6	2,181	50,186	52,367	3,301	43,139	46,440
Preliminary expenses and flotation costs	7	-	129	129	-	172	172
Advances, deposits and other receivables	8	2,803	100	2,903	4,756	100	4,856
Total assets		212,106	2,424,316	2,636,422	403,437	2,478,859	2,882,296
Liabilities							
Payable to the Management Company	9	1,001	565	1,566	1,433	582	2,015
Payable to the Trustee	10	48	160	208	72	169	241
Payable to Securities and Exchange Commission of Pakistan	11	72	518	590	73	389	462
Accrued expenses and other liabilities	12	7,960	543	8,503	9,942	3,477	13,419
Payable against purchase of investment		880	-	880	3,946	-	3,946
Total liabilities		9,961	1,786	11,747	15,466	4,617	20,083
Net assets		202,145	2,422,530	2,624,675	387,971	2,474,242	2,862,213
Unit holders' fund (as per statement attached)		202,145	2,422,530		387,971	2,474,242	
Contingencies and commitments							
----- Number of units -----							
Number of units in issue	14	1,862,442	24,096,292		3,434,480	24,640,941	
----- (Rupees) -----							
Net assets value per unit		108.5372	100.5354		112.9636	100.4119	

The annexed notes 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 ISLAMIC ASSET ALLOCATION FUND

Income Statement

For the year ended June 30, 2022

	Note	2022			2021		
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
----- (Rupees in '000) -----							
Income							
Net realised (loss) / gain on sale of investments		(14,720)	(26,374)	(41,094)	11,516	375	11,891
Dividend income		4,120	-	4,120	4,215	-	4,215
Return on investments calculated using effective yield method	15	16,292	203,709	220,001	8,115	133,205	141,320
Profit on deposits with banks calculated using effective yield method	16	7,460	46,483	53,943	11,149	21,101	32,250
Net Unrealised diminution on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	5.6	(18,227)	2,804	(15,423)	17,822	3,915	21,737
Other income		13	143	156	24	-	24
		(5,062)	226,765	221,703	52,841	158,596	211,437
Expenses							
Remuneration of the Management Company	9.1 & 9.2	6,078	4,391	10,469	6,158	3,295	9,453
Remuneration of the Trustee	10.1	810	2,196	3,006	821	1,719	2,540
Annual fee to Securities and Exchange Commission of Pakistan	11	72	518	590	73	389	462
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	2,689	-	2,689	2,725	383	3,108
Selling and marketing expenses	9.3	2,330	-	2,330	2,362	-	2,362
Auditors' remuneration	17	51	415	466	72	317	389
Amortisation of preliminary expenses and flotation costs		-	43	43	105	43	148
Settlement and bank charges		387	346	733	444	286	730
Fees and subscription		62	338	400	58	173	231
Securities transaction costs		585	154	739	335	1,007	1,342
Printing charges		12	77	89	5	50	55
Charity expense		195	-	195	234	-	234
		13,271	8,478	21,749	13,392	7,662	21,054
Net (loss) / income from operating activities		(18,333)	218,287	199,954	39,449	150,934	190,383
Provision for Sindh Workers' Welfare fund		7,130	3,018	10,148	(789)	(3,019)	(3,808)
Net (loss) / income for the year before taxation		(11,203)	221,305	210,102	38,660	147,915	186,575
Taxation	18	-	-	-	-	-	-
Net (loss) / income for the year after taxation		(11,203)	221,305	210,102	38,660	147,915	186,575
Allocation of net income for the year after taxation							
Net (loss) / income for the year after taxation		(11,203)	221,305		38,660	147,915	
Income already paid on units redeemed		-	(220,333)		(3,142)	(143,696)	
Accounting income available for distribution		(11,203)	972		35,518	4,219	
Accounting income available for distribution:							
- Relating to capital gains		-	-		26,703	-	
- Excluding capital gains		-	972		8,815	4,219	
		(11,203)	972		35,518	4,219	
Earnings per unit	19						

The annexed notes 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 ISLAMIC ASSET ALLOCATION FUND

Statement of Comprehensive Income

For the year ended June 30, 2022

	2022			2021		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Net (loss) / income for the year after taxation	(11,203)	221,305	210,102	38,660	147,915	186,575
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive (loss) / income for the year	(11,203)	221,305	210,102	38,660	147,915	186,575

The annexed notes 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 ISLAMIC ASSET ALLOCATION FUND
Statement of Movement in Unit Holders' Fund
For the year ended June 30, 2022

	HBL Islamic Asset Allocation Fund					
	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at the beginning of the year	259,067	128,904	387,971	208,300	102,099	310,399
Issuance of units: 297,686 units (2021: 1,222,947 units)						
- Capital value	33,628	-	33,628	126,738	-	126,738
- Element of (loss) / income	136	-	136	8,504	-	8,504
Total proceeds on issuance of units	33,764	-	33,764	135,242	-	135,242
Redemption of units: 1,869,724 units (2021: 783,642 units)						
- Capital value	(211,211)	-	(211,211)	(81,211)	-	(81,211)
- Element of (loss) / income	2,824	-	2,824	(2,926)	(3,142)	(6,068)
Total payment on redemption of units	(208,387)	-	(208,387)	(84,137)	(3,142)	(87,279)
Total comprehensive (loss) / income for the year	-	(11,203)	(11,203)	-	38,660	38,660
Interim Distribution for the year ended 30 June 2021: 2.7 per unit declared on 21 June 2021	-	-	-	-	(8,713)	(8,713)
Refund of Capital	-	-	-	(338)	-	(338)
Total distribution	-	-	-	(338)	(8,713)	(9,051)
Net assets at the end of the year	84,444	117,701	202,145	259,067	128,904	387,971
Undistributed income brought forward						
- Realised income		111,082			100,789	
- Unrealised income / (loss)		17,822			1,310	
		<u>128,904</u>			<u>102,099</u>	
Accounting income available for distribution						
- Relating to capital gains		-			26,703	
- Excluding capital gains		-			8,815	
		-			35,518	
Net loss after taxation		(11,203)			-	
Interim Distribution for the year ended 30 June 2021: 2.7 per unit declared on 21 June 2021		-			(8,713)	
Undistributed income carried forward		<u>117,701</u>			<u>128,904</u>	
Undistributed income carried forward comprises of:						
- Realised income		135,928			111,082	
- Unrealised income / (loss)		(18,227)			17,822	
		<u>117,701</u>			<u>128,904</u>	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the year				<u>112.9636</u>		<u>103.6330</u>
Net assets value per unit at end of the year				<u>108.5372</u>		<u>112.9636</u>

The annexed notes 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 ISLAMIC ASSET ALLOCATION FUND

Cash Flow Statement

For the year ended June 30, 2022

HBL Islamic Asset Allocation Fund Plan 1					
2022			2021		
Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Net assets at the beginning of the year	2,470,677	3,565	2,474,242	-	-
Issuance of units: 32,552,816 units (2021: 50,762,385 units)					
- Capital value	3,268,690	-	3,268,690	5,076,239	-
- Element of (loss) / income	36,041	-	36,041	192,277	-
Total proceeds on issuance of units	3,304,731	-	3,304,731	5,268,516	-
Redemption of units: 33,097,465 units (2021: 26,121,444 units)					
- Capital value	(3,323,379)	-	(3,323,379)	(2,612,144)	-
- Element of (loss) / income	165,005	(220,333)	(55,328)	(25,114)	(143,696)
Total payment on redemption of units	(3,158,374)	(220,333)	(3,378,707)	(2,637,258)	(143,696)
Total comprehensive income / (loss) for the year	-	221,305	221,305	-	147,915
Interim Distribution for the year ended 30 June 2022: 9 per unit declared on 29 June 2022 (7 per unit declared on 21 June 2021)				(654)	(654)
Refund of Capital	(199,041)	-	(199,041)	-	(160,581)
Total distribution	(199,041)	-	(199,041)	(160,581)	(654)
Net assets at the end of the year	2,417,993	4,537	2,422,530	2,470,677	3,565
Undistributed income brought forward					
- Realised income		(350)			
- Unrealised income / (loss)		3,915			
		3,565			
Accounting income available for distribution					
- Relating to capital gains	-		-		
- Excluding capital gains	972		4,219		
Interim Distribution for the year ended 30 June 2022: 9 per unit declared on 29 June 2022 (7 per unit declared on 21 June 2021)	972		4,219		
	-		(654)		
Undistributed income carried forward	4,537		3,565		
Undistributed income carried forward comprises of:					
- Realised income	1,733		(350)		
- Unrealised income / (loss)	2,804		3,915		
	4,537		3,565		
		(Rupees)			(Rupees)
Net assets value per unit at beginning of the year		100.4119			-
Net assets value per unit at end of the year		100.5354			100.4119

The annexed notes 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 ISLAMIC ASSET ALLOCATION FUND

Statement of Movement in Unit Holders' Fund

For the year ended June 30, 2022

	June 30, 2022			June 30, 2021			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
	------(Rupees in '000)-----			------(Rupees in '000)-----			
Cash flows from operating activities							
Net (loss) / income for the year before taxation	(11,203)	221,305	210,102	38,660	147,915	186,575	
Adjustments							
Net realised loss / (gain) on sale of investments	14,720	26,374	41,094	(11,516)	(375)	(11,891)	
Profit on deposits with banks calculated using effective yield method	(7,460)	(46,483)	(53,943)	(11,149)	(21,101)	(32,250)	
Return on investments calculated using effective yield method	(16,292)	(203,709)	(220,001)	(8,115)	(133,205)	(141,320)	
Dividend income	(4,120)	-	(4,120)	(4,215)	-	(4,215)	
Amortisation of preliminary expenses and flotation costs	-	43	43	105	43	148	
Net unrealised diminution / (appreciation) on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	5.6	18,227	(2,804)	15,423	(17,822)	(3,915)	(21,737)
Other Income	(13)	(143)	(156)	-	-	-	
	(6,141)	(5,417)	(11,558)	(14,052)	(10,638)	(24,690)	
Decrease / (Increase) in assets							
Investments	23,872	368,008	391,880	(25,374)	(2,007,806)	(2,033,180)	
Advances, deposits, other receivables and receivable against sale of investments	1,953	-	1,953	3,482	(315)	3,167	
	25,825	368,008	393,833	(21,892)	(2,008,121)	(2,030,013)	
(Decrease) / increase in liabilities							
Payable to Management Company	(432)	(17)	(449)	3	582	585	
Payable to Trustee	(24)	(9)	(33)	2	169	171	
Payable to Securities and Exchange Commission of Pakistan	(1)	129	128	(70)	389	319	
Accrued expenses and other liabilities	(1,982)	(2,934)	(4,916)	(1,000)	3,477	2,477	
	(2,439)	(2,831)	(5,270)	(1,065)	4,617	3,552	
	17,245	359,760	377,005	(37,009)	(2,014,142)	(2,051,151)	
Profit received on bank deposits	8,525	40,275	48,800	10,007	18,953	28,960	
Dividend income received	4,294	-	4,294	4,027	-	4,027	
Profit received on investments	16,186	203,013	219,199	8,520	92,214	100,734	
Net cash generated from / (used in) operating activities	46,250	603,048	649,298	(14,455)	(1,902,975)	(1,917,430)	
Cash flows from financing activities							
Proceeds from issuance of units	33,764	3,304,731	3,338,495	134,904	5,107,935	5,242,839	
Payment on redemption of units	(208,387)	(3,577,748)	(3,786,135)	(87,279)	(2,780,954)	(2,868,233)	
Cash distribution	-	-	-	(8,713)	(654)	(9,367)	
Net cash used in financing activities	(174,623)	(273,017)	(447,640)	38,912	2,326,327	2,365,239	
Net (decrease) / increase in cash and cash equivalents	(128,373)	330,031	201,658	24,457	423,352	447,809	
Cash and cash equivalents at beginning of the year	164,167	423,352	587,519	139,710	-	139,710	
Cash and cash equivalents at end of the year	35,794	753,383	789,177	164,167	423,352	587,519	

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

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

Chief Financial Officer

Chief Executive Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 HBL Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed, dated September 07, 2015, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on October 28, 2015.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3 The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The fund comprises of the original fund and a sub-fund, namely Plan 1 which shall be perpetual. The initial public offer period for IAAF was from January 07, 2016 to January 08, 2016 (both days inclusive) and the initial public offer period for IAAF Plan 1 was from the start of banking hours from July 13, 2020 to the closure of banking hours on July 13, 2020 . The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The primary objective of the Fund is to provide superior returns through investments in Shari'ah Compliant Equity Securities and Shari'ah Compliant Income/ Money Market Instruments.
- 1.5 VIS Credit Rating Company has assigned a management quality rating of AM2++' (Positive Outlook) to the Management Company while the Fund is currently not rated.
- 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 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 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 and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 Standards, 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 amendment and improvement have no impact on the financial statements of the Fund.

2.3 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.

2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

2.5 Critical accounting estimates and judgments

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

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

a) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 3.2.1(i) - regarding the classification of investments.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ended June 30, 2021 is included in the following notes:

- Note 3.2.1 (ii) - Valuation of investments
- Note 3.2.1 (iv) - Impairment of financial assets and other assets

3. SIGNIFICANT ACCOUNTING POLICIES

The management has adopted the following significant policies for the preparation of these financial statements:

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Assets and Liabilities at amortised cost. These comprise of deposits with banks and highly liquid investments with original maturities of three months or less and that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investments for other purposes.

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 associated with these financial assets are charged to the Income Statement.

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 security 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 objectives for managing the financial assets are 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 profit / 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 yield 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 securities at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective yield 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)

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 24 October 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 24 October 2012 issued by SECP which are recently relaxed by the SECP amid ongoing situation of Covid19. However, the circular does not cover impairment requirements for government debt securities. Based on the past performance management considers that there is no probability of default as in any adverse situation State Bank of Pakistan has the right to discharge government obligations by issuance of currency notes. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

3.2.2 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.

3.2.3 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.

3.2.4 Offsetting of financial instruments

Financial assets and financial liabilities are 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 amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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 or cancelled or expired.

3.4 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.

3.5 Preliminary expenses and flotation 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 exchanges and other expenses. These costs are amortised over a period of five years from the end of the initial offering year as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

3.6 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.

3.7 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 asset 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.

3.8 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.

3.9 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.

3.10 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 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.

3.11 Revenue recognition

- Realised 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 mark 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.
- Mark-up on deposits with banks and mark-up / return on investments in debt and government securities is recognised using effective yield method.
- Dividend income is recognised when the right to receive the dividend is established.

3.12 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.

3.13 Expenses

All expenses including Management fee, Trustee fee and Securities and Exchange Commission of Pakistan fee are recognised in the income statement on accrual basis.

3.14 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.

3.15 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.

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.

3.16 Other assets

Other assets are stated at cost less impairment losses, if any.

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For the year ended June 30, 2022

4.	BANK BALANCES	Note	2022			2021		
			Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
			----- (Rupees in '000) -----			----- (Rupees in '000) -----		
	Savings account	4.1	35,794	753,383	789,177	164,167	423,352	587,519
			35,794	753,383	789,177	164,167	423,352	587,519

4.1 This represents bank balances held with different banks. Profit rates on these accounts ranges between 3.75% and 15.75% per annum (2021: between 3% and 6.95% per annum).

5.	INVESTMENTS	Note	2022			2021		
			Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
			----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Financial assets at fair value through profit or loss								
	Listed equity securities	5.1	129,668	-	129,668	112,288	-	112,288
	GoP ijarah sukuks	5.2	-	-	-	9,226	497,400	506,626
	Term finance certificates and sukuk bonds	5.3	29,720	1,620,518	1,650,238	49,843	1,514,696	1,564,539
			159,388	1,620,518	1,779,906	171,357	2,012,096	2,183,453
Financial assets at amortised cost								
	Term finance certificates and sukuk bonds	5.4	-	-	-	35,069	-	35,069
	Commercial paper	5.5	11,940	-	11,940	24,787	-	24,787
			11,940	-	11,940	59,856	-	59,856
			171,328	1,620,518	1,791,846	231,213	2,012,096	2,243,309

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

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

Name of the Investee Company	Note	As at July 01, 2020	Purchases during the year	Bonus / Rights issue (Note 5.1.2)	Sales during the year	As at June 30, 2022	Cost of holdings 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	Par value as a percentage of issued capital of the investee company
						----- (Number of shares) -----	----- (Rupees in '000) -----	----- % -----			
Automobiles Parts & Accessories											
Panther Tyres Limited		16,031	-	-	16,031	-	-	-	-	-	-
		16,031	-	-	16,031	-	-	-	-	-	-
Food and Personal Care Products											
Unity Food Limited		79,500	129,500	61,101	147,899	122,202	4,734	2,968	1.73	1.47	0.02
Al Shaheer Corporation Limited		-	28,000	-	28,000	-	-	-	-	-	-
The Organic Meat Company Limited		196,329	13,000	12,582	103,500	118,411	3,941	2,586	1.51	1.28	1.06
Unity Foods Limited-LOR3		-	36,014	-	36,014	-	-	-	-	-	-
		275,829	206,514	73,683	315,413	240,613	8,675	5,554	3.24	2.75	1.08
Automobile Assembler											
Pak Suzuki Motor Company Limited		5,500	-	-	5,500	-	-	-	-	-	-
Millat Tractors Limited		-	2,000	400	2,400	-	-	-	-	-	-
Ghandhara Industries Limited		-	5,000	-	5,000	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited		3,000	-	-	3,000	-	-	-	-	-	-
		8,500	7,000	400	15,900	-	-	-	-	-	-
Cable and Electrical Goods											
Pak Elektron Limited		35,500	20,000	-	55,500	-	-	-	-	-	-
Pak Elektron Limited - LOR		-	39,960	-	39,960	-	-	-	-	-	-
Waves Singer Pakistan Limited		40,000	-	-	40,000	-	-	-	-	-	-
		75,500	59,960	-	135,460	-	-	-	-	-	-
Cement											
Kohat Cement Limited		4,970	16,000	-	11,500	9,470	1,800	1,232	0.72	0.61	0.00
Fauji Cement Company Limited		-	47,000	-	47,000	-	-	-	-	-	-
Pioneer Cement Limited		22,000	3,000	-	25,000	-	-	-	-	-	-
Cherat Cement Company Limited		8,500	-	-	8,500	-	-	-	-	-	-
Attock Cement Pakistan Limited		26,000	16,800	-	-	42,800	7,143	2,846	1.66	1.41	0.03
D.G. Khan Cement Company Limited		32,500	-	-	32,500	-	-	-	-	-	-
Lucky Cement Limited	5.1.1	13,150	9,540	-	15,935	6,755	5,258	3,101	1.81	1.53	0.00
Maple Leaf Cement Factory Limited		67,000	312,000	-	272,800	106,200	3,537	2,905	1.70	1.44	0.00
		174,120	404,340	-	413,235	165,225	17,738	10,084	5.89	4.99	0.03

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Name of the Investee Company	Note	As at July 01, 2020	Purchases during the year	Bonus / Rights issue (Note 5.1.2)	Sales during the year	As at June 30, 2022	Cost of holdings 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	Par value as a percentage of issued capital of the investee company
		----- (Number of shares) -----					----- (Rupees in '000) -----		----- % -----		
Chemical											
Engro Polymer & Chemicals Limited		-	92,000	-	67,500	24,500	2,001	1,951	0.01	0.01	-
Descon Oxychem Limited		-	108,000	-	108,000	-	-	-	-	-	-
Dynea Pakistan Limited		-	4,500	-	4,500	-	-	-	-	-	-
		-	204,500	-	180,000	24,500	2,001	1,951	0.01	0.01	-
Commercial Banks											
BankIslami Pakistan Limited		100,000	181,000	-	73,000	208,000	2,642	2,504	1.46	1.24	0.02
Meezan Bank Limited		41,422	114,465	5,688	42,000	119,575	15,432	13,510	7.89	6.68	0.01
		141,422	295,465	5,688	115,000	327,575	18,074	16,014	9.36	7.92	0.03
Technology and Communication											
Avanceon Limited		33,000	26,500	4,500	28,000	36,000	2,959	2,805	1.64	1.39	0.02
		33,000	26,500	4,500	28,000	36,000	2,959	2,805	1.64	1.39	0.02
Engineering											
Aisha Steel Mills Limited		50,000	-	-	50,000	-	-	-	-	-	-
Agha Steel Industries Limited		45,000	1,000	2,250	48,250	-	-	-	-	-	-
Mughal Iron and Steel Industries Limited		24,360	30,000	5,829	11,500	48,689	4,531	2,806	1.64	1.39	0.02
International Industries Limited		11,700	-	-	11,700	-	-	-	-	-	-
Amreli Steels Limited		-	50,000	-	50,000	-	-	-	-	-	-
International Steels Limited		6,500	-	-	6,500	-	-	-	-	-	-
		137,560	81,000	8,079	177,950	48,689	4,531	2,806	1.64	1.39	0.02
Fertilizer											
Engro Corporation Limited		11,000	103,400	-	40,000	74,400	20,281	19,127	11.16	9.46	0.01
Engro Fertilizers Limited		-	111,335	-	-	111,335	9,941	9,869	0.06	0.05	-
		11,000	214,735	-	40,000	185,735	30,222	28,996	11.22	9.51	0.01
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited		4,095	1,000	-	2,260	2,835	4,336	4,932	2.88	2.44	0.00
Oil & Gas Development Company Limited	5.1.1	93,000	183,000	-	150,500	125,500	10,666	9,873	5.76	4.88	0.00
Pakistan Oilfields Limited		4,500	27,500	-	20,750	11,250	4,291	4,565	2.66	2.26	0.00
Pakistan Petroleum Limited	5.1.1	98,592	161,000	-	117,600	141,992	10,507	9,586	5.60	4.74	0.01
		200,187	372,500	-	291,110	281,577	29,800	28,956	16.90	14.32	-
Oil & Gas Marketing Companies											
Pakistan State Oil Company Limited	5.1.1 & 5.1.2	29,559	27,100	-	15,200	41,459	8,150	7,124	4.16	3.52	0.01
		29,559	27,100	-	15,200	41,459	8,150	7,124	4.16	3.52	0.01
Refinery											
Attock Refinery Limited		4,500	25,500	-	7,500	22,500	3,691	3,955	2.31	1.96	0.02
National Refinery Limited		2,500	8,500	-	3,000	8,000	1,976	2,021	1.18	1.00	0.01
		7,000	34,000	-	10,500	30,500	5,667	5,976	3.49	2.96	0.03
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited		-	5,000	-	5,000	-	-	-	-	-	-
Ferozsons Laboratories Limited		-	10,500	-	3,000	7,500	2,771	2,017	0.01	0.01	-
The Searle Company Limited	5.1.2	821	3,000	246	3,000	1,067	161	116	0.07	0.06	0.00
Highnoon Laboratories Limited		-	6,000	560	1,400	5,160	2,918	2,734	0.02	0.01	-
		821	24,500	806	12,400	13,727	5,850	4,867	0.10	0.08	0.00
Power Generation & Distribution											
The Hub Power Company Limited	5.1.1	63,687	70,000	-	30,000	103,687	7,456	7,068	4.13	3.50	0.01
		63,687	70,000	-	30,000	103,687	7,456	7,068	4.13	3.50	0.01
Textile Composite											
Interloop Limited		47,750	-	1,432	12,695	36,487	2,481	2,226	1.30	1.10	0.04
Kohinoor Textile Mills Limited		7,500	-	-	7,500	-	-	-	-	-	-
Azgard Nine Limited		-	100,000	-	-	100,000	1,222	1,028	0.60	0.51	2.06
Nishat Mills Limited		22,200	10,000	-	5,500	26,700	2,392	1,973	1.15	0.98	0.01
		77,450	110,000	1,432	25,695	163,187	6,095	5,227	3.05	2.59	2.11
Property											
Pace (Pakistan) Limited		-	75,000	-	75,000	-	-	-	-	-	-
TPL Properties Limited		-	159,000	-	48,000	111,000	2,081	2,238	1.31	1.11	2.17
		-	234,000	-	123,000	111,000	2,081	2,238	1.31	1.11	2.17
Transport											
Pakistan National Shipping Corporation Limited		5,000	-	-	5,000	-	-	-	-	-	-
Pakistan International Bulk Terminal Limited		-	109,000	-	109,000	-	-	-	-	-	-
		5,000	109,000	-	114,000	-	-	-	-	-	-
Total as at June 30, 2022		1,256,666	2,481,114	94,588	2,058,894	1,773,474	149,299	129,668	66.14	56.03	5.52

5.1.1 The above investments include shares with market value aggregating to Rs. 37.744 million (2021: Rs. 32.32 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Previously due to amendments brought by the Finance Act, 2014 in the Income Tax Ordinance, 2001, the bonus shares received by the shareholders were to be treated as income and a tax at the rate of 5 percent was to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax was to be collected at source by the investee company which was considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has already withheld the shares (from Tax Year 2014 to Tax Year 2018) equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.20 million at June 30, 2022 (2021: Rs. 0.30 million) and not yet deposited on CDC account of department of Income tax while during the year no tax on bonus shares is being withheld by the investee company(s) due to the amendments brought by the Finance Act, 2018 in the Income Tax Ordinance, 2001 which excluded the requirement of tax on bonus shares. Management is of the view that the decision will be in favor of the asset management company and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

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

Islamic Asset Allocation Fund

Issue Date	Tenor	Face value			Amortised cost as at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of	
		As at July 1, 2021	Purchases during the year	Sales during the year			As at June 30, 2022	Total investments of sub-fund
----- (Rupees in '000) -----							----- (%) -----	
April 30, 2020	5 Years	9,500	87,000	96,500	-	-	-	-
		<u>9,500</u>	<u>87,000</u>	<u>96,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

5.2.1 These carry markup at the rate varying from 6.40% to 7.53% per annum receivable semi-annually in arrears, maturing in April 2025.

Islamic Asset Allocation Fund Plan 1

Issue Date	Tenor	Face value			Amortised cost as at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of	
		As at July 1, 2021	Purchases during the period	Sales during the period			As at June 30, 2022	Total investments of sub-fund
----- (Rupees in '000) -----							----- (%) -----	
July 29, 2020	5 Years	500,000	1,400,000	1,900,000	-	-	-	-
October 29, 2021	5 Years	-	25,000	25,000	-	-	-	-
		<u>500,000</u>	<u>1,425,000</u>	<u>1,925,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

5.2.2 These carry markup at the rate of 8.37% per annum receivable semi-annually in arrears, maturing in July 2025 and October 2026.

5.3 Term Finance Certificates and Sukuk Bonds - at fair value through profit or loss

Name of the Investee Company	As at July 01, 2021	Purchases during the year	Sales / matured during the year	As at June 30, 2022	Amortised Cost as at June 30, 2022	Market value as at June 30, 2022	Market value as percentage of	
							Total investments	Net Assets
	----- (Number of certificates) -----			----- (Rupees in '000) -----		----- % -----		
Islamic Asset Allocation Fund								
Miscellaneous								
International Brands Limited	100	-	100	-	-	-	-	-
TPL Trakker Limited	13	-	13	-	-	-	-	-
OBS AGP Limited	-	350	350	-	-	-	-	-
Agha Steel Industries Limited	33	-	-	33	28,316	29,720	17.35	14.70
Total	146	350	463	33	28,316	29,720	17.35	14.70
Islamic Asset Allocation Fund Plan 1								
Commercial Banks								
Meezan Bank Limited - Perpetual	307	50	107	250	250,000	250,000	15.43	10.32
Dubai Islamic Bank Pakistan Limited	4,175	-	-	4,175	199,894	200,862	12.39	8.29
Total	4,482	50	107	4,425	449,894	450,862	27.82	18.61
Power Generation & Distribution								
Hub Power Company Limited	1,750	1,000	-	2,750	281,550	282,916	17.46	11.68
Pakistan Energy Sukuk Limited	143,500	2,000	20,000	125,500	632,520	631,893	38.99	26.08
AGP Limited	-	910	-	910	91,000	91,455	-	-
K-Electric Limited	20,000	12,000	-	32,000	162,750	163,392	10.08	6.74
Total	165,250	15,910	20,000	161,160	1,167,820	1,169,656	66.53	44.50
Total	169,732	15,960	20,107	165,585	1,617,714	1,620,518	94.35	63.11

Significant terms and conditions of Sukuk bonds outstanding as at June 30, 2022 are as follows:

Name of Security	Remaining Principal (per Sukuk)	Mark-up rate (per annum)	Date of Issue	Maturity Date
Islamic Asset Allocation Fund				
Agha Steel Industries Limited	875,000	3 months KIBOR +0.8%	9-Oct-18	9-Oct-24
Islamic Asset Allocation Fund 1				
Meezan Bank limited - Perpetual	2,500,000	3 months KIBOR + 1.75%	1-Aug-18	-
Dubai Islamic Bank Pakistan Limited	1,000,000	6 months KIBOR + 0.5%	14-Jul-17	14-Jul-27
Dubai Islamic Bank Pakistan Limited - Perpetual	5,000	3 months KIBOR + 1.75%	31-Dec-18	-
Hub Power Company Limited	100,000	1 year KIBOR + 1.9%	19-Mar-20	19-Mar-24
Pakistan Energy Sukuk Limited	5,000	6 Month KIBOR - 0.1%	21-May-20	21-May-30
K-Electric Limited	5,000	3 Month KIBOR + 1.7%	3-Aug-20	3-Aug-27
OBS AGP (Pvt) Ltd	100,000	3 Month KIBOR + 1.55%	15-Jul-21	15-Jul-26

5.4 Term Finance Certificates and Sukuk Bonds - At amortised cost

Name of the Investee Company	Maturity date	As at July 1, 2021	Placements made during the year	Income accrued	Matured / Sale during the year	Market value as at June 30, 2022	Market value as a percentage of	
							Total investments	Net Assets
		----- (Rupees in '000) -----				----- % -----		
Islamic Asset Allocation Fund								
Hub Power Holdings Limited	November 10, 2022	35,069	-	3,520	38,549	-	-	-
Total		35,069	-	44,875	38,549	-	-	-

5.5 Commercial papers - At amortised cost

Name of the Investee Company	Maturity date	As at July 1, 2021	Placements made during the year	Income accrued	Matured / Sale during the year	As at June 30, 2022	Market value as a percentage of	
							Total investments of fund	Net Assets of fund
		----- (Rupees in '000) -----				----- (%) -----		
Islamic Asset Allocation Fund								
K - Electric Limited - 1	August 10, 2021	24,787	-	213	25,000	-	0%	0%
K - Electric Limited - 2	January 23, 2022	-	18,259	741	19,000	-	0%	0%
K - Electric Limited - 3	April 6, 2022	-	23,965	1,035	25,000	-	0%	0%
K - Electric Limited - 4	May 4, 2022	-	13,376	624	14,000	-	0%	0%
Mughal Iron & Steel Industries Limited	Jly 21, 2022	-	10,965	975	-	11,940	7%	6%
Total		24,787	66,565	3,588	83,000	11,940	7%	6%

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

	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
	(Rupees in '000)		
Market value of investments	159,388	1,620,518	1,779,906
Less: cost / carrying value of investments	(177,615)	(1,617,714)	(1,795,329)
	(18,227)	2,804	(15,423)

	June 30, 2022			June 30, 2021		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
	(Rupees in '000)			(Rupees in '000)		
6. DIVIDEND RECEIVABLE AND ACCRUED MARK-UP						
Dividend receivable	30	-	30	204	-	204
Mark-up accrued on deposits with banks	1,279	8,356	9,635	2,344	2,148	4,492
Mark-up accrued on Term Finance Certificates - Listed	872	41,830	42,702	650	23,492	24,142
Mark-up accrued on GOP Ijara	-	-	-	103	17,499	17,602
	2,181	50,186	52,367	3,301	43,139	46,440
7. PRELIMINARY EXPENSES AND FLOTATION COSTS						
Opening balance	-	172	172	105	215	320
Less: amortised during the year / period	-	(43)	(43)	(105)	(43)	(148)
Closing balance	-	129	129	-	172	172

7.1 Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the Plan 1 and are being amortised over a year of five years commencing from the end of the initial offering year as per the requirements set out in the Trust Deed of the Plan 1 and NBFC regulations.

8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	June 30, 2022			June 30, 2021		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
Note	(Rupees in '000)			(Rupees in '000)		
Security deposit with National Clearing Company of Pakistan Limited	2,500	-	2,500	2,500	-	2,500
Security deposit with Central Depository Company of Pakistan Limited	100	100	200	100	100	200
Advance against TFCs and equity	-	-	-	1,956	-	1,956
Initial listing fees	14	-	14	14	-	14
Advance tax	189	-	189	186	-	186
	2,803	100	2,903	4,756	100	4,856

8.1 This represents amount placed with National Clearing Company of Pakistan Limited (NCCPL) against transactions related to TFCs.

8.2 This pertains to tax deducted by bank due to non availability of the withholding tax exemption certificate for certain months on bank profit which will be claimed on filing of tax return of the Fund.

9. PAYABLE TO THE MANAGEMENT COMPANY

	June 30, 2022			June 30, 2021		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
Note	(Rupees in '000)			(Rupees in '000)		
Management fee	320	283	603	480	298	778
Sindh sales tax	42	37	79	62	39	101
Sales load payable	-	-	-	27	-	27
Selling and marketing expenses payable	479	-	479	624	-	624
Allocation of expenses related to registrar services, accounting, operation and valuation services	160	-	160	240	-	240
Formation cost payable	-	245	245	-	245	245
	1,001	565	1,566	1,433	582	2,015

- 9.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration from the net assets of the Fund. However, SECP through S.R.O. 639 (I)/2019 dated 20 June 2019 has made an amendment in NBFC regulation no. 61, in which limits over management fee have been removed and the asset management company has been directed to 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 is charged by the asset management company at the rate of 1.5% per annum during the year (2021: 1.5% per annum).
- 9.2 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 Act, 2011 effective from July 01, 2017.
- 9.3 SECP through its S.R.O. 639 (I)/2019 dated 20 June 2019 has made an 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. Accordingly, the selling and marketing expense charged by the fund is 0.65% per annum (2021: 0.4% to 0.65%) and allocation of expenses pertaining to registrar services, accounting, operation, valuation services are 0.75% per annum (2021: 0.1% to 0.75%) of net assets of the Fund.

10. PAYABLE TO THE TRUSTEE

	June 30, 2022			June 30, 2021			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
Note	----- (Rupees in '000) -----			----- (Rupees in '000) -----			
Trustee's remuneration	10.1	42	142	184	64	149	213
Sindh Sales Tax	10.2	6	18	24	8	20	28
		48	160	208	72	169	241

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

Based on the Trust Deed, the tariff structure applicable to the Fund and Plan 1 as at June 30, 2022 is as follows:

The trustee remuneration shall consist of reimbursement of actual custodial expenses/ charges plus the following tariff:

Net assets	Tariff per annum
Up to Rs. 1,000 million	0.2% p.a. of NAV
Exceeding Rs. 1,000 million	Rs. 2 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million

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

11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

SECP vide S.R.O 685(1)/2019 dated: 28 June 2019 has revised rate of annual fee at 0.02% of net assets is applicable on all categories of Collective Investment schemes from 01 July 2019, the Fund has charged SECP Fee accordingly.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	June 30, 2022			June 30, 2021		
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
		(Rupees in '000)			(Rupees in '000)		
Auditors' remuneration payable		34	306	340	40	257	297
Charity payable	12.1	195	-	195	234	-	234
Federal excise duty	12.2	1,063	-	1,063	1,063	-	1,063
Withholding tax payable		-	-	-	1,067	98	1,165
Payable to brokers		153	-	153	47	30	77
Provision for Sindh Workers' Welfare Fund	12.3	-	-	-	7,130	3,019	10,149
Dividend payable		25	-	25	54	-	54
Payable to NCCPL		30	30	60	30	25	55
Payable to Shariah advisor		3	16	19	2	15	17
Other payable		6,457	191	6,648	275	33	308
		7,960	543	8,503	9,942	3,477	13,419

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

12.2 As per the requirement of 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 may result 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 (MUFAP) with the Sindh High Court (SHC) on September 04, 2013.

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

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company has made a provision on FED on remuneration of the Management Company since launch of the fund, aggregating to Rs. 1.063 million . Had the provision not been made, the Net Asset Value per unit as on June 30, 2022 would have been higher by Rs. 0.5708 in HBL IAAF (2021 : Rs. 0.3095).

12.3 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 had reversed the provision for SWWF on 13 August 2021.

13. CONTINGENCIES AND COMMITMENTS

Other than already disclosed in these financial statements, there are no contingencies and commitments outstanding as at June 30, 2022.

14. NUMBER OF UNITS IN ISSUE

	Note	June 30, 2022			June 30, 2021		
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
		----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Total units in issue at the beginning of the year		3,434,480	24,640,941	28,075,421	2,995,175	-	2,995,175
Units issued during the year	14.1	297,686	32,552,816	32,850,502	1,222,947	50,762,385	51,985,332
Units redeemed during the year		(1,869,724)	(33,097,465)	(34,967,189)	(783,642)	(26,121,444)	(26,905,086)
Total units in issue at the end of the year		<u>1,862,442</u>	<u>24,096,292</u>	<u>25,958,734</u>	<u>3,434,480</u>	<u>24,640,941</u>	<u>28,075,421</u>

14.1 This includes 1,980,606 (2021: 1,601,793) units issued at zero value as refund of capital for HBL IAAF Plan 1.

14.2 The Management Company on June 29, 2022 declared final distribution of Rs. 9 per unit for the year ended June 30, 2022 for HBL Islamic Asset Allocation Fund Plan-1.

15. RETURN ON INVESTMENTS CALCULATED USING EFFECTIVE YIELD METHOD

	June 30, 2022			June 30, 2021			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
		----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Sukuk certificates	8,169	167,436	175,605	4,699	113,816	118,515	
Commercial Paper	7,073	-	7,073	2,822	-	2,822	
Government of Pakistan - Ijarah Sukuks	1,050	36,273	37,323	594	19,389	19,983	
	<u>16,292</u>	<u>203,709</u>	<u>220,001</u>	<u>8,115</u>	<u>133,205</u>	<u>141,320</u>	

16. PROFIT ON DEPOSITS WITH BANKS CALCULATED USING EFFECTIVE YIELD METHOD

Profit on savings accounts	<u>7,460</u>	<u>46,483</u>	<u>53,943</u>	<u>11,149</u>	<u>21,101</u>	<u>32,250</u>
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17. AUDITORS' REMUNERATION

Annual audit fee	31	258	289	47	205	252
Fee for half yearly review	9	59	68	11	49	60
Shariah compliance audit fee	1	4	5	1	4	5
Other certifications and out of pocket expenses	10	94	104	13	59	72
	<u>51</u>	<u>415</u>	<u>466</u>	<u>72</u>	<u>317</u>	<u>389</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% 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 HBL IAAF Plan-1 has distributed more than 90% of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders during the period. Accordingly, no provision has been made in the financial statements for the year ended June 30, 2022. Moreover, since HBL IAAF has incurred loss during the current year no provision has been made in its financial statements.

19. 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.

20. FINANCIAL INSTRUMENTS BY CATEGORY

	2022				2022			
	Islamic Asset Allocation Fund				Islamic Asset Allocation Fund Plan 1			
	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Financial assets								
Bank balances	35,794	-	-	35,794	753,383	-	-	753,383
Investments	11,940	-	159,388	171,328	-	-	1,620,518	1,620,518
Dividend receivable and accrued mark-up	2,181	-	-	2,181	50,186	-	-	50,186
Advances, deposits and other receivables	2,803	-	-	2,803	100	-	-	100
	<u>52,718</u>	<u>-</u>	<u>159,388</u>	<u>212,106</u>	<u>803,669</u>	<u>-</u>	<u>1,620,518</u>	<u>2,424,187</u>
Financial liabilities								
Payable to Management Company	1,001	-	-	1,001	565	-	-	565
Payable to Trustee	48	-	-	48	160	-	-	160
Accrued expenses and other liabilities	6,897	-	-	6,897	543	-	-	543
	<u>7,946</u>	<u>-</u>	<u>-</u>	<u>7,946</u>	<u>1,268</u>	<u>-</u>	<u>-</u>	<u>1,268</u>
	2021				2021			
	Islamic Asset Allocation Fund				Islamic Asset Allocation Fund Plan 1			
	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Financial assets								
Bank balances	164,167	-	-	164,167	423,352	-	-	423,352
Investments	59,856	-	171,357	231,213	-	-	2,012,096	2,012,096
Dividend receivable and accrued mark-up	3,301	-	-	3,301	43,139	-	-	43,139
Advances, deposits and other receivables	4,756	-	-	4,756	100	-	-	100
	<u>232,080</u>	<u>-</u>	<u>171,357</u>	<u>403,437</u>	<u>466,591</u>	<u>-</u>	<u>2,012,096</u>	<u>2,478,687</u>
Financial liabilities								
Payable to Management Company	480	-	-	480	298	-	-	298
Payable to Trustee	64	-	-	64	149	-	-	149
Accrued expenses and other liabilities	682	-	-	682	360	-	-	360
	<u>1,226</u>	<u>-</u>	<u>-</u>	<u>1,226</u>	<u>807</u>	<u>-</u>	<u>-</u>	<u>807</u>

21. 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, Trustee and unit holders holding 10 percent or more units of the Fund.

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

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

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

21.1	Transactions during the year	June 30, 2022		June 30, 2021	
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
	HBL Asset Management Limited - Management Company				
	Management fee	5,378	3,886	5,450	2,916
	Sindh Sales Tax	700	505	708	379
	Allocation of Expenses related to registrar services, accounting, operation and valuation services	2,689	-	2,725	383
	Selling and marketing expenses	2,331	-	2,362	-
	Formation Cost Payable	-	43	-	-
	Habib Bank Limited - Sponsor				
	Redemption of 872,742 units (2021: 33,346 units)	95,947	-	3,791	-
	Issue of Nil units (2021: 33,346 units)	-	-	3,791	-
	Bank charges paid during the period	24	-	30	-
	Mark-up earned during the period	1,173	-	4,666	-
	Central Depository Company of Pakistan Limited - Trustee				
	Remuneration	717	1,943	727	1,521
	Sindh Sales Tax	93	253	94	198
	Central Depository service charges	25	17	85	71
	HBL Asset Management Ltd Employees Provident Fund - Associate				
	Issue of Nil units (2021: 657 units)	-	-	75	-
	Redemption of Nil units (2021: 328 units)	-	-	37	-
	HBL Asset Management Ltd Employees Gratuity Fund - Associate				
	Issue of Nil units (2021: 227 units)	-	-	26	-
	Redemption of Nil units (2021: 114 units)	-	-	13	-
	Executives and their relatives				
	Issue of 3,141 units (2021: 18,463 units)	350	-	1,988	-
	Redemption of 3,141 units (2021: 25,223 units)	346	-	2,730	-
	Pak-Qatar Individual Family Participant Investment Fund - Connected Person due to holding more than 10% units				
	Issue of 10,161,226 units (2021: 21,128,214 units)	-	1,094,496.92	-	2,191,692
	Redemption of 12,471,851 units (2021: 11,062,482 units)	-	1,345,355.26	-	1,175,802
	Pak-Qatar Individual Family Participant Takaful Fund - Connected Person due to holding more than 10% units				
	Issue of 3,741,401 units (2021: Nil units)	-	401,924.42	-	-
	Redemption of 2,547,991 units (2021: Nil units)	-	278,992.51	-	-

		June 30, 2022		June 30, 2021	
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Pak-Qatar Investment Account					
- Connected Person due to holding more than 10% units					
	Issue of 12,210,190 units (2021: 24,897,360 units)	-	1,327,009.43	-	2,582,604
	Redemption of 12,670,002 units (2021: 12,695,510 units)	-	1,380,017.36	-	1,352,811
	Purchase of DIB Sukuk	-	-	-	200,120
	Purchase of Meezan Sukuk	-	-	-	216,036
	Purchase of Hubco Sukuk	-	-	-	189,739
	Purchase of GOP Ijara Sukuk (Face value)	-	100,000.00	-	254,918
	Sale of GOP Ijara Sukuk (Face value)	-	700,000.00	-	-
HBL Islamic Income Fund					
	Sale of sukuks (Face value)	86,555	-	-	-
		June 30, 2022		June 30, 2021	
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
21.2	Amounts outstanding as at year end				
HBL Asset Management Limited - Management Company					
	Management fee payable *	362	320	542	337
	Allocation of expenses related to registrar services, accounting, operation and valuation services	160	-	240	-
	Charging of selling and marketing expenses	479	-	624	-
	Sales load Payable	-	-	27	-
	Formation Cost	-	245	-	245
Habib Bank Limited - Sponsor					
	Investment held in the Fund: 531,283 units (June 2021: 1,404,025 units)	57,664	-	158,604	-
	Bank balances	1,809	-	160,237	-
	Mark-up receivable on deposits with bank	-	-	1,769	-
HBL Asset Management Ltd Employees Gratuity Fund					
	Investment held in the Fund: 4,909 units (June 2021: 4,909 units)	533	-	554	-
HBL Asset Management Ltd Employees Provident Fund					
	Investment held in the Fund: 14,169 units (June 2021: 14,169 units)	1,538	-	1,601	-
Central Depository Company of Pakistan Limited - Trustee					
	Remuneration payable *	48	160	72	169
	Security Deposit	100	100	100	100
Executives and their relatives					
	Investment held in the Fund: Nil units (June 2021: Nil units)	-	-	-	-
Tariq Mahmood Malik - Connected Person due to holding 10% or more units					
	Investment held in the Fund: 187,104 units (2021: 187,104 units)	20,308	-	21,136	-
Pak-Qatar Individual Family Participant Investment Fund					
	Investment held in the Fund: 7,765,108 units (June 2021: 10,075,732 units)	-	780,668	-	1,011,723
Pak-Qatar Individual Family Participant Takaful Fund					
	Investment held in the Fund: 2,776,180 units (June 2021: 1,582,770 units)	-	279,104	-	158,929
Pak-Qatar Investment Account					
	Investment held in the Fund: 11,742,039 units (June 2021: 12,201,850 units)	-	1,180,491	-	1,225,211

* These balances are inclusive of Sindh Sales Tax payable

22. INVESTMENT COMMITTEE

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

Name	Designation	Experience in years	Qualification
1 Mr. Mir Adil Rashid	Chief Executive Officer	24	BSc
2 Mr. Muhammad Ali Bhabha	Chief Investment Officer	27	CFA, FRM, MBA
3 Mr. Mustafa Mahmood Khan	Head of Research	13	ACCA, CFA
4 Mr. Muhammad Zohaib	Senior Fund Manager	14	CIMA, MA
5 Mr. Muhammad Wamiq Sakrani	Head of Fixed Income	13	MBA
6 Mr. Raza Abbas	Senior Fund Manager	19	M.Com
7 Mr. Karim Khawaja	Head of Risk	20	MBA, CMA

* They are joint Fund Managers of all other HBL funds managed by the Management Company.

23. TOP TEN BROKERS / DEALERS

Top ten brokers during the year ended June 30, 2022

- 1 Insight Securities (Private) Limited
- 2 KTrade Securities Limited
- 3 Arif Habib Limited
- 4 Next Capital Limited
- 5 Vector Securities (Private) Limited
- 6 Habib Metropolitan Financial Services Limited
- 7 Ismail Iqbal Securities (Private) Limited
- 8 ABA Ali Habib Securities (Private) Limited
- 9 Spectrum Securities (Private) Limited
- 10 IGI Finex Securities Limited

Top ten brokers during the year ended June 30, 2021

- 1 AL Falah CLSA Securities (Pvt) Ltd.
- 2 IGI Finex Securities Limited
- 3 Taurus Securities Ltd.
- 4 Sherman Securities (Pvt) Ltd
- 5 Habib Metropolitan Financial Services Ltd
- 6 EFG Hermes Pakistan Limited
- 7 JS Global Capital Ltd
- 8 Spectrum Securities (Pvt) Ltd
- 9 BMA Capital Management Limited
- 10 Arif Habib Ltd

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PATTERN OF UNIT HOLDING

	At June 30, 2022			
	Number of		Investment amount (Rupees in '000)	Percentage
	Unit holders	Units held		
Islamic Asset Allocation Fund				
Individuals	141	1,188,204	128,965	63.80%
Retirement Funds	2	75,092	8,150	4.03%
Trust	1	48,785	5,295	2.62%
Associated Companies	3	550,361	59,735	29.55%
Other corporate	-	-	-	0.00%
	147	1,862,442	202,145	100.00%
Islamic Asset Allocation Fund Plan 1				
Insurance companies	5	24,096,292	2,422,530	100.00%
	5	24,096,292	2,422,530	100.00%
	At June 30, 2021			
	Number of		Investment amount (Rupees in '000)	Percentage
	Unit holders	Units held		
Islamic Asset Allocation Fund				
Individuals	161	1,391,326	157,169	40.50%
Retirement Funds	2	75,092	8,483	2.19%
Trust	1	48,785	5,511	1.42%
Associated Companies	3	1,423,103	160,759	41.44%
Other corporate	2	496,174	56,050	14.45%
	169	3,434,480	387,972	100.00%
Islamic Asset Allocation Fund Plan 1				
Insurance companies	4	24,640,941	2,474,242	100.00%
	4	24,640,941	2,474,242	100.00%

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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.

26 FINANCIAL RISK MANAGEMENT

26.1 The Fund's objective in managing risks 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, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds.

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 obligations. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

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

- The Fund limits its exposure to credit risk by only investing in instruments and bank deposits that have a minimum "AA-" from a credit rating agency duly approved by the SECP.
- Investment transactions are carried out with large number of brokers, whose credit rating is taken into account so as to minimize the risk of default and transactions are settled or paid for only upon deliveries.
- The risk of counter party exposure due to failed trade causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks (including related party).

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

	Rating Agency	Rating	2022		2021		
			Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan-1	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan-1	
			----- (Rupees in '000) -----		----- (Rupees in '000) -----		
Bank balances by rating category							
Habib Bank Limited	VIS	AAA	1,809	-	160,219	-	
Bank Al Habib Limited	PACRA	AAA	193	-	23	-	
National Bank of Pakistan	VIS	AAA	61	27	-	-	
Allied Bank Limited	PACRA	AAA	5	10	6	-	
Askari Bank Limited	PACRA	AA+	13	-	16	-	
Habib Metropolitan Bank Limited	PACRA	AA+	6	-	-	-	
Dubai Islamic Bank Pakistan Limited	VIS	AA-	1,187	-	2,573	-	
Soneri Bank Limited	PACRA	AA-	109	1,319	73	264,898	
BankIslami Pakistan Limited	PACRA	A+	766	84	1,109	158,446	
The Bank of Khyber Limited	VIS	A+	2	-	81	8	
Al Baraka Bank (Pakistan) Limited	PACRA	A	31,580	751,943	12	-	
MIB Bank Limited	PACRA	A	52	-	44	-	
Summit Bank Limited	VIS	Suspended	11	-	11	-	
			35,794	753,383	164,167	423,352	

	2022			2021		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
Sukuk certificates by rating category	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
AAA	-	250,000	250,000	-	723,240	723,240
AA+	-	446,308	446,308	-	280,750	280,750
AA	-	631,893	631,893	4,094	310,812	314,906
AA-	-	200,862	200,862	-	199,894	199,894
A+	29,720	-	29,720	45,749	-	45,749
	29,720	1,529,063	1,558,783	49,843	1,514,696	1,564,539
Government Securities						
GoP Ijarah	-	-	-	9,226	497,400	506,626
Investment in commercial paper						
A-1+	11,940	-	11,940	24,787	-	24,787
Dividend receivable and accrued mark-up	2,181	50,186	52,367	3,301	43,139	46,440
Accruals, Deposits and other receivables	2,600	100	2,700	2,600	100	2,700

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 broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentrations of credit risk.

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

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

26.3 Liquidity risk

'Liquidity risk' is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unit holder's redemptions at any time. The Fund manages the liquidity risk by maintaining maturities of financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets. The Fund's investments are considered to be readily realisable as they are all invested in equity securities, government securities, sukuk certificates, commercial papers and saving accounts. 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.

In accordance with the risk management policy of the Fund, the Fund manager monitors the liquidity position on a daily basis, which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

In accordance with regulation 58(1)(k) of the NBFC Regulations, 2008, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding three months to the extent of fifteen percent of the net assets. However, no such borrowing has been obtained during the year ended June 30, 2022.

Further, the Fund is also allowed in accordance with regulation 57 (10) of the NBFC Regulations, 2008, to defer redemption requests to the next dealing day, had such requests exceed ten percent of the total number of units in issue.

26.4 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and debt security prices.

i) Profit rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market profit rates. The Fund's profit rate is monitored on a quarterly basis by the board of directors.

As at 30 June 2022, the balances that may be exposed to profit rate risk are as follows:

	2022			2021		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
<i>Variable rate instruments</i>						
Bank balances	35,794	753,383	789,177	164,167	423,352	587,519
Investments - at fair value through profit or loss	159,388	1,620,518	1,779,906	171,357	2,012,096	2,183,453
	195,182	2,373,901	2,569,083	335,524	2,435,448	2,770,972
<i>Fixed rate instrument</i>						
Certificate of Musharaka	-	-	-	-	-	-
Investments - At Amortised cost	11,940	-	11,940	59,856	-	59,856
	11,940	-	11,940	59,856	-	59,856

Cash flow sensitivity analysis for variable rate instruments

As at June 30, 2022, the Fund hold's Term finance certificates and sukuk bonds which are classified as 'fair through profit or loss', exposing the Fund to cash flow interest rate risk and 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 held constant, the impact on the net assets and total comprehensive income for the year is as follows:

	Total Exposure			Total Exposure		
	2022			2021		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
GoP Ijarah	-	-	-	9,226	-	9,226
Term Finance Certificates and sukuk bonds	29,720	1,620,518	1,650,238	49,843	1,514,696	1,564,539

	Effect on total comprehensive income and net assets			Effect on total comprehensive income and net assets		
	2022			2021		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Change in basis points						
- Fair value interest rate risk						
100	<u>(443)</u>	<u>(40,861)</u>	<u>(41,304)</u>	<u>(1,354)</u>	<u>(70,995)</u>	<u>(72,349)</u>
(100)	<u>523</u>	<u>47,743</u>	<u>48,266</u>	<u>1,468</u>	<u>163,581</u>	<u>165,049</u>
Change in basis points						
- Cash Flow interest rate risk						
100	<u>36</u>	<u>25,885</u>	<u>25,921</u>	<u>114</u>	<u>2,501</u>	<u>2,615</u>
(100)	<u>(36)</u>	<u>(25,885)</u>	<u>(25,921)</u>	<u>(114)</u>	<u>(2,501)</u>	<u>(2,615)</u>

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Market Association are expected to change overtime. 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.

Yield 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 settlement date.

Fair Value sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund does not hold GoP Ijarah Sukuk in HBL IAAF Fund and Plan 1.

	2022			2021		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Change in basis points						
100	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,145</u>	<u>126,145</u>
(100)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,807</u>	<u>138,807</u>

HBL ISLAMIC ASSET ALLOCATION FUND

Notes to the Financial Statements

For the year ended June 30, 2022

At June 30, 2022						
Interest rate (%)	Maturity Up to			More than one year	Not exposed to profit rate risk	Total
	Three months	Six months	One year			
On-balance sheet financial instruments						
(Rupees in '000)						
Islamic Asset Allocation Fund						
Financial assets						
Bank balances	3.75%-15.75%	35,794	-	-	-	35,794
Investments classified as:						
'At fair value through Profit or Loss'						
- Listed Equity securities		-	-	-	129,668	129,668
- Sukuk Certificates	KIBOR	-	-	29,720	-	29,720
	3M-6M+					
	0.5%-3%					
- GoP Ijarah Sukuks		-	-	-	-	-
'At a mortised cost'						
- Commercial paper		-	-	-	11,940	11,940
Dividend receivable and accrued mark-up		-	-	-	2,181	2,181
Advances, deposits and other receivables		-	-	-	2,803	2,803
Total financial assets		35,794	-	29,720	146,592	212,106
Financial liabilities						
Payable to Management Company		-	-	-	1,001	1,001
Payable to Trustee		-	-	-	48	48
Accrued expenses and other liabilities		-	-	-	6,897	6,897
Total financial liabilities		-	-	-	7,946	7,946
On-balance sheet gap		35,794	-	29,720	138,646	204,160
Off-balance sheet financial instruments						
Off-balance sheet gap						

At June 30, 2022						
Interest rate (%)	Maturity Up to			More than one year	Not exposed to profit rate risk	Total
	Three months	Six months	One year			
On-balance sheet financial instruments						
(Rupees in '000)						
Islamic Asset Allocation Fund Plan 1						
Financial assets						
Bank balances	3.75% - 15.75%	753,383	-	-	-	753,383
Investments classified as:						
'At fair value through Profit or Loss'						
- Listed Equity securities		-	-	-	-	-
- Sukuk Certificates	KIBOR	-	-	1,620,518	-	1,620,518
	3M-1Y+0.1%-1.4%					
	0.1%-1.9%					
- GoP Ijarah Sukuks		-	-	-	-	-
Dividend receivable and accrued mark-up		-	-	-	50,186	50,186
Advances, deposits and other receivables		-	-	-	100	100
Total financial assets		753,383	-	1,620,518	50,286	2,424,187
Financial liabilities						
Payable to Management Company		-	-	-	565	565
Payable to Trustee		-	-	-	160	160
Accrued expenses and other liabilities		-	-	-	543	543
Total financial liabilities		-	-	-	1,268	1,268
On-balance sheet gap		753,383	-	1,620,518	49,018	2,422,919
Off-balance sheet financial instruments						
Off-balance sheet gap						

HBL ISLAMIC ASSET ALLOCATION FUND

Notes to the Financial Statements

For the year ended June 30, 2022

At 30 June 2021						
Interest rate (%)	Maturity Up to			More than one year	Not exposed to profit rate risk	Total
	Three months	Six months	One year			
On-balance sheet financial instruments						
----- (Rupees in '000) -----						
Islamic Asset Allocation Fund						
Financial assets						
Bank balances	3 to 6.95	164,167	-	-	-	164,167
Certificate of Musharaka		-	-	-	-	-
Investments classified as:						
'At fair value through Profit or Loss'						
- Listed Equity securities		-	-	-	112,288	112,288
- Sukuk Certificates	KIBOR 3M-6M 0.5%-3%	-	-	-	49,843	49,843
- GoP Ijarah Sukuks		-	-	-	9,226	9,226
'At amortised cost'						
- Commercial paper		-	-	-	59,856	59,856
Dividend receivable and accrued mark-up		-	-	-	3,301	3,301
Advances, deposits and other receivables		-	-	-	4,756	4,756
Total financial assets		164,167	-	-	189,427	403,437
Financial liabilities						
Payable to Management Company		-	-	-	480	480
Payable to Trustee		-	-	-	64	64
Accrued expenses and other liabilities		-	-	-	682	682
Total financial liabilities		-	-	-	1,226	1,226
On-balance sheet gap		164,167	-	-	188,201	402,211
Off-balance sheet financial instruments						
		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

At 30 June 2021						
Interest rate (%)	Maturity Up to			More than one year	Not exposed to profit rate risk	Total
	Three months	Six months	One year			
On-balance sheet financial instruments						
----- (Rupees in '000) -----						
Islamic Asset Allocation Fund Plan 1						
Financial assets						
Bank balances	3% - 6.95%	423,352	-	-	-	423,352
Certificate of Musharaka		-	-	-	-	-
Investments classified as:						
'At fair value through Profit or Loss'						
- Listed Equity securities		-	-	-	-	-
- Sukuk Certificates	KIBOR 3M-1Y 0.1%-1.9%	-	-	-	1,514,696	1,514,696
- GoP Ijarah Sukuks		-	-	-	497,400	497,400
Dividend receivable and accrued mark-up		-	-	-	43,139	43,139
Advances, deposits and other receivables		-	-	-	100	100
Total financial assets		423,352	-	-	1,514,696	2,478,687
Financial liabilities						
Payable to Management Company		-	-	-	298	298
Payable to Trustee		-	-	-	149	149
Accrued expenses and other liabilities		-	-	-	360	360
Total financial liabilities		-	-	-	807	807
On-balance sheet gap		423,352	-	-	539,832	2,477,880
Off-balance sheet financial instruments						
		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

ii) Foreign Currency risk

Foreign 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 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 of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the Fund in which the investment is made, change in business circumstances of the Fund, industry environment and / or the economy in general.

	2022		2021	
	Islamic Asset Allocation Fund Fund Equity Portfolio	KMI-30 Benchmark Portfolio	Islamic Asset Allocation Fund Fund Equity Portfolio	KMI-30 Benchmark Portfolio
	-----%-----	-----%-----	-----%-----	-----%-----
Textile Composite	4%	4%	5.32	4.47
Cement	8%	10%	29.83	23.67
Chemical	2%	4%	-	-
Engineering	2%	1%	7.47	5.28
Automobile Assembler	0%	0%	2.66	3.02
Cable And Electrical Goods	0%	0%	2.08	0.96
Oil And Gas Expoloration Companies	22%	42%	22.63	36.88
Oil And Gas Marketing Companies	5%	4%	5.90	4.04
Refinery	5%	2%	2.19	2.66
Commercial Banks	12%	10%	5.26	6.75
Fertilizer	22%	12%	2.89	6.52
Technology And Communication	2%	1%	2.69	0.90
Food And Personal Care Products	4%	1%	3.15	1.70
Automobiles Parts & Accessories	0%	0%	-	-
Pharmaceuticals	4%	3%	-	-
Power Generation & Distribution	5%	4%	-	-
Transport	0%	0%	-	-
Miscellaneous	2%	1%	7.93	3.14
	100%	100%	100	100

In addition to unit holders' fund, the analysis below summarizes the Fund's financial liabilities into relevant maturity grouping as at June 30, 2021:

	At June 30, 2022									
	Islamic Asset Allocation Fund					Islamic Asset Allocation Fund Plan 1				
	Maturity Up to			More than one year	Total	Maturity Up to			More than one year	Total
Three months	Six months	One year	Three months			Six months	One year			
Financial liabilities	(Rupees in '000)									
Payable to Management Company	1,001	-	-	-	1,001	565	-	-	-	565
Payable to Trustee	48	-	-	-	48	160	-	-	-	160
Accrued expenses and other liabilities	6,897	-	-	-	6,897	543	-	-	-	543
	7,946	-	-	-	7,946	1,268	-	-	-	1,268
Unit holders' fund	202,145	-	-	-	202,145	2,422,530	-	-	-	2,422,530
	At June 30, 2021									
	Islamic Asset Allocation Fund					Islamic Asset Allocation Fund Plan 1				
	Maturity Up to			More than one year	Total	Maturity Up to			More than one year	Total
	Three months	Six months	One year			Three months	Six months	One year		
Financial liabilities	(Rupees in '000)									
Payable to Management Company	480	-	-	-	480	298	-	-	-	298
Payable to Trustee	64	-	-	-	64	149	-	-	-	149
Accrued expenses and other liabilities	682	-	-	-	682	360	-	-	-	360
	1,226	-	-	-	1,226	807	-	-	-	807
Unit holders' fund	387,971	-	-	-	387,971	2,474,242	-	-	-	2,474,242

The above mentioned financial liabilities do not carry any mark-up.

26.5 Unit holders' fund risk management (Capital risk management)

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

In order to maintain or adjust the unit holders' Fund structure, the Fund's policy is to perform the following:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and
- The Fund Manager / Investment Committee members and Chief Executive of the management company critically track the movement of 'Assets under Management'. The Board of Directors is updated about the Fund yield and movement of NAV and total fund size at the end of each quarter.

26.6 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.

27 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the 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's accounting policy on fair value measurements of investments is discussed in note 3.2 and 3.3 to these financial statements.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

HBL ISLAMIC ASSET ALLOCATION FUND

Notes to the Financial Statements

For the year ended June 30, 2022

On-balance sheet financial instruments		Islamic Asset Allocation Fund							
		At June 30, 2022							
Note	Carrying amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
	129,668	-	-	-	129,668	129,668	-	-	129,668
	29,720	-	-	-	29,720	-	29,720	-	29,720
	-	-	-	-	-	-	-	-	-
	159,388	-	-	-	159,388	-	-	-	-
Financial assets not measured at fair value									
27.2	-	-	-	35,794	35,794	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	11,940	11,940	-	-	-	-
	-	-	-	2,181	2,181	-	-	-	-
	-	-	-	2,803	2,803	-	-	-	-
	-	-	-	52,718	52,718	-	-	-	-
Financial liabilities not measured at fair value									
27.2	-	-	-	1,001	1,001	-	-	-	-
	-	-	-	48	48	-	-	-	-
	-	-	-	6,897	6,897	-	-	-	-
	-	-	-	7,946	7,946	-	-	-	-
On-balance sheet financial instruments		Islamic Asset Allocation Fund Plan 1							
		At June 30, 2022							
Note	Carrying amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
	1,620,518	-	-	-	1,620,518	-	1,620,518	-	1,620,518
	-	-	-	-	-	-	-	-	-
	1,620,518	-	-	-	1,620,518	-	-	-	-
Financial assets not measured at fair value									
27.2	-	-	-	753,383	753,383	-	-	-	-
	-	-	-	50,186	50,186	-	-	-	-
	-	-	-	129	129	-	-	-	-
	-	-	-	100	100	-	-	-	-
	-	-	-	803,798	803,798	-	-	-	-
Financial liabilities not measured at fair value									
27.2	-	-	-	565	565	-	-	-	-
	-	-	-	160	160	-	-	-	-
	-	-	-	543	543	-	-	-	-
	-	-	-	1,268	1,268	-	-	-	-
On-balance sheet financial instruments		Islamic Asset Allocation Fund							
		At 30 June 2021							
Note	Carrying amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
	112,288	-	-	-	112,288	112,288	-	-	112,288
	49,843	-	-	-	49,843	-	49,843	-	49,843
	9,226	-	-	-	9,226	-	9,226	-	9,226
	171,357	-	-	-	171,357	-	-	-	-
Financial assets not measured at fair value									
27.2	-	-	-	164,167	164,167	-	-	-	-
	-	-	-	35,069	35,069	-	-	-	-
	-	-	-	24,787	24,787	-	-	-	-
	-	-	-	3,301	3,301	-	-	-	-
	-	-	-	4,756	4,756	-	-	-	-
	-	-	-	232,080	232,080	-	-	-	-
Financial liabilities not measured at fair value									
27.2	-	-	-	480	480	-	-	-	-
	-	-	-	64	64	-	-	-	-
	-	-	-	682	682	-	-	-	-
	-	-	-	1,226	1,226	-	-	-	-
On-balance sheet financial instruments		Islamic Asset Allocation Fund Plan 1							
		At 30 June 2021							
Note	Carrying amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
	1,514,696	-	-	-	1,514,696	-	1,514,696	-	1,514,696
	497,400	-	-	-	497,400	-	497,400	-	497,400
	2,012,096	-	-	-	2,012,096	-	-	-	-
Financial assets not measured at fair value									
27.2	-	-	-	423,352	423,352	-	-	-	-
	-	-	-	43,139	43,139	-	-	-	-
	-	-	-	172	172	-	-	-	-
	-	-	-	100	100	-	-	-	-
	-	-	-	466,763	466,763	-	-	-	-
Financial liabilities not measured at fair value									
27.2	-	-	-	298	298	-	-	-	-
	-	-	-	149	149	-	-	-	-
	-	-	-	360	360	-	-	-	-
	-	-	-	807	807	-	-	-	-

27.1 Valuation techniques used in determination of fair values within level 2:

Investments in GoP Ijarah Sukuks are valued on the basis of the PKISRVs announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

27.2 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. 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

	Islamic Asset Allocation Fund			Islamic Asset Allocation Fund - Plan 1		
	Reveivable against sale of units	Payable against redemption of units	Total	Reveivable against sale of units	Payable against redemption of units	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Opening balance as at July 1, 2021	-	-	-	-	-	-
Receivable against issuance of units	33,764	-	33,764	3,304,731	-	3,304,731
Payable against redemption of units	-	208,387	208,387	-	3,378,707	3,378,707
	33,764	208,387	242,151	3,304,731	3,378,707	6,683,438
Amount received on issuance of units	(33,764)	-	(33,764)	(3,304,731)	-	(3,304,731)
Amount paid on redemption of units	-	(208,387)	(208,387)	-	(3,378,707)	(3,378,707)
	(33,764)	(208,387)	(242,151)	(3,304,731)	(3,378,707)	(6,683,438)
Closing balance as at June 30, 2022	-	-	-	-	-	-
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
	HBL IAAF			HBL IAAF - Plan 1		
	Reveivable against sale of units	Payable against redemption of units	Total	Reveivable against sale of units	Payable against redemption of units	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Opening balance as at July 1, 2020	-	-	-	-	-	-
Receivable against issuance of units	135,242	-	135,242	5,268,516	-	5,268,516
Payable against redemption of units	-	84,137	84,137	-	2,637,258	2,637,258
	135,242	84,137	219,379	5,268,516	2,637,258	7,905,774
Amount received on issuance of units	(135,242)	-	(135,242)	(5,268,516)	-	(5,268,516)
Amount paid on redemption of units	-	(84,137)	(84,137)	-	(2,637,258)	(2,637,258)
	(135,242)	(84,137)	(219,379)	(5,268,516)	(2,637,258)	(7,905,774)
Closing balance as at June 30, 2021	-	-	-	-	-	-

29 TOTAL EXPENSE RATIO

In accordance with the Directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio for the year is 3.65% and 0.33% for IAAF and IAAF Plan-1 (2021: 3.84% and 0.53%) which includes 0.24% and 0.05% (2021: 0.46% and 0.20%) representing government levy, Sindh Workers Welfare Fund and SECP Fee.

30 GENERAL

30.1 Date of authorisation for issue

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

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

Chief Financial Officer

Chief Executive Officer

Director



HBL Islamic Stock Fund

NAME OF FUND	HBL ISLAMIC STOCK FUND
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	A.F. Ferguson & Co.
NAME OF SHARIAH ADVISORS	Al - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Habib Bank Limited Dubai Islamic Bank Limited Bank Islami Pakistan Limited Bank Al Baraka Limited

Type and Category of Fund

Open end Equity Fund

Investment Objective and Accomplishment of Objective

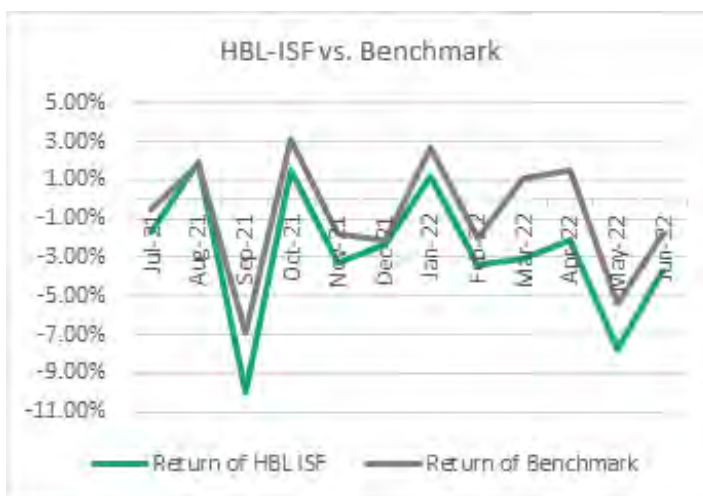
The investment objective of the Fund is to achieve long term capital growth by investing mainly in Shariah Compliant equity securities.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KMI-30 Index.

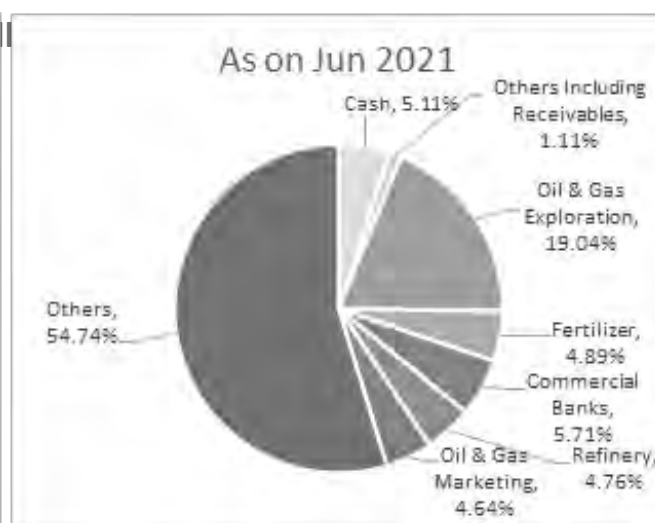
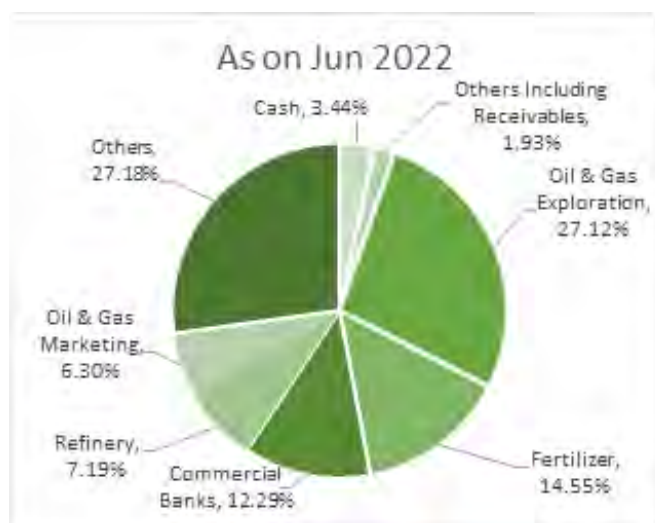
The comparison of the fund return with benchmark is given below:

Month	Return of Fund	
	HBL-ISF	Benchmark
Jun-22	-3.72%	-1.83%
May-22	-7.71%	-5.36%
Apr-22	-2.14%	1.50%
Mar-22	-3.07%	1.06%
Feb-22	-3.34%	-1.96%
Jan-22	1.18%	2.66%
Dec-21	-2.37%	-2.08%
Nov-21	-3.23%	-1.81%
Oct-21	1.56%	3.11%
Sep-21	-10.03%	-6.86%
Aug-21	1.90%	1.81%
Jul-21	-1.64%	-0.47%



Strategies and Policies employed during the Year

During the year under review, the Fund maintained its exposure in equity from 94% of total assets as on June 2021 to 95% in June 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 exploration and fertilizer was increased, while exposure in cement and engineering companies was decreased.



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	3.44%	5.11%
Others Including Receivables	1.93%	1.11%
Oil & Gas Exploration	27.12%	19.04%
Fertilizer	14.55%	4.89%
Commercial Banks	12.29%	5.71%
Refinery	7.19%	4.76%
Oil & Gas Marketing	6.30%	4.64%
Others	27.2%	54.7%
Total	100.00%	100.00%

Fund Performance

The total and net loss of the Fund was Rs. 181.72 million and Rs. 203.81 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) of the Fund was Rs. 88.4322 per unit as on June 30, 2022 as compared to Rs. 123.9845 per unit as on June 30, 2021, thereby giving a negative return of 28.67% during the year, against the benchmark return (KMI 30 Index) of negative 10.25%. The size of Fund was Rs. 0.41 billion as on June 30, 2022 as compared to Rs. 0.76 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 Unit Holding by Size

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	150	4,723
101 – 500	62	15,922
501 – 1,000	19	14,032
1,001 – 10,000	92	316,345
10,001 – 100,000	43	1,423,372
100,001 – 500,000	6	1,009,237
500,001 – 1,000,000	1	544,631
1,000,001 – 5,000,000	1	1,319,804
5,000,001 and above	-	-
Total	374	4,648,066

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 ISLAMIC STOCK FUND

	2022	2021	2020	2019	2018	2017
Net assets at the period end(Rs'000)	411,039	760,471	555,017	635,161	2,541,942	1,043,544
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES						
Redemption	88.4322	123.9845	93.6585	91.2924	111.8276	130.0225
Offer	90.4308	126.7865	95.7752	93.3556	111.8276	132.9611
OFFER / REDEMPTION DURING THE PERIOD - RUPEES						
Highest offer price per unit	129.4982	131.925	119.9859	94.186	111.4748	184.8553
Lowest offer price per unit	110.2125	97.9654	74.3357	93.0325	113.4852	131.9828
Highest redemption price per unit	126.6362	129.0094	117.3341	92.1044	109.0111	180.7699
Lowest redemption price per unit	107.7767	95.8003	72.6928	90.9764	110.9771	129.0659
RETURN (%)						
Total return	-28.67%	32.38%	2.95%	-18.36%	-13.99%	24.51%
Income distribution	0.00%	0.00%	0.32%	0.00%	0.00%	29.00%
Capital growth	-28.67%	32.38%	2.63%	-18.36%	-13.99%	-4.49%
DISTRIBUTION						
Final dividend distribution- Rs	-	-	0.32	-	-	29.00
Date of Income Distribution	-	-	26-Jun-20	-	-	22-Jun-17
Total dividend distribution for the year/ period	-	-	0.32	-	-	29.00
AVERAGE RETURNS (%)						
Average annual return 1 year	-28.67%	32.38%	2.95%	-18.36%	-13.99%	24.51%
Average annual return 2 year	#REF!	16.74%	-8.32%	-16.21%	3.48%	12.15%
Average annual return 3 year	#REF!	3.62%	-10.25%	-4.38%	2.65%	12.03%
Weighted average portfolio during (No. of days)						
PORTFOLIO COMPOSITION - (%)						
Percentage of Total Assets as at 30 June:						
Bank Balances	3%	5%	6%	8%	22%	6%
GoP Ijarah Sukuks					-	-
Placement with Banks and DFIs					-	-
Corporate Sukuks					-	-
Stock / Equities	95%	94%	93%	89%	78%	92%
Others	2%	1%	1%	3%	0%	2%

Note:

The Launch date of the Fund is May 10, 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 ISF	Meetings	Resolutions	For	Against
Number	3	11	11	-
(%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
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	
TPL Trakker Limited		

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC 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 Islamic 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:

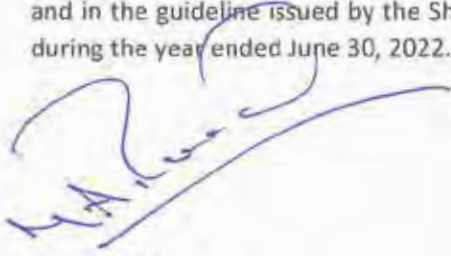
- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance 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 23, 2022

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Stock Fund (the fund) has fully complied with the Shariah Principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during the year ended June 30, 2022. This has been duly confirmed by the Shariah Advisor of the Fund.



Mir Adil Rashid

Chief Executive Officer

Dated: August 29, 2022

September 15, 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين، والصلاة والسلام على سيد الانبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2022 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in HBL Islamic Stock Fund (HBL-ISF) managed by HBL Asset Management Company Limited are halal and in accordance with Shariah principles.

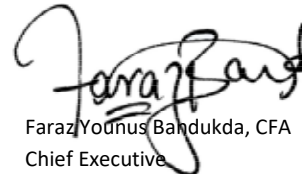
May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

والله أعلم بالصواب، وصلى الله على نبينا محمد وعلى آله وصحبه وبارك وسلم

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.



Mufti Irshad Ahmad Aijaz
Member Shariah Council

Faraz Yodnus Bandukda, CFA
Chief Executive



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of HBL Islamic 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	<p>Net Asset Value (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 401.731 million and balances with banks aggregated to Rs 14.593 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"> • 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; • Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and • Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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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: AR202210061Gm814FOUJ



AF FERGUSON & CO.

INDEPENDENT REASONABLE ASSURANCE REPORT TO THE UNIT HOLDERS OF HBL ISLAMIC STOCK FUND ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

Introduction

We were engaged by the Board of Directors of **HBL Asset Management Limited** (the Management Company) to report on the Management Company's assessment of compliance with the Shariah Principles of **HBL Islamic Stock Fund** (the Fund), as set out in the annexed Statement of Compliance with the Shariah Principles (the Statement) prepared by the Management Company for the year ended June 30, 2022, in the form of an independent reasonable assurance conclusion about whether the annexed statement reflects, in all material respects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor. Our engagement was conducted by a team of assurance practitioners.

Applicable Criteria

The criteria for the assurance engagement against which the annexed Statement has been assessed comprises of the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor (the Shariah Principles).

Management's Responsibility for Shariah Compliance

The Management Company of the Fund is responsible for preparation of the annexed Statement that is free from material misstatement. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the annexed Statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Fund with the Shariah Principles.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The Firm applies International Standard on Quality Control (ISQC) 1, "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility and summary of work performed

Our responsibility is to examine the annexed Statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement reflects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

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The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Shariah Principles, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Fund's compliance with the Shariah Principles, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Management Company's internal control over the Fund's compliance with the Shariah Principles. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Shariah Principles, and consequently cannot provide absolute assurance that the objective of compliance with the Shariah Principles, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed primarily comprised the following:

- checking compliance of specific guidelines relating to charity, maintaining bank accounts and for making investments of the Fund.
- checking that the Shariah Advisor has certified that the operations of the Fund, its investments and placements made during the year ended June 30, 2022 are in compliance with the Shariah Principles.

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures performed during our reasonable assurance engagement, we report that in our opinion, the annexed Statement presents fairly, in all material respects, the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor for the year ended June 30, 2022.

A.F. Ferguson & Co.

Chartered Accountants

Dated: September 29 2022

Karachi

	Note	2022	2021
----- Rupees in '000 -----			
ASSETS			
Bank balances	4	14,593	40,776
Investments	5	401,731	749,065
Dividend and profit receivable	6	868	212
Receivable against sale of investments		4,376	1,183
Advances and deposits	7	3,000	7,470
Total assets		<u>424,568</u>	<u>798,706</u>
LIABILITIES			
Payable to HBL Asset Management Limited - Management Company	8	2,798	2,714
Payable to Central Depository Company of Pakistan Limited - Trustee	9	84	148
Payable to the Securities and Exchange Commission of Pakistan	10	126	136
Payable against purchase of investments		2,000	16,262
Accrued expenses and other liabilities	11	8,521	18,975
Total liabilities		<u>13,529</u>	<u>38,235</u>
NET ASSETS		<u>411,039</u>	<u>760,471</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>411,039</u>	<u>760,471</u>
Contingencies and commitments	12		
----- Number of units -----			
Number of units in issue	15	<u>4,648,066</u>	<u>6,133,599</u>
----- Rupees -----			
Net assets value per unit	3.9	<u>88.4322</u>	<u>123.9845</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund

Income Statement

For the year ended June 30, 2022

	Note	2022	2021
----- Rupees in '000 -----			
INCOME			
Dividend income		24,417	27,360
Profit on bank deposits		2,891	2,501
(loss) / gain on sale of investments -net		(126,933)	118,514
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2	(82,093)	40,232
Total income		(181,718)	188,607
EXPENSES			
Remuneration of HBL Asset Management Company Limited - Management Company	8.1 & 8.2	14,190	15,353
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1 & 9.2	1,419	1,535
Annual fee to the Securities and Exchange Commission of Pakistan	10	126	136
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	3,711	3,736
Selling and marketing expenses	8.4	6,845	5,869
Auditors' remuneration	13	408	360
Settlement and bank charges		581	700
Legal fee		167	-
Securities transaction costs		2,860	5,432
Fee and subscription		237	214
Charity		1,050	1,483
Total expenses		31,594	34,818
Net (loss) / income from operating activities		(213,312)	153,789
Reversal of provision / (provision) for Sindh Workers' Welfare Fund	11.3	9,507	(3,076)
Net (loss) / income for the year before taxation		(203,805)	150,713
Taxation	14	-	-
Net (loss) / income for the year after taxation		(203,805)	150,713
Allocation of net income for the year			
Net (loss) / income for the year before taxation		(203,805)	150,713
Income already paid on redemption of units		-	(74,585)
		(203,805)	76,128
Accounting income available for distribution:			
- Relating to capital gains		-	76,128
- Excluding capital gains		-	-
		-	76,128
Earnings / (loss) per unit	3.8		

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

	2022	2021
	----- Rupees in '000 -----	
Net (loss) / income for the year after taxation	(203,805)	150,713
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u>(203,805)</u>	<u>150,713</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Statement of Movement in Unit Holders' Fund
For the year ended June 30, 2022

	Note	2022	2021
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the year before taxation		(203,805)	150,713
Adjustments for:			
(Loss) / gain on sale of investments -net		126,933	(118,514)
Unrealised diminution / (appreciation) on remeasurement of investments classified as financial assets at fair value through profit or loss' -net	5.2	82,093	(40,232)
Profit on bank deposits		(2,891)	(2,501)
Dividend income		(24,417)	(27,360)
(Reversal of provision) / provision for Sindh Workers' Welfare Fund	11.3	(9,507)	3,076
		(31,594)	(34,818)
Decrease / (increase) in assets			
Investments - net		138,308	(52,223)
Receivable against sale of investments		(3,193)	(1,183)
Advances and deposits		4,470	(3,949)
		139,585	(57,355)
Decrease / (increase) in liabilities			
Payable to HBL Asset Management Limited - Management Company		84	104
Payable to Central Depository Company of Pakistan Limited - Trustee		(64)	45
Payable to the Securities and Exchange Commission of Pakistan		(10)	20
Payable against purchase of investments		(14,262)	13,462
Accrued expenses and other liabilities		(947)	302
		(15,199)	13,933
Profit received on bank deposits		2,247	2,626
Dividend received		24,405	27,481
Net cash generated / (used in) from operating activities		119,444	(48,133)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issuance of units		524,465	1,941,897
Payment against redemption of units		(670,092)	(1,887,156)
Cash dividend paid		-	(815)
Net cash (used in) / generated from financing activities		(145,627)	53,926
Net (decrease) / increase in cash and cash equivalents during the year		(26,183)	5,793
Cash and cash equivalents at beginning of the year		40,776	34,983
Cash and cash equivalents at end of the year	4	14,593	40,776

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund

Cash Flow Statement

For the year ended June 30, 2022

	2022			2021		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	Rupees in '000					
Net assets at beginning of the year	997,150	(236,680)	760,471	867,824	(312,808)	555,016
Issuance of 5,018,577 units (2021: 16,908,432 units)						
- Capital value (at net asset value per unit at the beginning of the year)	622,226	-	622,226	1,583,615	-	1,583,615
- Element of (loss) / income	(97,761)	-	(97,761)	358,282	-	358,282
Total proceed on issuance of units	524,465	-	524,465	1,941,897	-	1,941,897
Redemption of 6,504,110 units (2021: 16,700,799 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(806,409)	-	(806,409)	(1,564,169)	-	(1,564,169)
- Element of income / (loss)	136,317	-	136,317	(248,402)	(74,585)	(322,987)
Total payment on redemption of units	(670,092)	-	(670,092)	(1,812,571)	(74,585)	(1,887,156)
Total comprehensive (loss) / income for the year	-	(203,805)	(203,805)	-	150,713	150,713
Net (loss) / income for the year less distribution	-	(203,805)	(203,805)	-	150,713	150,713
Net assets at end of the year	851,523	(440,485)	411,039	997,150	(236,680)	760,471
Accumulated loss brought forward comprising of:						
- Realised loss		(276,912)			(317,819)	
- Unrealised gain		40,232			5,011	
		(236,680)			(312,808)	
Accounting income available for distribution						
- Relating to capital gains		-			76,128	
- Excluding capital gains		-			-	
		-			76,128	
Net loss for the year after taxation		(203,805)			-	
Distribution during the year		-			-	
Accumulated loss carried forward		(440,485)			(236,680)	
Accumulated loss carried forward comprising of:						
- Realised loss		(358,392)			(276,912)	
- Unrealised loss		(82,093)			40,232	
		(440,485)			(236,680)	
				(Rupees)		(Rupees)
Net asset value per unit at the beginning of the year				123.9845		93.6583
Net asset value per unit at the end of the year				88.4322		123.9845

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 HBL Islamic Stock Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on December 10, 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 shariah compliant fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from May 09, 2011 to May 10, 2011.

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

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 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 VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS, 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.

1.7 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 3.2 and 5), provision for SWWF (note 11.3) and provision for FED (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.

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 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 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 profit 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.

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 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 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.

3.2.5 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 (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 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 remeasurement of investments classified as financial assets 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the Fund's right to receive the dividend is established.
- Profit on bank deposits is recognised on a time proportion basis using the effective profit method.

3.13 Expenses

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

	Note	2022	2021
4	BANK BALANCES	----- Rupees in '000 -----	
		-----	-----
	Savings accounts	4.1	-----
		<u>14,593</u>	<u>40,776</u>
4.1	These include balances of Rs 2.248 million (2021: Rs.10,627 million) with Habib Bank Limited (a related party) and carry profit at the rates ranging from 4.5% to 11.69% (2021: 5%) per annum. Other profit and loss saving accounts of the Fund carry profit at the rates ranging from 4.00% to 15.75% (2021:4.50% to 6.75%) per annum.		
5	INVESTMENTS	2022	2021
	At fair value through profit or loss	----- Rupees in '000 -----	
	Listed equity securities	5.1	-----
		<u>401,731</u>	<u>749,065</u>

5.1 Listed equity securities

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

Name of investee companies	As at July 01, 2021	Acquired during the year	Bonus / rights issue 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	Unrealized gain / (loss) as at June 30, 2022	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
									Total investments	Net assets	
-----Rupees in '000'----- (%)-----											
AUTOMOBILE ASSEMBLER											
Ghandhara Industries Limited	-	36,800	-	36,800	-	-	-	-	-	-	-
Millat Tractors Limited	-	12,000	1,400	13,400	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	22,600	-	-	22,600	-	-	-	-	-	-	-
	<u>22,600</u>	<u>48,800</u>	<u>1,400</u>	<u>72,800</u>	-	-	-	-	-	-	-
AUTOMOBILE PARTS & ACCESSORIES											
Panther Tyres Ltd.	316,160	-	-	316,160	-	-	-	-	-	-	-
	<u>316,160</u>	-	-	<u>316,160</u>	-	-	-	-	-	-	-
CEMENT											
Attock Cement Pakistan Limited (note 5.1.1)	164,300	108,100	-	30,000	242,400	40,163	16,120	(24,043)	4.01%	3.92%	0.01%
Cherat Cement Company Limited	52,000	-	-	52,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	95,100	-	-	95,100	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	560,000	-	560,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	72,490	-	-	72,490	-	-	-	-	-	-	-
Lucky Cement Limited* (note 5.1.1)	81,050	40,500	-	108,062	13,488	10,821	6,192	(4,629)	1.54%	1.51%	-
Maple Leaf Cement Factory Limited	400,000	732,000	-	1,132,000	-	-	-	-	-	-	-
Pioneer Cement Limited	74,000	5,000	-	79,000	-	-	-	-	-	-	-
Thatta Cement Company Limited	425,000	-	-	425,000	-	-	-	-	-	-	-
	<u>1,363,940</u>	<u>1,445,600</u>	-	<u>2,553,652</u>	<u>255,888</u>	<u>50,984</u>	<u>22,312</u>	<u>(28,672)</u>	<u>5.55%</u>	<u>5.43%</u>	-
COMMERCIAL BANKS											
BankIslami Pakistan Limited*	1,059,500	954,000	-	956,000	1,057,500	13,314	12,732	(582)	3.17%	3.10%	-
Meezan Bank Limited	292,131	292,252	33,769	269,001	349,151	42,689	39,447	(3,242)	9.82%	9.60%	0.01%
	<u>1,351,631</u>	<u>1,246,252</u>	<u>33,769</u>	<u>1,225,001</u>	<u>1,406,651</u>	<u>56,003</u>	<u>52,179</u>	<u>(3,824)</u>	<u>12.99%</u>	<u>12.69%</u>	-
CHEMICAL											
Engro Polymer & Chemicals Limited*	-	348,000	-	247,000	101,000	8,447	8,043	(404)	2.00%	1.96%	-
Nimir Resins Limited	350,000	938,500	-	1,288,500	-	-	-	-	-	-	-
Descon Oxychem Limited	-	579,000	-	579,000	-	-	-	-	-	-	-
	<u>350,000</u>	<u>1,865,500</u>	-	<u>2,114,500</u>	<u>101,000</u>	<u>8,447</u>	<u>8,043</u>	<u>(404)</u>	<u>2.00%</u>	<u>1.96%</u>	-
ENGINEERING											
Agha Steel Industries Limited	456,000	125,000	16,700	597,700	-	-	-	-	-	-	-
Aisha Steel Mills Limited	306,500	-	-	306,500	-	-	-	-	-	-	-
International Industries Limited	72,200	-	-	72,200	-	-	-	-	-	-	-
International Steels Limited	83,000	-	-	83,000	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited* (note 5.1.1)	165,560	221,500	30,609	338,225	79,444	7,444	4,579	(2,865)	1.14%	1.11%	-
Amreli Steels Limited	-	205,000	-	205,000	-	-	-	-	-	-	-
	<u>1,083,260</u>	<u>551,500</u>	<u>47,309</u>	<u>1,602,625</u>	<u>79,444</u>	<u>7,444</u>	<u>4,579</u>	<u>(2,865)</u>	<u>1.14%</u>	<u>1.11%</u>	-
FERTILIZER											
Engro Corporation Limited	132,500	255,662	-	235,000	153,162	42,235	39,376	(2,859)	9.80%	9.58%	0.01%
Engro Fertilizers Limited	-	332,750	-	80,000	252,750	22,572	22,404	(168)	5.58%	5.45%	0.01%
	<u>132,500</u>	<u>588,412</u>	-	<u>315,000</u>	<u>405,912</u>	<u>64,807</u>	<u>61,780</u>	<u>(3,027)</u>	<u>15.38%</u>	<u>15.03%</u>	-
GLASS & CERAMICS											
Shabbir Tiles & Ceramics Limited	-	117,000	-	117,000	-	-	-	-	-	-	-
	-	<u>117,000</u>	-	<u>117,000</u>	-	-	-	-	-	-	-
OIL & GAS EXPLORATION COMPANIES											
Mari Petroleum Company Limited* (note 5.1.1)	15,579	12,600	-	17,250	10,929	17,233	19,014	1,781	4.73%	4.63%	-
Oil & Gas Development Company Limited (note 5.1.1)	694,400	668,588	-	887,472	475,516	41,640	37,409	(4,231)	9.31%	9.10%	0.01%
Pakistan Oilfields Limited*	20,000	70,826	-	38,857	51,969	19,737	21,090	1,353	5.25%	5.13%	-
Pakistan Petroleum Limited (note 5.1.1)	627,386	936,500	-	1,006,886	557,000	43,504	37,603	(5,901)	9.36%	9.15%	0.01%
	<u>1,357,365</u>	<u>1,688,514</u>	-	<u>1,950,465</u>	<u>1,095,414</u>	<u>122,114</u>	<u>115,116</u>	<u>(6,998)</u>	<u>28.65%</u>	<u>28.01%</u>	-
OIL & GAS MARKETING COMPANIES											
Pakistan State Oil Company Limited (note 5.1.1)	165,296	55,000	-	100,100	120,196	25,690	20,654	(5,036)	5.14%	5.02%	0.01%
Sui Northern Gas Pipelines Limited	-	166,500	-	166,500	-	-	-	-	-	-	-
Attock Petroleum Limited*	-	19,000	-	-	19,000	6,289	6,105	(184)	1.52%	1.49%	-
	<u>165,296</u>	<u>240,500</u>	-	<u>266,600</u>	<u>139,196</u>	<u>31,979</u>	<u>26,759</u>	<u>(5,220)</u>	<u>6.66%</u>	<u>6.51%</u>	-
PHARMACEUTICALS											
AGP Limited	-	15,000	-	15,000	-	-	-	-	-	-	-
Ferozsons Laboratories Limited*	-	46,000	-	23,700	22,300	8,653	5,997	(2,656)	1.49%	1.46%	-
Highnoon Laboratories Limited*	-	10,000	525	9,650	875	496	464	(32)	0.12%	0.11%	-
The Searle Company Limited*	1,827	48,000	548	-	50,375	7,176	5,492	(1,684)	1.37%	1.34%	-
Abbott Laboratories (Pakistan) Limited	-	11,700	-	11,700	-	-	-	-	-	-	-
	<u>1,827</u>	<u>130,700</u>	<u>1,073</u>	<u>60,050</u>	<u>73,550</u>	<u>16,325</u>	<u>11,953</u>	<u>(4,372)</u>	<u>2.98%</u>	<u>2.91%</u>	-

Name of investee companies	As at July 01, 2021	Acquired during the year	Bonus / rights issue 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	Unrealized gain / (loss) as at June 30, 2022	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
									Total investments	Net assets	
					(Number of shares)		Rupees in '000'		(%)		
POWER GENERATION & DISTRIBUTION											
The Hub Power Company Limited (note 5.1.1)	377,841	282,000	-	357,000	302,841	22,202	20,645	(1,557)	5%	5%	0.01%
	377,841	282,000	-	357,000	302,841	22,202	20,645	(1,557)	5.14%	5.02%	
TECHNOLOGY & COMMUNICATION											
Avanceon Limited*	209,400	124,500	8,100	250,500	91,500	7,225	7,129	(96)	1.77%	1.73%	-
Systems Limited	20,810	14,499	15,260	50,569	-	-	-	-	-	-	-
WorldCall Telecom Limited	600,000	-	-	600,000	-	-	-	-	-	-	-
TPL Trakker Limited*	-	138,000	-	59,000	79,000	1,060	683	(377)	0.17%	0.17%	-
Air Link Communication Limited	-	195,075	7,655	202,730	-	-	-	-	-	-	-
Octopus Digital Limited	-	6,500	-	6,500	-	-	-	-	-	-	-
	830,210	568,874	31,015	1,259,599	170,500	8,285	7,812	(473)	1.94%	1.90%	
TEXTILE COMPOSITE											
Interloop Limited*	244,250	44,500	7,327	215,500	80,577	5,459	4,915	(544)	1.22%	1.20%	-
Kohinoor Textile Mills Limited*	210,000	15,000	-	151,000	74,000	5,540	3,700	(1,840)	0.92%	0.90%	-
Nishat Mills Limited*	45,100	36,000	-	27,052	54,048	4,921	3,995	(926)	0.99%	0.97%	-
	499,350	95,500	7,327	393,552	208,625	15,920	12,610	(3,310)	3.14%	3.07%	
TRANSPORT											
Pakistan International Bulk Terminal	-	194,000	-	194,000	-	-	-	-	-	-	-
	-	194,000	-	194,000	-	-	-	-	-	-	-
FOOD & PERSONAL CARE PRODUCTS											
Unity Foods Limited*	518,000	703,000	204,416	1,009,582	415,834	14,191	8,346	(5,845)	2.08%	2.03%	-
The Organic Meat Company Limited*	670,850	624,000	62,635	763,000	594,485	19,734	12,984	(6,750)	3.23%	3.16%	-
Al Shaheer Corporation Limited	-	150,000	-	150,000	-	-	-	-	-	-	-
	1,188,850	1,477,000	267,051	1,922,582	1,010,319	33,925	21,330	(12,595)	5.31%	5.19%	
CABLE & ELECTRICAL GOODS											
Waves Singer Pakistan Limited	282,000	61,500	-	343,500	-	-	-	-	-	-	-
Pak Elektron Limited	242,500	130,000	116,280	488,780	-	-	-	-	-	-	-
	524,500	191,500	116,280	832,280	-	-	-	-	-	-	-
REFINERY											
Attock Refinery Limited*	37,000	86,500	-	30,551	92,949	15,620	16,339	719	4.07%	3.98%	-
National Refinery Limited	54,500	31,000	-	29,400	56,100	23,951	14,169	(9,782)	3.53%	3.45%	0.01%
Cnergyico PK Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
	91,500	617,500	-	559,951	149,049	39,571	30,508	(9,063)	7.59%	7.42%	
MISCELLANEOUS											
Pakistan Aluminium Beverage Cans Limited	-	117,101	-	117,101	-	-	-	-	-	-	-
	-	117,101	-	117,101	-	-	-	-	-	-	-
PROPERTIES											
TPL Properties Limited*	-	381,000	-	78,000	303,000	5,818	6,108	287	1.52%	1.49%	-
	-	381,000	-	78,000	303,000	5,818	6,108	287	1.52%	1.49%	-
Total as at June 30, 2022	9,656,830	11,847,253	505,224	16,307,918	5,701,389	483,824	401,731	(82,093)			
Total as at June 30, 2021	6,958,450	29,431,883	81,484	26,814,987	9,656,830	708,833	749,065	40,232			

*Nil due to rounding off

5.1.1 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	2022	2021
	--- (Number of shares) ---		----- Rupees in '000 -----	
The Hub Power Company Limited	300,000	200,000	20,451	15,934
Lucky Cement Limited	13,162	37,000	6,042	31,947
Mari Petroleum Company Limited	5,000	5,000	8,699	7,622
Oil & Gas Development Company Limited	350,000	250,000	27,535	23,758
Pakistan Petroleum Limited	250,000	300,000	16,878	26,049
Pakistan State Oil Company Limited	40,000	40,000	6,874	8,970
Attock Cement Pakistan Limited	150,000	-	9,975	-
Mughal Iron And Steel Industries Limited	78,000	-	4,496	-
	<u>1,186,162</u>	<u>832,000</u>	<u>100,950</u>	<u>114,280</u>

5.1.2 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 in 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 profit 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	
The Searle Company Limited	2,375	259	1,827	443
Pakistan State Oil Company Limited	850	146	850	191
		<u>405</u>		<u>634</u>

Note **2022** **2021**
----- Rupees in '000 -----

5.2 **Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'- net**

Market value of investments	401,731	749,065
Less: carrying value of investments before mark to market	<u>(483,824)</u>	<u>(708,833)</u>
	<u>(82,093)</u>	<u>40,232</u>

	Note	2022	2021
----- Rupees in '000 -----			
6	DIVIDEND AND PROFIT RECEIVABLE		
	Dividend receivable	29	17
	Profit receivable on bank deposits	839	195
		<u>868</u>	<u>212</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	400	921
	Advance against IPO subscription	-	3,949
		<u>3,000</u>	<u>7,470</u>
8	PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		
	Management fee payable	8.1 739	1,310
	Sindh sales tax payable on management fee	8.2 96	170
	Sales load payable	-	8
	Allocated expenses related to registrar services, accounting, operation and valuation services payable	8.3 320	360
	Selling and marketing expenses payable	8.4 1,643	866
		<u>2,798</u>	<u>2,714</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 of 2% (2021: 2%) per annum of annual average net assets, of the Fund during the year ended June 30, 2022. The remuneration 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 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 0.55% to 1.15% (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 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 1.05% to 1.375% (2021: 1.05%).

9	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2022	2021
			----- Rupees in '000 -----	
	Trustee fee payable	9.1	74	131
	Sindh sales tax payable on trustee fee	9.2	10	17
			<u>84</u>	<u>148</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 for the year ended June 30, 2022 and June 30, 2021 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 billion.	Rs. 2 million plus 0.10% per annum of NAV exceeding 1 billion.

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

As per SRO 685(I)/2019 dated June 28, 2019, annual fee at the rate of 0.02% (2021: 0.02%) of the daily 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 -----	
	Charity payable	11.1	1,050	1,485
	Federal excise duty payable on Management Company's remuneration	11.2	6,785	6,785
	Provision for Sindh Workers' Welfare Fund	11.3	-	9,507
	Withholding tax payable		8	-
	Auditors' remuneration		294	258
	Payable to brokers		261	345
	Others		123	595
			<u>8,521</u>	<u>18,975</u>

11.1 In accordance with the instructions of the Shariah Advisor(s), any income earned by the Fund from investments whereby the portions of the investment of the investee company has been made in Shariah non-compliant avenues, such portion of the income of the Fund from those investments should be given away for charitable purposes directly by the Fund.

11.2 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 percent 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 6.785 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 1.46 (2021: Rs 1.106) per unit.

11.3 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 at June 30, 2022 and June 30, 2021.

13 AUDITORS' REMUNERATION

Annual audit fee
Fee for half yearly review
Out of pocket

	2022	2021
	----- Rupees in '000 -----	
	307	271
	48	42
	53	47
	<u>408</u>	<u>360</u>

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
	----- Numbers of units -----	
15 NUMBER OF UNITS IN ISSUE		
Total outstanding as of July 01	6,133,599	5,925,966
Add: Issued during the year	5,018,577	16,908,432
Less: Redeemed during the year	(6,504,110)	(16,700,799)
Total units in issue as of June 30	<u>4,648,066</u>	<u>6,133,599</u>

16 FINANCIAL INSTRUMENTS BY CATEGORY

	-----2022-----		
	At fair value through profit or loss	At amortised cost	Total
	----- Rupees in '000 -----		
Financial assets			
Bank balances	-	14,593	14,593
Investments	401,731	-	401,731
Dividend and profit receivable	-	868	868
Receivable against sale of investments	-	4,376	4,376
Advances and deposits	-	2,600	2,600
	<u>401,731</u>	<u>22,437</u>	<u>424,168</u>
Financial liabilities			
Payable to HBL Asset Management Limited - Management Company	-	2,798	2,798
Payable to Central Depository Company of Pakistan Limited - Trustee	-	84	84
Payable against purchase of investments	-	2,000	2,000
Accrued expenses and other liabilities	-	1,728	1,728
	<u>-</u>	<u>6,610</u>	<u>6,610</u>

-----2021-----		
At fair value through profit or loss	At amortised cost	Total
-----Rupees in '000-----		
Financial assets		
Bank balances	-	40,776
Investments - listed equity securities	749,065	-
Dividend and profit receivable	-	212
Receivable against sale of investments	-	1,183
Advances and deposits	-	6,549
	<u>749,065</u>	<u>797,785</u>
Financial liabilities		
Payable to HBL Asset Management Limited - Management Company	-	2,714
Payable to Central Depository Company of Pakistan Limited - Trustee	-	148
Payable against purchase of investments	-	16,262
Accrued expenses and other liabilities	-	2,683
	<u>-</u>	<u>21,807</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 -----	
	HBL Asset Management Limited - Management Company		
	Management remuneration including sales tax thereon	14,190	15,353
	Allocation of expenses related to registrar services, accounting, operation and valuation services	3,711	3,736
	Selling and marketing expenses	6,845	5,869
	MCBFSL Trustee - HBL Islamic Financial Planning Fund - Active Allocation Plan - Associate		
	Redemption of Nil units (2021: 188,995 units)	-	21,786
	MCBFSL Trustee - HBL Islamic Financial Planning Fund - Conservative Allocation Plan - Associate		
	Issue of 1,739 units (2021: Nil units)	173	-
	Redemption of 129 units (2021: Nil units)	12	-
	Habib Bank Limited - Sponsor		
	Bank charges paid	68	85
	Profit on bank deposits earned	284	519
	Redemption of 1,219,609 units (2021: Nil units)	109,000	
	Central Depository Company of Pakistan Limited - Trustee		
	Trustee remuneration including sales tax thereon	1,419	1,535
	Service charges	84	201
	Executives and their relatives		
	Issue of 62,646 units (2021: 82,543 units)	6,804	9,006
	Redemption of 33,985 units (2021: 70,025 units)	3,463	7,873
	Pak Qatar Family Takaful Limited		
	Issue of 2,077,081 units (2021: Nil units)	203,632	-
	Redemption of 1,532,450 units (2021: Nil units)	152,000	-
17.2	Balances outstanding as at year end		
	HBL Asset Management Limited - Management Company		
	Management remuneration payable	739	1,310
	Sindh Sales Tax on management remuneration payable	96	170
	Sales load payable	-	8
	Selling and marketing expense payable	1,643	866
	Allocation of expenses related to registrar services, accounting, operation and valuation services	320	360
	Habib Bank Limited - Sponsor		
	Outstanding: 1,319,805 units (2021: 2,539,414) units	116,713	314,848
	Bank deposits	2,248	10,627
	Profit receivable on bank deposits	12	23

	2022	2021
	----- Rupees in '000 -----	
MCBFSL Trustee - HBL Islamic Financial Planning Fund		
- Conservative Allocation Plan - Associate		
Outstanding : 1,610 (2021: Nil) units	142	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable including sales tax thereon	84	148
Security deposit	100	100
Executives and their relatives		
Outstanding : 47,119 (2021: 18,458) units	4,167	2,289
Pak Qatar Family Takaful Limited		
Outstanding : 544,631 (2021: Nil) units	48,163	-

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 Fund's constitutive documents 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 equity instruments that are carried at fair value through profit and loss.

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 future cash flows of a financial instrument will fluctuate because 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; profit rate risk, currency risk and price risk.

18.1.1 Profit rate risk

Profit 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 profit 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 cash flow and profit 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 assets of the Fund would have been higher / lower by Rs. 0.145 million (2021: Rs. 0.407 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 fair value profit 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.

The Fund's profit 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 / Profit rate %	Exposed to yield / profit rate risk			Not exposed to yield / profit 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	14,593	-	-	-	14,593
Investments - listed equity securities	-	-	-	401,731	401,731
Dividend and profit receivable	-	-	-	868	868
Advances and deposits	-	-	-	2,600	2,600
Receivable against sale of investments	-	-	-	4,376	4,376
	14,593	-	-	409,575	424,168
Financial liabilities					
Payable to HBL Asset Management Limited - Management Company	-	-	-	2,798	2,798
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	84	84
Payable against purchase of investments	-	-	-	2,000	2,000
Accrued expenses and other liabilities	-	-	-	1,728	1,728
	-	-	-	6,610	6,610
On-balance sheet gap (a)	14,593	-	-	402,965	417,558
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap (b)	-	-	-	-	-
Total profit rate sensitivity gap (a+b)	14,593	-	-		
Cumulative profit rate sensitivity gap	14,593	14,593	14,593		

As at June 30, 2021					
Effective Yield / profit rate %	Exposed to yield / profit 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	4.5% to 6.75%	40,776	-	-	40,776
Investments - listed equity securities		-	-	749,065	749,065
Dividend receivable and accrued mark-up		-	-	212	212
Advances and deposits		-	-	6,549	6,549
Receivable against sale of investments		-	-	1,183	1,183
		40,776	-	757,009	797,785
Financial liabilities					
Payable to HBL Asset Management Limited - Management Company		-	-	2,714	2,714
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	148	148
Payable against purchase of investments		-	-	16,262	16,262
Accrued expenses and other liabilities		-	-	2,683	2,683
		-	-	21,807	21,807
On-balance sheet gap (a)		40,776	-	735,202	775,978
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		40,776	-	-	-
Cumulative profit rate sensitivity gap		40,776	40,776	40,776	-

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 profit 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 KMI 30 index on June 30, 2022, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 4.017 million (2021: Rs. 7.490 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 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 KMI 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 KMI 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 KMI 30 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 -----				
Bank balances	14,593	14,593	40,776	40,776
Investments	401,731	-	749,065	-
Dividend and profit receivable	868	868	212	212
Receivable against sale of investments	4,376	4,376	1,183	1,183
Advances and deposits	2,600	2,600	6,549	6,549
	<u>424,168</u>	<u>22,437</u>	<u>797,785</u>	<u>48,720</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 profit receivable thereon. The credit rating profile of balances with banks is as follows:

Rating category	2022	2021
	-----%-----	
AAA	15.41	25.99
AA	1.23	0.05
A+	83.36	73.96
	<u>100%</u>	<u>100%</u>

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 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 profit at commercial rates and would be secured against the assets of the Fund. However, during the 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-----						
Financial assets						
Bank balances	14,593	-	-	-	-	14,593
Investments	-	-	-	-	401,731	401,731
Advances and deposits	-	-	-	-	2,600	2,600
Dividend and profit receivable	868	-	-	-	-	868
Receivable against sale of investments	4,376	-	-	-	-	4,376
	19,837	-	-	-	404,331	424,168
Financial liabilities						
Payable to HBL Asset Management Limited - Management Company	2,798	-	-	-	-	2,798
Payable to Central Depository Company of Pakistan Limited - Trustee	84	-	-	-	-	84
Payable against purchase of investments	2,000	-	-	-	-	2,000
Accrued expenses and other liabilities	1,728	-	-	-	-	1,728
	6,610	-	-	-	-	6,610
Net financial assets	13,227	-	-	-	404,331	417,558
-----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-----						
Financial assets						
Bank balances	40,776	-	-	-	-	40,776
Investments	-	-	-	-	749,065	749,065
Advances and deposits	3,949	-	-	-	2,600	6,549
Dividend and profit receivable	212	-	-	-	-	212
Receivable against sale of investments	1,183	-	-	-	-	1,183
	46,120	-	-	-	751,665	797,785
Financial liabilities						
Payable to HBL Asset Management Limited - Management Company	2,714	-	-	-	-	2,714
Payable to Central Depository Company of Pakistan Limited - Trustee	148	-	-	-	-	148
Payable against purchase of investments	16,262	-	-	-	-	16,262
Accrued expenses and other liabilities	2,683	-	-	-	-	2,683
	21,807	-	-	-	-	21,807
Net financial assets	24,313	-	-	-	751,665	775,978

19 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.

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			
		Level 1	Level 2	Level 3	Total
		----- Rupees in '000 -----			
Financial assets 'at fair value through profit or loss'					
Listed equity securities		401,731	-	-	401,731

		2021			
		Level 1	Level 2	Level 3	Total
		----- Rupees in '000 -----			
Financial assets 'at fair value through profit or loss'					
Listed equity securities		749,065	-	-	749,065

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 / PAYABLE

Top ten brokers during the year ended June 30, 2022

- Taurus Securities Limited
- Sherman Securities (Private) Limited
- AL Habib Capital Markets (Private) Limited
- Next Capital Limited
- Optimus Capital Management (Private) Limited
- Vector Securities (Private) Limited
- Aba Ali Habib Securities (Private) Limited
- Pearl Securities Limited
- Ismail Iqbal Securities (Private) Limited
- BMA Capital Management Limited

Top ten brokers during the year ended June 30, 2021

- JS Global Capital Limited
- BMA Capital Management Limited
- EFG Hermes Pakistan Limited
- Arif Habib Limited
- Intermarket Securities Limited
- Topline Securities (Private) Limited
- Spectrum Securities (Private) Limited
- Taurus Securities Limited
- DJM Securities Limited
- Next Capital Limited

22 PARTICULARS OF THE INVESTMENT COMMITTEE

Details of members of the Investment Committee of the Fund as at 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

Category	Number of unit holders	As at June 30, 2022		
		Number of unit held	Investment amount	Percentage investment
Rupees in '000				
Individuals	365	2,274,262	201,119	48.9%
Associated company	2	1,321,414	116,855	28.39%
Retirement funds	2	19,205	1,698	0.41%
Others	2	9,870	873	0.21%
Foreign investor (Individual)	1	193,888	17,146	4.17%
Insurance	2	829,428	73,348	17.84%
	374	4,648,066	411,039	100%

Category	Number of unit holders	As at June 30, 2021		
		Number of unit held	Investment amount	Percentage investment
Rupees in '000				
Individuals	443	3,291,367	408,078	53.7%
Associated company	1	2,539,413	314,848	41.4%
Retirement funds	4	99,704	12,362	1.6%
Others	2	9,227	1,144	0.2%
Foreign investor (Individual)	1	193,888	24,039	3.16%
	451	6,133,599	760,471	100%

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:

S.No.	Name of director	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar ¹	7	7	-	-
2	Ms. Ava A. Cowasjee ¹	7	5	2	May 10, 2022 and May 16, 2022
3	Mr. Shabbir Hussain Hashmi ⁵	5	5	-	-
4	Mr. Rayomond H. Kotwal ¹	7	7	-	-
5	Mr. Abrar Ahmed Mir ¹	7	7	-	-
6	Mr. Tariq Masaud ¹	7	7	-	-
7	Mr. Muhammad Afaq Khan ²	3	1	2	August 26, 2021 and October 28, 2021
8	Mr. Abid Sattar ³	3	3	-	-
9	Mr. Khalid Malik ⁴	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 April 29, 2022.

⁵ Completed term and retired on April 28, 2022.

25 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 4.86% (2021: 5.36%) which includes 0.36% (2021: 0.86%) 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 Shariah Compliant Equity Scheme.

26 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.

27 GENERAL

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

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.

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

 Chief Financial Officer

 Chief Executive Officer

 Director



HBL Islamic Income Fund

NAME OF FUND	HBL ISLAMIC INCOME FUND
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	BOD Ebrahim & Co. Chartered Accountants
NAME OF SHARIAH ADVISORS	Al - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Bank Islami Pakistan Limited Bank Al Baraka Limited Faysal Bank Limited Habib Bank Limited Dubai Islamic Bank Limited Askari Bank Limited Bank Al Habib Limited Soneri Al Tijarah Summit Bank MCB Islamic Bank Limited

Type and Category of Fund

Open end Shariah Compliant Income Fund

Investment Objective and Accomplishment of Objective

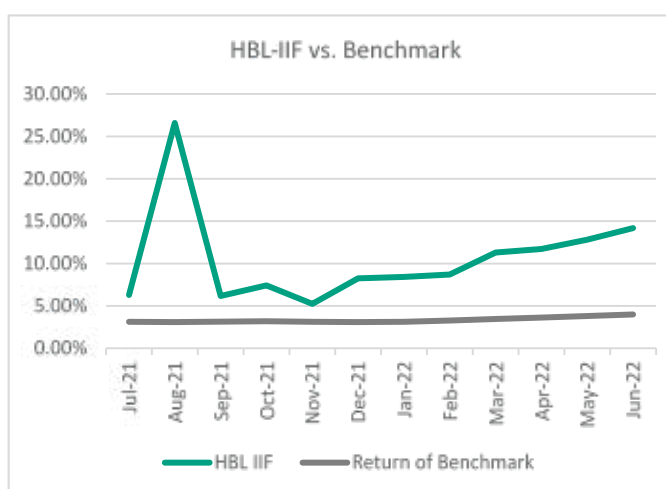
The objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking into account liquidity considerations. The investment objective is achieved.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is average 6Month deposit rates of 3A Rated Islamic Banks or Islamic Windows of Conventional Banks as per MUFAP.

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

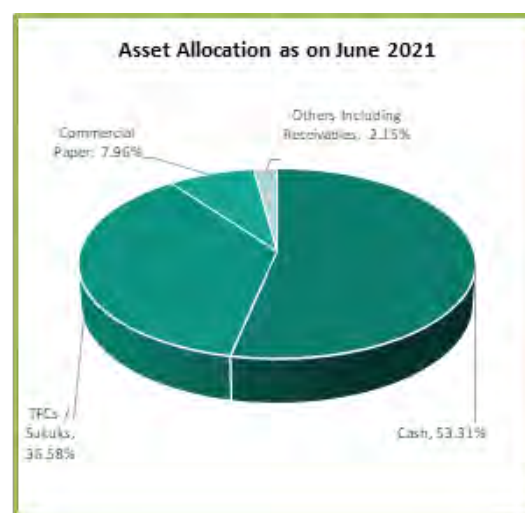
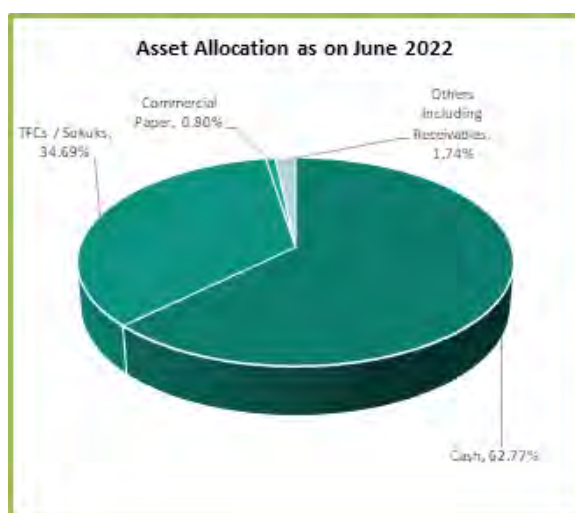
Month	HBL-IIF	Benchmark
Jun-22	14.18%	4.00%
May-22	12.81%	3.81%
Apr-22	11.72%	3.63%
Mar-22	11.30%	3.46%
Feb-22	8.70%	3.28%
Jan-22	8.43%	3.13%
Dec-21	8.26%	3.10%
Nov-21	5.24%	3.13%
Oct-21	7.42%	3.19%
Sep-21	6.17%	3.15%
Aug-21	26.58%	3.10%
Jul-21	6.29%	3.13%



Strategies and Policies employed during the Year

During the year, funds were majorly placed in the form of Cash Deposits, Corporate Sukuk and Commercial Papers which yielded higher returns than the return available on the GoP Ijarah Sukuk. During the year, fresh corporate investments were initiated to support bottom line. Owing to proactive changes in asset allocation, HBL Islamic Income Fund posted an annualized return of 11.14% compared to benchmark return of 3.34%.

Asset Allocation



Fund Performance

The total income and net income of the Fund was Rs. 253.61 million and Rs. 240.99 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) of the Fund was Rs. 102.7607 per unit as on June 30, 2022 as compared to Rs. 101.7500 per unit as on June 30, 2021, after incorporating dividend of Rs. 10.30 per unit, thereby giving an annualized return of 11.14%. During the same year the benchmark return (6 Month bank deposit rates) was 3.34%. The size of Fund was Rs. 4.67 billion as on June 30, 2022 as compared to Rs. 1.02 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. 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 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	280	7,194
101 – 500	107	25,143
501 – 1,000	46	33,815
1,001 – 10,000	288	1,334,099
10,001 – 100,000	256	8,455,843
100,001 – 500,000	32	6,418,103
500,001 – 1,000,000	4	2,819,211
1,000,001 – 5,000,000	2	5,811,495
5,000,001 and above	2	20,548,636
Total	1,017	45,453,539

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 ISLAMIC INCOME FUND

	2022	2021	2020	2019	2018	2017
Net assets at the period end (Rs'000)	4,670,836	1,020,180	1,417,621	3,103,484	4,041,526	4,461,245
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES						
Redemption	102.7607	101.7500	101.5299	101.4883	106.3013	101.0691
Offer	104.5025	103.4747	103.2508	103.2085	108.1031	102.7823
OFFER / REDEMPTION DURING THE PERIOD - RUPEES						
Highest offer price per unit - Class C	114.6920	108.6293	113.8448	103.2085	108.1031	107.3662
Lowest offer price per unit - Class C	103.5054	103.2850	103.2321	102.6902	102.6902	102.2990
Highest offer price per unit - Class D	114.6920	108.6293	113.8448	110.9432	108.1031	107.3662
Lowest offer price per unit - Class D	103.5054	103.2850	103.2321	103.0902	102.6902	102.2990
Highest redemption price per unit	112.7804	106.8187	111.9473	109.0941	106.3013	105.5767
Lowest redemption price per unit	101.7802	101.5635	101.5115	101.3719	100.9786	100.7872
RETURN (%)						
Total return	11.14%	5.45%	10.31%	7.85%	5.18%	5.52%
Income distribution	10.30%	5.30%	10.45%	7.75%	5.00%	5.20%
Capital growth	0.84%	0.15%	-0.14%	0.10%	0.18%	0.32%
DISTRIBUTION						
First Interim dividend distribution						
Second Interim dividend distribution						
Third Interim dividend distribution						
First Interim dividend distribution (Rs)	-	-	-	-	-	4.85
Date of Income Distribution	-	-	-	-	-	22-Jun-17
Final Interim dividend distribution (Rs)	10.30%	5.30%	10.45%	7.75%	5.00	0.35
Date of Income Distribution	24-Jun-22	18-Jun-21	26-Jun-20	26-Jun-19	4-Jul-18	30-Jun-17
Total dividend distribution for the year (Rs)		0.05	0.10	0.08	5.00	5.20
AVERAGE RETURNS (%)						
Average annual return 1 year	11.14%	5.45%	10.31%	7.85%	5.18%	5.52%
Average annual return 2 year	8.26%	7.85%	9.07%	6.50%	5.35%	5.18%
Average annual return 3 year	8.94%	7.85%	7.76%	6.18%	5.18%	6.24%
PORTFOLIO COMPOSITION - (%)						
Percentage of Net Assets as at 30 June:						
Bank Balances	62.77%	53.31%	56.94%	68.98%	47.62%	50%
GoP Ijarah Sukuks				0.00%	0%	33%
TFCs /Sukuks	34.69%	36.58%	31.89%			
Commercial Paper	0.80%	7.96%				
Certificate of Modaraba			8.60%			
Placement with Banks and DFIs				0.00%	17.43%	14%
Corporate Sukuks				24.20%	33.39%	3%
Others	1.74%	2.15%	2.57%	2.70%	1.56%	-
Weighted average portfolio during (No. of days)	186	493	371	618	618	481

Note:

The Launch date of the Fund is May 29, 2014

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**

Head Office:

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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 ISLAMIC 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 Islamic 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 16, 2022

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Income Fund (the fund) has fully complied with the Shariah Principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during the year ended June 30, 2022. This has been duly confirmed by the Shariah Advisor of the Fund.

**Mir Adil Rashid**

Chief Executive Officer

Dated: August 29, 2022

September 15, 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين، والصلاة والسلام على سيد الانبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2022 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in HBL Islamic Income Fund (HBL-IIF) managed by HBL Asset Management Company Limited are halal and in accordance with Shariah principles.

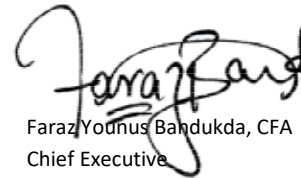
May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

والله أعلم بالصواب، وصلى الله على نبيينا محمد وعلى آله وصحبه وبارك وسلم

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.



Mufti Irshad Ahmad Aijaz
Member Shariah Council

Faraz Younus Bahdukda, CFA
Chief Executive

INDEPENDENT AUDITOR'S REPORT

To the unit holders of HBL Islamic Income Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **HBL Islamic 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 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 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 year. 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>Valuation and existence of investments</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.1,529,706 million and in note 6.2 investments held at amortised cost amounted to Rs.139,187 million as at June 30, 2022, consisting of corporate sukuk bonds and commercial papers, which represent significant item on the statement of assets and liabilities of the Fund.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> evaluated design and implementation of controls in place related to purchases and sales of investments; independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies.

S. No.	Key audit matter	How the matter was addressed in our audit
	We have identified the existence and valuation as the significant areas during our audit of investment.	<ul style="list-style-type: none"> independently matched securities held by the Fund with the securities appearing in the CDC account statement; tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities.

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.

Other Matter

The financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those statements on September 27, 2021.

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


Chartered Accountants

Place: Karachi
Date: September 28, 2022
UDIN: AR202210057ZulPtghko

Independent Reasonable Assurance Report to the Unit Holders on the Statement of Compliance with the Shariah Principles

1. Introduction

We were engaged by the Board of Directors of HBL Asset Management Company Limited, Management Company of HBL Islamic Income Fund (the Fund) to report on Fund's compliance with the as set out in the annexed statement prepared by the Management Company for the year ended June 30, 2022, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's Compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

2. Applicable criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended June 30, 2022.

3. Responsibilities of the Management Company

Management Company is responsible for the preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. Management Company is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund are in substance and their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

4. Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements professional standards and applicable legal and regulatory requirements.

5. Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standards required that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.



The procedures selected depend on our judgement, including the assessment of the risks of material non-compliances with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal controls. Reasonable assurance is less than absolute assurance.

The procedures performed included performing test of controls around making investments, maintaining bank accounts and transferring non-shariah compliant income to charity in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

6. Conclusion

Our conclusion has been formed on the basis of, and subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide the basis for our conclusion.

In our opinion, the annexed statement, for the year ended June 30, 2022, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.



Chartered Accountants

Date: September 29, 2022
Place: Karachi

	Note	2022 ----- (Rupees in '000) -----	2021 -----
ASSETS			
Bank balances	5	2,966,406	564,308
Investments	6	1,668,893	471,528
Profit receivable	7	75,064	22,389
Deposits and Prepayments	8	310	347
TOTAL ASSETS		4,710,673	1,058,572
LIABILITIES			
Payable to the Management Company	9	5,280	2,172
Payable to the Trustee	10	327	79
Payable to Securities and Exchange Commission of Pakistan	11	425	261
Payable against redemption of units		4,601	10,399
Dividend payable		233	233
Accrued expenses and other liabilities	12	28,971	25,249
TOTAL LIABILITIES		39,837	38,393
NET ASSETS		4,670,836	1,020,179
UNIT HOLDERS' FUND (AS PER STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND)		4,670,836	1,020,179
Contingencies and commitments	13	----- (Number of Units) -----	
Number of units in issue	14	45,453,539	10,026,337
Net assets value per unit		102.7607	101.7500

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC INCOME FUND

Income Statement

For the year ended June 30, 2022

	2022	2021
Note	(Rupees in '000)	
Income		
Capital loss on sale of investments - net	(331)	(773)
Income from GOP Ijara sukuk certificates	11,208	1,046
Income from corporate sukuk bonds	75,861	36,903
Income from commercial papers and term deposit receipts	38,097	6,387
Profit on bank deposits	119,070	50,602
	243,905	94,165
Unrealised gain on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6.3 9,706	1,180
	253,611	95,345
Expenses		
Remuneration of the Management Company	9.1 17,980	18,042
Sindh Sales Tax on remuneration of the Management Company	9.2 2,337	2,345
Remuneration of the Trustee	10.1 1,593	977
Sindh Sales Tax on remuneration of the Trustee	10.2 207	127
Annual fee to Securities and Exchange Commission of Pakistan	11.1 425	261
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3 2,277	1,303
Selling and marketing expense	9.4 2,755	2,605
Auditors' remuneration	15 238	200
Fee and subscription	318	365
Security transaction costs and settlement charges	679	28
Bank charges	295	197
Shariah advisory charges	203	213
	29,307	26,663
Net income for the year from operating activities	224,304	68,682
Reversal / (Provision) for Sindh Workers' Welfare Fund	12.2 16,683	(1,374)
Net income for the year before taxation	240,987	67,308
Taxation	16 -	-
Net income for the year after taxation	240,987	67,308
Allocation of net income for the year		
Income already paid on redemption of units	154,939	36,853
Accounting income available for distribution:		
Relating to capital gains	1,108	394
Excluding capital gains	84,940	30,061
	86,048	30,455
	240,987	67,308
Earnings per unit	17	

The annexed notes from 1 to 30 form an integral part of this 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	240,987	67,308
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>240,987</u>	<u>67,308</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC INCOME FUND
Statement Of Movement In Unitholders' 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	966,294	53,885	1,020,179	1,363,270	54,350	1,417,620
Issuance of 97,375,995 units (2021: 27,735,492 units)						
Capital value (at net asset value per unit at the beginning of the year)	9,908,008	-	9,908,008	2,815,982	-	2,815,982
Element of income	710,903	-	710,903	62,413	-	62,413
Total proceeds on issuance of units	10,618,911	-	10,618,911	2,878,395	-	2,878,395
Redemption of 61,948,793 units (2021: 31,671,743 units)						
Capital value (at net asset value per unit at the beginning of the year)	(6,303,290)	-	(6,303,290)	(3,215,629)	-	(3,215,629)
Income already paid on redemption of units	-	(154,939)	(154,939)	-	(36,853)	(36,853)
Element of loss	(373,377)	-	(373,377)	(43,596)	-	(43,596)
Total payments on redemption of units	(6,676,667)	(154,939)	(6,831,606)	(3,259,225)	(36,853)	(3,296,078)
Total comprehensive income for the year	-	240,987	240,987	-	67,308	67,308
Interim distribution						
Rs. 10.3 per unit declared on June 24, 2022 as cash dividend						
Refund of capital	(302,871)	-	(302,871)			
Distribution during the year	-	(74,764)	(74,764)			
Interim distribution						
Rs. 5.3 per unit declared on June 21, 2021 as cash dividend						
Refund of capital	-	-	-	(16,146)	-	(16,146)
Distribution during the year				-	(30,920)	(30,920)
	(302,871)	166,223	(136,648)	(16,146)	36,388	20,242
Net assets at end of the year	4,605,667	65,169	4,670,836	966,294	53,885	1,020,179
Undistributed income brought forward						
Realised income		52,705			60,263	
Unrealised gain / (loss)		1,180			(5,913)	
		53,885			54,350	
Accounting income available for distribution						
Relating to capital		1,108			394	
Excluding capital gains		84,940			30,061	
		86,048			30,455	
Distributions during the year:						
Interim distribution of Rs 10.3 per unit declared on June 24, 2022 as cash dividend		(74,764)			-	
Interim distribution of Rs 5.3 per unit declared on June 21, 2021 as cash dividend		-			(30,920)	
		(74,764)			(30,920)	
Undistributed income carried forward		65,169			53,885	
Undistributed income carried forward						
Realised income		55,463			52,705	
Unrealised income / (loss)		9,706			1,180	
		65,169			53,885	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			101.7500			101.5299
Net assets value per unit at end of the year			102.7607			101.7500

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC INCOME FUND

Statement of Cash Flow

For the year ended June 30, 2022

	2022	2021
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	240,987	67,308
Adjustments for:		
Capital loss on sale of investments - net	331	773
Income from GOP Ijara sukuk certificates	(11,208)	(1,046)
Income from corporate sukuk bonds	(75,861)	(36,903)
Income from commercial papers and term deposit receipts	(38,097)	(6,387)
Profit on bank deposits	(119,070)	(50,602)
Unrealised gain on re-measurement of investments classified as financial asset at fair value through profit or loss - net	(9,706)	(1,180)
	<u>(12,624)</u>	<u>(28,037)</u>
(Increase) / Decrease in assets		
Investments - net	(1,187,990)	117,395
Deposits and prepayments	37	7,481
	<u>(1,187,953)</u>	<u>124,876</u>
Increase / (Decrease) in liabilities		
Payable to the Management Company	3,108	(691)
Payable to the Trustee	248	(25)
Payable to Securities and Exchange Commission of Pakistan	164	(67)
Accrued expenses and other liabilities	3,722	(5,699)
	<u>7,242</u>	<u>(6,482)</u>
Cash (used in) / generated from operations	<u>(1,193,335)</u>	<u>90,357</u>
Income from GOP Ijara sukuk certificates	11,206	1,046
Income received from corporate sukuk bonds	46,696	39,432
Income received from commercial papers and term deposit receipts	38,097	9,452
Profit received on bank deposits	95,562	52,235
	<u>191,561</u>	<u>102,166</u>
Net cash (used in) / generated from operating activities	<u>(1,001,774)</u>	<u>192,522</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	10,618,911	2,878,395
Amount paid on redemption of units	(6,837,404)	(3,287,174)
Dividend paid	(377,635)	(47,090)
Net cash generated from / (used in) financing activities	<u>3,403,872</u>	<u>(455,869)</u>
Net increase / (decrease) in cash and cash equivalents during the year	<u>2,402,098</u>	<u>(263,347)</u>
Cash and cash equivalents at beginning of the year	<u>564,308</u>	<u>827,655</u>
Cash and cash equivalents at end of the year	<u>2,966,406</u>	<u>564,308</u>

The annexed notes from 1 to 30 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

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

Through an order dated August 31, 2016 SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on February 17, 2017. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund, which is a wholly owned subsidiary of Habib Bank Limited. The Agha 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, 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 has been categorised as a Shariah Compliant Income Scheme as per the criteria laid down by the SECP for categorization of open-end Collective Investment Schemes (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 HBL Islamic Income Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking into account liquidity considerations.

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

VIS Credit Rating Company has assigned a management quality rating of 'AM2++' (Stable outlook) to the Management Company on December 31, 2021 and assigned stability rating of A+(f) to the Fund as at January 03, 2022.

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 Manager submitted restated Trust Deed of the Fund which was duly registered on August 17, 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 stated at fair value.

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

- (a) classification and measurement of financial assets (Note 4.2.1.1)
- (b) impairment of financial assets (Note 4.2.1.3)
- (c) classification and measurement of financial liabilities (Note 4.2.2.1)
- (d) 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 year ended June 30, 2022

The following 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.

**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
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.

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 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 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. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

4.2.1 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4.2.1.1 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income (FVOCI), interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to the income statement.

Financial assets at fair value through profit or loss (debt instruments)

Debt instruments that do not meet the amortised cost criteria or the FVOCI criteria are classified as at fair value through profit or loss (FVTPL). In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

4.2.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of government debt securities:

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

Basis of valuation of debt securities:

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

4.2.1.3 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, 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.

4.2.1.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when:

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset;

4.2.2 Financial liabilities

4.2.2.1 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

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

4.2.2.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

4.2.2.3 Regular way contracts

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

4.2.2.4 Offsetting of financial instruments

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

4.3 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

- 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 GoP Ijara sukuk and investment in debt securities are recognised 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.
- 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.

5. BANK BALANCES	Note	2022	2021
		(Rupees in '000)	
Balances with banks in:			
Savings accounts	5.1	2,965,999	555,623
Current accounts		407	8,685
		2,966,406	564,308

5.1 This represents bank accounts held with various banks. Profit rates on these accounts during the year ranging between 6.75% to 15.75% (2021: 5.9% to 6.9%) per annum. This includes a balance held by Habib Bank Limited (a related party), amounting to Rs. 303.294 million (2021: Rs. 555 million) on which return is earned ranging between 6.54% to 9.21% (2021: 6.54%) per annum.

6. INVESTMENTS	Note	2022	2021
		(Rupees in '000)	
Financial asset at fair value through profit or loss	6.1	1,529,706	330,254
Financial asset at amortised cost	6.2	139,187	141,274
		1,668,893	471,528

6.1 Financial asset at fair value through profit or loss

Corporate sukuk bonds	6.1.1	1,529,706	330,254
GoP Ijara sukuk certificates	6.1.4	-	-
		1,529,706	330,254

6.1.1 Corporate sukuk bonds

Name of the investee company	As at July 1, 2021	Purchases made during the year	Sales / matured during the year	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)				
Corporate sukuk bonds - listed									
International Brands Limited	1,100	-	1,100	-	-	-	-	0.00%	0.00%
Agha Steel Industries Limited	95	-	-	95	85,557	81,515	4,042	5.13%	1.83%
	1,195	-	1,100	95	85,557	81,515	4,042	5.13%	1.83%
Corporate sukuk bonds - unlisted									
AGP Limited	992	-	992	-	-	-	-	0.00%	0.00%
OBS AGP Private Limited	-	1,100	-	1,100	110,550	110,205	345	6.62%	2.37%
Dubai Islamic Bank Pakistan Limited	54	-	-	54	55,809	55,510	299	3.34%	1.19%
Ghani Gases Limited	1,530	-	200	1,330	35,688	29,755	5,933	2.14%	0.76%
Hub Power Company Limited - 190320	350	-	-	350	36,008	35,840	168	2.16%	0.77%
Hub Power Company Limited - 021121	-	160	160	-	-	-	-	0.00%	0.00%
Hub Power Company Limited - 270422	-	4,500	-	4,500	450,000	450,000	-	26.96%	9.63%
Pak Electron Limited	-	120	-	120	119,244	120,000	(756)	7.15%	2.55%
TPL Corporation Limited	-	750	-	750	75,000	75,000	-	4.49%	1.61%
Lucky Electric Power Company	-	375	-	375	375,000	375,000	-	22.47%	8.03%
K-Electric	-	150	-	150	150,000	150,000	-	8.99%	3.21%
TPL Trakker Limited	19	25	-	44	36,850	37,175	(325)	2.21%	0.79%
	2,945	7,180	1,352	8,773	1,444,149	1,438,485	5,664	86.53%	30.92%
Total - as at June 30, 2022	4,140	7,180	2,452	8,868	1,529,706	1,520,000	9,706	91.66%	32.75%
Total - as at June 30, 2021	5,228	41	1,129	4,140	330,254	329,074	1,180	89.00%	32.37%

6.1.2 These corporate sukuk bonds, during the year carry profit at the rates ranging from 7.85% to 18.03% (2021: 7.2% to 14.5%) per annum.

6.1.3 Significant terms and conditions of corporate sukuk bonds as at June 30, 2022 are as follows:

Name of the investee company	Payment term	Remaining principal (per sukuk bond)	Profit rate (per annum)	Issue date	Maturity date
Corporate Sukuk Bonds - listed					
Agha Steel Industries Limited	Quarterly	875,000	3 Month Kibor + 0.8%	October 9, 2018	October 9, 2025
Corporate Sukuk Bonds - unlisted					
OBS AGP Private Limited	Quarterly	100,000	3 Month Kibor + 1.55%	July 15, 2021	July 15, 2026
Dubai Islamic Bank Pakistan Limited	Semi Annually	1,000,000	6 Month Kibor + 0.5%	July 14, 2017	July 14, 2027
Ghani Gases Limited	Quarterly	29,167	3 Month Kibor + 1%	February 2, 2017	February 2, 2023
Hub Power Company Limited - 190320	Semi Annually	100,000	12 Month Kibor + 1.90%	March 19, 2020	March 19, 2024
Hub Power Company Limited - 270422	Semi Annually	100,000	6 Month Kibor + 1%	April 27, 2022	October 27, 2022
Pak Electron Limited	Quarterly	1,000,000	3 Month Kibor + 1.3%	November 15, 2021	February 15, 2023
TPL Corporation Limited	Quarterly	100,000	3 Month Kibor + 2.25%	March 30, 2022	September 30, 2022
Lucky Electric Power Company	Semi Annually	1,000,000	6 Month Kibor + 1.2%	April 14, 2022	October 14, 2022
K-Electric Sukuk	Semi Annually	1,000,000	6 Month Kibor + 0.95%	April 13, 2022	October 13, 2022
TPL Trakker Limited	Quarterly	833,333	3 Month Kibor + 3%	March 30, 2021	March 30, 2026

6.1.4 **GOP Ijara sukuk certificates**

Issue details	Issue date	Face value				Market value as at June 30, 2022	Carrying value as at 30, 2022	Un-realised gain / (loss)	Market value as a percentage of total investments	Market value as a percentage of net assets
		As at July 1, 2021	Purchases during the period	Sales during the period	As at June 30, 2022					
(Rupees in '000)										
GOPIS-VRR-29-10-26	29-Oct-21	-	50,000,000	50,000,000	-	-	-	-	-	-
GOPIS-VRR-29-10-26	29-Oct-21	-	39,500,000	39,500,000	-	-	-	-	-	-
GOPIS-FRR-15-12-26	15-Dec-21	-	50,000,000	50,000,000	-	-	-	-	-	-
GOPIS-VRR-27-04-27	27-Apr-22	-	187,500,000	187,500,000	-	-	-	-	-	-
GOPIS-VRR-27-04-27	27-Apr-22	-	100,000,000	100,000,000	-	-	-	-	-	-
GOPIS-VRR-27-04-27	27-Apr-22	-	100,000,000	100,000,000	-	-	-	-	-	-
GOPIS-VRR-27-04-27	27-Apr-22	-	100,000,000	100,000,000	-	-	-	-	-	-
GOPIS-VRR-27-04-27	27-Apr-22	-	74,000,000	74,000,000	-	-	-	-	-	-
GOPIS-VRR-27-04-27	27-Apr-22	-	700,000,000	700,000,000	-	-	-	-	-	-
Total - as at June 30, 2022		-	1,401,000,000	1,401,000,000	-	-	-	-	-	-

6.2 **Financial assets at amortised cost**

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
Commercial Papers	6.2.1	139,187	141,274
Term Deposit Receipts (TDRs)	6.2.3	-	-
		139,187	141,274

6.2.1 **Commercial papers**

Name of investee company	Issue date	As at July 1, 2021	Placement made during the year	Income accrued	Sales / matured during the year	As at June 30, 2022	Percentage of total of investments	Percentage of net assets
(Rupees in '000)								
K-Electric Limited	10-Feb-21	84,287	-	713	85,000	-	0%	0%
K-Electric Limited	27-Jul-21	-	38,440	856	39,296	-	0%	0%
K-Electric Limited	22-Sep-21	-	115,306	4,694	120,000	-	0%	0%
K-Electric Limited	4-Nov-21	-	42,994	2,006	45,000	-	0%	0%
K-Electric Limited	16-Nov-21	-	23,867	1,133	25,000	-	0%	0%
Hub Power Holdings Limited	12-Nov-20	56,987	38,539	5,851	-	101,377	6%	2%
Lucky Electric Power Company Limited	9-Nov-21	-	181,349	8,651	190,000	-	0%	0%
Mughal Iron & Steel Industries Limited	26-Jul-21	-	34,722	3,088	-	37,810	2%	1%
Total - as at June 30, 2022		141,274	475,217	26,992	504,296	139,187	8%	3%
Total - as at June 30, 2021		-	135,370	5,904	-	141,274	30%	20%

6.2.2 These commercial papers carry profit rates ranging from 9.57% to 10.64%. The maturity date for commercial papers of Hub Power Holdings Limited and Mughal Iron & Steel Industries Limited is November 12, 2022 and July 21, 2022 respectively. Management believes that fair value of the commercial paper is equal to its amortised cost.

6.2.3 Term deposit receipts

Name of investee company	As at July 1, 2021	Placement made during the year	Matured during the year	As at June 30, 2022	Percentage of total of investments	Percentage of net assets
----- (Rupees in '000) -----						
Bank Alfalah Limited - Islamic Banking	-	1,000,000	1,000,000	-	0%	0%
Faysal Bank Limited	-	700,000	700,000	-	0%	0%
Total - as at June 30, 2022	-	1,700,000	1,700,000	-	0%	0%
Total - as at June 30, 2021	125,000	-	125,000	-	0%	0%

6.3 Unrealised gain / (loss) 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	1,529,706	330,254
Carrying value of investments	(1,520,000)	(329,074)
	9,706	1,180

7. PROFIT / MARK-UP RECEIVABLE

Profit / markup receivable on:

Bank deposits	7.1	32,886	9,378
Corporate sukuk bonds		42,176	13,011
GoP Ijara sukuk certificates		2	-
		75,064	22,389

7.1 This includes Rs. 2.28 million (2021: Rs. 9.3 million) receivable from Habib Bank Limited, which is a related party.

8. DEPOSITS AND PREPAYMENTS

Security deposits with:

	Note	2022	2021
		----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited		100	100
		100	100
Prepaid rating fee		210	247
		310	347

9.	PAYABLE TO THE MANAGEMENT COMPANY	Note	2022 ----- (Rupees in '000) -----	2021 -----
	Remuneration payable to the Management Company	9.1	1,931	1,287
	Sindh Sales Tax payable on Management Company's remuneration	9.2	251	167
	Sales load payable		704	24
	Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	772	93
	Selling and marketing expense payable	9.4	1,622	601
			5,280	2,172
			5,280	2,172

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 year, the fee is being charged at the rate ranging from 0.5% to 1.385% of 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% (2021: 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 year, the fee is being charged at the rate ranging from 0% to 0.2% 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 year, the fee is being charged at the rate ranging from 0% to 0.25% of the average annual net assets accordingly.

10.	PAYABLE TO THE TRUSTEE	Note	2022 ----- (Rupees in '000) -----	2021 -----
	Trustee fee payable	10.1	290	70
	Sindh Sales Tax payable on remuneration of the Trustee	10.2	37	9
			327	79
			327	79

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 year, Management Company has charged the Trustee fee accordingly.

10.2 Sindh Sales Tax at the rate of 13% (June 30, 2021: 13%) is applicable on Trustee fee as per Sindh Sales Tax on Services Act, 2011.

		2022	2021
	Note	----- (Rupees in '000) -----	-----
11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable	11.1	<u>425</u>	<u>261</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 year, Management Company has charged the fee accordingly. The fee is payable annually in arrears.

		2022	2021
	Note	----- (Rupees in '000) -----	-----
12. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	12.1	1,344	1,344
Provision for Sindh Workers' Welfare Fund	12.2	-	16,683
Withholding tax payable		27,003	6,369
Auditors' remuneration		171	238
Printing charges		85	160
Security transaction costs and settlement charges payable		71	-
Other payables		297	455
		<u>28,971</u>	<u>25,249</u>

12.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified

On September 4, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

On July 16, 2016, 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.

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.

However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, being prudent has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 1.344 million (2021: Rs. 1.344 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. 0.0296 per unit (2021: Re. 0.134 per unit).

12.2 PROVISION FOR 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 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.

During the current year, 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 Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting 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.

The Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 16.683 million charged 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
	----- Number of Units -----	
Total units in issue at the beginning of the year	10,026,337	13,962,588
Units issued during the year	97,375,995	27,735,492
Units redeemed during the year	(61,948,793)	(31,671,743)
Total units in issue at the end of the year	<u>45,453,539</u>	<u>10,026,337</u>

15. AUDITORS' REMUNERATION

	2022	2021
	----- (Rupees in '000) -----	
Annual audit fee	167	140
Fee for half yearly review	71	60
	<u>238</u>	<u>200</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 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 year ended June 30, 2022 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

	June 30, 2022		
	Fair value through profit or loss	Amortised cost	Total
	----- (Rupees in '000) -----		
Financial assets			
Bank balances	-	2,966,406	2,966,406
Investments			
Corporate Sukuk Bonds	1,529,706	-	1,529,706
Commercial Papers	-	139,187	139,187
Profit receivable	-	75,064	75,064
Deposits	-	100	100
	1,529,706	3,180,757	4,710,463
Financial liabilities			
Payable to the Management Company	-	5,029	5,029
Payable to the Trustee	-	290	290
Payable against redemption of units	-	4,601	4,601
Dividend payable	-	233	233
Accrued expenses and other liabilities	-	464	464
	-	10,617	10,617

	June 30, 2021		
	Fair value through profit or loss	Amortised cost	Total
	----- (Rupees in '000) -----		
Financial assets			
Bank balances	-	564,308	564,308
Investments			
Corporate Sukuk Bonds	330,254	-	330,254
Commercial Papers	-	141,274	141,274
Profit receivable	-	22,389	22,389
Deposits	-	100	100
	<u>330,254</u>	<u>728,071</u>	<u>1,058,325</u>

	As at June 30, 2021		
	Fair value through profit or loss	Amortised cost	Total
	----- (Rupees in '000) -----		
Financial liabilities			
Payable to the Management Company	-	2,005	2,005
Payable to the Trustee	-	70	70
Payable against redemption of units	-	10,399	10,399
Dividend payable	-	233	233
Accrued expenses and other liabilities	-	701	701
	<u>-</u>	<u>13,408</u>	<u>13,408</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 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.

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) -----	
19.1 Transactions during the year		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	17,980	18,042
Sindh Sales Tax on remuneration of the Management Company	2,337	2,345
Sales load	679	38
Allocation of expenses related to registrar service accounting, operation and valuation services	2,277	1,303
Selling and marketing expenses	2,755	2,605
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	1,593	977
Sindh Sales Tax payable on the Trustee fee	207	127
Central Depository Service charges	27	10
Habib Bank Limited - Sponsors		
Bank charges	259	163
Profit on bank deposit earned	10,241	15,150
Directors and executives of the Management Company		
Issue of 143,295 units (2021: 73,539 units)	15,520	7,669
Redemption of 98,021 units (2021: 76,639 units)	10,873	8,038
Dividend Paid	59	2
HBL Asset Management Limited - Employees' Gratuity Fund		
Issue of 543 (2021: 268) unit	56	27
Dividend paid	56	27
HBL Asset Management Limited - Employees' Provident Fund		
Issue of 2,920 (2021: 1,441) units	299	146
Dividend paid	299	146
Jubilee Life Insurance Company Limited		
Issue of 3,961,318 (2021: nil) units	408,729	-
Dividend paid	7,355	-
MCBFSL Trustee HBL Islamic Financial Planning Fund		
Active Allocation Plan - Fund under common management		
Issue of 2,449 (2021: 163,913) units	262	16,904
Redemption of 107,068 (2021: 408,303) units	11,560	42,489
Dividend paid	-	527
MCBFSL Trustee HBL Islamic Financial Planning Fund		
Conservative Allocation Plan - Fund under common management		
Issue of 26,227 (2021: 488,077) units	2,797	49,502
Redemption of 422,668 (2021: 138,303) units	45,118	12,123
Dividend paid	48	2,025

	2022	2021
	----- (Rupees in '000) -----	
Hamdard Laboratories (Waqf) Pakistan		
Related party due to holding more than 10%		
Issue of 28,536,861 (2021: nil) units	3,167,826	-
Redemption of 13,629,770 (2021: nil) units	1,537,734	-
Dividend paid	139,525	-
Zahid Rashid Soorty		
Related party due to holding more than 10%		
Issue of 10,937,268 (June 30, 2021: nil) units	1,214,184	-
Redemption of 5,295,722 (June 30, 2021: nil) unit	597,284	-
Dividend paid	52,803	-
HBL Islamic Money Market Fund		
Sale of Kelectric Islamic Commercial Paper	40,000	-
Sale of Hub Power Holding Company Sukuk	160,000	-
HBL Islamic Asset Allocation Fund		
Purchase of OBS AGP Sukuk	20,000	-
Purchase of OBS AGP Sukuk	15,000	-
Purchase of TPL Trakker Sukul	11,556	-
Purchase of Hub Power Holding Company Sukuk	40,000	-
19.2 Balances outstanding as at year end		
HBL Asset Management Limited - Management Company		
Remuneration payable to the Management Company	1,931	1,287
Sindh Sales Tax payable on Management Company's remuneration	251	167
Sales load payable	704	24
Allocation of expenses related to registrar service accounting, operation and valuation services	772	93
Selling and marketing expense payable	1,622	601
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	327	79
Security deposit	100	100
Habib Bank Limited - Sponsor		
Bank balances	306,175	554,564
HBL Asset Management Limited - Employees' Gratuity Fund		
Units held: 5,949 (June 30, 2021: 5,406)	611	550
HBL Asset Management Limited - Employees' Provident Fund		
Units held: 31,980 (June 30, 2021: 29,060)	3,286	2,957

	2022	2021
	----- (Rupees in '000) -----	-----
Jubilee Life Insurance Company Limited		
Units held: 3,961,318 (June 30,2021: nil)	407,068	-
MCBFSL Trustee HBL Islamic Financial Planning Fund		
Active Allocation Plan - Fund under common management		
Units held: nil (June 30,2021: 104,619)	-	22,672
MCBFSL Trustee HBL Islamic Financial Planning Fund		
Conservative Allocation Plan - Fund under common management		
Units held: 5,512 (June 30, 2021: 401,953)	566	40,899
Hamdard Laboratories (Waqf) Pakistan		
Related party due to holding more than 10%		
Units held: 14,907,091 (June 30, 2021: nil)	1,531,863	-
Zahid Rashid Soorty		
Related party due to holding more than 10%		
Units held: 5,641,546 (June 30, 2021: nil)	579,729	-
Directors and executives of the Management Company		
Units held: 48,163 units (June 30, 2021: 2,889) units	4,949	608

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 the 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 long, medium and short term Shariah compliant debt instruments and money market placements. These activities are exposed to a variety of financial risks i.e. 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 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 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, during the year the interest rates on which range between 6.75% and 15.75% per annum, and against investment in Corporate Sukuk Bonds, the interest rate on which range between 7.85% to 18.03%, respectively.

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. 44.96 million (2021: Rs. 9.864 million).

b) Fair value interest rate risk

The Fund's investment in 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. 1.39 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. 1.39 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 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) -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	6.75 - 15.75	2,965,999	-	-	407	2,966,406
Investments						
Corporate sukuk bonds	7.85 - 18.03	-	1,529,706	-	-	1,529,706
Commercial paper	9.57 - 10.64	139,187	-	-	-	139,187
Profit receivable		-	-	-	75,064	75,064
Deposits		-	-	-	100	100
Sub total		3,105,186	1,529,706	-	75,571	4,710,463
Financial liabilities						
Payable to the Management Company		-	-	-	5,029	5,029
Payable to the Trustee		-	-	-	290	290
Payable against redemption of units		-	-	-	4,601	4,601
Dividend payable		-	-	-	233	233
Accrued expenses and other liabilities		-	-	-	464	464
Sub total		-	-	-	10,617	10,617
On-balance sheet gap (a)		3,105,186	1,529,706	-	64,954	4,699,846
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		3,105,186	1,529,706	-	64,954	4,699,846
Cumulative interest rate sensitivity gap		3,105,186	1,529,706	-	-	-

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) -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.9 - 6.9	555,623	-	-	8,685	564,308
Investments						
Corporate Sukuk Bonds	7.2 - 14.5	-	330,254	-	-	330,254
Commercial Paper	7.51 - 9.85	141,274	-	-	-	141,274
Profit receivable		-	-	-	22,389	22,389
Deposits		-	-	-	100	100
		696,897	330,254	-	31,174	1,058,325
Financial liabilities						
Payable to the Management Company		-	-	-	2,005	2,005
Payable to the Trustee		-	-	-	70	70
Payable against redemption of units		-	-	-	10,399	10,399
Dividend payable		-	-	-	233	233
Accrued expenses and other liabilities		-	-	-	701	701
		-	-	-	13,408	13,408
On-balance sheet gap (a)		696,897	330,254	-	17,766	1,044,917
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		696,897	330,254	-	17,766	1,044,917
Cumulative interest rate sensitivity gap		696,897	330,254	-	-	-

20.1.3 Price risk

Price risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Fund does not hold any security which exposes the Fund to price risk.

20.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to investment in debt securities, profit 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.

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 / 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 Islami Pakistan Limited	1,788	A-1	PACRA
Al Baraka Bank Limited	2,283,282	A-1	JCR-VIS
Habib Bank Limited	306,175	A-1+	JCR-VIS
Soneri Bank Limited	507	A-1+	PACRA
Dubai Islamic Bank Pakistan Limited	4,503	A-1+	JCR-VIS
Faysal Bank Limited	365,854	A-1+	PACRA
Summit Bank Limited	125	Suspended	JCR-VIS
Bank Al Habib Limited	3,903	A-1+	PACRA
MCB Islamic Bank Limited	115	A-1	PACRA
United Bank Limited	11	A-1+	JCR VIS
Bank Alfalah Limited	100	A-1+	PACRA
National Bank of Pakistan	29	A-1+	PACRA
Bank of Khyber	13	A-1	PACRA
	<u>2,966,406</u>		

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')-----			
Corporate Sukuks - Listed			
Agha Steel Industries Limited	85,557	A	JCR-VIS
	85,557		
Corporate Sukuks - Unlisted			
OBS AGP Private Limited	110,550	A+	JCR-VIS
Dubai Islamic Bank Pakistan Limited	55,809	AA-	JCR-VIS
Ghani Gases Limited	35,688	A	PACRA
Hub Power Company Limited 190320	36,008	AA+	PACRA
Hub Power Company Limited 270422	450,000	AA+	PACRA
Pak Electron Limited	119,244	A+	PACRA
TPL Corporation Limited	75,000	A	PACRA
Lucky Electric Power Company	375,000	AA	PACRA
Kelectric Sukuk	150,000	AA+	JCR-VIS
TPL Trakker Limited	36,850	A+	PACRA
	1,444,149		
Commercial Paper			
Mughal Iron & Steel Industries Limited	37,810	A+	JCR-VIS
Hub Power Holdings Limited	101,377	AA	PACRA
Total Investments	1,668,893		

Balances with banks by rating category

Name of banks / 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 Islami Pakistan Limited	1,007	A-1	PACRA
Al Baraka Bank Limited	21	A-1	PACRA
Habib Bank Limited	554,564	A-1+	JCR-VIS
Soneri Bank Limited	1,744	A-1+	PACRA
Dubai Islamic Bank Pakistan Limited	445	A-1+	JCR-VIS
Faysal Bank Limited	81	A-1+	PACRA
Summit Bank Limited	122	Suspended	JCR-VIS
Bank Al Habib Limited	28	A-1+	PACRA
MCB Islamic Bank Limited	6,251	A-1+	PACRA
United Bank Limited	10	A-1+	JCR VIS
Bank of Khyber	35	A-1	PACRA
	564,308		

Investments by rating category

Name of investee company	Balances held by the Fund as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
------(Rupees in '000')-----			
Corporate Sukuks - Listed			
International Brands Limited	44,995	AA	JCR-VIS
Agha Steel Industries Limited	93,390	A	JCR-VIS
	138,385		
Corporate Sukuks - Unlisted			
AGP Limited	19,980	A+	PACRA
Dubai Islamic Bank Limited	55,510	AA-	JCR-VIS
Ghani Gasses Limited	61,089	A-	PACRA
Hub Power Company Limited	35,840	AA+	PACRA
TPL Corporation Limited	19,450	A+	PACRA
	191,869		
Commercial Paper			
Karachi Electric	84,287	A-1	JCR-VIS
Hub Power Holdings Limited	56,987	AA+	PACRA
	141,274		
Total Investments	471,528		

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+	22.96	99.79
A-1	77.04	0.19

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 sukuk 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) -----

Financial liabilities

Payable to the Management Company	5,029	-	-	5,029
Payable to the Trustee	290	-	-	290
Payable against redemption of units	4,601	-	-	4,601
Dividend payable	233	-	-	233
Accrued expenses and other liabilities	464	-	-	464
	<u>10,617</u>	<u>-</u>	<u>-</u>	<u>10,617</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	2,005	-	-	2,005
Payable to the Trustee	70	-	-	70
Payable against redemption of units	10,399	-	-	10,399
Dividend payable	233	-	-	233
Accrued expenses and other liabilities	701	-	-	701
	<u>13,408</u>	<u>-</u>	<u>-</u>	<u>13,408</u>

21. UNITS HOLDERS' FUND RISK MANAGEMENT

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

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

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

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Particulars	Note	June 30, 2022			June 30, 2022			
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Financial assets measured at fair value								
Corporate sukuk bonds	22.1	1,529,706	-	1,529,706	-	1,324,905	204,801	1,529,706
		<u>1,529,706</u>	<u>-</u>	<u>1,529,706</u>	<u>-</u>	<u>1,324,905</u>	<u>204,801</u>	<u>1,529,706</u>
Financial assets not measured at fair value								
Bank balance	22.2	-	2,966,406	2,966,406				
Commercial paper		-	139,187	139,187				
Profit / markup receivable		-	75,064	75,064				
Deposits		-	100	100				
		<u>-</u>	<u>3,180,757</u>	<u>3,180,757</u>				
Financial liabilities not measured at fair value								
Payable to the Management Company	22.2	-	5,029	5,029				
Payable to the Trustee		-	290	290				
Payable against redemption of units		-	4,601	4,601				
Dividend payable		-	233	233				
Accrued expenses and other liabilities		-	464	464				
		<u>-</u>	<u>10,617</u>	<u>10,617</u>				

Particulars	Note	June 30, 2021			June 30, 2021			
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Financial assets measured at fair value								
Corporate sukuk bonds	22.1	330,254	-	330,254	-	330,254	-	330,254
		<u>330,254</u>	<u>-</u>	<u>330,254</u>	<u>-</u>	<u>330,254</u>	<u>-</u>	<u>330,254</u>
Financial assets not measured at fair value								
Bank balance	22.2	-	564,308	564,308				
Commercial paper		-	141,274	141,274				
Profit / markup receivable		-	22,389	22,389				
Deposits		-	100	100				
		<u>-</u>	<u>728,071</u>	<u>728,071</u>				
Financial liabilities not measured at fair value								
Payable to the Management Company	22.2	-	2,005	2,005				
Payable to the Trustee		-	70	70				
Payable against redemption of units		-	10,399	10,399				
Dividend payable		-	233	233				
Accrued expenses and other liabilities		-	701	701				
		<u>-</u>	<u>13,408</u>	<u>13,408</u>				

22.1 Valuation techniques

For level 2 investments at fair value through profit or loss - investment in respect of corporate sukuk bonds, 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.

For level 3 investments at fair value through profit or loss - investment in respect of corporate sukuk bonds, Fund uses Discretionary rates at reporting date in accordance with the methodology prescribed by SECP vide its 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.

22.3 Transfers during the year

During the year ended June 30, 2022, there is a transfer between levels of fair value measurements of corporate sukuk bond of Agha steel industries limited, as management has applied Discretionary rates at reporting date in accordance with the methodology prescribed by SECP vide its circular no. 33 of 2012 dated October 24, 2012 at reporting date.

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

Brokers during the year ended June 30, 2022

- 1 Icon Securities (Private) Limited
- 2 Next Capital Limited
- 3 Invest One Markets Limited
- 4 BIPL Securities Limited
- 5 Summit Capital (Private) Limited

Brokers during the year ended June 30, 2021

- 1 JS Global Capital Limited
- 2 Invest One Markets 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	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 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	965	18,605,166	1,911,880	40.93%
Associated Companies	3	37,930	3,898	0.08%
Insurance Companies	10	8,656,453	889,543	19.04%
Trust	2	6,840	703	0.02%
Retirement Funds	21	2,534,468	260,444	5.58%
Other corporate	11	15,588,667	1,601,900	34.30%
Individual Foreign	5	24,016	2,468	0.05%
	1,017	45,453,539	4,670,836	100.00%

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	630	6,128,825	623,608	61.13%
Associated Companies	3	34,467	3,507	0.34%
Insurance Companies	6	1,633,402	166,199	16.29%
Trust	3	507,779	51,667	5.06%
Retirement Funds	15	897,002	91,270	8.95%
Other corporate	9	824,797	83,921	8.23%
Individual Foreign	2	65	7	0.00%
	668	10,026,337	1,020,179	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 ¹	7	7	-	-
2	Ms. Ava A. Cowasjee ¹	7	5	2	May 10,2022,May 16,2022
3	Mr. Shabbir Hussain Hashmi ⁵	5	5	-	-
4	Mr. Rayomond H. Kotwal ¹	7	7	-	-
5	Mr. Abrar Ahmed Mir ¹	7	7	-	-
6	Mr. Tariq Masaud ¹	7	7	-	-
7	Mr. Muhammad Afaq Khan ²	3	2	1	August 26,2021,October 28,2021
8	Mr. Abid Sattar ³	3	3	-	-
9	Mr. Khalid Malik ⁴	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 total expense ratio of the Fund for the year ended June 30, 2022 is 1.38% (2021: 2.15%) which includes 0.14% (2021: 0.32%) 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.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



HBL Islamic Equity Fund

NAME OF FUND	HBL ISLAMIC EQUITY FUND
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	BOD Ebrahim & Co. Chartered Accountants
NAME OF SHARIAH ADVISORS	AI - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Bank Islami Pakistan Limited Bank Al Baraka Limited MCB Bank Limited Faisal Bank Limited Habib Bank Limited

Type and Category of Fund

Open end Equity Fund

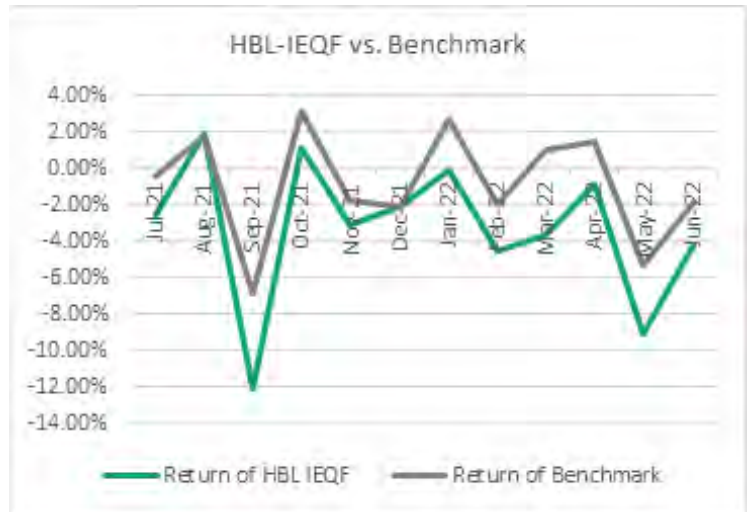
Investment Objective and Accomplishment of Objective

The objective of the Fund is to provide maximum total return to the unit holders from investment in shariah compliant equity investments for the given level of risk.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KMI 30 Index.

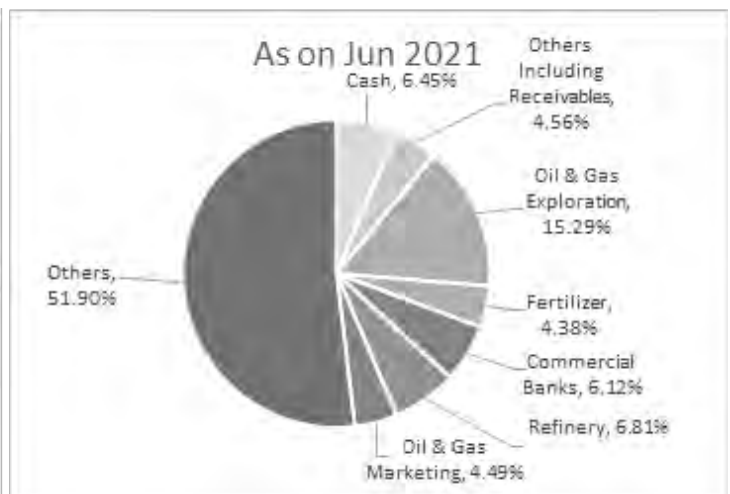
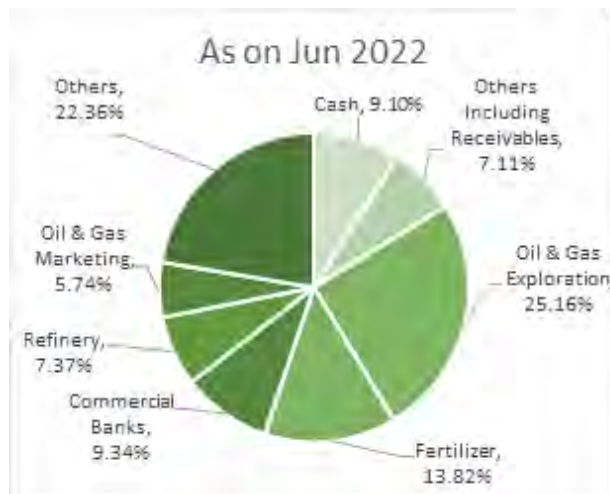
Month	Return of Fund	
	HBL-IEQF	Benchmark
Jun-22	-4.20%	-1.83%
May-22	-9.08%	-5.36%
Apr-22	-0.82%	1.50%
Mar-22	-3.61%	1.06%
Feb-22	-4.51%	-1.96%
Jan-22	-0.08%	2.66%
Dec-21	-2.09%	-2.08%
Nov-21	-3.13%	-1.81%
Oct-21	1.10%	3.11%
Sep-21	-12.04%	-6.86%
Aug-21	1.93%	1.81%
Jul-21	-2.49%	-0.47%



Strategies and Policies employed during the Year

During the year under review, the Fund decreased its exposure in equity from 89% of total assets as on June 2021 to 84% as on June 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 exploration and refinery was increased, while exposure in cement and engineering 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	9.10%	6.45%
Others Including Receivables	7.11%	4.56%
Oil & Gas Exploration	25.16%	15.29%
Fertilizer	13.82%	4.38%
Commercial Banks	9.34%	6.12%
Refinery	7.37%	6.81%
Oil & Gas Marketing	5.74%	4.49%
Others	22.4%	51.9%
Total	100.00%	100.00%

Fund Performance

The total and net loss of the Fund was Rs. 123.35 million and Rs. 134.09 million respectively during the year ended June 30, 2022. The Net Asset Value (NAV) of the Fund was Rs. 69.9797 per unit as on June 30, 2022 as compared to Rs. 105.0735 per unit as on June 30, 2021, thereby giving a negative return of 33.40% during the year, against the benchmark return (KMI 30 Index) of 10.25%. The size of Fund was Rs. 0.15 billion as on June 30, 2022 as compared to Rs. 0.62 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	37	1,282
101 – 500	28	7,229
501 – 1,000	21	13,843
100,1 – 10,000	68	253,150
10,001 – 100,000	22	829,377
100,001 – 500,000	2	448,615
500,001 – 1,000,000	1	531,945
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
Total	179	2,085,441

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 ISLAMIC EQUITY FUND

	2022	2021	2020	2019	2018	2017
Net assets at the period end(Rs'000)	145,938.56	624,585	228,586	265,464	1,317,899	789,907
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES						
Redemption	69.9797	105.0735	77.5699	76.7854	92.4834	105.4755
Offer	71.5612	107.4482	79.3230	78.5208	94.5735	107.8590
OFFER / REDEMPTION DURING THE PERIOD - RUPEES						
Highest offer price per unit	108.2545	111.7666	100.1572	98.3553	109.3377	152.2625
Lowest offer price per unit	70.9656	81.1602	61.1836	75.3913	85.5229	102.5189
Highest redemption price per unit	105.862	109.2965	97.9437	96.1816	106.9213	148.8974
Lowest redemption price per unit	69.3972	79.3665	59.8314	73.7251	83.6328	100.2532
RETURN (%)						
Total return	-33.40%	35.46%	1.15%	-16.97%	-12.32%	24.42%
Income distribution	0.00%	0.00%	0.10%	0.00%	0.00%	27.00%
Capital growth	-33.40%	35.46%	1.05%	-16.97%	-12.32%	-2.58%
DISTRIBUTION						
Final dividend distribution- Cash	-	-	-	-	-	26.00
Date of Income Distribution	-	-	-	-	-	20-Jun-17
Final dividend distribution- Bonus	-	-	0.10	-	-	1.00
Date of Income Distribution	-	-	26-Jun-20	-	-	20-Jun-17
Total dividend distribution for the year/ period	-	-	0.10	-	-	27.00
AVERAGE RETURNS (%)						
Average annual return 1 year	-33.40%	35.46%	1.15%	-16.97%	-12.32%	24.42%
Average annual return 2 year	-5.02%	17.05%	-8.36%	-14.68%	4.45%	17.50%
Average annual return 3 year	-3.00%	4.39%	-9.70%	-3.24%	6.58%	19.79%
PORTFOLIO COMPOSITION - (%)						
Percentage of Net Assets as at 30 June:						
Bank Balances	9.10%	6.45%	4.22%	8.72%	11.91%	23%
GoP Ijarah Sukuks	0	-	-	-	-	-
Placement with Banks and DFIs	0	-	-	-	-	-
Corporate Sukuks	0	-	-	-	-	-
Stock / Equities	83.79%	88.99%	94.24%	87.76%	87.46%	77%
Others	7.11%	4.56%	1.54%	3.52%	0.63%	-

Note:

The Launch date of the Fund is May 29, 2014

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 ISQF	Meetings	Resolutions	For	Against
Number	3	11	11	-
(%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 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

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
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**

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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC 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 Islamic 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.

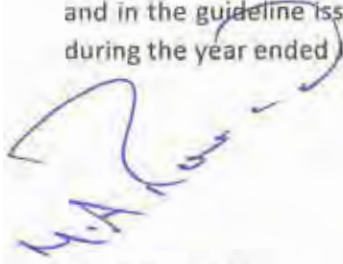
Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 16, 2022



STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Equity Fund (the fund) has fully complied with the Shariah Principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during the year ended June 30, 2022. This has been duly confirmed by the Shariah Advisor of the Fund.

**Mir Adil Rashid**

Chief Executive Officer

Dated: August 29, 2022

September 15, 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين، والصلاة والسلام على سيد الانبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2022 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in HBL Islamic Equity Fund (HBL-IEF) managed by HBL Asset Management Company Limited are halal and in accordance with Shariah principles.

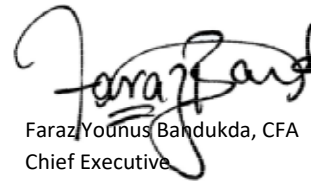
May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

والله أعلم بالصواب، وصلى الله على نبينا محمد وعلى آله وصحبه وبارك وسلم

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.



Mufti Irshad Ahmad Aijaz
Member Shariah Council

Faraz Younus Bandukda, CFA
Chief Executive



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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HBL ISLAMIC EQUITY FUND

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HBL Islamic 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>Existence and valuation of investments</p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2022, the investments held by the Fund comprised of listed equity securities which represent 83.80% 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">We evaluated the design and implementation of key controls over investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.

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S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. Further, the Fund is required to be compliant with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) with respect to investments.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<ul style="list-style-type: none"> 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. 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.

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.

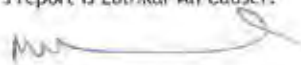
Report on other legal and regulatory requirements

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 Causar.

KARACHI

DATED: 27 SEP 2022


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT ASSURANCE REPORT TO THE UNITHOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

Scope of our Work

We have performed an independent assurance engagement of HBL Islamic Equity Fund (the Fund), to express an opinion on the annexed Statement of Compliance with the Shariah Principles (the Statement) for the year ended June 30, 2022. Our engagement was carried out as required under Trust Deed and Shariah Principles of the Fund.

Applicable Criteria

The criteria for the assurance engagement against which the underlying statement (the subject matter) is assessed comprises of compliance with the Shariah Principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor (criteria). Therefore, the underlying subject matter may not be suitable for another purpose. Our engagement was carried out as required under Trust Deed and Shariah Principles of the Fund.

Management Company's responsibility

Management Company (HBL Asset Management Limited) of the Fund is responsible for the preparation and fair presentation of the Statement (the subject matter) and for compliance with the Shariah Principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor (criteria). This responsibility includes designing, implementing and maintaining internal control to ensure that operations of the Fund and the investments made by the Fund are in compliance with the Shariah Principles.

Our Independence and Quality Control

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. The firms apply International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, And Other Assurance and Related Services Engagements" and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of independent assurance providers

Our responsibility is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This standard requires that we plan and perform the engagement to obtain reasonable assurance whether the Statement reflects the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor and is free from material misstatement.

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BDO Ebrahim & Co. Chartered Accountants

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The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance with the Shariah Principles whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the Fund's compliance with the principles in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the principles. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

The procedures performed included:

- Checking compliance of specified guidelines issued by the Shariah Advisor relating to charity, maintaining bank accounts and for making investments of the Fund; and
- Checking that the Shariah Advisor has certified that the operations of the Fund and investments made by the Fund during the year ended June 30, 2022 are in compliance with the Shariah Principles and where required, purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

Conclusion

In our opinion, the Statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor for the year ended June 30, 2022.

KARACHI

DATED: SEPTEMBER 27, 2022

BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS

	Note	2022 ----- (Rupees in '000) -----	2021 -----
ASSETS			
Bank balances	5	15,503	44,370
Investments	6	142,750	612,282
Dividend and profit receivable	7	1,175	4,976
Receivable against sale of investments - net		7,870	16,883
Advances, deposits and prepayments	8	3,056	9,448
TOTAL ASSETS		<u>170,354</u>	<u>687,959</u>
LIABILITIES			
Payable to the Management Company	9	326	2,362
Payable to the Trustee	10	28	118
Payable to Securities and Exchange Commission of Pakistan	11	67	79
Payable against redemption of units		19,986	49,461
Accrued expenses and other liabilities	12	4,009	11,355
TOTAL LIABILITIES		<u>24,416</u>	<u>63,375</u>
NET ASSETS		<u>145,938</u>	<u>624,584</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>145,938</u>	<u>624,584</u>
CONTINGENCIES AND COMMITMENTS			
	13	-----Number of units-----	
Number of units in issue	14	<u>2,085,441</u>	<u>5,944,266</u>
		----- (Rupees) -----	
Net assets value per unit		<u>69.9797</u>	<u>105.0735</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 Islamic Equity Fund

Income Statement

For the year ended June 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021
Income			
Capital (loss) / gain on sale of investments - net		(103,727)	75,281
Dividend income		9,893	13,586
Profit on bank deposits		1,773	1,687
		<u>(92,061)</u>	<u>90,554</u>
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6.1.3	(31,293)	11,526
		<u>(123,354)</u>	<u>102,080</u>
Expenses			
Remuneration of the Management Company	9.1	6,659	7,924
Sindh Sales Tax on remuneration of the Management Company	9.2	866	1,030
Remuneration of the Trustee	10.1	655	792
Sindh Sales Tax on remuneration of the Trustee	10.2	98	103
Annual fee to Securities and Exchange Commission of Pakistan	11.1	67	79
Allocation of fee and expenses related to registrar services, accounting, operation and valuation services	9.3	1,514	638
Selling and marketing expenses	9.4	2,934	2,972
Auditors' remuneration	15	236	238
Fee and subscription		194	28
Securities transaction costs and settlement charges		2,784	4,050
Bank charges		66	432
Shariah advisory services		205	204
		<u>16,278</u>	<u>18,490</u>
Net (loss) / income for the year from operations		<u>(139,632)</u>	<u>83,590</u>
Reversal of provision / (provision) for Sindh Workers' Welfare Fund	12.2	5,543	(1,672)
Net (loss) / income for the year before taxation		<u>(134,089)</u>	<u>81,918</u>
Taxation	16	-	-
Net (loss) / income for the year after taxation		<u>(134,089)</u>	<u>81,918</u>
Allocation of net income for the year			
Income already paid on redemption of units		-	64,556
Accounting income available for distribution:			
Relating to capital gains		-	17,362
Excluding capital gains		-	-
		<u>-</u>	<u>17,362</u>
		<u>-</u>	<u>81,918</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 (loss) / income for the year after taxation	(134,089)	81,918
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	<u>(134,089)</u>	<u>81,918</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 Islamic Equity Fund
Statement of Movement in Unitholders' Fund
For the year ended June 30, 2022

	2022			2021		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	(Rupees in '000)					
Net assets at beginning of the year	800,479	(175,895)	624,584	421,843	(193,257)	228,586
Issuance of 5,285,759 units (2021: 15,419,526 units)						
Capital value (at net asset value per unit at the beginning of the year)	555,393	-	555,393	1,196,091	-	1,196,091
Element of (loss)/income	(90,664)	-	(90,664)	357,337	-	357,337
Total proceeds on issuance of units	464,729	-	464,729	1,553,428	-	1,553,428
Redemption of 9,144,584 units (2021: 12,422,095 units)						
Capital value (at net asset value per unit at the beginning of the year)	(960,853)	-	(960,853)	(963,581)	-	(963,581)
Income already paid on redemption of units	-	-	-	-	(64,556)	(64,556)
Element of income / (loss)	151,567	-	151,567	(211,211)	-	(211,211)
Total payments on redemption of units	(809,286)	-	(809,286)	(1,174,792)	(64,556)	(1,239,348)
Total comprehensive (loss)/income for the year	-	(134,089)	(134,089)	-	81,918	81,918
Net assets at end of the year	455,922	(309,984)	145,938	800,479	(175,895)	624,584
Accumulated loss brought forward						
Realised loss		(187,421)			(189,059)	
Unrealised income / (loss)		11,526			(4,198)	
		(175,895)			(193,257)	
Accounting income available for distribution						
Relating to capital gains		-			17,362	
Excluding capital gains		-			-	
		-			17,362	
Total comprehensive loss for the year		(134,089)			-	
Accumulated loss carried forward		(309,984)			(175,895)	
Accumulated loss carried forward						
Realised loss		(278,691)			(187,421)	
Unrealised (loss)/income		(31,293)			11,526	
		(309,984)			(175,895)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		105.0735			77.5699	
Net assets value per unit at end of the year		69.9797			105.0735	

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
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the year before taxation	(134,089)	81,918
Adjustments for:		
Capital loss / (gain) on sale of investments - net	103,727	(75,281)
Dividend income	(9,893)	(13,586)
Profit on bank deposits	(1,773)	(1,687)
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assts at fair value through profit or loss - net	31,293	(11,526)
	(10,735)	(20,162)
Decrease / (increase) in assets		
Investments - net	343,525	(314,870)
Advance against IPO	6,392	(6,448)
	349,917	(321,318)
(Decrease) / increase in liabilities		
Payable to the Management Company	(2,036)	1,407
Payable to the Trustee	(90)	75
Payable to Securities and Exchange Commission of Pakistan	(12)	7
Accrued expenses and other liabilities	(7,346)	2,531
	(9,484)	4,020
Cash generated from / (used in) operations	329,698	(337,460)
Dividend received	13,740	9,283
Profit received on bank deposits	1,727	1,713
	15,467	10,996
Net cash flows from / (used in) operating activities	345,165	(326,464)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	464,729	1,553,428
Payment against redemption of units	(838,761)	(1,192,691)
Dividend paid	-	(93)
Net cash (used in) / generated from financing activities	(374,032)	360,644
Net (decrease) / increase in cash and cash equivalents during the year	(28,867)	34,180
Cash and cash equivalents at beginning of the year	44,370	10,190
Cash and cash equivalents at end of the year	5 15,503	44,370

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 Islamic Equity 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/AMCW/PISF/965/2014 dated April 23, 2014 and the Trust Deed was executed on February 20, 2014.

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 (the NBFC Rules) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

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

The objective of HBL Islamic Equity Fund is to provide the maximum total return to the unit holders from investment in 'Shariah Compliant' equity investments for the given level of risk.

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

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 convention, 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.

	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 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 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

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 recognised.

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 deposits, dividend and profit receivable, receivable against sale of investment 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.
- Profit 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 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

		2022	2021
----- Rupees in '000 -----			
Cash at bank			
In savings accounts	5.1	15,493	44,360
In current accounts		10	10
		<u>15,503</u>	<u>44,370</u>

5.1. These bank accounts carry profit at the rate ranging between 6.5% to 15.75% (2021: 5.65% to 8%) per annum. This includes an amount held in Habib Bank Limited (a related party) amounting to Rs. 2.75 million (2021: Rs. 27.47 million) which carry profit at rates ranging between 6.5% to 9% (2021: 5.50% to 6.54%) per annum.

2022

2021

----- Rupees in '000 -----

6 INVESTMENTS

Financial assets at fair value through profit or loss

Listed equity securities

6.1

142,750

612,282

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 investee companies (Sector wise)	Number of shares					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
	As at July 1, 2021	Purchases during the year	Bonus issue during the year	Sales during the year	As at June 30, 2022						
-----Rupees in 000-----											
Automobiles Parts & Accessories											
Panther Tyres Limited	193,005	-	-	193,005	-	-	-	-	0.00%	0.00%	0.00%
	193,005	-	-	193,005	-	-	-	-	0.00%	0.00%	
Cement											
Lucky Cement Limited (6.1.1)	28,089	40,300	-	68,389	-	-	-	-	0.00%	0.00%	0.00%
Kohat Cement Limited	45,110	10,000	-	55,110	-	-	-	-	0.00%	0.00%	0.00%
Maple leaf cement factory Limited	396,318	802,000	-	1,198,318	-	-	-	-	0.00%	0.00%	0.00%
Attock Cement Pakistan Limited (6.1.1)	291,200	90,300	-	251,800	129,700	21,939	8,625	(13,314)	6.04%	5.91%	94.38%
Cherat Cement Company Limited (6.1.1)	42,900	-	-	42,900	-	-	-	-	0.00%	0.00%	0.00%
DG Khan Cement Company Limited (6.1.1)	132,451	12,500	-	144,951	-	-	-	-	0.00%	0.00%	0.00%
Fauji Cement Company Limited	-	87,000	-	87,000	-	-	-	-	0.00%	0.00%	0.00%
Pioneer Cement Limited	59,500	13,168	-	72,668	-	-	-	-	0.00%	0.00%	0.00%
Thatta Cement Company Limited	356,500	-	-	356,500	-	-	-	-	0.00%	0.00%	0.00%
	1,352,068	1,055,268	-	2,277,636	129,700	21,939	8,625	(13,314)	6.04%	6%	
Automobile Assembler											
Honda Atlas Cars (Pakistan) Limited	18,000	-	-	18,000	-	-	-	-	0.00%	0.00%	0.00%
Millat Tractors Limited	-	1,900	-	1,900	-	-	-	-	0.00%	0.00%	0.00%
Pak Suzuki Motor Company Limited	18,200	-	-	18,200	-	-	-	-	0.00%	0.00%	0.00%
Ghandhara Industries Limited.	7,500	20,800	-	28,300	-	-	-	-	0.00%	0.00%	0.00%
	43,700	22,700	-	66,400	-	-	-	-	0.00%	0.00%	
Cable & Electrical Goods											
Waves Singer Pakistan Limited	231,000	122,000	-	353,000	-	-	-	-	0.00%	0.00%	0.00%
Pak Elektron Limited (Right Shares)	-	43,200	-	43,200	-	-	-	-	0.00%	0.00%	0.00%
Pak Elektron Limited	285,000	69,000	-	354,000	-	-	-	-	0.00%	0.00%	0.00%
	516,000	234,200	-	750,200	-	-	-	-	0.00%	0.00%	
Chemicals											
Engro Polymer & Chemicals Limited	-	227,500	-	188,500	39,000	3,239	3,106	(133)	2.18%	2.13%	4.29%
Lotte Chemical Pakistan Limited	-	56,500	-	56,500	-	-	-	-	0.00%	0.00%	0.00%
Nimir Resins Limited (S)	467,000	96,000	-	563,000	-	-	-	-	0.00%	0.00%	0.00%
Nimir Resins Limited	-	898,500	-	898,500	-	-	-	-	0.00%	0.00%	0.00%
Descon Oxychem Limited	-	229,000	-	229,000	-	-	-	-	0.00%	0.00%	0.00%
	467,000	1,507,500	-	1,935,500	39,000	3,239	3,106	(133)	2.18%	2%	
Commercial Bank											
Meezan Bank Limited (6.1.1)	233,126	160,088	27,243	293,500	126,957	15,317	14,344	(974)	10.05%	9.83%	7.80%
BankIslami Pakistan Limited	1,353,500	326,000	-	1,549,000	130,500	1,571	1,571	-	1.10%	1.08%	117.71%
	1,586,626	486,088	27,243	1,842,500	257,457	16,889	15,915	(974)	11.15%	11%	
Engineering											
International Steels Limited	157,500	50,000	-	207,500	-	-	-	-	0.00%	0.00%	0.00%
International Industries Limited	58,900	-	-	58,900	-	-	-	-	0.00%	0.00%	0.00%
Mughal Iron & Steel Industries Limited (6.1.1)	118,620	110,500	27,393	223,300	33,213	3,071	1,914	(1,156)	1.34%	1.31%	9.90%
Agha Steel Ind. Limited	538,000	444,500	12,825	995,325	-	-	-	-	0.00%	0.00%	0.00%
Aisha Steel Mills Limited	123,000	-	-	123,000	-	-	-	-	0.00%	0.00%	0.00%
Amreli Steels Limited	-	170,000	-	170,000	-	-	-	-	0.00%	0.00%	0.00%
	996,020	775,000	40,218	1,778,025	33,213	3,071	1,914	(1,156)	1.34%	1%	
Vanaspoti & Allied Industries											
Unity Foods Limited (6.1.1)	437,605	573,974	-	816,617	194,962	5,826	3,913	(1,913)	2.74%	2.68%	16.33%
	437,605	573,974	-	816,617	194,962	5,826	3,913	(1,913)	3%	3%	
Food & Allied Industries											
The Organic Meat Company Limited (6.1.1)	382,675	721,000	45,617	1,028,000	121,292	4,045	2,649	(1,396)	1.86%	1.82%	98.61%
Al Shaheer Corporation Limited	-	50,000	-	50,000	-	-	-	-	0.00%	0.00%	0.00%
	382,675	771,000	45,617	1,078,000	121,292	4,045	2,649	(1,396)	1.86%	1.82%	
Fertilizer											
Engro Corporation Limited (6.1.1)	102,300	110,624	-	160,658	52,266	14,529	13,437	(1,092)	9.41%	9.21%	9.07%
Engro Fertilizers Limited	-	114,027	-	-	114,027	10,260	10,107	(152)	7.08%	6.93%	8.54%
	102,300	224,651	-	160,658	166,293	24,789	23,544	(1,244)	16.49%	16.13%	
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited (6.1.2)	145	10,160	-	6,389	3,916	6,574	6,813	239	4.77%	4.67%	2.94%
Oil & Gas Development Company (6.1.1)	514,200	570,402	-	907,358	177,244	15,039	13,944	(1,096)	9.77%	9.55%	0.40%
Pakistan Oilfields Limited (6.1.1)	17,300	28,399	-	25,800	19,899	7,757	8,075	318	5.66%	5.53%	7.01%
Pakistan Petroleum Limited (6.1.1)	567,800	527,500	-	887,660	207,640	15,925	14,018	(1,907)	9.82%	9.61%	7.63%
	1,099,445	1,136,461	-	1,827,207	408,699	45,296	42,850	(2,446)	30.02%	29.36%	
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited (6.1.1 & 6.1.2)	137,828	55,250	-	155,000	38,078	7,659	6,543	(1,116)	4.58%	4.48%	8.11%
Sul Northern Gas Pipeline Limited	-	69,500	-	69,500	-	-	-	-	0.00%	0.00%	0.00%
Attock Petroleum Pakistan Limited	-	10,100	-	-	10,100	3,258	3,245	(12)	2.27%	2.22%	10.15%
	137,828	134,850	-	224,500	48,178	10,917	9,789	(1,128)	6.86%	6.71%	
Power Generation & Distribution											
Hub Power Company Limited (6.1.1)	195,687	94,800	-	216,187	74,300	5,647	5,065	(582)	3.55%	3.47%	5.73%
Nishat Chunian Power Limited	-	53,500	-	53,500	877	877	798	(80)	0.56%	0.55%	14.56%
	195,687	148,300	-	216,187	127,800	6,525	5,863	(662)	4.11%	4.02%	

Name of investee companies (Sector wise)	Number of shares					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
	As at July 1, 2021	Purchases during the year	Bonus issue during the year	Sales during the year	As at June 30, 2022						
Rupees in 000											
Pharmaceuticals											
Ferozsons Laboratories Limited	-	37,300	-	37,300	-	-	-	-	0.00%	0.00%	0.00%
AGP Limited	-	13,800	-	13,800	-	-	-	-	0.00%	0.00%	0.00%
The Searle Company Limited (6.1.2)	1,222	14,500	366	-	16,088	2,312	1,754	(558)	1.23%	1.20%	5.16%
Highnoon Laboratories Limited	-	10,000	685	10,685	-	-	-	-	0.00%	0.00%	0.00%
Abbott Laboratories (PaK) Limited	-	6,000	-	6,000	-	-	-	-	0.00%	0.00%	0.00%
	1,222	81,600	1,051	67,785	16,088	2,312	1,754	(558)	1.23%	1.20%	
Textile Composite											
Nishat Mills Limited (6.1.1)	35,000	4,000	-	24,449	14,551	1,352	1,075	(277)	0.75%	0.74%	4.14%
Interloop Limited	94,250	24,000	3,352	103,979	17,623	1,203	1,075	(128)	0.75%	0.74%	1.96%
Kohinoor Textile Mills Limited	83,000	-	-	66,500	16,500	1,241	825	(416)	0.58%	0.57%	32.41%
Gul Ahmed Textile Mills Limited	-	25,000	-	25,000	-	-	-	-	0.00%	0.00%	0.00%
	212,250	53,000	3,352	219,928	48,674	3,796	2,975	(821)	2.08%	2.04%	
Transport											
Pakistan International Bulk Terminal	-	104,000	-	104,000	-	-	-	-	0.00%	0.00%	0.00%
	-	104,000	-	104,000	-	-	-	-	0.00%	0.00%	
Technology & Communication											
Systems Limited (6.1.2)	24,295	13,500	3,795	34,692	6,898	2,222	2,275	54	1.59%	1.56%	2.48%
Avanceon Limited	200,400	67,499	6,474	247,500	26,873	2,182	2,094	(89)	1.47%	1.43%	8.28%
TRG Pakistan Limited	-	63,000	-	63,000	-	-	-	-	0.00%	0.00%	0.00%
WorldCall Telecom Limited	500,000	-	-	500,000	-	-	-	-	0.00%	0.00%	0.00%
TPL Trakker Limited (6.1.1)	-	173,500	-	16,000	157,500	2,085	1,362	(723)	0.95%	0.93%	841.06%
Air Link Communication Limited	-	83,100	4,207	87,307	-	-	-	-	0.00%	0.00%	0.00%
	724,695	400,599	14,476	948,499	191,271	6,489	5,731	(758)	4.02%	3.93%	
Refinery											
Attock Refinery Limited (6.1.1)	54,300	45,600	-	61,800	38,100	7,239	6,697	(542)	4.69%	4.59%	35.74%
National Refinery Limited	63,000	25,120	-	64,950	23,170	10,214	5,852	(4,362)	4.10%	4.01%	28.97%
	117,300	70,720	-	126,750	61,270	17,453	12,549	(4,904)	8.79%	8.60%	
Glass & ceramics											
Shabbir Tiles & Ceramics Limited	-	7,500	-	7,500	-	-	-	-	0.00%	0.00%	0.00%
	-	7,500	-	7,500	-	-	-	-	0.00%	0.00%	
Miscellaneous											
Pakistan Aluminium Beverage Cans Limited	-	75,268	-	75,268	-	-	-	-	0.00%	0.00%	0.00%
TPL Properties Limited	-	78,000	-	-	78,000	1,459	1,572	114	1.10%	1.08%	15.27%
	-	153,268	-	75,268	78,000	1,459	1,572	114	1%	1%	
As at June 30, 2022	8,565,426	7,940,679	131,957	14,716,165	1,921,897	174,043	142,750	(31,293)	100%	98%	
As at June 30, 2021	2,852,497	22,231,617	42,033	16,560,721	8,565,426	600,756	612,282	11,526	97%	95%	

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 :

- Attock Cement Pakistan Limited (100,000 shares having market value of Rs. 6.650 million).
- Attock Refinery Limited (10,000 shares having market value of Rs. 1.758 million).
- Engro Corporation Limited (29,050 shares having market value of Rs. 7.468 million).
- The Hub Power Company Limited (40,000 shares having market value of Rs. 2.727 million).
- Meezan Bank Limited (80,000 shares having market value of Rs. 9.038 million).
- Mughal Iron & Steel Industries Limited (32,000 shares having market value of Rs. 1.844 million).
- Nishat Mills Limited (10,000 shares having market value of Rs. 0.739 million).
- Oil & Gas Development Company Limited (100,000 shares having market value of Rs. 7.867 million).
- Pakistan Oilfields Limited (4,000 shares having market value of Rs. 1.623 million).
- Pakistan Petroleum Limited (100,000 shares having market value of Rs. 6.751 million).
- Pakistan State Oil Company Limited (25,000 shares having market value of Rs. 4.296 million).
- The Organic Meat Company Limited (70,000 shares having market value of Rs. 1.529 million).
- TPL Trackers Limited (10,000 shares having market value of Rs. 0.087 million).
- Unity Foods Limited (78,000 shares having market value of Rs. 1.565 million).

6.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan has filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case. However, the investee companies have withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 2.829 million at June 30, 2022 (2021: Rs. 2.616 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 CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the previous year.

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 Jurisdiction 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.

		2022	2021
		----- Rupees in '000 -----	
6.1.3	Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'		
	Market value of investments	142,750	612,282
	Less: Carrying value of investments	(174,043)	(600,756)
		<u>(31,293)</u>	<u>11,526</u>
7	DIVIDEND AND PROFIT RECEIVABLE		
	Dividend receivable	842	4,688
	Profit receivable on savings accounts	7.1 333	288
		<u>1,175</u>	<u>4,976</u>

- 7.1 This includes an amount receivable from Habib Bank Limited (a related party) amounting to Rs. 0.0218 million (2021: Nil) on which profit is earned at 9.5% (2021: Nil) per annum.

8 ADVANCES, DEPOSITS AND PREPAYMENTS

		2022	2021
		----- Rupees in '000 -----	
Security deposit with:			
National Clearing Company of Pakistan Limited		2,500	2,500
Central Depository Company of Pakistan Limited		100	100
		<u>2,600</u>	<u>2,600</u>
Advance tax	8.1	279	279
Advance against IPO	8.2	56	6,448
Prepaid listing fee		121	122
		<u>3,056</u>	<u>9,448</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 of ITO 2001. The Management Company is confident that the same shall be refunded after filing refund application.

- 8.2 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 settled during the year against the purchase of shares of the company in the initial public offering.

		2022	2021
		----- Rupees in '000 -----	
9 PAYABLE TO THE MANAGEMENT COMPANY	Note		
Remuneration payable to the Management Company	9.1	250	1,040
Sindh Sales Tax payable on Management Company's remuneration	9.2	32	135
Allocation of fee and expenses related to registrar, accounting, operation and valuation services	9.3	1	975
Selling and marketing expenses payable	9.4	28	84
Sales load payable		15	128
		<u>326</u>	<u>2,362</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. 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 of 0.328% 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 an average rate of 0.074% of the average annual net assets.

10	PAYABLE TO THE TRUSTEE	Note	2022	2021
			----- Rupees in '000 -----	
	Trustee fee payable	10.1	25	104
	Sindh Sales Tax payable on Trustee Fee	10.2	3	14
			<u>28</u>	<u>118</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.

Earlier the tariff structure applicable to the Fund were as follows:

Average Net asset Value	Tariff per annum
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

The CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, has revised the rates of the Trustee fee, with effect from July 1, 2019, according to which, Trustee fee shall be charged by permanently eliminating the minimum fee component as mentioned in the offering documents.

- 10.2** 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.

11	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2022	2021
			----- Rupees in '000 -----	
	Annual fee payable	11.1	67	79

11.1 Under the 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	Note	2022	2021
		----- Rupees in '000 -----	
Provision for Federal Excise Duty	12.1	3,268	3,268
Provision for Sindh Workers' Welfare Fund	12.2	-	5,543
Donation payable		437	779
Withholding tax payable		15	504
Auditors' remuneration		74	238
Printing charges		21	109
Brokerage payable		164	883
Others		30	31
		4,009	11,355

12.1 The legal status of applicability of Federal Excise Duty is the same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020. However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 3.268 million (2021: Rs. 3.268 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. 1.567 per unit (2021: Re. 0.5498 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 [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.

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. 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 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	5,944,266	2,946,835
Add: Units issued during the year	5,285,759	15,419,526
Less: Units redeemed during the year	(9,144,584)	(12,422,095)
Total units in issue at the end of the year	<u>2,085,441</u>	<u>5,944,266</u>

15 AUDITORS' REMUNERATION	-----Rupees in '000-----	
Annual audit fee	135	135
Fee for half yearly review	60	60
Shariah compliance audit fee	5	5
Other certifications and out of pocket expenses	36	38
	<u>236</u>	<u>238</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 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	Amortised cost	Total
	----- Rupees in '000 -----		
Financial assets			
Bank balances	-	15,503	15,503
Investments	142,750	-	142,750
Dividend and profit receivable	-	1,175	1,175
Receivable against sale of investments - net	-	7,870	7,870
Deposits	-	2,600	2,600
	<u>142,750</u>	<u>27,149</u>	<u>169,898</u>

Particulars	As at June 30, 2022		
	Fair value	Amortised cost	Total
----- Rupees in '000 -----			
Financial liabilities			
Payable to the Management Company	-	294	294
Payable to the Trustee	-	25	25
Payable against redemption of units	-	19,986	19,986
Accrued expenses and other liabilities	-	713	713
	<u>-</u>	<u>21,017</u>	<u>21,017</u>

Particulars	As at June 30, 2021		
	Fair value	Amortised cost	Total
----- Rupees in '000 -----			
Financial assets			
Bank balances	-	44,370	44,370
Investments	612,282	-	612,282
Dividend and profit receivable	-	4,976	4,976
Receivable against sale of investments - net	-	16,883	16,883
Deposits	-	2,600	2,600
	<u>612,282</u>	<u>68,829</u>	<u>681,111</u>

Particulars	As at June 30, 2021		
	Fair value	Amortised cost	Total
----- Rupees in '000 -----			
Financial liabilities			
Payable to the Management Company	-	2,227	2,227
Payable to the Trustee	-	104	104
Payable against redemption of units	-	49,461	49,461
Accrued expenses and other liabilities	-	2,026	2,026
	<u>-</u>	<u>53,818</u>	<u>53,818</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	2022	2021
	----- Rupees in '000 -----	
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	6,659	7,924
Sindh Sales Tax on remuneration of the Management Company	866	1,030
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,514	638
Selling and marketing expenses	2,934	2,972
Issue of Nil (2021: 603,840) units	-	55,000
Redemption of Nil (2021: 603,840) units	-	55,810
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	655	792
Sindh Sales Tax on remuneration of the Trustee	98	103
CDS charges	90	98
Habib Bank Limited - Sponsor		
Profit on Bank Deposits	260	176
Bank charges	54	48
Director and Executives of the Management Company		
Issue of 144,220 (2021: 96,673) units	12,620	9,431
Redemption of 49,494 (2021: 86,051) units	4,150	8,548
MCBFSL Trustee HBL Islamic Financial Planning Fund		
Active Allocation Plan - Fund under common management		
Issue of 30,775 (2021: 281,718) units	2,718	29,155
Redemption of 438,915 (2021: 246,217) units	34,639	24,091
Dividend paid	-	-

	2022	2021
	----- Rupees in '000 -----	
MCBFSL Trustee HBL Islamic Financial Planning Fund		
Conservative Allocation Fund - Fund under common management		
Issue of 39,672 (2021: 112,588) units	3,493	11,671
Redemption of 135,096 (2021: 34,465) units	11,763	3,018
Dividend paid	-	-
IGI Life Insurance - Connected Person due to holding more than 10% units:		
Issue of Nil (2021: 3,512,598) units	-	367,493
Redemption of Nil (2021: 1,117,103) units	-	112,449
CDC Trsutee HBL Income Fund - Connected Party		
Sale of Equity Shares - ACPL	13,676	-
CDC Trsutee HBL Stock Fund - Connected Party		
Purchase of Equity Shares - GATM	988	-
19.2 Balance outstanding as at the year end		
HBL Asset Management Limited - Management Company		
Remuneration payable to the Management Company	250	1,040
Sindh Sales Tax payable on Management Company's remuneration	32	135
Allocation of expenses related to registrar services, accounting, operation and valuation services	1	84
Sales load payable	15	128
Selling and marketing expenses	28	975
Units held: Nil (2021: Nil)	-	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	25	104
Sindh Sales Tax on remuneration of the Trustee	3	14
Security deposit held	100	100
Habib Bank Limited - Sponsor		
Bank balances	2,761	27,482
Director and Executives of the Management Company		
Units held: 95,369 (2021:14,495)	6,674	1,628
MCBFSL Trustee HBL Islamic Financial Planning Fund		
Active Allocation Plan - Fund under common management		
Units held: NIL (2021: 408,643)	-	34,009

	2022	2021
	----- Rupees in '000 -----	
MCBFSL Trustee HBL Islamic Financial Planning Fund		
Conservative Allocation Plan - Fund under common management		
Units held: NIL (2021: 95,423)	-	9,995
IGI Life Insurance - Connected Person due to holding more than 10% units:		
Units held: NIL (2021: 2,395,495)	-	255,044
Muhammad Farhan Fancy - Connected Person due to holding more than 10% units:		
Units held: 281,371 (2021: NIL)	19,690	-
Munira Amir Vasi - Connected Person due to holding more than 10% units:		
Units held: 531,947 (2021: NIL)	37,225	-

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 Islamic equity securities. These activities are exposed to a variety of financial risks: market risks, credit risks and liquidity risks.

20.1 Market risk

Market risk is the risk that the fair value or 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 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 account, the interest rates on which range between 6.5% to 15.75% per annum.

In case of 100 basis points increase / (decrease) in interest rates on June 30, 2022 with all other variable held constant, the net income for the year and the net assets would have been higher / lower by Re. 0.0177 million (2021: Re. 0.0168 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. Yield / Interest rate sensitivity position for financial instrument is as follows:

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				
On-balance sheet financial instruments						
Financial assets						
Bank balances	6.50 - 15.75	15,493	-	-	10	15,503
Investments						
Listed equity securities		-	-	-	142,750	142,750
Dividend and profit receivable		-	-	-	1,175	1,175
Receivable against sale of investment - net		-	-	-	7,870	7,870
Deposits		-	-	-	2,600	2,600
Sub total		15,493	-	-	154,405	169,898
Financial liabilities						
Payable to the Management Company		-	-	-	294	294
Payable to the Trustee		-	-	-	25	25
Payable against redemption of units		-	-	-	19,986	19,986
Accrued expenses and other liabilities		-	-	-	713	713
Sub total		-	-	-	21,017	21,017
On-balance sheet gap (a)		15,493	-	-	133,387	148,881
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		15,493	-	-	133,387	148,881
Cumulative interest rate sensitivity gap		15,493	-	-	-	-

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 -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.65 - 8.00	44,360	-	-	10	44,370
Investments						
Listed equity securities		-	-	-	612,282	612,282
Dividend and profit receivable		-	-	-	4,976	4,976
Receivable against sale of investments - net		-	-	-	16,883	16,883
Deposits		-	-	-	2,600	2,600
Sub total		44,360	-	-	636,751	681,111
Financial liabilities						
Payable to the Management Company		-	-	-	2,227	2,227
Payable to the Trustee		-	-	-	104	104
Payable against redemption of units		-	-	-	49,461	49,461
Accrued expenses and other liabilities		-	-	-	2,026	2,026
Sub total		-	-	-	53,818	53,818
On-balance sheet gap (a)		44,360	-	-	582,933	627,293
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		44,360	-	-	582,933	627,293
Cumulative interest rate sensitivity gap		44,360	-	-	-	-

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 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 eligible stocks. The Fund's constitutive document and NBFC Regulations also limit investment in individual equity securities to no more than 15% of net assets of the Fund, or issued capital of the investee company respectively.

In case of 5% increase / decrease in price of all shares held by Fund at the year end, net income for the year would increase / decrease by Rs 7.137 million (2021: Rs 30.614 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 is primarily attributable 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 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 Fund's bank balances as at June 30, 2022 and June 30, 2021:

Bank	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

MCB Bank Limited	1	A-1+	PACRA
Habib Bank Limited	2,752	A-1+	VIS
Bank Islami Pakistan Limited	2,243	A-1	PACRA
AlBaraka Bank Limited	10,498	A-1	VIS
	<u>15,494</u>		

Bank	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

MCB Bank Limited	1	A-1+	PACRA
Habib Bank Limited	27,483	A-1+	VIS
Bank Islami Pakistan Limited	16,876	A-1	PACRA
AlBaraka Bank Limited	10	A-1	PACRA
	<u>44,370</u>		

20.2.2 The analysis below summarizes the credit quality of the Fund's credit exposure:

	2022	2021
Rating by rating category	----- (Percentage) -----	
A-1+	17.77	61.94
A-1	82.23	38.06

Concentration of credit risk

Concentration of credit risk exists when change 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 the 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 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 instance 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 -----				
Financial liabilities				
Payable to the Management Company	294	-	-	294
Payable to the Trustee	25	-	-	25
Payable against redemption of units	19,986	-	-	19,986
Accrued expenses and other liabilities	713	-	-	713
	<u>21,017</u>	<u>-</u>	<u>-</u>	<u>21,017</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	2,227	-	-	2,227
Payable to the Trustee	104	-	-	104
Payable against redemption of units	49,461	-	-	49,461
Accrued expenses and other liabilities	2,026	-	-	2,026
	<u>53,818</u>	<u>-</u>	<u>-</u>	<u>53,818</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 i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

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

As per the requirements of IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Particulars	Note	June 30, 2022						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
		Rupees in '000'						
Financial assets measured at fair value								
Listed equity securities	22.1	142,750	-	142,750	142,750	-	-	142,750
Financial assets not measured at fair value								
Bank balances	22.2	-	15,503	15,503				
Dividend and profit receivable		-	1,175	1,175				
Receivable against sale of investments - net		-	7,870	7,870				
Deposits - net		-	2,600	2,600				
		-	27,149	27,149				
Financial liabilities not measured at fair value								
Payable to the Management Company	22.2	-	294	294				
Payable to the Trustee		-	25	25				
Payable against redemption of units		-	19,986	19,986				
Dividend payable		-	-	-				
Accrued expenses and other liabilities		-	713	713				
		-	21,017	21,017				

Particulars	Note	June 30, 2021						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
		Rupees in '000'						
Financial assets measured at fair value								
Listed equity securities	22.1	612,282	-	612,282	612,282	-	-	612,282
Financial assets not measured at fair value								
Bank balances	22.2	-	44,370	44,370				
Dividend and profit receivable		-	4,976	4,976				
Receivable against sale of investments - net		-	16,883	16,883				
Deposits		-	2,600	2,600				
		-	68,829	68,829				
Financial liabilities not measured at fair value								
Payable to the Management Company	22.2	-	2,227	2,227				
Payable to the Trustee		-	104	104				
Payable against redemption of units		-	49,461	49,461				
Dividend payable		-	-	-				
Accrued expenses and other liabilities		-	2,026	2,026				
		-	53,818	53,818				

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 the 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 transfer were made between various levels of fair value hierarchy during the year.

Pattern of unit holding at June 30, 2021 is as follows:

Category	-----As at June 30, 2021-----			
	No. of unit holders	Number of units held	Investment amount	Percentage of total
	Rupees in '000			
Individuals	248	3,035,496	318,950	51.07%
Trust	2	503,563	52,911	8.47%
Insurance companies	2	2,395,495	251,703	40.30%
Other corporate	1	9,711	1,020	0.16%
	253	5,944,266	624,584	100%

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
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 4.89% (2021: 5.09%) which includes 0.40% (2021: 0.84%) 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 Islamic Financial Planning Fund

FUND INFORMATION

NAME OF FUND	HBL ISLAMIC FINANCIAL PLANNING FUND
NAME OF TRUSTEE	MCB Financial Services Limited
NAME OF AUDITORS	KPMG Taseer Hadi & Co., Chartered Accountants
NAME OF SHARIAH ADVISORS	Al - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Habib Bank Limited Dubai Islamic Bank Limited Bank Islami Pakistan Limited

Category of Fund

Open end Shariah Compliant 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 Shariah Compliant 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 and Active Allocation Plan are as follows:

Conservative Allocation Plan

- 20% KMI 30 index
- Six(6) months average deposit rates of three(3) AA- rated scheduled Islamic banks or Islamic windows of conventional banks as selected by MUFAP
- Three(3) months average deposit rates of three(3) AA rated scheduled Islamic banks or Islamic windows of conventional banks as selected by MUFAP

B and c will be based on actual proportion of investment in Islamic Income and Islamic Money Market Funds / Cash and near cash instruments.

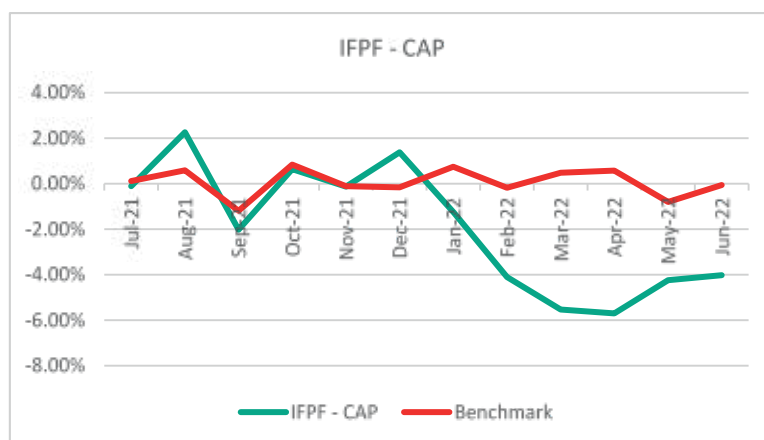
Active Allocation Plan

- KMI 30 index
- Six(6) months average deposit rates of three(3) AA- rated scheduled Islamic banks or Islamic windows of conventional banks as selected by MUFAP
- Three(3) months average deposit rates of three(3) AA rated scheduled Islamic banks or Islamic windows of conventional 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.

Conservative Allocation Plan

Month	Return of Fund	Benchmark
Jun-22	-4.02%	-0.06%
May-22	-4.24%	-0.80%
Apr-22	-5.70%	0.58%
Mar-22	-5.53%	0.48%
Feb-22	-4.10%	-0.18%
Jan-22	-1.24%	0.75%
Dec-21	1.38%	-0.16%
Nov-21	-0.13%	-0.11%
Oct-21	0.64%	0.84%
Sep-21	-2.02%	-1.19%
Aug-21	2.26%	0.59%
Jul-21	-0.11%	0.12%



Active Allocation Plan

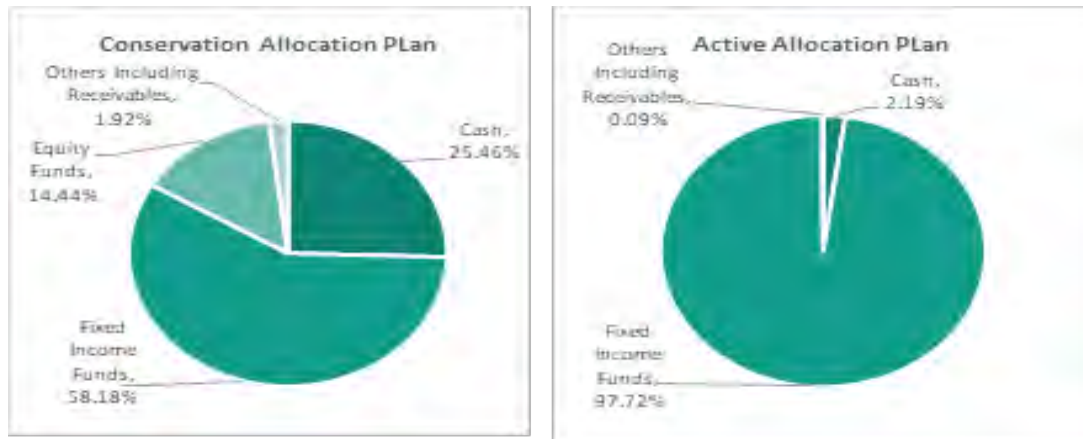
Month	Return of Fund	Benchmark
Jun-22	1.10%	0.39%
May-22	-9.29%	-6.20%
Apr-22	-0.74%	1.27%
Mar-22	-2.86%	0.96%
Feb-22	-3.61%	-1.45%
Jan-22	-0.10%	2.24%
Dec-21	-1.48%	-1.24%
Nov-21	-2.57%	-1.24%
Oct-21	0.87%	2.49%
Sep-21	-9.52%	-5.30%
Aug-21	2.93%	1.50%
Jul-21	-1.98%	-0.30%



Strategies and Policies employed during the Year

As at June 30, 2022, Active Allocation Plan asset allocation remained invested 98% in Fixed Income funds, while remaining net assets were invested in cash. Conservative allocation plan invested the funds in fixed income fund and cash to the tune of 84% while 14% was invested in equity funds.

Asset Allocation



Fund Performance

HBL Islamic Financial Planning Fund comprises of two sub funds (plans) namely Active allocation plan and Conservative allocation plan.

The Fund as a whole incurred a total and net loss of Rs. 8.31 million and Rs. 8.93 million respectively during the year under review. The fund size of the fund stood at Rs. 0.12 billion. Performance review for plan is given below:

Active Allocation Plan

During the year under review, the Active allocation plan incurred a total and net loss of Rs. 8.61 million and Rs. 8.89 million respectively. The net assets of the Active allocation plan stood at Rs. 123 million representing Net Asset Value (NAV) of Rs. 87.1696 per unit as at June 30, 2022 as compared to Rs. 115.8209 as at June 30, 2021. The plan earned a negative return of 24.74% for the year under review against the benchmark return of negative 7.08%. The plan is invested to the extent of 98% in fixed income funds.

Conservative Allocation Plan

During the year under review, the Conservative allocation plan earned and incurred total income and net loss of Rs. 0.30 million and Rs. 0.04 million respectively. The net assets of the Conservative allocation plan stood at Rs. 0.73 million representing Net Asset Value (NAV) of Rs. 90.9171 per unit as at June 30, 2022 as compared to Rs. 114.9507 as at June 30, 2021. The plan earned a negative return of 20.91% for the year under review against the benchmark return of 0.85%. The plan is invested to the extent of 58% in fixed income funds.

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 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 (Number of units)	Active Allocation Plan		Conservative Allocation Plan	
	Number of Unit Holders	Units Held	Number of Unit Holders	Units Held
1 – 100	4	130	8	387
101 – 500	4	890	2	676
501 – 1,000	2	1,660	-	-
1,001 – 10,000	10	43,925	2	6,898
10,001 – 100,000	7	207,533	-	-
100,001 – 500,000	-	-	-	-
500,001 – 1,000,000	-	-	-	-
1,000,001 – 5,000,000	1	1,160,762	-	-
5,000,001 and above	-	-	-	-
Total	28	1,414,900	12	7,961

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.



REPORT OF THE TRUSTEE TO THE UNIT HOLDERS
HBL ISLAMIC FINANCIAL PLANNING FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

HBL Islamic 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 June 17, 2017.

- I HBL Asset Management Company Limited, the Management Company of HBL Islamic Financial Planning Fund has, in all material respects, managed HBL Islamic 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

PERFORMANCE TABLE - HBL ISLAMIC FINANCIAL PLANNING FUND

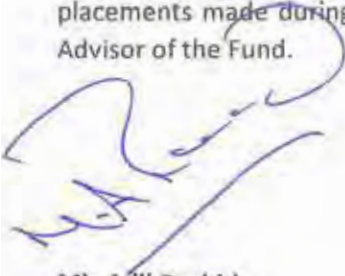
	2022		2021		2020			2019				2018			2017		
	Active Allocation Plan	Conservative Allocation Plan	Active Allocation Plan	Conservative Allocation Plan	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation 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)	123,336	724	53,519	50,915	93,567	6,692	349,769					246,911	36,546	4,282,358	194,204	58,338	4,225,557
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES																	
Redemption	87.1696	90.9171	115.8209	114.9507	95.302	109.3637	104.5929	93.3275	101.4641	100.7694	98.4892	100.4143	101.4151	100.9863	100.0133	100.0178	100.0143
Offer	89.1396	92.9718	118.4385	117.5486	97.4558	111.8353	N/A	95.4367	103.7572	N/A	N/A	102.6837	103.7071	N/A	103.0137	103.0183	N/A
OFFER / REDEMPTION DURING THE PERIOD - RUPEES																	
Highest offer price per unit	120.7886	120.2904	122.1632	118.2134	112.141	114.3264	100.0445	105.7171	109.1321	N/A	N/A	106.4147	104.4465	N/A	103.0571	103.3839	N/A
Lowest offer price per unit	88.095	91.7567	98.5692	112.3724	89.3647	101.5362	N/A	92.8399	100.6227	N/A	N/A	98.6755	99.7455	N/A	100.0000	100.0000	N/A
Highest redemption price per unit	118.1191	117.6319	119.4633	115.6008	109.6626	111.7997	N/A	104.1190	106.7202	103.3382	102.3361	104.0629	102.1382	104.0473	100.0651	100.3727	100.2155
Lowest redemption price per unit	86.1481	89.7288	96.3908	109.8889	87.3897	99.2922	N/A	90.7881	100.2364	97.8498	96.6742	96.4947	97.5411	96.6515	100.0000	100.0000	100.0000
RETURN (%)																	
Total return	-24.74%	-20.91%	21.53%	5.11%	6.21%	9.86%	12.50%	-7.06%	2.07%	-0.71%	-0.52%	0.40%	1.40%	1.36%	0.17%	0.34%	0.51%
Income distribution	0.00%	0.00%	0.00%	0.00%	3.80%	2.10%	6.80%	0.00%	2.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%	0.32%	0.37%
Capital growth	-24.74%	-20.91%	21.53%	5.11%	2.41%	7.76%	5.70%	-7.06%	0.02%	-0.71%	-0.52%	0.40%	1.40%	1.36%	0.01%	0.02%	0.14%
DISTRIBUTION																	
Final dividend distribution- Rs	-	-	-	-	3.80	3.80	6.80	-	2.05	-	-	-	-	-	0.16	0.32	0.37
Date of Income Distribution	-	-	-	-	26-Jun-20	26-Jun-20	26-Jun-20	-	28-Jun-19	-	-	-	-	-	29-Jun-17	29-Jun-17	29-Jun-17
Total dividend distribution for the year (Rs)	-	-	-	-	3.80	3.80	6.80	-	2.05	-	-	-	-	-	0.16	0.32	0.37
AVERAGE RETURNS (%)																	
Average annual return 1 year	-24.74%	-20.91%	21.53%	5.11%	6.21%	9.86%	12.50%	-7.06%	2.07%	-0.71%	-0.52%	0.40%	1.40%	1.36%	0.17%	0.34%	0.51%
Average annual return 2 year	-4.36%	-8.82%	13.61%	7.46%	-0.64%	5.89%	5.79%	-3.40%	1.73%	0.32%	N/A	0.29%	0.87%	0.93%	N/A	N/A	N/A
Average annual return 3 year	-0.96%	-2.98%	6.26%	5.63%	-0.30%	4.37%	NA	-2.22%	1.27%	0.38%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PORTFOLIO COMPOSITION - (%)																	
Percentage of Total Assets as at 30 June:																	
Bank Balances	2.19%	25.46%	1.45%	1.13%	0.48%	3.33%	91.75%	0.51%	0.30%	0.11%	73.40%	0.71%	0.54%	0.02%	11.03%	7.76%	0.05%
Equity Funds	0.00%	14.44%	78.79%	19.45%	49.28%	19.46%	7.70%	40.79%	18.81%	0.00%	25.57%	59.85%	19.90%	49.38%	8.13%	16.78%	5.04%
Income Funds	97.72%	58.18%	19.56%	79.35%	50.11%	76.80%	0.00%	58.65%	79.32%	99.89%	0.03%	39.40%	79.45%	50.53%	66.69%	58.46%	91.18%
Others	0.09%	1.92%	0.20%	0.07%	0.13%	0.41%	0.55%	0.05%	1.57%	0.00%	1.00%	0.04%	0.11%	0.07%	14.16%	17.00%	3.74%

Note:
The Launch date of the Active, Conservative & Strategic Allocation Plan is June 19, 2017 whereas the launch date of Islamic Capital Preservation Plan is October 02, 2018.

Disclaimer:

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Financial Planning Fund (the fund) has fully complied with the Shariah Principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during the year ended June 30, 2022. This has been duly confirmed by the Shariah Advisor of the Fund.



Mir Adil Rashid

Chief Executive Officer

Dated: August 29, 2022

September 15, 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين، والصلاة والسلام على سيد الانبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2022 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in HBL Islamic Financial Planning Fund (HBL-IFPF) managed by HBL Asset Management Company Limited are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

والله أعلم بالصواب، وصلى الله على نبينا محمد وعلى آله وصحبه وبارك وسلم

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.



Mufti Irshad Ahmad Aijaz
Member Shariah Council




Faraz Younus Bahdukda, CFA
Chief Executive



KPMG Taseer Hadi & Co.
Chartered Accountants
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+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITORS' REPORT

To the Unit holders of HBL Islamic Financial Planning Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **HBL Islamic Financial Planning Fund** ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2022, income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flow for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 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 International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2022 but does not include the financial statements and our auditors' report thereon.



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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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



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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.

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting



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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: AR202210188oSZdbIHru

**KPMG Taseer Hadi & Co.
Chartered Accountants**



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Independent Reasonable Assurance Report to the Unit Holders on the Statement of Compliance with the Shariah Principles

We were engaged by the Board of Directors of HBL Asset Management Limited, Management Company of **HBL Islamic Financial Planning Fund** (the Fund), to report on Fund's Compliance with the Shariah Principles as set out in the annexed statement prepared by the Management Company for the year ended June 30, 2022, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended June 30, 2022.

Responsibilities of the Management Company

The Management Company is responsible for preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. The Management Company is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund are in substance and in their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with



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ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal control. Reasonable assurance is less than absolute assurance.

The procedures performed included performing tests of controls for making investments, maintaining bank accounts and transferring impure income to charity in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended June 30, 2022, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Date: 28 September 2022

Karachi

**KPMG Taseer Hadi & Co.
Chartered Accountants**

HBL ISLAMIC FINANCIAL PLANNING FUND

Statement of Assets and Liabilities

As at June 30, 2022

	Note	2022			2021			
		Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
(Rupees in '000)								
ASSETS								
Bank balances	4	2,709	247	2,956	789	584	3,919	5,292
Bank balances of matured plan	12	-	-	4,256	-	-	-	2,048
Investments	5	120,934	705	121,639	53,530	50,925	-	104,455
Profit receivable		8	1	9	5	7	-	12
Preliminary expenses and flotation costs	6	-	-	-	16	9	-	25
Advances and other receivable	7	102	18	120	92	18	-	110
TOTAL ASSETS		123,753	971	128,980	54,432	51,543	3,919	111,942
LIABILITIES								
Payable to the Management Company	8	22	-	22	22	365	1,860	2,247
Payable to the Trustee	9	10	-	10	4	3	-	7
Payable to Securities and Exchange Commission of Pakistan	10	9	5	14	16	1	18	35
Accrued expenses and other liabilities	11	374	241	615	870	257	2,041	3,168
Accrued expenses and other liabilities of matured plan	12	-	-	1,137	-	-	-	2,048
Payable to unitholders'	12	-	-	3,119	-	-	-	-
TOTAL LIABILITIES		415	246	4,917	912	626	3,919	7,505
NET ASSETS		123,338	725	124,063	53,520	50,917	-	104,437
UNIT HOLDER'S FUND (AS PER STATEMENT ATTACHED)		123,338	725	124,063	53,520	50,917	-	104,437
CONTINGENCIES AND COMMITMENTS								
	13	(Units)			(Units)			
Number of units in issue	14	1,414,900	7,961		462,085	442,930	-	
		(Rupees)			(Rupees)			
Net assets value per unit		87.1696	90.9171		115.8209	114.9507		

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 ISLAMIC FINANCIAL PLANNING FUND

Income Statement

For the year ended June 30, 2022

	2022			2021			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
Note ----- (Rupees in '000) -----							
Income							
Profit on bank deposits calculated using the effective interest rate method	98	62	160	69	40	4,297	4,406
Realised (loss) / gain on sale of investment	(10,310)	250	(10,060)	9,639	210	2,853	12,702
Dividend income	1,602	28	1,630	322	107	-	429
Back end load	-	-	-	-	-	14	14
	<u>(8,610)</u>	<u>340</u>	<u>(8,270)</u>	<u>10,030</u>	<u>357</u>	<u>7,164</u>	<u>17,551</u>
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	-	(37)	(37)	5,265	(60)	-	5,205
	<u>(8,610)</u>	<u>303</u>	<u>(8,307)</u>	<u>15,295</u>	<u>297</u>	<u>7,164</u>	<u>22,756</u>
Expenses							
Remuneration of the Management Company	12	7	19	3	8	863	874
Sindh sales tax on remuneration of the Management Company	8.2	2	3	-	1	112	113
Remuneration of the Trustee	9.1	47	73	81	6	92	179
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	9	14	16	1	18	35
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	-	-	-	-	-	-
Amortisation of preliminary expenses and flotation costs	6	92	51	143	160	11	351
Auditors' remuneration	15	16	9	25	18	-	178
Printing charges		299	96	395	250	19	326
Bank charges		91	20	111	15	6	26
Fees and subscription		15	33	48	21	14	36
Shariah advisory fee		98	97	195	6	-	27
Tax on bank profit		136	48	184	171	5	223
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>817</u>	<u>393</u>	<u>1,210</u>	<u>741</u>	<u>71</u>	<u>2,368</u>
Net (loss) / income from operating activities		<u>(9,427)</u>	<u>(90)</u>	<u>(9,517)</u>	<u>14,554</u>	<u>226</u>	<u>5,608</u>
Provision for Sindh Workers' Welfare Fund		541	49	590	(291)	(5)	(408)
Net (loss) / income for the year before taxation		<u>(8,886)</u>	<u>(41)</u>	<u>(8,927)</u>	<u>14,263</u>	<u>221</u>	<u>5,496</u>
Taxation	16	-	-	-	-	-	-
Net (loss) / income for the year after taxation		<u>(8,886)</u>	<u>(41)</u>	<u>(8,927)</u>	<u>14,263</u>	<u>221</u>	<u>5,496</u>
Allocation of net income for the year after taxation							
Net (loss) / income for the year after taxation		-	-	-	14,263	221	5,496
Income already paid on redemption of units		-	-	-	(9,152)	(176)	(2,853)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>5,111</u>	<u>45</u>	<u>2,643</u>
Accounting income available for distribution							
Relating to capital gains		-	-	-	5,111	45	-
Excluding capital gains		-	-	-	-	-	2,643
		<u>-</u>	<u>-</u>	<u>-</u>	<u>5,111</u>	<u>45</u>	<u>2,643</u>
Earnings per unit	17						

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC FINANCIAL PLANNING FUND

Statement of Comprehensive Income

For the year ended June 30, 2022

	2022			2021			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
	----- (Rupees in '000) -----						
Net (loss) / income for the year / period after taxation	(8,886)	(41)	(8,927)	14,263	221	5,496	19,980
Other comprehensive income for the year / period	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the year / period	<u>(8,886)</u>	<u>(41)</u>	<u>(8,927)</u>	<u>14,263</u>	<u>221</u>	<u>5,496</u>	<u>19,980</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 ISLAMIC FINANCIAL PLANNING FUND

Cash Flow Statement

For the year ended June 30, 2022

	2022			2021			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
(Rupees in '000)							
CASH FLOW FROM OPERATING ACTIVITIES							
Net (loss) / income for the year / period before taxation	(8,886)	(41)	(8,927)	14,263	221	5,496	19,980
Adjustments for:							
Profit on bank deposits calculated using the effective interest rate method	(98)	(62)	(160)	(69)	(40)	(4,297)	(4,406)
Realised loss / (gain) on sale of investment - net	10,310	(250)	10,060	(9,639)	(210)	(2,853)	(12,702)
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	-	37	37	(5,265)	60	-	(5,205)
Amortisation of preliminary expenses and flotation costs	16	9	25	18	-	160	178
Cash generated from / (used in) operations before working capital changes	1,342	(307)	1,035	(692)	31	(1,494)	(2,155)
<i>(Increase) / decrease in assets</i>							
Investments	(77,714)	50,433	(27,281)	55,455	(44,135)	30,290	41,610
Preliminary expenses and flotation costs	-	-	-	-	-	-	-
Advance and other receivables	(10)	-	(10)	-	-	41	41
	(77,724)	50,433	(27,291)	55,455	(44,135)	30,331	41,651
<i>(Decrease) / increase in liabilities</i>							
Payable to the Management Company	-	(365)	(2,225)	-	232	(363)	(131)
Payable to the Trustee	6	(3)	3	(4)	2	(29)	(31)
Payable to Securities and Exchange Commission of Pakistan	(7)	4	(21)	(6)	(1)	(66)	(73)
Accrued expenses and other liabilities	(496)	(16)	(345)	(175)	187	(1,960)	(1,948)
	(497)	(380)	(2,588)	(185)	420	(2,418)	(2,183)
	(76,879)	49,746	(28,844)	54,578	(43,684)	26,419	37,313
Profit received on bank deposits	95	68	163	67	34	6,037	6,138
Net cash (used in) / generated from operating activities	(76,784)	49,814	(28,681)	54,645	(43,650)	32,456	43,451
CASH FLOW FROM FINANCING ACTIVITIES							
Proceeds from issuance of units	201,946	5,230	207,176	23,735	74,874	2,310	100,919
Payment on redemption of units	(123,242)	(55,381)	(178,623)	(78,045)	(30,870)	(354,932)	(463,847)
Dividend paid	-	-	-	-	-	(2,643)	(2,643)
Net cash (used in) / generated from financing activities	78,704	(50,151)	28,553	(54,310)	44,004	(355,265)	(365,571)
Net (decrease) / increase in cash and cash equivalents	1,920	(337)	(128)	335	354	(322,809)	(322,120)
Cash and cash equivalents at the beginning of the year	789	584	7,340	454	230	326,728	329,460
Cash and cash equivalents at the end of the year	2,709	247	7,212	789	584	3,919	7,340
Cash and cash equivalents at the end of the year includes:							
Bank balances	2,709	247	7,212	789	584	3,919	7,340
	2,709	247	7,212	789	584	3,919	7,340

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 ISLAMIC 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	Accumulated loss	Total
	(Rupees in '000)					
Net assets at beginning of the year	55,000	(1,480)	53,520	100,158	(6,591)	93,567
Issuance of 2,329,035 units (2021: 202,299 units)						
Capital value (at net asset value per unit at the beginning of the year)	269,751	-	269,751	19,280	-	19,280
Element of loss	(67,805)	-	(67,805)	4,455	-	4,455
Total proceeds on issuance of units	201,946	-	201,946	23,735	-	23,735
Redemption of 1,376,220 units (2021: 722,004 units)						
Capital value (at net asset value per unit at the beginning of the year)	(159,395)	-	(159,395)	(68,808)	-	(68,808)
Element of income / (loss)	36,153	-	36,153	(85)	(9,152)	(9,237)
Total payments on redemption of units	(123,242)	-	(123,242)	(68,893)	(9,152)	(78,045)
Total comprehensive income for the year	-	(8,886)	(8,886)	-	14,263	14,263
Net assets at end of the year	133,704	(10,366)	123,338	55,000	(1,480)	53,520
Undistributed income brought forward						
Realised income		(6,745)			(7,473)	
Unrealised loss		5,265			882	
		(1,480)			(6,591)	
Accounting Income available for distribution						
- Relating to capital gains		-			5,111	
- Excluding capital gains		-			-	
		-			5,111	
Net loss for the year after taxation		(8,886)			-	
Accumulated loss carried forward		(10,366)			(1,480)	
Accumulated loss carried forward comprises of						
Realised (loss) / income		(10,366)			(6,745)	
Unrealised income / (loss)		-			5,265	
		(10,366)			(1,480)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			<u>115.8209</u>			<u>93.3275</u>
Net assets value per unit at end of the year			<u>87.1696</u>			<u>115.8209</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 ISLAMIC FINANCIAL PLANNING FUND

Statement of Movement in Unit Holders' Fund

For the year ended June 30, 2022

Note	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	49,849	1,068	50,917	5,669	1,023	6,692
Issuance of 44,815 units (2021:660,716 units)						
Capital value (at net asset value per unit at the beginning of the year)	5,150	-	5,150	72,258	-	72,258
Element of income / (loss)	80	-	80	2,616	-	2,616
Total proceeds on issuance of units	5,230	-	5,230	74,874	-	74,874
Redemption of 479,784 units (2021:278,976 units)						
Capital value (at net asset value per unit at the beginning of the year)	(55,152)	-	(55,152)	(30,509)	-	(30,509)
Element of (loss) / income	(229)	-	(229)	(185)	(176)	(361)
Total payments on redemption of units	(55,381)	-	(55,381)	(30,694)	(176)	(30,870)
Total comprehensive income for the year	-	(41)	(41)	-	221	221
Interim distribution for the year ended June 30, 2021: Nil	-	-	-	-	-	-
Refund of capital	-	-	-	-	-	-
Total Distribution	-	-	-	-	-	-
Net assets at end of the year	(302)	1,027	725	49,849	1,068	50,917
Undistributed income brought forward						
Realised income		1,128			873	
Unrealised loss		(60)			150	
		<u>1,068</u>			<u>1,023</u>	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			45	
		<u>-</u>			<u>45</u>	
Net loss for the year after taxation		(41)			-	
Undistributed income carried forward		<u><u>1,027</u></u>			<u><u>1,068</u></u>	
Undistributed income carried forward comprises of						
Realised income		1,064			1,128	
Unrealised loss		(37)			(60)	
		<u>1,027</u>			<u>1,068</u>	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			<u>114,9507</u>			<u>109,3637</u>
Net assets value per unit at end of the year			<u>90,9171</u>			<u>114,9507</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 ISLAMIC FINANCIAL PLANNING FUND
Statement of Movement in Unit Holders' Fund
 For the year ended June 30, 2022

	Islamic Capital Preservation Plan		
	2021		
	Capital value	Undistributed income	Total
	(Rupees in '000)		
Net assets at beginning of the year	334,662	15,107	349,769
Issuance of 46,728 units (2020: 381,584 units)			
Capital value (at net asset value per unit at the beginning of the year)	4,912	-	4,912
Element of income / (loss)	(2,602)	-	(2,602)
Total proceeds on issuance of units	2,310	-	2,310
Redemption of 3,374,104 units (2020: 1,611,718 units)			
Capital value (at net asset value per unit at the beginning of the year)	(354,681)	-	(354,681)
Element of (loss) / income	2,602	(2,853)	(251)
Total payments on redemption of units	(352,079)	(2,853)	(354,932)
Total comprehensive income for the year	-	5,496	5,496
Interim distribution for the year ended 30 June 2021: 0.80 per unit declared on 29 Sep 2020	-	(2,643)	(2,643)
Refund of capital	-	-	-
Total Distribution	-	(2,643)	(2,643)
Net assets at end of the period	(15,107)	15,107	-
Undistributed loss brought forward			
Realised		14,322	
Unrealised		785	
		<u>15,107</u>	
Accounting income / (loss) available for distribution			
- Relating to capital gains		-	
- Excluding capital gains		2,643	
		<u>2,643</u>	
Interim distribution for the year ended 30 June 2021: 0.80 per unit declared on 29 Sep 2020		(2,643)	
Undistributed income / (accumulated loss) carried forward comprises of		<u>15,107</u>	
Undistributed income / (accumulated loss) carried forward comprises of			
Realised income		15,107	
Unrealised income / (loss)		-	
		<u>15,107</u>	
			(Rupees)
Net assets value per unit at beginning of the period			<u>105.1185</u>
Net assets value per unit at end of the period			<u>-</u>

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

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

 Chief Financial Officer

 Chief Executive Officer

 Director

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** HBL Islamic Financial Planning Fund (the "Fund"), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) as a Unit trust on May 4, 2017.
- 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 shariah compliant fund of fund scheme and is listed on Pakistan Stock Exchange Limited. The Fund has four different plans namely Conservative Allocation Plan, Active Allocation Plan, Strategic Allocation Plan and Islamic Capital Preservation Plan (collectively referred as 'Plans'). The units of Conservative Allocation and Active Allocation Plan were initially offered to public (IPO) on June 16, 2016 whereas units of Strategic Allocation Plan were offered from June 15, 2016 to June 16, 2016 and units of Capital Preservation Plan were offered from July 01, 2018 to October 01, 2018. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of the Fund is perpetual however the Allocation Plans may have a set time frame. Each Allocation Plan announce separate NAVs which rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.
- 1.4** The objective of the Fund is to generate return on Investments as per the respective Allocation Plan by investing in Shariah Compliant Mutual Funds in line with the risk tolerance of the investor. The investment policy for each of the Plans are as follows;
- The "Conservative Allocation Plan" is an Allocation Plan under the Fund and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of shariah compliant investments in equity, income and money market funds. This Allocation Plan is suitable for investors who have moderate risk tolerance and have a short to medium term investment horizon. The plan will exist till perpetuity.
 - The "Active Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active asset allocation between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market scheme(s) based on the Fund Manager's outlook on the asset classes. The plan will exist till perpetuity.
 - The "Strategic Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active allocation of funds between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market scheme(s) based on fundamental analysis of economic indicators, underlying asset values and a strategy of risk aversion to market volatility. Fund Manager takes a medium term strategic view of the portfolio assets to deliver competitive returns to investors. The duration of the Strategic Allocation Plan ('the Plan') was twenty-four months. HBL Islamic Financial Planning Fund - Strategic Allocation Plan has matured on June 16, 2020 and its remaining assets and liabilities are shown in note 12.
 - The "Islamic Capital Preservation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through dynamic asset allocation between Shariah Compliant Equities and Shariah Compliant Money Market based Collective Investment Schemes. Shariah compliant saving accounts and term deposits while aiming providing capital preservation on the initial amount excluding front end load upon maturity of the allocation plan. The duration of this plan was 24 months (Two Years). Islamic Capital Preservation Plan has matured on October 1, 2021 and its remaining assets and liabilities are shown in note 12.
- 1.5** VIS Credit Rating Company has assigned a management quality rating of 'AM2++' (Positive Outlook) to the Management Company as on 30 June 2022 (June 2021:'AM2++').
- 1.6** Title to the assets of the Fund are held in the name of MCB Financial Services Limited as a trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.2 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) and Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations).

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

2.3 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.

2.4 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 amendment and improvement have no impact on the financial statements of the Fund.

2.5 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 3.13)

2.6 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.

2.7 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 equivalents

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.

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.

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 profit / mark-up or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt securities at FVOCI	These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective yield 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:

Basis of valuation of units of mutual funds

Investments in the units of open end funds are re-measured at fair value with reference to redemption prices and the resultant gain or loss on remeasurement of value of investment is recognised in the income statement.

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 which are recently relaxed by the SECP amid ongoing situation of COVID-19. However, the circular does not cover impairment requirements for government debt securities. Based on the past performance management considers that there is no probability of default as in any adverse situation State Bank of Pakistan has the right to discharge government obligations by issuance of currency notes. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They 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 expires.

3.4 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.

3.5 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.

3.6 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.

3.7 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 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.

3.10 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 asset 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.

3.11 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 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.

3.14 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.

3.15 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.

3.16 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 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.

3.19 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

	2022			2021				
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total	
Note	(Rupees in '000')							
Savings accounts	4.1	2,709	247	2,956	789	584	-	1,373

4.1 This represents bank balances held with different banks. Mark-up rates on these accounts range between 3.00% and 7.00% per annum (2021: between 3.00% and 7.00% per annum).

5. INVESTMENTS

	2022			2021				
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total	
Note	(Rupees in '000')							
Investments by category At fair value through profit or loss								
Units of mutual funds	5.1	120,934	705	121,639	53,530	50,925	-	104,455

5.1 Units of mutual funds

Name of Investee Funds	As at July 1, 2021	Purchased during the year	Redeemed during the year	As at June 30, 2022	Total carrying value as at June 30, 2022	Total market value as at June 30, 2022	Appreciation/ (diminution) as at June 30, 2022	Market value as a percentage of net assets	Market value as a percentage of total value of Investment
	Active Allocation Plan	Number of Units				(Rupees in '000')			-----%-----
HBL Islamic Money Market Fund	-	1,195,301	-	1,195,301	120,934	120,934	-	1.00	0.98
HBL Islamic Equity Fund	408,139	30,775	438,914	-	-	-	-	-	-
HBL Islamic Income Fund	104,618	2,449	107,067	-	-	-	-	-	-
	512,757	1,228,525	545,981	1,195,301	120,934	120,934	-	1.00	0.98
Conservative Allocation Plan									
HBL Islamic Stock Fund	-	1,714	130	1,584	157	140	(17)	0.20	0.19
HBL Islamic Equity Fund	95,423	39,641	135,064	-	-	-	-	-	-
HBL Islamic Income Fund	401,954	25,999	422,668	5,285	563	544	(20)	0.77	0.75
HBL Islamic Money Market Fund	-	901	689	212	21	21	-	0.03	0.03
	497,377	68,255	558,551	7,081	741	705	(37)	1.00	0.97
Total as at June 30, 2022	1,010,134	1,296,780	1,104,532	1,202,382	121,675	121,639	(37)		

6. PRELIMINARY EXPENSES AND FLOTATION COSTS

	2022			2021			Total
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	
	(Rupees in '000)						
Opening balance	16	9	25	34	9	160	203
Cost incurred during the year / period	-	-	-	-	-	-	-
Less: amortised during the year / period	(16)	(9)	(25)	(18)	-	(160)	(178)
Closing balance	-	-	-	16	9	-	25

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortized over a period of five years for Active Allocation Plan and Conservative Allocation Plan and two years for Islamic Capital Preservation Plan commencing from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and the NBFC Rules.

7. ADVANCES AND OTHER RECEIVABLE

	2022			2021			Total
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	
	(Rupees in '000)						
Advance tax	102	18	120	92	18	-	110
	102	18	120	92	18	-	110

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.

8. PAYABLE TO THE MANAGEMENT COMPANY

	2022			2021			Total
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	
	(Rupees in '000)						
Formation cost	-	-	-	-	-	1,860	1,860
Remuneration to the Management company	8.1	2	2	1	1	-	2
Sindh Sales Tax on Management Company's remuneration	8.2	-	-	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	20	20	8	6	-	14
Sales load payable	-	-	-	13	358	-	371
	22	-	22	22	365	1,860	2,247

8.1 As Per SECP S.R.O. 639 (I)/2019 dated June 20, 2019, there has been amendment in NBFC regulation no. 61, in which limits over management fee had been removed and directed that the asset management company shall disclose in the Offering document the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit. Further, the asset management company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document and such actual rate shall be disclosed in Fund manager report. The management fee expense charged by the asset management company varied between 1.5% to 2.00% (2021: 1.5% to 2.00%) during the year. As per the offering document of the Fund, the Management Company shall charge a fee at the rate of 1% of the average annual net assets on daily basis of the Scheme. However, no Management Fee is charged on that part of the net assets which have been invested in mutual funds managed by the Management Company. The fee is payable monthly in arrears.

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 Regulation 60(3)(s) of the NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period / year. However, SECP vide S.R.O. 639(I)/2019 dated June 20, 2019, has removed the maximum limit of 0.1%.

9.	PAYABLE TO THE TRUSTEE	2022			2021			
		Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
		Note ----- (Rupees in '000) -----						
	Remuneration payable to the Trustee	10	-	10	4	3	-	7
		10	-	10	4	3	-	7

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.

9.2 Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2022, is as follows:

Net assets	Tariff per annum
Up to Rs. 1 billion	0.09% per annum of the daily average net assets
Over Rs. 1 billion	Rs 0.9 million plus 0.065% per annum of the daily average net assets exceeding one billion

9.3 The Provisional 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.

10.	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	2022			2021			
		Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
		Note ----- (Rupees in '000) -----						
	Annual fee payable	9	5	14	16	1	18	35
		9	5	14	16	1	18	35

10.1 Under the provisions of the NBFC Regulations a collective investment scheme categorised as a fund of fund scheme is required to pay as annual fee to the SECP, an amount equal to 0.02 percent of the average annual net assets of the scheme. The fee is payable annually in arrears.

11.	ACCRUED EXPENSES AND OTHER LIABILITIES	2022			2021			
		Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
		Note ----- (Rupees in '000) -----						
	Withholding tax	-	-	-	4	1	2	7
	Provision for Sindh Workers' Welfare Fund	-	-	-	541	49	1,170	1,760
	Shariah advisory fee	34	1	35	62	2	8	72
	Printing charges	74	10	84	-	4	13	17
	Auditors' remuneration	200	43	243	188	16	-	204
	Others	-	2	2	49	-	208	257
	Dividend Payable	26	-	26	26	-	5	31
	Payable against redemption of units	-	185	185	-	185	-	185
	Zakat Payable	40	-	40	-	-	-	-
		374	241	615	870	257	1,406	2,533

11.1 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 had reversed the provision for SWWF on 13 August 2021.

- 12.** Bank Balances of matured plans includes amount of Rs. 2.037 million pertaining to Strategic Allocation Plan matured on June 16, 2020 and Rs. 2.219 million pertaining to Islamic Capital Preservation Plan matured on October 01, 2021. Contingency regarding SWWF materialized during the year has been reclassified as payable to unitholders' from accrued expenses and other liabilities of matured plans. Furthermore, the remaining amount of Rs. 0.088 million and Rs. 1.049 million pertaining to Strategic Allocation Plan and Islamic Capital perservation Paln respectively, will be reversed and the amounts will be refunded to the unitholders, if not materialized.

13. CONTINGENCIES AND COMMITMENTS

Other than already disclosed in these financial statements, there are no contingencies and commitments outstanding as at June 30, 2022.

14. NUMBER OF UNITS IN ISSUE

	2022			2021			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
----- (Number of Units) -----							
Total units in issue at the beginning of the year	462,085	442,930	905,015	981,790	61,190	3,327,376	4,370,356
Units issued during the year / period	2,329,035	44,815	2,373,850	202,299	660,716	46,728	909,743
Less: units redeemed during the year / period	(1,376,220)	(479,784)	(1,856,004)	(722,004)	(278,976)	(3,374,104)	(4,375,084)
Total units in issue at the end of the year	1,414,900	7,961	1,422,861	462,085	442,930	-	905,015

15. AUDITORS' REMUNERATION

	2022			2021			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
----- (Rupees in '000) -----							
Annual Audit Fee	157	50	207	151	11	17	179
Fee for half year review	57	18	75	45	8	24	77
Other certifications and out of pocket	85	28	113	54	-	16	70
	299	96	395	250	19	57	326

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 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.

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

	2022						Total
	Active Allocation Plan			Conservative Allocation Plan			
	At fair value through profit or loss	Amortized cost	Sub Total	At fair value through profit or loss	Amortized cost	Sub Total	
----- (Rupees in '000) -----							
Financial assets							
Bank balances	-	2,709	2,709	-	247	247	2,956
Investments - net	120,934	-	120,934	705	-	705	121,639
Preliminary expenses and flotation costs	-	-	-	-	-	-	-
Advances and other receivable	-	102	102	-	18	18	120
Profit receivable	-	8	8	-	1	1	9
	<u>120,934</u>	<u>2,819</u>	<u>123,753</u>	<u>705</u>	<u>266</u>	<u>971</u>	<u>124,724</u>
Financial liabilities							
Payable to the Management Company	-	22	22	-	-	-	22
Payable to the Trustee	-	10	10	-	-	-	10
Accrued expenses and other liabilities	-	374	374	-	241	241	615
	<u>-</u>	<u>406</u>	<u>406</u>	<u>-</u>	<u>241</u>	<u>241</u>	<u>647</u>

	2021									Total
	Active Allocation Plan			Conservative Allocation Plan			Islamic Capital Preservation Plan			
	At fair value through profit or loss	Amortized cost	Sub Total	At fair value through profit or loss	Amortized cost	Sub Total	At fair value through profit or loss	Amortized cost	Sub Total	
----- (Rupees in '000) -----										
Financial assets										
Bank balances	-	789	789	-	584	584	-	-	-	1,373
Investments - net	53,530	-	53,530	50,925	-	50,925	-	-	-	104,455
Preliminary expenses and flotation costs	-	16	16	-	9	9	-	-	-	25
Advances and other receivable	-	92	92	-	18	18	-	-	-	110
Profit receivable	-	5	5	-	7	7	-	-	-	12
	<u>53,530</u>	<u>902</u>	<u>54,432</u>	<u>50,925</u>	<u>618</u>	<u>51,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,975</u>
Financial liabilities										
Payable to the Management Company	-	22	22	-	365	365	-	1,860	1,860	2,247
Payable to the Trustee	-	4	4	-	3	3	-	-	-	7
Accrued expenses and other liabilities	-	325	325	-	207	207	-	234	234	766
	<u>-</u>	<u>351</u>	<u>351</u>	<u>-</u>	<u>575</u>	<u>575</u>	<u>-</u>	<u>2,094</u>	<u>2,094</u>	<u>3,020</u>

19. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units			Payable against redemption of units		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
----- (Rupees in '000) -----						
Opening balance as at July 1, 2021	-	-	-	-	185	185
Receivable against issuance of units	201,946	5,230	207,176	-	-	-
Payable against redemption of units	-	-	-	123,242	55,381	178,623
Amount received on issuance of units	(201,946)	(5,230)	(207,176)	-	-	-
Amount paid on redemption of units	-	-	-	(123,242)	(55,566)	(178,808)
Closing balance as at June 30, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, MCB Financial Services Limited being the Trustee of the Fund, 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 period.

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

	2022			2021		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
(Rupees in '000)						
20.1	Transactions during the year					
HBL Asset Management Limited - Management Company						
Remuneration of the Management Company	12	7	19	3	8	11
Sindh Sales Tax on remuneration of the Management Company	2	1	3	-	1	1
Allocation of expenses related to registrar services, accounting, operation and valuation services	92	51	143	160	11	171
Issue of Nil units & 42,808 units (2021: 618,445 units)	-	5,000	5,000	21,611	50,000	71,611
Redemption of 183,374 units & 477,878 units (2021: Nil units)	18,616	55,165	73,781	-	-	-
Habib Bank Limited - Sponsor						
Profit on deposits with bank	98	61	159	60	38	98
Bank Charges	15	33	48	21	14	35
MCB Financial Services Limited - Trustee						
Remuneration of the Trustee	42	23	65	72	5	77
Sindh Sales Tax on remuneration of the trustee	5	3	8	9	1	10
Pak Qatar Investment Account						
Issue of 2,321,524 units (2021: nil units)	201,146	-	201,146	-	-	-
Redemption of 1,160,762 units (2021: nil units)	101,146	-	101,146	-	-	-
HBL Islamic Income Fund						
Purchase of 2,449 units (2021: 45,713)	262	-	262	4,642	-	4,642
Purchase of 25,999 units (2021: 468,140)	-	2,774	2,774	-	47,585	47,585
Redemption of 107,067 units (2021: 408,303)	11,560	-	11,560	42,489	-	42,489
Redemption of 422,668 units (2021: 118,365)	-	45,118	45,118	-	12,123	12,123
Dividend	-	48	48	-	-	-
HBL Islamic Equity Fund						
Purchase of 30,775 units (2021: 281,718)	2,718	-	2,718	29,155	-	29,155
Purchase of 39,641 units (2021: 112,588)	-	3,493	3,493	-	11,671	11,671
Redemption of 438,915 units (2021: 246,721)	34,639	-	34,639	24,091	-	24,091
Redemption of 135,064 units (2021: 34,465)	-	11,761	11,761	-	3,018	3,018
HBL Islamic Money Market Fund						
Purchase of 1,195,301 units (2021: Nil units)	120,934	-	120,934	-	-	-
Purchase of 901 units (2021: Nil units)	-	91	91	-	-	-
Redemption of nil units (2021: Nil units)	-	-	-	-	-	-
Redemption of 689 units (2021: nil units)	-	70	70	-	-	-
Dividend	1,602	3	1,605	-	-	-
HBL Islamic Stock Fund						
Purchase of Nil units (2021: Nil units)	-	-	-	-	-	-
Purchase of 1714 units (2021: Nil units)	-	170	170	-	-	-
Redemption of Nil units (2021: 188,995 units)	-	-	-	21,786	-	21,786
Redemption of 130 units (2021: Nil)	-	12	12	-	-	-
20.2	Balances outstanding as at year end					
HBL Asset Management Limited - Management Company						
Remuneration payable to the Management Company *	2	-	2	1	1	2
Sales load payable	-	-	-	13	358	371
Allocation of expenses related to registrar services, accounting, operation and valuation services	20	-	20	8	6	14
Investment held in the fund : Nil (June 30, 2021: 183,374 units and 435,071 units)	-	-	-	21,079	50,390	71,469
Habib Bank Limited - Sponsor						
Mark-up receivable on deposits with bank	8	1	9	5	7	12
Bank Balance	2,695	223	2,918	776	560	1,336
MCB Financial Services Limited - Trustee						
Remuneration payable to the Trustee *	10	-	10	4	3	7

	2022			2021		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
	(Rupees in '000)					
Amjad Maqsood - Connected Person due to 10% or more holding Investment held in the fund : 1,655 units held (June 30, 2021: 1,655)	-	150	150	-	190	190
Muhammad Ashraf - Connected Person due to 10% or more holding Investment held in the fund : 5,243 units (June 30, 2021: 5,243)	-	477	477	-	603	603
HBL Asset Management LTD Employees Provident Fund Investment held in the fund : 12,039 units (2021: 12,039 units)	1,049	-	1,049	1,384	-	1,384
Pak Qatar Investment Account Units held : 1,160,762 (2021: Nil units)	101,183	-	101,183	-	-	-
HBL Islamic Income Fund Units held: Nil (2021: 104,617 units)	-	-	-	10,645	-	10,645
Units held 5,285 (2021: 401,954 units)	-	544	544	-	40,899	40,899
HBL Islamic Equity Fund Units held: Nil (2021: 408,139 units)	-	-	-	42,885	-	42,885
Units held: Nil (2021: 95,424 units)	-	-	-	-	10,026	10,026
HBL Islamic Money Market Fund Units held: 1,195,301 (2021: Nil units)	120,934	-	120,934	-	-	-
Units held: 212 (2021: Nil units)	-	21	21	-	-	-
HBL Islamic Stock Fund Units held: Nil (2021: Nil units)	-	-	-	-	-	-
Units held: 1,585 (2021: Nil units)	-	140	140	-	-	-

* These balances are inclusive of Sindh Sales Tax payable

21. FINANCIAL RISK MANAGEMENT

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

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

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

21.1 Market risk

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

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

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

21.2 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, at present, is not exposed to currency risk as its all transactions are carried out in Pak Rupees.

21.3 Interest rate risk

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

a) Cash flow interest rate risk

The Fund is exposed to cash flow interest rate risk for balances in certain savings account, the interest rates on which range between 3.00% to 6.00% per annum.

b) Fair value interest rate risk

The Fund currently does not have any fixed rate instruments that are measured at Fair value, therefore, it is not exposed to fair value interest rate risk.

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

Particulars	Active Allocation Plan											
	Effective yield / interest rate	2022				Total	Effective yield / interest rate	2021				Total
		Exposed to Yield / Interest rate risk						Not exposed to Yield / Interest rate risk	Exposed to Yield / Interest rate risk			
	Upto three months	More than three months and upto one year	More than one year		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	3.00 - 7.00	2,709	-	-	-	2,709	3.00 - 7.00	789	-	-	-	789
Investments		-	-	-	120,934	120,934		-	-	-	53,530	53,530
Profit receivable		-	-	-	8	8		-	-	-	5	5
Sub total		2,709	-	-	120,942	123,651		789	-	-	53,535	54,324
Financial liabilities												
Payable to the Management Company		-	-	-	22	22		-	-	-	22	22
Payable to the Trustee		-	-	-	10	10		-	-	-	4	4
Accrued expenses and other liabilities		-	-	-	374	374		-	-	-	325	325
Sub total		-	-	-	406	406		-	-	-	351	351
On-balance sheet gap (a)		2,709	-	-	120,536	123,245		789	-	-	53,184	53,973
Off-balance sheet financial instruments												
Off-balance sheet gap (b)		-	-	-	-	-		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		2,709	-	-	120,536	123,245		789	-	-	53,184	53,973
Cumulative interest rate sensitivity gap		2,709	-	-	120,536	123,245		789	-	-	53,184	53,973
	Conservative Allocation Plan											
Particulars	Effective yield / interest rate	2022				Total	Effective yield / interest rate	2021				Total
		Exposed to Yield / Interest rate risk						Not exposed to Yield / Interest rate risk	Exposed to Yield / Interest rate risk			
	Upto three months	More than three months and upto one year	More than one year		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	3.00 - 7.00	247	-	-	-	247	3.00 - 7.00	584	-	-	-	584
Investments		-	-	-	705	705		-	-	-	50,925	50,925
Profit receivable		-	-	-	1	1		-	-	-	7	7
Receivable against sale of investment		-	-	-	-	-		-	-	-	-	-
Sub total		247	-	-	706	953		584	-	-	50,932	51,516
Financial liabilities												
Payable to the Management Company		-	-	-	-	-		-	-	-	365	365
Payable to the Trustee		-	-	-	-	-		-	-	-	3	3
Accrued expenses and other liabilities		-	-	-	241	241		-	-	-	207	207
Sub total		-	-	-	241	241		-	-	-	575	575
On-balance sheet gap (a)		247	-	-	465	712		584	-	-	50,357	50,941
Off-balance sheet financial instruments												
Off-balance sheet gap (b)		-	-	-	-	-		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		247	-	-	465	712		584	-	-	50,357	50,941
Cumulative interest rate sensitivity gap		247	-	-	465	712		584	-	-	50,357	50,941

Particulars	Islamic Capital Preservation Plan					
	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		
	%	(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Bank balances	3.00 - 7.00	-	-	-	-	-
Investments		-	-	-	-	-
Profit receivable		-	-	-	-	-
Sub total		-	-	-	-	-
Financial liabilities						
Payable to the Management Company		-	-	-	1,860	1,860
Payable to the Trustee		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	234	234
Sub total		-	-	-	2,094	2,094
On-balance sheet gap (a)		-	-	-	(2,094)	(2,094)
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		-	-	-	2,094	2,094
Cumulative interest rate sensitivity gap		-	-	-	-	-

21.4 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 as at reporting date.

21.5 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 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.

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 units are settled / paid for upon delivery using the system of Trustee. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

21.5.1 The analysis below summarises the credit quality of the balances in deposit accounts with Banks with which the Fund has kept such balances as at June 30, 2022:

Name of the bank	2022			
	Active Allocation Plan	Conservative Allocation Plan	Latest available published rating as at June 30, 2022	Rating agency
----- (Rupees in '000)-----				
Savings accounts				
Dubai Islamic Bank Pakistan Limited	7	9	AA	VIS
Bank Islamic Pakistan Limited	7	15	A+	PACRA
Habib Bank Limited	2,695	223	AAA	VIS
	2,709	247		

Name of the bank	2021				
	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Latest available published rating as at June 30, 2020	Rating agency
----- (Rupees in '000) -----					
Savings accounts					
Dubai Islamic Bank Pakistan Limited	7	9	(60)	AA	VIS
Habib Bank Limited	776	560	1,687	AAA	VIS
Bank Islami Pakistan Limited	6	14	-	A+	PACRA
Bank Al-Habib Limited	-	-	3	AA+	PACRA
Allied Bank Limited	-	-	37	AAA	PACRA
	789	583	1,667		

The maximum exposure to credit risk before considering any collateral as at June 30, 2022, is the carrying amount of the financial assets. Investments in units, however, are not exposed to credit risk. None of these assets are 'impaired' nor 'past due but not impaired'.

21.5.2 The analysis below summarizes the credit quality of the Fund's credit exposure:

Rating by rating category	2022		
	Active Allocation Plan	Conservative Allocation Plan	Total
----- (Percentage) -----			
	0.26	3.64	0.01
AA	0.26	6.07	0.01
A+	99.48	90.29	0.98
AAA			

Rating by rating category	2021			
	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
----- (Percentage) -----				
	98.35	96.05	103.42	100.69
AAA	0.00	0.00	0.18	0.10
AA+	0.89	1.54	(3.60)	(14.48)
AA	0.76	2.40	0.00	0.66
A+				

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 bank balances is held with 3 (2021: 5) banks. Management believes that such banks are reputed institutions.

21.6 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.

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 reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

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:

	2022								Total
	Active Allocation Plan				Conservative Allocation Plan				
	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	
(Rupees in '000)									
Financial liabilities									
Payable to the Management Company	22	-	-	22	-	-	-	-	22
Payable to the Trustee	10	-	-	10	-	-	-	-	10
Accrued expenses and other liabilities	374	-	-	374	241	-	-	241	615
	406	-	-	406	241	-	-	241	647
Unit holder's fund	123,338	-	-	123,338	725	-	-	725	124,063

	2021												Total
	Active Allocation Plan				Conservative Allocation Plan				Islamic Capital Preservation Plan				
	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	
(Rupees in '000)													
Financial liabilities													
Payable to the Management Company	22	-	-	22	365	-	-	365	1,860	-	-	1,860	2,247
Payable to the Trustee	4	-	-	4	3	-	-	3	-	-	-	-	7
Accrued expenses and other Liabilities	325	-	-	325	207	-	-	207	234	-	-	234	766
	<u>351</u>	<u>-</u>	<u>-</u>	<u>351</u>	<u>575</u>	<u>-</u>	<u>-</u>	<u>575</u>	<u>2,094</u>	<u>-</u>	<u>-</u>	<u>2,094</u>	<u>3,020</u>
Unit holder's fund	53,520	-	-	53,520	50,917	-	-	50,917	-	-	-	-	104,437

21.7 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.

22. UNITS HOLDERS' FUND RISK MANAGEMENT

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

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

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

23. FAIR VALUE 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 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.

		Active Allocation Plan						
		2022			2021			
		Carrying amount			Fair value			
		Fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value	23.1							
Investments		120,934	-	120,934	120,934	-	-	120,934
		120,934	-	120,934				
Financial assets not measured at fair value	23.2							
Bank balances		-	2,709	2,709				
Preliminary expenses and flotation costs		-	-	-				
Advances and other receivable		-	102	102				
Profit receivable		-	8	8				
		-	2,819	2,819				
Financial liabilities not measured at fair value	23.2							
Payable to the Management Company		-	22	22				
Payable to the Trustee		-	10	10				
Accrued expenses and other liabilities		-	374	374				
		-	406	406				
		2021			2021			
		Carrying amount			Fair value			
		Fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value	23.1							
Investments		53,530	-	53,530	53,530	-	-	53,530
		53,530	-	53,530				
Financial assets not measured at fair value	23.2							
Bank balances		-	789	789				
Preliminary expenses and flotation costs		-	16	16				
Advances and other receivable		-	92	92				
Profit receivable		-	5	5				
		-	902	902				
Financial liabilities not measured at fair value	23.2							
Payable to the Management Company		-	22	22				
Payable to the Trustee		-	4	4				
Accrued expenses and other liabilities		-	325	325				
		-	351	351				

		Conservative Allocation Plan						
		2022			2021			
		Carrying amount		Total	Fair Value			
		Fair value through profit and loss	Amortised cost		Level 1	Level 2	Level 3	Total
	<i>Note</i>	(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
		705	-	705	705	-	-	705
		<u>705</u>	<u>-</u>	<u>705</u>				
Financial assets not measured at fair value								
	23.2	-	247	247				
			-	-				
			18	18				
			1	1				
		<u>-</u>	<u>266</u>	<u>266</u>				
Financial liabilities not measured at fair value								
	23.2	-	-	-				
		-	-	-				
		-	241	241				
		<u>-</u>	<u>241</u>	<u>241</u>				
		2021			2021			
		Carrying amount		Total	Fair Value			
		Fair value through profit and loss	Amortised cost		Level 1	Level 2	Level 3	Total
	<i>Note</i>	(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
		50,925	-	50,925	50,925	-	-	50,925
		<u>50,925</u>	<u>-</u>	<u>50,925</u>				
Financial assets not measured at fair value								
	23.2	-	584	584				
			9	9				
			18	18				
			7	7				
		<u>-</u>	<u>618</u>	<u>618</u>				
Financial liabilities not measured at fair value								
	23.2	-	365	365				
		-	3	3				
		-	207	207				
		<u>-</u>	<u>575</u>	<u>575</u>				
		2021			2021			
		Carrying amount		Total	Fair Value			
		Fair value through profit and loss	Amortised cost		Level 1	Level 2	Level 3	Total
	<i>Note</i>	(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
		-	-	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>				
Financial assets not measured at fair value								
	23.2	-	-	-				
		-	-	-				
		-	-	-				
		-	-	-				
		<u>-</u>	<u>-</u>	<u>-</u>				
Financial liabilities not measured at fair value								
	23.2	-	1,860	1,860				
		-	-	-				
		-	234	234				
		<u>-</u>	<u>2,094</u>	<u>2,094</u>				

23.1 Valuation techniques used in determination of fair values:

For level 1 investments at fair value through profit or loss in units of mutual funds, Fund uses daily NAVs which are taken from MUFAP at reporting date.

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

23.3 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.

24. LIST OF TOP TEN BROKERS/DEALERS OF PERCENTAGE OF COMMISSION PAID / PAYABLE

There were no brokers during the year ended June 30, 2022.

25. 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
Mr. Mir Adil Rashid	Chief Executive Officer	BSc	24
Mr. Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	27
Mr. Wamiq Sakrani	Head of Fixed Income	MBA	13
Mr. Karim Khawaja	Head of Risk	MBA, CMA	20
Mr. Mustafa Mahmood Khan	Head of Research	ACCA, CFA	13
Mr. Muhammad Zohaib	Senior Fund Manager	CIMA, MA	14
Mr. Raza Abbas	Senior Fund Manager	M.Com	19

* They are Joint Fund Managers of all other HBL funds managed by Management company.

26. PATTERN OF UNIT HOLDING

Category	2022			
	No of unit holders	Number of units held	Investment amounts (Rupee in '000)	Percentage %
Active Allocation Plan				
Associated Companies	1	12,039	1,049	0.84
Retirement funds	1	30,317	2,643	2.13
Insurance Companies	1	1,160,762	101,183	82.04
Individuals	25	211,782	18,463	14.99
	28	1,414,900	123,338	100.00
Conservative Allocation Plan				
Individuals	12	7,961	725	100.00
	12	7,961	725	100.00

Category	2021			
	No of unit holders	Number of units held	Investment amounts (Rupee in '000)	Percentage %
Active Allocation Plan				
Associated Companies	1	12,039	139	2.59
Retirement funds	1	30,317	351	6.55
Other Corporate	1	183,374	2,124	39.69
Individuals	30	236,354	2,737	51.15
	33	462,084	5,351	99.98
Conservative Allocation Plan				
Asset Management Company	1	435,071	50,010	98.23
Individuals	10	7,859	900	1.77
	11	442,930	50,910	100.00

27. 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.

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, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the financial statements of CIS / the Fund. Further, limit for Fund of Fund is 2.5% in case management fee is charged and upto 0.5% in case no management fee is charged. The total expense ratio for the year ended June 30, 2022, is 1.77%, 1.54%, Nil and Nil (2021: 1.29%, 1.36%, Nil and Nil) which includes 0.04%, 0.04%, Nil, and Nil (2021: 0.40%, 0.14%, Nil and Nil) representing Government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan, Strategic Allocation Plan and Islamic Capital Preservation Plan respectively.

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. GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

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

Chief Financial Officer

Chief Executive Officer

Director



HBL Islamic Dedicated Equity Fund

NAME OF FUND	HBL ISLAMIC DEDICATED EQUITY FUND
NAME OF TRUSTEE	MCB Financial Services limited
NAME OF AUDITORS	Yousuf Adil Chartered Accountants
NAME OF SHARIAH ADVISORS	AI - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Bank Islami Pakistan Limited Allied Bank Limited Dubai Islamic Bank Limited

Type and Category of Fund

Open end Shariah Compliant Dedicated Equity Fund

Investment Objective and Accomplishment of Objective

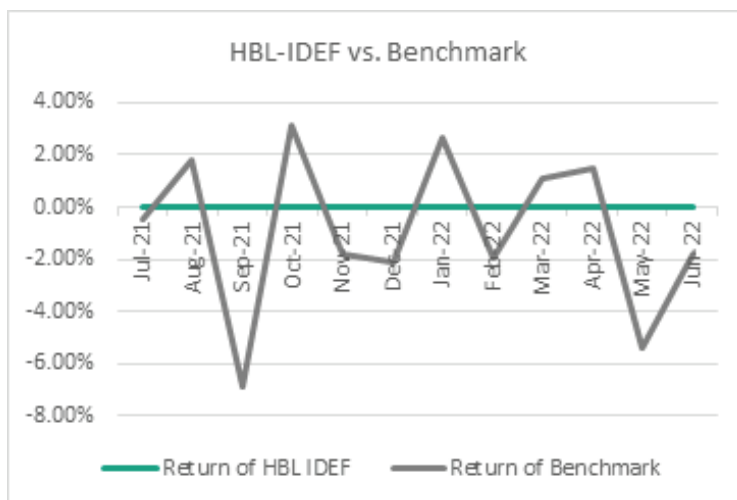
The objective of the Fund is to provide capital appreciation to investors of 'Fund of Funds' schemes by investing in Shariah compliant equity securities.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KMI 30 Index.

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

Month	Return of Fund	
	HBL-IDEF	Benchmark
Jun-22	0.00%	-1.83%
May-22	0.00%	-5.36%
Apr-22	0.00%	1.50%
Mar-22	0.00%	1.06%
Feb-22	0.00%	-1.96%
Jan-22	0.00%	2.66%
Dec-21	0.00%	-2.08%
Nov-21	0.00%	-1.81%
Oct-21	0.00%	3.11%
Sep-21	0.00%	-6.86%
Aug-21	0.00%	1.81%
Jul-21	0.00%	-0.47%



Strategies and Policies employed during the Year

Since, all the units of the Fund were redeemed by the end of the year, the Fund size of the Fund stands zero as at June 30, 2022.

Asset Allocation

Since, Fund size of the Fund stands zero. There were no asset allocation.

Significant Changes in Asset Allocation during the Year

Following table shows 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	0.00%	0.00%
Others Including Receivables	0.00%	0.00%
Cement	0.00%	0.00%
Oil & Gas Marketing	0.00%	0.00%
Oil & Gas Exploration	0.00%	0.00%
Fertilizer	0.00%	0.00%
Pharmaceuticals	0.00%	0.00%
Others	0.00%	0.00%
Total	N/A	N/A

Fund Performance

During the period under review, the Islamic Dedicated Equity Fund remained inactive for the tenure and its fund size stands nil as all units were redeemed by Fund of Fund Plans managed by the Company as disclosed in note 1.7 to the financial statements of the Fund.

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

The Fund size as at June 30, 2022 stands zero as all the units of the Fund were redeemed.

Breakdown of Unit Holding by Size

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	-	-
101 – 500	-	-
501 – 1,000	-	-
100,1 – 10,000	-	-
10,001 – 100,000	-	-
100,001 – 500,000	-	-
500,001 – 1,000,000	-	-
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
Total	-	-

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 ISLAMIC DEDICATED EQUITY FUND

	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
Net assets at the period end(Rs'000)	-	-	27,437	116,580
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES				
Redemption	N/A	N/A	87.5443	83.8322
Offer	N/A	N/A	87.5443	83.8322
OFFER / REDEMPTION DURING THE PERIOD - RUPEES				
Highest offer price per unit	N/A	107.1456	106.9964	108.5677
Lowest offer price per unit	N/A	89.8588	68.2277	80.6086
Highest redemption price per unit	N/A	107.1456	106.9964	108.5677
Lowest redemption price per unit	N/A	89.8588	68.2277	80.6086
RETURN (%)				
Total return	N/A	7.85%	4.43%	-16.17%
Income distribution	N/A	0.00%	0.00%	0.00%
Capital growth	N/A	7.85%	4.43%	-16.17%
DISTRIBUTION				
Final dividend distribution- Rs			-	-
Date of Income Distribution			-	-
Total dividend distribution for the year/ period			-	-
AVERAGE RETURNS (%)				
Average annual return 1 year	0%	7.85%	4.43%	-16.17%
Average annual return 2 year	3.85%	6.13%	-6.44%	0.00%
Average annual return 3 year	4.04%	-1.90%	0.00%	0.00%
Weighted average portfolio during (No. of days)				
PORTFOLIO COMPOSITION - (%)				
Percentage of Total Assets as at 30 June:				
Bank Balances	0.00%	0.00%	1.38%	5.85%
GoP Ijarah Sukuks	-	-	-	-
Placement with Banks and DFIs	-	-	-	-
Corporate Sukuks	-	-	-	-
Stock / Equities	0.00%	0.00%	71.30%	85.88%
Others	0.00%	0.00%	27.32%	8.27%

Note:

The Launch date of the Fund is October 01, 2018

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 IDEF	Meetings	Resolutions	For	Against
Number	0	0	0	-
(%ages)		-	-	-

(h) AMC did not participate in shareholders' meetings

Investee Company	AGM Meeting Dt	EOGM Meeting Dt
Aisha Steel Mills Ltd	28-10-20	
Amreli Steels Limited	27-10-20	
Attock Cement Pakistan Ltd	22-10-20	
Attock Refinery Ltd	19-10-20	
Avanceon Limited		12-01-21
Azgard Nine Ltd	28-10-20	
BankIslami Pakistan Limited	30-03-21	11-02-21
Cherat Cement Company Ltd.	27-10-20	
Clover Pakistan Limited	20-01-2021	
D G Khan Cement Co.Ltd.	28-10-20	
Engro Corporation Ltd		
Engro Fertilizers Limited	30-03-21	
Engro Polymer & Chemicals Ltd		
Fauji Fertilizer Bin Qasim Ltd	29-03-21	(09/09/2020)(25-11-2020)
Fauji Fertilizer Co Ltd	18-03-21	06-11-20
Fauji Foods Limited	25-03-21	
General Tyre & Rubber Co of Pakistan Ltd	28-10-20	20-08-20
GlaxoSmithKline Pakistan Ltd		
Gul Ahmed Textile Mills Ltd	28-10-20	
Hascol Petroleum Ltd	11-08-20	(08/09/2020)(23-02-2021)
Highnoon Laboratories Limited		
Hub Power Company Ltd	24-09-20	
IGI Holdings Limited		
Interloop Limited	15-10-20	10-12-20
International Industries Ltd	30-09-20	
International Steels Limited	29-09-20	
K-Electric Limited	26-11-20	
Kohat Cement Ltd	28-10-20	
Lucky Cement Ltd	29-09-20	
Maple Leaf Cement Factory Ltd	27-10-20	
Mari Petroleum Company Ltd	29-09-20	
Mughal Iron & Steel Inds Ltd	28-10-20	
National Refinery Ltd	22-10-20	
Netsol Technologies	23-10-20	
Nimir Resins Limited	21-10-20	
Nishat (Chunian) Ltd		
Nishat Mills Ltd	28-10-20	15-12-20
Oil & Gas Development Co Ltd	28-10-20	17-03-21
Pak Elektron Ltd		
Pak Suzuki Motor Company Limited		29-01-2021
Pakistan National Shipping Corp Ltd	26-10-20	
Pakistan Oilfields Ltd	19-10-20	
Pakistan Petroleum Ltd	26-10-20	23-12-20
Pakistan State Oil Company Ltd	21-10-20	
Pioneer Cement Limited	28-10-20	
Sitara Chemical Industries Limited	26-10-20	
Sui Northern Gas Pipeline Ltd	15-08-20	
Systems Limited	31-03-2021	03-12-20
Tariq Glass Industries Ltd		
Thal Limited	22-10-20	
The Organic Meat Company Limited	27-10-20	
The Searle Company Ltd	28-10-20	
TPL Properties Ltd	27-10-20	
TPL Trakker Limited	26-10-20	
TRG Pakistan Ltd	27-11-20	
Unity Foods Limited	23-10-20	22-03-21
Waves Singer Pakistan Limited		(11/08/2020)(09-09-2020)
WorldCall Telecom Ltd	30-07-20	



REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

HBL ISLAMIC DEDICATED EQUITY FUND

Report of the Trustee Pursuant to Regulation 41(b) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

HBL Islamic Dedicated Equity Fund, an open-end Scheme established under a Trust Deed dated June 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 was authorized by Securities & Exchange Commission of Pakistan as a unit trust scheme on 4th July 2018.

1. HBL Asset Management Company Limited, the Management Company of HBL Islamic Dedicated Equity Fund has, in all material respects, managed HBL Islamic Dedicated Equity Fund during the year ended 30th June 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

The attention is drawn towards net assets of the funds which are zero during the year ended June 30th 2022.

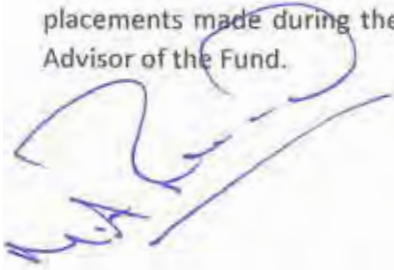
Authorize Signatory

Karachi: September 14, 2022

Perdesi House | 2/1 R-Y | Old Queens Road | Karachi – 74200 | Pakistan
+92-21-32419770 | www.digitalecustodian.co | info@digitalcustodian.co

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Dedicated Equity Fund (the fund) has fully complied with the Shariah Principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during the year ended June 30, 2022. This has been duly confirmed by the Shariah Advisor of the Fund.

**Mir Adil Rashid**

Chief Executive Officer

September 15, 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين، والصلاة والسلام على سيد الانبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2022 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in HBL Islamic Dedicated Equity Fund (HBL-IDEF) managed by HBL Asset Management Company Limited are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

والله أعلم بالصواب، وصلى الله على نبينا محمد وعلى آله وصحبه وبارك وسلم

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.



Mufti Irshad Ahmad Aijaz
Member Shariah Council



Faraz Younus Bandukda, CFA
Chief Executive

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Management Company

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **HBL Islamic Dedicated 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 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 accounting and reporting standards as applicable in Pakistan.

Basis for opinion

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

Emphasis of matter paragraph

We draw attention to note 1.7 to the financial statements where it is stated that the zero value of net assets is in accordance with the Constitutive Documents of the Fund. Our opinion is not qualified in respect of this matter.

Key audit matter

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

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

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

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

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

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



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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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



YOUSUF ADIL

Yousuf Adil
Chartered Accountants

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

Report on other legal and regulatory requirements

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

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


Chartered Accountants

Place: Karachi

Dated: September 28, 2022

UDIN: AR202210057LrnbYhlsy

Independent Member Firm of
Deloitte Touche Tohmatsu Limited

Independent Reasonable Assurance Report to the Unit Holders on the Statement of Compliance with the Shariah Principles

1. Introduction

We were engaged by the Board of Directors of HBL Asset Management Company Limited, Management Company of HBL Islamic Dedicated Equity Fund (the Fund) to report on Fund's compliance with the as set out in the annexed statement prepared by the Management Company for the year ended June 30, 2022, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's Compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

2. Applicable criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended June 30, 2022.

3. Responsibilities of the Management Company

Management Company is responsible for the preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. Management Company is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund are in substance and their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

4. Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial information, and other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements professional standards and applicable legal and regulatory requirements.

5. Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standards required that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.



The procedures selected depend on our judgement, including the assessment of the risks of material non-compliance with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal controls. Reasonable assurance is less than absolute assurance.

The procedures performed included performing test of controls around making investments, maintaining bank accounts and transferring non-shariah compliant income to charity in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

6. Conclusion

Our conclusion has been formed on the basis of, and subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide the basis for our conclusion.

In our opinion, the annexed statement, for the year ended June 30, 2022, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.


Chartered Accountants

Date: September 29, 2022

Place: Karachi

HBL Islamic Dedicated Equity Fund

Statement of Assets and Liabilities

As at June 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
ASSETS			
Bank balances	5	427	1,454
Dividend and profit receivable	6	7	20
Preliminary expenses and floatation costs	7	275	610
Advances, deposits and other receivables	8	6,064	5,422
Total assets		6,773	7,506
LIABILITIES			
Payable to the Management Company	9	6,195	6,195
Payable to the Trustee	10	-	78
Payable to Securities and Exchange Commission of Pakistan	11	-	3
Accrued expenses and other liabilities	12	578	1,230
Total liabilities		6,773	7,506
NET ASSETS		-	-
UNIT HOLDERS' FUND (AS PER STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND)			
		-	-
Contingencies and commitments	13		
		----- Number of units -----	
Number of units in issue	14	-	-
		----- Rupees -----	
Net assets value per unit		-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Dedicated Equity Fund

Income Statement

For the year ended June 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 -----
INCOME			
Profit on bank deposits		114	141
Dividend income		-	82
Net gain on sale of investments		-	5,263
Total income		114	5,486
EXPENSES			
Remuneration of the Management Company	9.1 & 9.2	-	298
Remuneration of the Trustee	10.1 & 10.2	17	124
Annual fee to Securities and Exchange Commission of Pakistan	11	-	3
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	-	21
Selling and marketing expense	9.4	-	(116)
Amortisation of preliminary expenses and floatation costs	7	335	105
Auditors' remuneration	15	422	266
Shariah advisory fee		8	144
Brokerage expense		15	
Legal and Professional Charges		16	
Printing and stationary charges		1	-
Securities transaction costs		2	152
Settlement and bank charges		-	74
Charity expense		-	6
Total expenses		816	1,077
Net income from operating activities		(702)	4,409
Reversal / (Provision) for Sindh Workers' Welfare Fund	12.1	702	(88)
Net income for the year before taxation		-	4,321
Taxation	16	-	-
Net income for the year after taxation		-	4,321
Allocation of net income for the year			
Net income for the year after taxation		-	4,321
Income already paid on redemption of units		-	(4,321)
		-	-
Accounting income available for distribution:			
- Relating to capital gain		-	-
- Excluding capital gain		-	-
		-	-
Earnings per unit	17		

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

	2022	2021
	----- (Rupees in '000) -----	
Net income for the year after taxation	-	4,321
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>-</u>	<u>4,321</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Dedicated Equity 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) -----					
Net assets at beginning of the period	92,140	(92,140)	-	119,577	(92,140)	27,437
Issuance of nil units (2021: 414,955 units)						
- Capital value	-	-	-	36,327	-	36,327
- Element of income	-	-	-	4,234	-	4,234
Total proceeds on issuance of units	-	-	-	40,561	-	40,561
Redemption of nil units (2021: 728,366 units)						
- Capital value	-	-	-	(63,764)	-	(63,764)
- Element of loss	-	-	-	(4,234)	(4,321)	(8,555)
Total payments on redemption of units	-	-	-	(67,998)	(4,321)	(72,319)
Total comprehensive income for the year	-	-	-	-	4,321	4,321
Net assets at end of the year	92,140	(92,140)	-	92,140	(92,140)	-
Accumulated loss brought forward comprising of:						
- Realised	(92,140)			(92,924)		
- Unrealised	-			784		
	(92,140)			(92,140)		
Accounting income available for distribution	-			-		
Accumulated loss carried forward	(92,140)			(92,140)		
Accumulated loss carried forward comprising of:						
- Realised	(92,140)			(92,140)		
- Unrealised	-			-		
	(92,140)			(92,140)		
			--- Rupees ---			--- Rupees ---
Net assets value per unit at beginning of the year			-			87,5443
Net assets value per unit at end of the year			-			-

The annexed notes from 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Dedicated Equity Fund

Cash Flow Statement

For the year ended June 30, 2022

	2022	2021
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	-	4,321
Adjustments for:		
Dividend income	-	(82)
Profit on bank deposits	(114)	(141)
Net gain on sale of investments	-	(5,263)
Amortisation of Preliminary expense and floatation costs	335	105
(Reversal) / Provision of Sindh Workers' Welfare Fund	(702)	88
	<u>(481)</u>	<u>(972)</u>
(Increase) / decrease in assets		
Investments - net	-	27,511
Advances, deposits and other receivables	(642)	(131)
Receivable against sale of investments	-	1,607
	<u>(642)</u>	<u>28,987</u>
(Decrease) / increase in liabilities		
Payable to the Management Company	-	6,021
Payable to the Trustee	(78)	54
Payable to Securities and Exchange Commission of Pakistan	(3)	(26)
Accrued expenses and other liabilities	50	(2,298)
	<u>(31)</u>	<u>3,751</u>
Profit received on bank deposits	123	130
Dividend income received	4	773
Net cash (used in) / generated from operating activities	<u>(1,027)</u>	<u>32,669</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	-	40,561
Payment against redemption of units	-	(72,319)
Net cash used in financing activities	-	(31,758)
Net (decrease) / increase in cash and cash equivalents during the year	<u>(1,027)</u>	<u>911</u>
Cash and cash equivalents at beginning of the year	1,454	543
Cash and cash equivalents at end of the year	<u>427</u>	<u>1,454</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

1.3 The Fund is an open-ended mutual fund. Only Fund of Funds and allocation plans under fund of funds schemes may submit the application for purchase of units.

1.4 The principal activity of the Fund is to provide capital appreciation to investors schemes by investing in shariah compliant equity securities.

1.5 VIS Credit Rating Company has assigned an asset manager rating of 'AM2++' (stable outlook) to the Management Company, however, the Management Company has not obtained the Fund's rating as at June 30, 2022.

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

1.7 The Fund's only investors are other collective schemes, managed by the Management Company. Since the Fund's objective is to provide investment avenues to the fund of funds and allocation plans under fund of funds schemes managed by the Management Company, it may become zero as allowed under the terms of its Offering Document. Also as the Fund is not managing general public money directly, therefore, it will have no effect if it becomes zero at times.

Although, as of the year end the fund size is 'zero', however, the Management Company maintains that it has no intention to revoke or discontinue it with in 12 months from the date of these financial statements.

1.8 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 Specialised 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 (as amended vide Sindh Trusts (Amended) Act, 2021). In this regard, the Fund Manager submitted restated Trust Deed of the Fund which was duly registered on August 17, 2021

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
- 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, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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. However, during the current year, there were no areas of significant assumptions and estimates to the Fund's financial statements or where judgment was exercised in the application of accounting policies.

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

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

The following 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.

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

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

Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021 April 01, 2021

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

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

**Effective 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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

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

4.2 Financial 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

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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 mainly include investment, deposits and profit 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.

4.2.1.2.3 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 Issue and redemption of units

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

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

4.4 Provisions

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

4.5 Taxation

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

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

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

4.6 Net assets value per unit

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

4.7 Distribution to the unit holders

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

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

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

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

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

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

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

4.9 Revenue recognition

- Gain / (loss) arising on sale of investments are included in the 'income statement' on the date at which the sale transaction takes place.
- Unrealised gain / (loss) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.

4.10 Expenses

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

4.11 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represents 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 five years commencing from the date of operations as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

	2022	2021
Note	----- (Rupees in '000) -----	
5. BANK BALANCES		
Savings accounts	5.1 <u>427</u>	<u>1,454</u>
5.1 The balance in savings accounts carry mark up at the rates ranging from 6.8% to 13.94% (2021: 5.0% to 7.4%) per annum.		
	2022	2021
Note	----- (Rupees in '000) -----	
6. DIVIDEND AND PROFIT RECEIVABLE		
Dividend receivable	-	4
Profit receivable	<u>7</u>	<u>16</u>
	<u>7</u>	<u>20</u>
7. PRELIMINARY EXPENSES AND FLOATATION COSTS		
Opening balance	610	715
Amortised during the year	<u>(335)</u>	<u>(105)</u>
Closing balance	<u>275</u>	<u>610</u>

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Advance tax		2,854	2,822
Receivable from HBL Asset Management against expenses		610	-
		6,064	5,422
9. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration of the Management Company	9.1	169	169
Sindh Sales Tax on remuneration of the Management Company	9.2	22	22
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	16	16
Selling and marketing expenses	9.4	-	-
Other payable to the Management Company	9.5	5,988	5,988
		6,195	6,195
9.1	As per the offering document of the Fund the maximum limit of management fee is 3% per annum of Average Annual Net Assets.		
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	In accordance with Regulation 60 of the NBFC Regulations, the Management Company has charged expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). For the current year, no expense is charged since average net assets of the Fund were nil (June 30, 2021: 0.161%).		
9.4	SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed cap of 0.4 % (of average net assets, calculated on daily basis), on charging of selling and marketing expenses which are charged by Asset Management Companies to all categories of open-end mutual funds (except fund of funds).The selling and marketing expenses charged by the Asset Management Company at the rate of 0.75% of average annual net assets of the Fund. There arose a debit balance of Rs. 0.012 million at end of the year as a result of reversal of Rs. 0.215 million, due to excess selling and marketing expense charged to the Fund by Management Company in prior year.		
9.5	This represents interest-free loan of Rs. 6 million from Management Company to the Fund repayable on demand net off debit balance of Rs. 0.012 million as explained in note 9.4 above.		
10. PAYABLE TO THE TRUSTEE			
Remuneration of the Trustee	10.1	-	69
Sindh Sales Tax on remuneration of the Trustee	10.2	-	9
		-	78

- 10.1** The remuneration of the Trustee charged pertains to previous year, and no remuneration is charged since daily Net Assets Value of the Fund has remained zero during the current year.

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 as per the following:

Amount of funds under Management (Average Daily NAV)	Tariff per annum
Up to Rs.1 billion	0.09% per annum of the daily average net assets
Over Rs.1 billion	Rs. 0.9 million per annum Plus 0.065% exceeding Rs. 1 billion

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

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

As per SRO 685(I)/2019 dated June 28, 2019, annual fee at the rate of 0.02% of the net assets of the Fund has to be charged.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
		----- (Rupees in '000) -----	-----
Auditors' remuneration		553	412
Charity payable		-	55
Payable to brokers			18
Payable to NCCPL		25	
Payable to Shariah Advisor		-	43
Provision for Sindh Workers' Welfare Fund	12.1	-	702
Other payables		-	-
		578	1,230

12.1 PROVISION FOR 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 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.

During the current year, 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 Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting 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.

The Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 0.702 million charged till June 30, 2021.

13. CONTINGENCIES AND COMMITMENTS

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

	2022	2021
	----- Number of units -----	
14. NUMBER OF UNITS IN ISSUE		
Total outstanding as of July 01	-	313,411
Issued during the year	-	414,955
Redeemed during the year	-	(728,366)
Total units in issue as of June 30	-	-

15. AUDITORS' REMUNERATION

Audit fee	315	175
Fee for half yearly review	84	79
Shariah compliance audit fee	10	5
Other certifications and out of pocket exper	12	7
	422	266

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 period 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. No provision for taxation has been recognised during the year as the Fund has already distributed net income to unit-holders while making payments on redemptions.

17. EARNINGS PER UNIT

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

18. FINANCIAL INSTRUMENTS BY CATEGORY

	2022		
	At fair value through profit or loss	Amortised cost	Total
	----- (Rupees in '000) -----		
Financial assets			
Bank balances	-	427	427
Dividend and profit receivable	-	7	7
Deposits and other receivables	-	3,210	3,210
	-	3,644	3,644
Financial liabilities			
Payable to the Management Company	-	6,195	6,195
Payable to the Trustee	-	-	-
Accrued expenses and other liabilities	-	578	578
	-	6,773	6,773

	2021		
	At fair value through profit or loss	Amortised cost	Total
	----- Rupees in '000 -----		
Financial assets			
Bank balances	-	1,454	1,454
Dividend and profit receivable	-	20	20
Deposits	-	2,600	2,600
	-	4,074	4,074
Financial liabilities			
Payable to the Management Company	-	6,195	6,195
Payable to the Trustee	-	78	78
Accrued expenses and other liabilities	-	528	528
	-	6,801	6,801

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), MCB Financial Services Limited (MCBFSL) being the Trustee of the Fund, other associated companies of HBL, HBL-AML and its subsidiaries, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

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

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

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

	2022	2021
	----- (Rupees in '000) -----	
19.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company including sales tax thereon	-	298
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	21
Selling and marketing expense	-	(116)
Loan received from management company	-	6,000
MCB Financial Services Limited - Trustee		
Trustee remuneration including sales tax thereon	17	124
MCBFSL Trustee HBL IFPF Islamic Capital Preservation Plan		
Redemption of nil units (2021: 313,411 units)	-	30,290

	2022	2021
	----- (Rupees in '000) -----	
MCBFSL Trustee HBL FPF Active Allocation Plan		
Issue of nil units (2021: 159,617 units)	-	15,600
Redemption of nil units (2021: 159,617 units)	-	16,203
MCBFSL Trustee HBL IFPF Active Allocation Plan		
Issue of nil units (2021: 251,913 units)	-	24,600
Redemption of nil units (2021: 251,913 units)	-	25,487
MCBFSL Trustee HBL IFPF Conservative Allocation Plan		
Issue of nil units (2021: 3,425 units)	-	362
Redemption of nil units (2021: 3425 units)	-	341

19.2 Amounts outstanding as at year end

HBL Asset Management Limited - Management Company

Management remuneration payable including sales tax thereon	191	191
Allocation of expenses related to registrar services, accounting, operation and valuation services	16	16
Other payable	5,988	5,988

MCB Financial Services Limited - Trustee

Remuneration payable including sales tax thereon	-	78
--	---	----

20. 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	Karim Khawaja	Head of Risk	MBA, CMA	19 + years
4	Mustafa Mahmood Khan	Head of Research	ACCA, CFA	12 + years

21. LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

There were no transactions with the brokers or dealers during the year.

22. PATTERN OF UNIT HOLDING

Last year, the Fund has redeemed all of its units held on March 15, 2021 after which there has been no unit holder left in the Fund.

23. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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 ¹	7	7	-	-
2	Ms. Ava A. Cowasjee ¹	7	5	2	May 10,2022, May 16,2022
3	Mr. Shabbir Hussain Hashmi ⁵	5	5	-	-
4	Mr. Rayomond H. Kotwal ¹	7	7	-	-
5	Mr. Abrar Ahmed Mir ¹	7	7	-	-
6	Mr. Tariq Masaud ¹	7	7	-	-
7	Mr. Muhammad Afaq Khan ²	3	2	1	August 26,2021, October 28,2021
8	Mr. Abid Sattar ³	3	3	-	-
9	Mr. Khalid Malik ⁴	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.

24. 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 equity instruments that are carried at fair value through profit and loss.

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 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.

24.1.1 Currency risk

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

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 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. The net income for the year would have increased / (decreased) by Rs. 0.004 million (2021: Rs. 0.015 million), had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

b) Fair value interest rate risk

The Fund does not hold any fixed rate financial assets and liabilities. Therefore, a change in interest rates at the reporting date would not affect net income for the year.

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.

As at June 30, 2022					
Exposed to yield / interest rate risk					
Yield / interest rate	Total	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk
%	(Rupees in '000)				
On-balance sheet financial instruments					
Financial assets					
Bank balances	6.8% to 13.94%	427	427	-	-
Dividend receivable and accrued mark-up		7	-	-	7
Deposits		3,210	-	-	3,210
		3,644	427	-	-
					3,217
Financial liabilities					
Payable to the Management Company		6,195	-	-	6,195
Payable to the Trustee		-	-	-	-
Accrued expenses and other liabilities		578	-	-	578
		6,773	-	-	6,773
On-balance sheet gap		(3,129)	427	-	(3,556)
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap		-	-	-	-

As at June 30, 2021

Exposed to yield / interest rate risk

Yield / interest rate	Total	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk
%	Rupees in '000				
On-balance sheet financial instruments					
Financial assets					
Bank balances	5% to 7.4%	1,454	1,454	-	-
Dividend and profit receivable		19	-	-	19
Deposits		2,600	-	-	2,600
		4,073	1,454	-	2,619
Financial liabilities					
Payable to the Management Company		6,195	-	-	6,195
Payable to the Trustee		78	-	-	78
Accrued expenses and other liabilities		528	-	-	528
		6,801	-	-	6,801
On-balance sheet gap		(2,728)	1,454	-	(4,182)
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap					
		-	-	-	-

24.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk mainly arises from bank balances, dividend receivable, profit receivable, deposits and other receivables.

Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protections. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

The analysis below summarises the credit quality of the bank balances and profit thereon:

Name of the bank	Balance as at June 30, 2022	Latest available published rating as at June 30, 2022	Rating agency
------------------	-----------------------------	---	---------------

Rupees in '000'

Savings accounts

Bank Islami Pakistan Limited	414	A1	PACRA
Dubai Islamic Bank Pakistan Limited	10	A-1+	VIS
Allied Bank Limited	10	A1+	PACRA
	<u>434</u>		

Name of the bank	Balance as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating agency
------------------	-----------------------------	---	---------------

Rupees in '000'

Savings accounts			
Bank Islami Pakistan Limited	1,450	A+	PACRA
Dubai Islamic Bank Pakistan Limited	10	AA	VIS
Allied Bank Limited	10	AAA	PACRA
	<u>1,470</u>		

Other exposure to credit risks are as follows:

	2022	2021
	----- (Rupees in '000) -----	
Dividend receivable	-	4
Deposits	<u>2,600</u>	<u>2,600</u>
Receivable From HBL Asset Management Company	<u>610</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'.

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.

	2022		2021	
	Rupees in '000	%	Rupees in '000	%
Commercial banks (including profit due)	434	12%	1,470	36%
National Clearing Company of Pakistan Limited - security deposit	2,500	69%	2,500	61%
Central Depository Company of Pakistan Limited - security deposit	100	3%	100	2%
Dividend receivable	-	0%	4	0%
Other Receivables	610	17%	-	0%
	<u>3,644</u>	<u>100%</u>	<u>4,074</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 table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Carrying value	Less than 1 month	Within 3 months	Total
June 30, 2022				
----- (Rupees in '000) -----				
Financial liabilities				
Payable to the Management Company	6,195	6,195	-	6,195
Accrued expenses and other liabilities	578	578	-	578
	6,773	6,773	-	6,773
June 30, 2021				
----- Rupees in '000 -----				
Financial liabilities				
Payable to the Management Company		6,195	6,195	-
Payable to the Trustee		78	78	-
Accrued expenses and other liabilities		528	528	-
		6,801	6,801	-

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

25. 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 endeavors 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.

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- There are no financial instrument that are measured at fair value
- Unobservable inputs for the asset or liability (level 3).

There are no financial instruments at fair value as at June 30, 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 nil (2021: 4.93%) which includes nil (2021: 0.50%) representing government levy and SECP fee.

28. 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



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