

HBL

ASSET MANAGEMENT LTD.

ایس ایٹ مینجمنٹ لمیٹڈ

AMC Rating : AM1 by VIS

HALF YEARLY REPORT 2022

For the half year ended December 31, 2022

MOVING TOWARDS
EXCELLENCE

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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited

Board of Directors (Composition as of February 13, 2023)

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)
	Mr. Abid Sattar	(Independent Director)

Risk Management Committee

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Members	Mr. Tariq Masaud	(Non-Executive Director)
	Mr. Abid Sattar	(Independent Director)

Technology Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

AMC Rating

AM1 (Stable Outlook)

Legal Advisor

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

Website

www.hblasst.com

Head Office & Registered Office

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

REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2022

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Islamic Money Market Fund, HBL Islamic Income Fund, HBL Islamic Stock Fund, HBL Islamic Equity Fund, HBL Islamic Asset Allocation Fund, HBL Islamic Financial Planning Fund and HBL Islamic Dedicated Equity Fund (the Funds) for the period ended December 31, 2022.

ECONOMIC REVIEW

Pakistan faced a challenging economic environment during 1HFY23 due to pressures on external account, delay in IMF program and rising inflation. Pakistan foreign exchange reserves came under severe stress during 1HFY23 as reserves held by SBP dropped to USD 5.6bn in Dec 2022 versus USD 9.8bn in June 2022, which translates into an import cover of less than 2 months. This was primarily due to huge debt repayments, reduced foreign flows amid challenging global economic environment and delay in receipt of IMF flows. However, reduction in Current Account Deficit (CAD) provided some respite which fell to USD3.7bn in 1HFY23 vs. 9bn same period last year (SPLY).

Pakistan currency also witnessed severe volatility during the period. PKR against the USD fell to as low as PKR239.6 as of Sep 22, 2022 as against PKR 204.32 in June 2022 due to fall in reserves. However, with administrative measures to keep currency in check, Pak Rupee appreciated against USD to close at PKR 226.3 as of Dec 30, 2022. Since then, the currency has started adjusting again as SBP reserves are continuously falling and the spread between interbank and open market rates had increased. With currency in the interbank market now moving closer to the open market rates, it is now likely that the workers remittances and export proceeds that were impacted due to the widening spread, will again start recovering.

On the monetary front, inflationary pressures rose as CPI inflation averaged 25% in 1HFY23 vs. 10% in SPLY. This was on the back of high commodity prices, floods impacting food prices, and supply chain disruptions due to import restrictions. Non-food and non-energy core inflation also rose with Urban and Rural Core inflation increasing to 14.1% and 17.4% in 1HFY23, respectively. Keeping in view rising inflation and worsening external account situation, SBP through its monetary policy cumulatively raised policy rate by 225bps to 16% in 1HFY23.

Large Scale Manufacturing (LSM) during 1HFY23 also saw decline of 3.7% driven by economic slowdown and import restrictions. This was driven by Cotton Yarn (-14%), Cements (-15%), Automobiles (-30%), and petroleum products (-11%).

STOCK MARKET REVIEW

KMI-30 index during 1HFY23 declined by 1% with index closing at 68,278 points. The index after making CY22 peak of 76,293 points on April 18, 2022, is down 10.5% from peak. This drop can be attributed to 1) delay in ninth review of IMF, 2) sharp fall in foreign exchange reserves which raised concerns over likelihood of default, 3) rise in interest rates as investors switched to fixed income instruments, 4) political uncertainty which kept market under pressure, and 5) import restrictions impacting listed companies profitability.

These uncertain economic and politic environment also had an impact on market traded volumes and value. Average traded volume and traded value was down by 36% and 45% to 219mn shares and PKR6.6bn, respectively.

MONEY MARKET REVIEW

SBP conducted four monetary policies during 1HFY23 where it raised policy rate twice in July 2022 and Nov 2022. Policy rates were raised by 125bps and 100bps in July and November, respectively. SBP highlighted 1) increasing inflation expectations, 2) high commodity prices, 3) deterioration in external account situation, and 4) reduced foreign flows due to challenging global environment, as key reasons for an increase in policy rates.

Owing to rising inflationary pressures and expectations of higher interest rates, secondary market bond yields saw an increasing trend in 1HFY23. Yields on shorter tenor 6M and 1Y TBills were up ~180bps to 16.99% and 17.00%, respectively. Similarly, longer tenor bond yields on average were up by ~190bps in 1HFY23 with 3Y and 5Y PIB yielding 15.64% and 14.61%, respectively. During 1HFY23, government against a target of PKR 10.7tn borrowed PKR 10.3tn. Similarly, government raised PKR 943bn through PIBs during 1HFY23.

In variable rate Ijarah Sukuk, government raised PKR 345bn during 1HFY23 against target of PKR 475bn. Similarly, through fixed rate Ijarah Sukuk, government raised PKR 19bn during 1HFY23.

FUTURE OUTLOOK

Pakistan again has reengaged with the global lender and have taken certain prior actions which is likely to result in revival of IMF program and release of funds under the program. These measures include hike in gas prices on average by around 40%, introduction of mini-budget with taxation measures of up to PKR 170bn and increase in power tariff. Revival of the IMF program will not only lead to the release of USD 1bn from IMF under the ninth review but will also lead to more inflows from other multi-lateral lenders. It is also expected that Saudi Arabia and China are likely to roll-over foreign debt to Pakistan in FY23 which will support foreign exchange reserves of the country.

Improvement in foreign flows is likely to reduce pressure on exchange rate and will also lead to reduction in import controls which is currently impacting the industry. This will increase confidence of global and local investors and is likely to bode well for Equity Markets that is trading at a historic low valuations with PE multiples of around 4x.

On the monetary front, increased taxation measures and adjustment in electricity/gas prices are likely to exert pressure on CPI. In FY23, average inflation is likely to clock in at 27-28%. Given these expectations, there are likelihood of a further increase in policy rate which we believe the market is already expecting as evident from the rising secondary market yields. However, inflationary trend is likely to ease considerably from 2HCY23 due to high base effect.

We remain positive on the Pakistan Equity Market outlook as the market is trading at an attractive PE of 4x and offering dividend yield of 10%. With IMF program likely to be back on track, economic fundamentals will move in right direction which will regenerate investor's interest in Equity markets.

FUND'S PERFORMANCE AND PAYOUTS

HBL Islamic Money Market Fund

The total income and net income of the Fund was Rs. 2.32 billion and Rs. 2.21 billion respectively during the period ended December 31, 2022. The Net Asset Value (NAV) of the Fund was Rs. 101.2592 per unit as on December 31, 2022 as compared to Rs. 101.2171 per unit as on June 30, 2022, after incorporating dividend of Rs. 7.3799 per unit, thereby giving an annualized return of 15.09%. During the period the benchmark return (3 Month bank deposit rates) was 5.86%. The size of Fund was Rs. 46.58 billion as on December 31, 2022 as compared to Rs. 15.54 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. 431.01 million and Rs. 402.85 million respectively during the period ended December 31, 2022. The Net Asset Value (NAV) of the Fund was Rs. 110.5340 per unit as on December 31, 2022 as compared to Rs. 102.7607 per unit as on June 30, 2022, thereby giving an annualized return of 15.01%. During the same period the benchmark return (6 Month bank deposit rates) was 5.37%. The size of Fund was Rs. 6.54 billion as on December 31, 2022 as compared to Rs. 4.67 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. 4.89 million and Rs. 13.31 million respectively during the period ended December 31, 2022. The Net Asset Value (NAV) of the Fund was Rs. 79.7657 per unit as on December 31, 2022 as compared to Rs. 88.4323 per unit as on June 30, 2022, thereby giving a negative return of 9.80% during the period, against the benchmark return (KMI 30 Index) of negative 0.71%. The size of Fund was Rs. 0.18 billion as on December 31, 2022 as compared to Rs. 0.41 billion at the start of the year.

HBL Islamic Equity Fund

The total and net loss of the Fund was Rs. 3.44 million and Rs. 8.09 million respectively during the period ended December 31, 2022. The Net Asset Value (NAV) of the Fund was Rs. 66.8692 per unit as on December 31, 2022 as compared to Rs. 69.9797 per unit as on June 30, 2022, thereby giving a negative return of 4.44% during the period, against the benchmark return (KMI 30 Index) of negative 0.71%. The size of Fund was Rs. 0.11 billion as on December 31, 2022 as compared to Rs. 0.15 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 I (HBL IAAF-Plan-I) has been constituted on July 13, 2020 and HBL Islamic Asset Allocation Fund – Plan-II was launched on August 05, 2022.

The total and net income of the Fund including HBL IAAF Plans was Rs. 183.66 million and Rs. 176.02 million respectively during the period ended December 31, 2022. The Net Asset Value (NAV) of the HBL-IAAF decreased from Rs. 108.5372 per unit as on June 30, 2022 to Rs. 101.8735 per unit as on December 31, 2022, thereby giving a negative return of 6.14% 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 0.35%. The Net Asset Value (NAV) of the HBL-IAAF Plan-I was Rs. 107.7464 per unit as on December 31, 2022 thereby giving a return of 7.17% during the period against the benchmark return of 1.88%. The Net Asset Value (NAV) of the HBL-IAAF Plan-II was Rs. 109.6967 as on December 31, 2022 thereby giving a return of 9.70% while the benchmark return during the period was 1.60%. The collective size of Fund was Rs. 2.56 billion as on December 31, 2022 as compared to Rs. 2.62 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 earned a total and net income of Rs. 4.73 million and Rs. 4.20 million respectively during the period under review. The fund size of the fund stood at Rs. 0.10 billion. Performance review for plan is given below:

Active Allocation Plan

During the period under review, the Active allocation plan earned a total and net income of Rs. 4.66 million and Rs. 4.17 million respectively. The net assets of the Active allocation plan stood at Rs. 100 million representing Net Asset Value (NAV) of Rs. 92.4669 per unit as at December 31, 2022 as compared to Rs. 87.1696 as at June 30, 2022. The plan earned a return of 6.08% for the period under review against the benchmark return of 3.00%. The plan is invested to the extent of 35% in fixed income funds.

Conservative Allocation Plan

During the period under review, the Conservative allocation plan earned total income and net income of Rs. 0.01 million and Rs. 0.00 million respectively. The net assets of the Conservative allocation plan stood at Rs. 0.68 million representing Net Asset Value (NAV) of Rs. 95.1084 per unit as at December 31, 2022 as compared to Rs. 90.9171 as at June 30, 2022. The plan earned a return of 4.61% for the period under review against the benchmark return of 2.15%. The plan is invested to the extent of 59% 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.

MANAGEMENT COMPANY RATING

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

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 31 دسمبر 2022 کو ختم ہونے والی مدت کے لئے ایچ بی ایل اسلامک منی مارکیٹ فنڈ، ایچ بی ایل اسلامک انکم فنڈ، ایچ بی ایل اسلامک اسٹاک فنڈ، ایچ بی ایل اسلامک ایکویٹی فنڈ، ایچ بی ایل اسلامک ایسٹ ایلوکیشن فنڈ، ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ اور ایچ بی ایل اسلامک ڈیڈ ویلٹیڈ ایکویٹی فنڈ (دی فنڈز) کے مالی بیانات کے ساتھ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

اقتصادی جائزہ

پاکستان کو 1HFY23 کے دوران بیرونی کھاتوں پر دباؤ، IMF پروگرام میں تاخیر اور بڑھتی ہوئی مہنگائی کی وجہ سے ایک مشکل معاشی صورتحال کا سامنا کرنا پڑا۔ پاکستان کے زرمبادلہ کے ذخائر 1HFY23 کے دوران شدید دباؤ کا شکار ہوئے کیونکہ SBP کے پاس موجود ذخائر دسمبر 2022 میں 5.6 بلین امریکی ڈالر تک گر گئے جو بمقابلہ جون 2022، 9.8 بلین امریکی ڈالر تھے جو 2 ماہ سے بھی کم کے درآمدی بل کا احاطہ کرتا ہے۔ یہ بنیادی طور پر قرضوں کی بھاری ادائیگی، چیلنجنگ عالمی اقتصادی ماحول کے درمیان غیر ملکی بہاؤ میں کمی اور آئی ایم ایف کے بہاؤ کی وصولی میں تاخیر کی وجہ سے تھا۔ تاہم کرنٹ اکاؤنٹ خسارہ (CAD) میں کمی نے کچھ مہلت فراہم کی جو 1HFY23 میں 3.7 بلین ڈالر بمقابلہ گزشتہ سال اسی مدت میں 9 بلین امریکی ڈالر تک گر گئی

اس دوران پاکستانی کرنسی میں بھی شدید اتار چڑھاؤ دیکھا گیا۔ ذخائر میں کمی کی وجہ سے پاکستانی روپیہ، امریکی ڈالر کے مقابلے میں 22 ستمبر 2022 کو 239.6 روپے تک گر گیا جو کہ جون 2022 میں 204.32 روپے تھا۔ کرنسی کو قابو میں رکھنے کے لیے انتظامی اقدامات کے نتیجے میں 30 دسمبر 2022 تک پاکستانی روپیہ امریکی ڈالر کے مقابلے میں 226.3 روپے پر بند ہوا۔ اس کے بعد سے کرنسی نے دوبارہ ایڈجسٹ کرنا شروع کر دیا ہے کیونکہ اسٹیٹ بینک کے ذخائر مسلسل گر رہے ہیں اور انٹربینک اور اوپن مارکیٹ ریٹ کے درمیان فرق بڑھ گیا ہے۔ انٹربینک مارکیٹ میں کرنسی اب اوپن مارکیٹ کے نرخوں کے قریب آنے کے بعد امکان ہے کہ کارکنوں کی ترسیلات اور برآمدی آمدنی جو متاثر ہوئی تھی، دوبارہ بحال ہونا شروع ہو جائے گی۔

مالیاتی محاذ پر افراط زر کے دباؤ میں اضافہ ہوا کیونکہ CPI افراط زر 1HFY23 میں اوسطاً 25 فیصد تھا جبکہ گزشتہ سال اسی مدت میں 10 فیصد تھا۔ یہ اشیاء کی اونچی قیمتوں، خوراک کی قیمتوں کو متاثر کرنے والے سیلاب اور درآمدی پابندیوں کی وجہ سے سپلائی چین میں رکاوٹوں کی وجہ سے تھا۔ نان فوڈ اور نان انرجی بنیادی افراط زر میں بھی اضافہ ہوا جس کے ساتھ شہری اور دیہی بنیادی مہنگائی 1HFY23 میں بالترتیب 14.1 فیصد اور 17.4 تک بڑھ گئی۔ بڑھتی ہوئی افراط زر اور بیرونی کھاتوں کی بگڑتی ہوئی صورتحال کو مد نظر رکھتے ہوئے، SBP نے اپنی مانیٹری پالیسی کے ذریعے مجموعی طور پر 225bps سے 16 فیصد تک پالیسی کی شرح 1HFY23 میں بڑھادی۔

1HFY23 کے دوران بڑے پیمانے پر مینوفیکچرنگ (LSM) میں بھی معاشی سست روی اور درآمدی پابندیوں کی وجہ سے 3.7 فیصد کی کمی دیکھی گئی۔ کاٹن یارن (14- فیصد)، سینٹ (15- فیصد)، آٹوموبائلز (30- فیصد) اور پیٹرولیم مصنوعات (11- فیصد) کمی رہی۔

اسٹاک مارکیٹ کا جائزہ

1HFY23 کے دوران KMI-30 انڈیکس میں 1 فیصد کمی ہوئی اور انڈیکس 68,278 پوائنٹس پر بند ہوا۔ 18 اپریل 2022 کو CY22 کی بلندی 76,293 پوائنٹس بنانے کے بعد انڈیکس بلندی سے 10.5 فیصد نیچے ہے۔ اس کمی کو (1) آئی ایم ایف کے نوئس جانزے میں تاخیر کی وجہ قرار دیا

جاسکتا ہے کیونکہ پاکستان پہلے کی یقین دہانیوں کو پورا کرنے سے قاصر تھا، (2) زرمبادلہ کے ذخائر میں تیزی سے کمی جس سے ڈیفالٹ ہونے کے امکانات پر تشویش پیدا ہوئی (3) سود کی شرحوں میں اضافہ کیونکہ سرمایہ کاروں نے فکسڈ آمدنی کے ذرائع پر سوچ کیا۔ (4) سیاسی عدم استحکام اور غیر یقینی صورتحال میں اضافہ جس نے مارکیٹ کو دباؤ میں رکھا، اور (5) درآمدی پابندیاں جو سٹڈ کمپنیوں کے منافع کو متاثر کرتی ہیں۔

غیر یقینی معاشی اور سیاسی ماحول کا اثر مارکیٹ کے تجارتی حجم اور قدر پر بھی پڑا۔ اوسط تجارت شدہ حجم اور تجارت شدہ قدر بالترتیب 36 فیصد اور 45 فیصد کم ہو کر 219mn حصص اور 6.6 بلین روپے ہو گئی۔

منی مارکیٹ کا جائزہ

اسٹیٹ بینک آف پاکستان (SBP) نے 1HFY23 کے دوران چار مانیٹری پالیسیاں پیش کیں اس نے جولائی 2022 اور نومبر 2022 میں پالیسی ریٹ میں دو بار اضافہ کیا۔ جولائی اور نومبر میں پالیسی ریٹ میں بالترتیب 125bps اور 100bps اضافہ کیا گیا۔ اسٹیٹ بینک نے (1) مہنگائی بڑھنے کے امکانات، (2) اشیاء کی بلند قیمتیں، (3) بیرونی کھاتوں کی صورتحال میں بگاڑ، اور (4) چیلنجنگ گلوبل انوائزمنٹ کی وجہ سے غیر ملکی زرمبادلہ کے بہاؤ میں کمی، پالیسی کی شرحوں میں اضافے کو اہم وجوہات کے طور پر اجاگر کیا۔

بڑھتے ہوئے افراط زر کے دباؤ اور بلند شرح سود کی توقعات کی وجہ سے، ثانوی مارکیٹ بانڈ کی پیداوار میں 1HFY23 میں بڑھتا ہوا رجحان دیکھا گیا۔ مختصر مدت کے 6M اور 1Y TBills پر پیداوار بالترتیب 180bps سے 16.99 فیصد اور 17.00 فیصد تک بڑھ گئی۔ اسی طرح، طویل مدتی بانڈ کی پیداوار 1HFY23 میں اوسطاً 190bps تک بڑھی تھی جس میں 3Y اور 5Y PIB کی پیداوار بالترتیب 15.64 فیصد اور 14.61 فیصد تھی۔ 1HFY23 کے دوران 10.7 ٹریلین روپے کے ہدف کے برخلاف حکومت 10.3 ٹریلین روپے کا قرض لیا۔ اسی طرح حکومت نے 1HFY23 کے دوران PIBs کے ذریعے 943 بلین روپے اکٹھا کیے۔

متغیر شرح اجارہ سکوک میں، حکومت نے 1HFY23 کے دوران 475 بلین روپے کے ہدف کے مقابلے میں 345 بلین روپے اکٹھا کیے۔ اسی طرح فکسڈ ریٹ اجارہ سکوک کے ذریعے حکومت نے 1HFY23 کے دوران 19 بلین روپے اکٹھا کیے۔

مستقبل کا آؤٹ لک

آئی ایم ایف پروگرام کی بحالی میں کچھ تاخیر کے بعد پاکستان نے عالمی قرض دہندہ کے ساتھ دوبارہ رابطہ کیا ہے اور اس نے کچھ پیشگی اقدامات کیے ہیں جس کے نتیجے میں آئی ایم ایف پروگرام کی بحالی اور پروگرام کے تحت فنڈز کے اجراء کا امکان ہے۔ ان اقدامات میں گیس کی قیمتوں میں اوسطاً 40 فیصد اضافہ، 170 ارب روپے تک کے ٹیکس کے اقدامات کے ساتھ منی بجٹ متعارف کرانا اور بجلی کے نرخوں میں اضافہ شامل ہیں۔ IMF پروگرام کی بحالی سے نہ صرف نویں جائزے کے تحت IMF سے 1 بلین امریکی ڈالر جاری کیے جائیں گے بلکہ یہ دوسرے کثیر جہتی قرض دہندگان سے مزید رقوم کی آمد کا باعث بنے گا۔ یہ بھی توقع ہے کہ سعودی عرب اور چین مالی سال 23 میں پاکستان کے لیے غیر ملکی قرضے کو رول اوور کریں گے جس سے ملک کے زرمبادلہ کے ذخائر کو سہارا ملے گا۔

غیر ملکی زرمبادلہ کے بہاؤ میں بہتری سے شرح مبادلہ پر دباؤ کم ہونے کا امکان ہے اور اس سے درآمدی کنٹرول میں بھی کمی آئے گی جو اس وقت صنعت کو متاثر کر رہی ہے۔ اس سے عالمی اور مقامی سرمایہ کاروں کا اعتماد بڑھے گا اور امکان ہے کہ ایکویٹی مارکیٹس کے لیے اچھا ہوگا جو 4x کے قریب PE ملٹی پلس

کے ساتھ تاریخی کم قیمتوں پر ٹریڈ کر رہی ہے۔

مالیاتی محاذ پر ٹیکس کے بڑھتے ہوئے اقدامات اور بجلی/گیس کی قیمتوں میں ایڈجسٹمنٹ سے سی پی آئی پر دباؤ پڑنے کا امکان ہے۔ مالی سال 23 میں اوسط افراط زر 27-28 فیصد تک پہنچنے کا امکان ہے۔ ان توقعات کے پیش نظر، پالیسی ریٹ میں مزید اضافے کے امکانات ہیں جس کی ہمیں یقین ہے کہ مارکیٹ پہلے سے ہی توقع کر رہی ہے جیسا کہ ثانوی مارکیٹ کی بڑھتی ہوئی پیداوار سے واضح ہے۔ تاہم، اعلیٰ بنیادی اثر کی وجہ سے افراط زر کے رجحان میں 2HCY23 سے کافی حد تک نرمی کا امکان ہے۔

ہم پاکستان ایکویٹی مارکیٹ کے آؤٹ لک پر مثبت رہتے ہیں کیونکہ مارکیٹ 4x کے پرکشش PE پر ٹریڈ کر رہی ہے اور 10 فیصد کی منافع بخش پیداوار پیش کر رہی ہے۔ آئی ایم ایف پروگرام کے دوبارہ پٹری پر آنے کا امکان ہے، معاشی بنیادیں درست سمت میں آگے بڑھیں گی۔ نیز، 2HCY23 میں شیڈول عام انتخابات کے ساتھ، سیاسی غیر یقینی صورتحال بھی کم ہونے کا امکان ہے جو ایکویٹی مارکیٹوں میں سرمایہ کاروں کی دلچسپی کو دوبارہ پیدا کرے گا۔

فنانسنگ کی کارکردگی اور ادائیگیاں

ایچ بی ایل منی مارکیٹ فنڈ

31 دسمبر 2022 کو ختم ہونے والی مدت کے دوران فنڈ کی کل آمدنی اور خالص آمدنی بالترتیب 2.32 ارب روپے اور 2.21 ارب روپے تھی۔ 31 دسمبر 2022 کو فنڈ کی خالص ایسٹ قیمت (این اے وی) 101.2592 روپے فی یونٹ تھی جو کہ 30 جون 2022 کو 101.2171 فی یونٹ تھا۔ منافع کو شامل کرنے کے بعد 7.3799 پر یونٹ، اسی طرح 15.09 فیصد کا سالانہ منافع دیتا ہے۔ اس مدت کے دوران ہینچ مارک ریٹرن (3 ماہ کے بینک ڈپازٹ کی شرح) 5.86 فیصد تھی۔ 31 دسمبر 2022 تک فنڈ کا حجم 46.58 بلین روپے تھا جبکہ سال کے آغاز میں حجم 15.54 بلین روپے تھا۔ JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ میں (f+AA) کی فنڈ استحکام کی درجہ بندی کی دوبارہ تصدیق کی ہے۔

ایچ بی ایل اسلاک انکم فنڈ

31 دسمبر 2022 کو ختم ہونے والی مدت کے دوران فنڈ کی کل آمدنی اور خالص آمدنی بالترتیب 431.01 ملین روپے اور 402.85 ملین روپے تھی۔ 31 دسمبر 2022 کو فنڈ کی خالص ایسٹ قیمت (این اے وی) 110.5340 روپے فی یونٹ تھی جو کہ 30 جون 2022 کو 102.7607 فی یونٹ تھا۔ اس طرح 15.01 فیصد کا سالانہ منافع دیتا ہے۔ اسی مدت کے دوران ہینچ مارک ریٹرن (6 ماہ کے بینک ڈپازٹ کی شرح) 5.37 فیصد تھی۔ 31 دسمبر 2022 تک فنڈ کا حجم 6.54 بلین روپے تھا جبکہ سال کے آغاز میں حجم 4.67 بلین روپے تھا۔ JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کو (f+A) کی فنڈ استحکام کی درجہ بندی کی دوبارہ تصدیق کی ہے۔

ایچ بی ایل اسلاک اسٹاک فنڈ

31 دسمبر 2022 کو ختم ہونے والی مدت کے دوران فنڈ کی کل آمدنی اور خالص آمدنی بالترتیب 4.89 ملین روپے اور 13.31 ملین روپے تھی۔ 31 دسمبر 2022 کو فنڈ کی خالص ایسٹ قیمت (این اے وی) 79.7657 روپے فی یونٹ تھی جو کہ 30 جون 2022 کو 88.4323 فی یونٹ تھا۔ اس طرح اس مدت کے دوران 9.80 فیصد کی منفی واپسی برخلاف منفی 0.71 فیصد کے ہینچ مارک ریٹرن (30 KMI انڈیکس) 31 دسمبر 2022 تک فنڈ کا حجم 0.18 بلین روپے تھا جبکہ سال کے آغاز میں حجم 0.41 بلین روپے تھا۔

ایچ بی ایل اسلامک ایکویٹی فنڈ

31 دسمبر 2022 کو ختم ہونے والی مدت کے دوران فنڈ کی کل آمدنی اور خالص آمدنی بالترتیب 3.44 ملین روپے اور 8.09 ملین روپے تھی۔ 31 دسمبر 2022 کو فنڈ کی خالص ایسٹ قیمت (این اے وی) 66.8692 روپے فی یونٹ تھی جو کہ 30 جون 2022 کو 69.9797 فی یونٹ تھا۔ اس طرح اس مدت کے دوران 0.71 فیصد کی منفی واپسی برخلاف، منفی 0.71 فیصد کے بیچ مارک ریٹرن (KMI 30 انڈیکس) 31 دسمبر 2022 تک فنڈ کا حجم 0.11 ملین روپے تھا جبکہ سال کے آغاز میں حجم 0.15 ملین روپے تھا۔

ایچ بی ایل اسلامک ایسٹ ایلوکیشن فنڈ

ایچ بی ایل اسلامک ایسٹ ایلوکیشن فنڈ (HBL-IAAF) کے تحت، HBL اسلامک ایسٹ ایلوکیشن فنڈ - پلان II (HBL IAAF-Plan-II) 13 جولائی 2020 کو تشکیل دیا گیا تھا اور HBL اسلامک ایسٹ ایلوکیشن فنڈ - پلان II 05 اگست 2022 کو شروع کیا گیا تھا۔ 31 دسمبر 2022 کو ختم ہونے والی مدت کے دوران HBL IAAF پلانز سمیت فنڈ کی کل اور خالص آمدنی بالترتیب 183.66 ملین روپے اور 176.02 ملین روپے تھی۔ 31 دسمبر 2022 تک HBL-IAAF کی خالص اثاثہ قیمت (NAV) 101.8735 فی یونٹ تھی جو 30 جون 2022 کے 108.5372 فی یونٹ سے کم ہے۔ اس طرح بیچ مارک ریٹرن کے مقابلے میں اسی مدت کے دوران 6.14 فیصد کا منفی ریٹرن (KMI 30 انڈیکس) کا وزنی اوسط پورمپ واپسی اور A ریٹریڈ یا اس سے اوپر کے بینکوں میں 6 ماہ کی ڈپازٹ کی شرح) منفی 0.35 فیصد رہی۔ 31 دسمبر 2022 تک HBL-IAAF پلان I کی خالص اثاثہ قیمت (NAV) 107.7464 روپے فی یونٹ رہی اس طرح اسی مدت کے دوران 1.88 فیصد کے بیچ مارک ریٹرن کے مقابلے میں 17.7 فیصد کی واپسی ہوئی۔ 31 دسمبر 2022 تک HBL-IAAF پلان II کی خالص اثاثہ قیمت (NAV) 109.6967 روپے تھی اسی طرح 9.70 فیصد کی واپسی ہوئی جبکہ اس مدت کے دوران بیچ مارک ریٹرن 1.60 تھا۔ 31 دسمبر 2022 تک فنڈ کا حجم 2.56 ملین روپے تھا جبکہ سال کے آغاز میں حجم 2.62 ملین روپے تھا۔

ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ

HBL اسلامک فنانشل پلاننگ فنڈ دو ذیلی فنڈز (منصوبوں) پر مشتمل ہے یعنی ایکٹو ایلوکیشن پلان اور کنزرویٹو ایلوکیشن پلان۔ فنڈ نے زیر جائزہ مدت کے دوران مجموعی طور پر کل اور خالص آمدنی بالترتیب 4.73 ملین روپے اور 4.20 ملین روپے حاصل کی۔ فنڈ کا حجم 0.10 ملین روپے رہا۔ پلان کے لیے کارکردگی کا جائزہ ذیل میں دیا گیا ہے:

ایکٹو ایلوکیشن پلان

زیر جائزہ مدت کے دوران، ایکٹو ایلوکیشن پلان نے کل اور خالص آمدنی بالترتیب 4.66 ملین اور 4.17 ملین روپے رہی۔ ایکٹو ایلوکیشن پلان کے خالص اثاثے 100 ملین روپے خالص اثاثہ قیمت (NAV) کی نمائندگی کرتا ہے۔ 31 دسمبر 2022 تک فی یونٹ 92.4669 روپے کے مقابلے میں 30 جون 2022 تک 87.1696 روپے تھا۔ پلان نے 3.00 فیصد کی بیچ مارک ریٹرن کے مقابلے میں زیر جائزہ مدت کے لیے 6.08 فیصد کی واپسی حاصل کی۔ پلان فکسڈ آمدنی والے فنڈز میں 35 فیصد کی حد تک سرمایہ کاری کرتا ہے۔

کنزرویٹو ایلوکیشن پلان

زیر جائزہ مدت کے دوران، کنزرویٹو ایلوکیشن پلان نے کل اور خالص آمدنی بالترتیب 0.01 ملین اور 0.00 ملین روپے رہی۔ کنزرویٹو ایلوکیشن پلان کے خالص اثاثے 0.68 ملین روپے خالص اثاثہ قیمت (NAV) کی نمائندگی کرتا ہے۔ 31 دسمبر 2022 تک فی یونٹ 95.1084 روپے کے مقابلے میں 30 جون 2022 تک 90.9171 روپے تھا۔ پلان نے 4.61 فیصد کی پیچ مارک ریٹرن کے مقابلے میں زیر جائزہ مدت کے لیے 2.15 فیصد کی واپسی حاصل کی۔ پلان فکسڈ آمدنی والے فنڈز میں 59 فیصد کی حد تک سرمایہ کاری کرتا ہے۔

ایچ بی ایل اسلامک ڈیڈ کیپیٹل ایلوکیٹیو فنڈ

زیر جائزہ مدت کے دوران، اسلامک ڈیڈ کیپیٹل ایلوکیٹیو فنڈ غیر فعال رہا اور اس کے فنڈ کا حجم صفر ہے کیونکہ کمپنی کے زیر انتظام فنڈ آف فنڈ پلانز کے ذریعے تمام یونٹس کو واپس لے لیا گیا تھا

مینجمنٹ کمپنی ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے HBL Asset Management Limited کی مینجمنٹ کوالٹی ریٹنگ کو ++AM2 (AM) ٹو پلس (پلس) سے AM-I میں اپ گریڈ کر دیا ہے اور تفویض کردہ ریٹنگ پر آؤٹ لگ کا اندازہ مستحکم پر کیا گیا 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 ٹرسٹیئر، 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 محنت اور لگن کے لیے اپنی تعریف کو ریکارڈ پر رکھنا چاہتا ہے۔

از طرف

بورڈ آف ایچ بی ایل ایسٹ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر

HBL

Islamic Money Market Fund

FUND INFORMATION

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

**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) 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 six months period ended December 31, 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, February 24, 2023





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

**Independent Auditors' Review Report to the unit holders of HBL Islamic Money
Market Fund**

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Money Market Fund** ("the Fund") as at 31 December 2022 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cashflow and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended 31 December 2022 and 31 December 2021 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Zeeshan Rashid.

Date: 24 February 2023

Karachi

A handwritten signature in blue ink, appearing to read 'Zeeshan Rashid', written over a horizontal line.

KPMG Taseer Hadi & Co.
Chartered Accountants

UDIN: RR202210188VX6r4Z8IE

HBL Islamic Money Market Fund
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2022

		December 31, 2022 (Un-Audited)	June 30, 2022 (Audited)
	<i>Note</i>	----- (Rupees in '000) -----	
Assets			
Bank balances	6	29,623,639	14,146,600
Investments	7	16,635,934	1,306,000
Accrued mark-up		597,860	127,107
Advances, deposits and other receivables	8	21,992	877
Total assets		46,879,426	15,580,584
Liabilities			
Payable to the Management Company	9	34,199	5,534
Payable to the Trustee		2,282	786
Payable to Securities and Exchange Commission of Pakistan		3,024	1,913
Accrued expenses and other liabilities	10	259,885	31,888
Total liabilities		299,390	40,121
Net assets		46,580,036	15,540,463
Unit holders' fund (as per statement attached)		46,580,036	15,540,463
Contingencies and Commitments	11		
		----- (Number of units) -----	
Number of units in issue		460,008,077	153,535,911
		----- (Rupees) -----	
Net assets value per unit		101.2592	101.2171

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Income Statement (Un-Audited)
For the six and three months period ended December 31, 2022

	For six months period ended December 31,		For three months period ended December 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Income				
Profit on deposits with banks calculated using effective yield method	1,249,977	232,961	691,851	175,021
Return on investments calculated using effective yield method	1,067,952	122,698	755,078	57,242
Realised gain on sale of investments	1,560	83	1,560	-
	2,319,489	355,742	1,448,489	232,263
Expenses				
Remuneration of the Management Company	47,650	11,276	32,264	7,349
Remuneration to the Trustee	9,398	2,994	5,824	1,718
Annual fee to Securities and Exchange Commission of Pakistan	3,024	900	1,874	553
Allocation of expenses related to registrar services, accounting, operation and valuation services	21,908	-	11,969	-
Selling and marketing expenses	21,908	-	11,969	-
Auditors' remuneration	399	218	118	124
Settlement and bank charges	2,526	709	2,333	166
Fee and subscription	345	528	197	359
Total expenses	107,158	16,625	66,548	10,269
Net income from operating activities	2,212,331	339,117	1,381,941	221,994
Reversal of provision for Sindh Workers' Welfare Fund	-	19,002	-	-
Net income for the period before taxation	2,212,331	358,119	1,381,941	221,994
Taxation	-	-	-	-
Net income for the period after taxation	2,212,331	358,119	1,381,941	221,994
Allocation of net income for the period:				
Net income for the period after taxation	2,212,331	358,119	1,381,941	221,994
Income already paid on redemption of units	-	-	-	-
Accounting income available for distribution	2,212,331	358,119	1,381,941	221,994
Accounting income available for distribution:				
- Relating to capital gains	1,560	83	1,560	-
- Excluding capital gains	2,210,771	358,036	1,380,381	221,994
	2,212,331	358,119	1,381,941	221,994

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the six and three months period ended December 31, 2022

	Six months period ended December 31,		Three months period December 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net income for the period after taxation	2,212,331	358,119	1,381,941	221,994
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>2,212,331</u>	<u>358,119</u>	<u>1,381,941</u>	<u>221,994</u>

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

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

Chief Financial Officer	Chief Executive Officer	Director
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HBL Islamic Money Market Fund
Condensed Interim Statement Of Movement In Unit Holders' FUND (Un-Audited)
For the six months period ended December 31, 2022

	2022			2021		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
(Rupees in '000)						
Net assets at beginning of the period	15,513,483	26,980	15,540,463	6,618,598	21,707	6,640,305
Issuance of 718,811,286 units (2021: 122,693,650 units)						
- Capital value	72,755,994	-	72,755,994	12,415,861	-	12,415,861
- Element of (loss) / income	(30,693)	-	(30,693)	(2,405)	-	(2,405)
Total proceeds on issue of units	72,725,301	-	72,725,301	12,413,456	-	12,413,456
Redemption of 412,339,120 units (2021: 101,950,539 units)						
- Capital value	(41,735,770)	-	(41,735,770)	(10,316,783)	-	(10,316,783)
- Element of income / (loss)	17,607	-	17,607	1,998	-	1,998
Total payments on redemption of units	(41,718,163)	-	(41,718,163)	(10,314,785)	-	(10,314,785)
Total comprehensive income for the period		2,212,331	2,212,331	-	358,119	358,119
Interim distributions	-	(2,179,896)	(2,179,896)	-	(356,943)	(356,943)
Refund of capital	-	-	-	-	-	-
Net income for the period	-	(2,179,896)	(2,179,896)	-	(356,943)	(356,943)
less distribution	-	32,434	32,434	-	1,176	1,176
Net assets at end of the period	46,520,621	59,415	46,580,036	8,717,269	22,883	8,740,152
Undistributed income brought forward						
- Realised income		26,980			21,707	
- Unrealised income		-			-	
		26,980			21,707	
Accounting income available for distribution						
- Relating to capital gains		1,560			83	
- Excluding capital gains		2,210,771			358,036	
		2,212,331			358,119	
Interim distribution during the period		(2,179,897)			(356,943)	
Undistributed income carried forward		59,414			22,883	
Undistributed income carried forward						
- Relating to realised gain		59,414			22,883	
- Relating to unrealised gain		-			-	
		59,414			22,883	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		101.2171			101.1940	
Net assets value per unit at end of the period		101.2592			101.2029	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the six months period ended December 31, 2022

	2022	2021
	----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	2,212,331	358,119
Adjustments		
Profit on deposits with banks calculated using effective yield method	(1,249,977)	(232,961)
Return on investments calculated using effective yield method	(1,067,952)	(122,698)
Realised gain on sale of investments	1,560	(83)
	<u>(104,038)</u>	<u>2,377</u>
<i>Decrease / (increase) in assets</i>		
Advances, deposits and other receivables	(21,115)	(264)
Investments	(15,331,494)	(719,013)
	<u>(15,352,609)</u>	<u>(719,277)</u>
<i>(Decrease) / increase in liabilities</i>		
Payable to Management Company	28,665	1,726
Payable to Trustee	1,496	187
Payable to Securities and Exchange Commission of Pakistan	1,111	(552)
Accrued expenses and other liabilities	227,997	(10,602)
	<u>259,269</u>	<u>(9,241)</u>
	<u>(15,197,378)</u>	<u>(726,141)</u>
Profit received	1,847,175	233,816
Net cash used in operating activities	<u>(13,350,203)</u>	<u>(492,325)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	72,725,301	12,413,457
Payments against redemption of units	(41,718,163)	(10,314,785)
Cash dividend paid	(2,179,897)	(356,943)
Net cash generated from financing activities	<u>28,827,242</u>	<u>1,741,729</u>
Net increase in cash and cash equivalents	<u>15,477,039</u>	<u>1,249,404</u>
Cash and cash equivalents at beginning of the period	14,146,600	5,153,150
Cash and cash equivalents at end of the period	<u><u>29,623,639</u></u>	<u><u>6,402,554</u></u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund

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

For the six months period ended December 31, 2021

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 principal activity of the Fund is to seek high liquidity and comparative Shariah Compliant return for investors by investing in low risk securities of shorter duration and maturity.
- 1.5 VIS Credit Rating Company has assigned a management quality rating of 'AM1' (Stable) to the Management Company.
- 1.6 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

- 2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 along with part 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.

- 2.1.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended June 30, 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2022.

2.2 Basis of measurement

This condensed interim financial information have been prepared under going concern basis and under the historical cost convention except for the investments which are stated at fair value.

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2022.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2022.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2022.

6.	BANK BALANCES	Note	December 31,	June 30,
			2022 (Un-Audited) (Rupees in '000)	2022 (Audited)
	Savings accounts	6.1 & 6.2	<u>29,623,639</u>	<u>14,146,600</u>
			<u>29,623,639</u>	<u>14,146,600</u>
6.1	This represents bank accounts held with different banks. Profit rates on these accounts range between 7.5% - 16% (June 30, 2022: 3% - 16.25%) per annum.			
6.2	This amount includes Term Deposit Reciepts of Rs. 7,100,000 (June 30,2022 : Rs. Nil) and Musharka of Rs. 1,500,000 (June 30, 2022 : Rs. Nil) which are due to be matured within three months of the current period end.			

							December 31, 2022	June 30, 2022				
7.	INVESTMENTS	Note					(Un-Audited)	(Audited)				
							(Rupees in '000)					
Financial assets at amortised cost												
Bai muajjal							7.1	10,885,934	-			
Sukuk certificates							7.2	5,750,000	1,306,000			
							16,635,934	1,306,000				
7.1	Bai muajjal - at amortised cost	Maturity date	Rate of return	As at July 01, 2022	Placements made during the period	Income accrued	Matured / sold during the period	As at December 31, 2022	Carrying value as a percentage of Total investments Net Assets			
							(Rupees in '000)	-%				
Pak Oman Investment Company	December 21, 2022	15%	-	1,052,596	32,443	1,052,596	-	-	-			
Pak Oman Investment Company	December 23, 2022	15%	-	1,053,980	32,053	1,053,980	-	-	-			
Pak Oman Investment Company	December 23, 2022	15%	-	771,609	23,465	771,609	-	-	-			
Pak Oman Investment Company	December 23, 2022	15%	-	320,936	9,760	320,936	-	-	-			
Pak Kuwait Investment Company	November 11, 2022	15%	-	321,053	4,049	321,053	-	-	-			
Pak Kuwait Investment Company	November 11, 2022	15%	-	771,963	9,736	771,963	-	-	-			
Pak Oman Investment Company	December 26, 2022	15%	-	1,054,442	32,933	1,054,442	-	-	-			
Pak Kuwait Investment Company	November 14, 2022	15%	-	772,318	10,369	772,318	-	-	-			
Pak Kuwait Investment Company	November 14, 2022	15%	-	321,170	4,312	321,170	-	-	-			
Pak Kuwait Investment Company	November 21, 2022	15%	-	773,026	11,951	773,026	-	-	-			
Pak Kuwait Investment Company	November 21, 2022	15%	-	1,055,826	16,323	1,055,826	-	-	-			
Pak Oman Investment Company	December 5, 2022	15%	-	777,631	12,380	777,631	-	-	-			
Pak Kuwait Investment Company	December 5, 2022	15%	-	1,061,824	16,905	1,061,824	-	-	-			
Samba Bank Limited	December 5, 2022	15%	-	363,556	5,229	363,556	-	-	-			
Samba Bank Limited	December 5, 2022	15%	-	415,492	5,976	415,492	-	-	-			
Samba Bank Limited	December 5, 2022	15%	-	207,841	2,904	207,841	-	-	-			
Pak Oman Investment Compay	January 19, 2023	16%	-	807,874	10,910	-	807,874	4.86	1.73			
Pak Oman Investment Company	January 19, 2023	16%	-	796,406	10,755	-	796,406	4.79	1.71			
Pak Oman Investment Company	January 19, 2023	16%	-	790,250	10,672	-	790,250	4.75	1.70			
Pak Kuwait Investment Company	January 23, 2023	16%	-	808,225	11,971	-	808,225	4.86	1.74			
Pak Kuwait Investment Company	January 23, 2023	16%	-	790,609	11,710	-	790,609	4.75	1.70			
Pak Kuwait Investment Company	January 23, 2023	16%	-	796,761	11,801	-	796,761	4.79	1.71			
Pak Brunei Investemnt Company	January 27, 2023	16%	-	797,992	12,197	-	797,992	4.80	1.71			
Pak Brunei Investemnt Company	January 27, 2023	16%	-	809,446	12,372	-	809,446	4.87	1.74			
Pak Brunei Investemnt Company	January 27, 2023	16%	-	422,385	6,456	-	422,385	2.54	0.91			
Pak Oman Investment Company	January 27, 2023	16%	-	810,498	11,298	-	810,498	4.87	1.74			
Pak Oman Investment Company	January 27, 2023	16%	-	422,987	5,896	-	422,987	2.54	0.91			
Pak Oman Investment Company	January 27, 2023	16%	-	799,055	11,139	-	799,055	4.80	1.72			
Pak Oman Investment Company	January 27, 2023	16%	-	810,849	10,950	-	810,849	4.87	1.74			
Pak Oman Investment Company	January 27, 2023	16%	-	799,409	10,795	-	799,409	4.81	1.72			
Pak Oman Investment Company	January 27, 2023	16%	-	423,188	5,715	-	423,188	2.54	0.91			
				-	21,981,195	385,426	11,095,261	10,885,934	65.44	23.37		
7.2	Sukuk certificates - at amortised cost								Carrying value as a percentage of			
							As at July 1, 2022	Placements made during the period	Income accrued	Matured / sold during the period	As at December 31, 2022	Total investments Net Assets
							(Rupees in '000)	-%				
K Electric Limited	-	750,000	-	-	750,000	4.51	1.61					
K Electric Limited	-	750,000	-	-	750,000	4.51	1.61					
China Power Hub Company Limited	-	1,200,000	-	-	1,200,000	7.21	2.58					
Lucky Electric Power Company Limited	1,000,000	-	-	1,000,000	-	-	-					
Lucky Electric Power Company Limited	300,000	-	-	300,000	-	-	-					
Lucky Electric Power Company Limited	-	750,000	-	-	750,000	4.51	1.61					
Lucky Electric Power Company Limited	-	800,000	-	-	800,000	4.81	1.72					
Hub Power Company Limited	6,000	-	-	6,000	-	-	-					
China Power Hub Company Limited	-	750,000	-	-	750,000	4.51	1.61					
K Electric Limited	-	750,000	-	-	750,000	4.51	1.61					
				1,306,000	5,750,000	-	1,306,000	5,750,000	34.56	12.33		

Significant terms and conditions of sukuk bonds outstanding as at December 31, 2022 are as follows:

Name of security	Remaining Principal (per Sukuk)	Mark-up rate (per annum)	Issue date	Maturity date
K Electric Limited	1,000,000	6 month KIBOR + 1.35%	10-Aug-22	10-Feb-23
K Electric Limited	1,000,000	6 month KIBOR + 1.35%	29-Aug-22	28-Feb-23
China Power Hub Company Limited	1,000,000	6 month KIBOR + 1.35%	28-Jul-22	28-Jan-23
Lucky Electric Power Company Limited	1,000,000	6 month KIBOR + 1.2%	7-Jul-22	7-Jan-23
Lucky Electric Power Company Limited	1,000,000	6 month KIBOR + 1.5%	13-Oct-22	13-Apr-23
China Power Hub Company Limited	1,000,000	6 month KIBOR + 1.45%	7-Dec-22	7-Jun-23
K Electric Limited	1,000,000	6 month KIBOR + 1.40%	13-Dec-22	13-Jun-23

December 31,
2022
(Un-Audited)
(Rupees in '000)

June 30,
2022
(Audited)

Note

8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepaid rating fee		269	67
Advance tax	8.1	4,546	710
Annual Listing Fee		13	-
Other Receivable		17,064	-
		21,992	877

- 8.1. 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 all be claimed on filing of tax return of fund.

December 31,
2022
(Un-Audited)
(Rupees in '000)

June 30,
2022
(Audited)

Note

9. PAYABLE TO MANAGEMENT COMPANY

Management fee		16,519	2,857
Sindh Sales Tax on management fee		2,147	371
Allocation of expenses related to registrar services, accounting, operation and valuation services		2,781	328
Sales load payable		783	588
Selling and Marketing expense payable		11,969	1,390
		34,199	5,534

10. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		385	339
Federal Excise Duty	10.1	2,185	2,185
Withholding tax payable		251,812	28,584
Other payable		5,165	427
Capital gain tax payable		31	46
Dividend payable		307	307
		259,885	31,888

- 10.1 The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2022.

In view of the above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2019 aggregating to Rs. 2.185 million. Had the provision not been retained, the Net Assets Value per unit of the Fund as on December 31, 2022 would have been higher by Rs. 0.0047 per unit (June 30, 2022: Rs. 0.0142 per unit).

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022 except those disclosed already.

12. PROVISION FOR SINDH WORKERS' WELFARE FUND

The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014 (SWWF 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.

However, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to MUFAP has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the SWWF Act 2014 and are therefore subject to Sindh Workers' Welfare Fund charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014. Consequently, AMC's would be subject to SWWF charge and no provision for SWWF would need to be recorded in the books of the fund.

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

12. TAXATION

The Fund's income is exempt from Income Tax as per Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the 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 11 of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2023 to its unit holders.

13. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

Details of the transactions with connected persons / related parties during the period and balances with them at period end are as follows:

		Half year ended December 31,	
		2022	2021
		(Un-Audited)	
		(Rupees in '000)	
13.1	Transactions during the period		
	HBL Asset Management Limited - Management Company		
	Management fee including sales tax thereon	42,168	9,979
	Sales tax on management fee	5,482	1,297
	Allocation of expenses related to registrar services, accounting, operation and valuation services	21,908	-
	Selling and marketing	21,908	-
	Issuance of Nil units (2021: 40.455 units)	-	4,049
	Habib Bank Limited - Sponsor		
	Profit on bank deposits earned	2,084	150,382
	Bank charges paid	611	-
	Directors , Executives and key management personnel		
	Issuance of 102,926 units (2021: 106,101 units)	10,414	10,735
	Redemption of 59,017 units (2021: 55,756 units)	5,971	5,641
	Central Depository Company of Pakistan Limited - Trustee		
	Trustee Remuneration	8,317	2994
	CDC service charges	1,081	429
	CDC Trustee HBL Cash Fund - Funds under common management		
	Purchase of KEL - Commercial paper	-	367,557
	CDC Trustee HBL Money Market Fund - Funds under common management		
	Sale of KEL - Commercial paper	-	69,557
	Purchase of KEL - Commercial paper	-	63,839
	CDC Trustee HBL Islamic Income Fund - Funds under common management		
	Purchase of KEL - Commercial paper	-	39,289
	Purchase of HUB Power Company Limited - Sukuk	-	160,000
	MCBFSL Trustee HBL Islamic Financial Planning Fund - Active Allocation Plan - Associate		
	Issuance of 1,574,697 units (2021: Nil units)	159,319	-
	Redemption of 2,465,493 units (2021: Nil units)	249,445	-
	Dividend	4,252	-
	MCBFSL Trustee HBL Islamic Financial Planning Fund - Conservative Allocation Plan - Associate		
	Redemption of 21 units (2021: Nil units)	2	-
	Dividend	1	-
	Archroma Pakistan Limited - Employees Gratuity Fund - Associate		
	Issuance of Nil units (2021: 317,177 units)	-	32,090
	Dividend	4,351	-
	HBL Asset Management Limited Employees Gratuity Fund - Associate		
	Issuance of 46,454 units (2021: Nil units)	4,700	-
	Dividend	61	-

		Half year ended December 31,	
		2022	2021
		(Un-Audited)	
		(Rupees in '000)	
HBL Asset Management Limited Employees Provident Fund - Associate			
Issuance of 158,143 units (2021: Nil units)		16,000	-
Dividend		207	-
Lucky cement Limited - Connected Person Due To holding 10% or more units			
Issuance of 70,175,855 Units (2021: Nil units)		7,100,000	-
Redemption of 24,709,808 Units (2021: Nil units)		2,500,000	-
Dividend		256,800	-
Soorty enterprise - Connected Person Due To holding 10% or more units			
Issuance of 99,100,000 Units (2021: Nil units)		10,026,383	-
Dividend		5,758	-
		(Un-Audited)	(Audited)
		December 31,	June 30,
		2022	2022
		----- (Rupees in '000) -----	
13.2	Amounts outstanding as at period end		
HBL Asset Management Limited - Management Company			
Management fee		16,519	2,857
Sales tax		2,147	371
Allocation of expenses related to registrar services, accounting, operation and valuation services		2,781	328
Sale load payable		783	588
Selling and marketing cost		11,969	1,390
Habib Bank Limited - Sponsor			
Bank balances		82,361	93,150
Central Depository Company of Pakistan Limited - Trustee			
Remuneration payable		2,019	696
Sales Tax		263	90
Directors , Executives and key management personnel			
Investment held in the Fund: 100,383 units (June 30, 2022 : 115,385 units)		10,165	11,674
MCBFSL Trustee HBL Islamic Financial Planning Fund - Active Allocation Plan (Associate)			
Investment held in the Fund: 350,024 units (June 30, 2022: 1,195,301 units)		35,443	120,934
MCBFSL Trustee HBL Islamic Financial Planning Fund - Conservative Allocation Plan (Associate)			
Investment held in the Fund: 207 units (June 30, 2022: 213 units)		21	22
HBL Asset Management Limited Employees Gratuity Fund - Associate			
Investment held in the Fund: 47,056 units (June 30, 2022: Nil units)		4,765	-
HBL Asset Management Limited Employees Provident Fund - Associate			
Investment held in the Fund: 160,190 units (June 30, 2022: Nil units)		16,221	-
Archroma Pakistan Limited - Employees Gratuity Fund - Associate			
Investment held in the Fund: 611,519 units (June 30, 2022: 568,894 units)		61,922	57,558
Lucky cement Limited - Connected Person Due To holding 10% or more units**			
Investment held in the Fund: 57,669,256 units (June 30, 2022: 10,028,963 units)		5,839,543	-
Soorty enterprise - Connected Person Due To holding 10% or more units			
Investment held in the Fund: 99,148,376 units (June 30, 2022: Nil units)		10,039,685	-

* 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.

** Lucky Cement Limited ("Investor") was not a Connected person in the comparative period as its unit holding was less than 10% of the units of the fund.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

December 31, 2022 (Unaudited)								
		Carrying amount			Fair value			
		Mandatorily at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial instruments	Note	(Rupees in '000)						
Financial assets not measured at fair value	14.1							
Sukuk certificates		-	5,750,000	5,750,000				
Bai muajjal		-	10,885,934	10,885,934				
Bank balances		-	29,623,639	29,623,639				
Accrued mark-up		-	597,860	597,860				
Advances, deposits and other receivables		-	100	100				
		-	46,857,533	46,857,533				
Financial liabilities not measured at fair value	14.1							
Payable to the Management Company		-	34,199	34,199				
Payable to the Trustee		-	2,282	2,282				
Accrued expenses and other liabilities		-	5,857	5,857				
		-	42,338	42,338				

		June 30, 2022 (Audited)						
		Carrying amount			Fair Value			
		Mandatorily at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial instruments	<i>Note</i>	----- (Rupees in '000) -----						
Financial assets not measured at fair value	14.1							
Sukuk certificates			1,306,000	1,306,000				
Bank balances		-	14,146,600	14,146,600				
Accrued mark-up		-	127,107	127,107				
Advances, deposits and other receivables		-	100	100				
		-	14,273,807	14,273,807				
Financial liabilities not measured at fair value	14.1							
Payable to the Management Company		-	5,534	5,534				
Payable to the Trustee		-	354	354				
Accrued expenses and other liabilities		-	1,073	1,073				
		-	6,961	6,961				

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

14.2 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 and issuance respectively, calculated on a basis consistent with that used in this condensed interim financial information. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value.

15. 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 half year ended December 31, 2022 is 0.36% (December 31, 2021: 0.19%) which includes 0.06% (December 31, 2021: 0.03%) representing government levy, Sindh Worker's Welfare Fund and SECP fee.

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 13, 2023.

17. 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

FUND INFORMATION

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC ASSET ALLOCATION FUND

**Report of the Trustee pursuant to Regulation 41(h) 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 six months period ended December 31, 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, February 24, 2023





KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
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Independent Auditors' Review Report to the unit holders of HBL Islamic Asset Allocation Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Asset Allocation Fund** ("the Fund") as at 31 December 2022 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cashflow and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended 31 December 2022 and 31 December 2021 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Zeeshan Rashid.

Date: 24 February 2023

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

UDIN: RR2022101888omPOYda1

HBL Islamic Asset Allocation Fund

Condensed Interim Statement of Assets and Liabilities

As at December 31, 2022

		December 31, 2022 (Un-Audited)				June 30, 2022 (Audited)		
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
	Note	----- (Rupees in '000') -----						
Assets								
Bank balances	6	19,032	307,339	91,465	417,836	35,794	753,383	789,177
Investments	7	96,848	1,740,481	347,232	2,184,561	171,328	1,620,518	1,791,846
Dividend receivable and accrued mark-up		783	43,724	6,665	51,172	2,181	50,186	52,367
Preliminary expenses and floatation costs	8	-	107	28	135	-	129	129
Advances, deposits and other receivables	9	3,978	9,593	7,707	21,278	2,803	100	2,903
Total assets		120,641	2,101,244	453,097	2,674,982	212,106	2,424,316	2,636,422
Liabilities								
Payable to Management Company	10	443	545	463	1,451	1,001	565	1,566
Payable to Trustee		22	150	32	204	48	160	208
Payable to Securities and Exchange Commission of Pakistan		15	233	33	281	72	518	590
Accrued expenses and other liabilities	11	6,829	110,146	203	117,178	7,960	543	8,503
Payable against purchase of investment		409	-	-	409	880	-	880
Total liabilities		7,718	111,074	731	119,523	9,961	1,786	11,747
Net assets		112,923	1,990,170	452,366	2,555,459	202,145	2,422,530	2,624,675
Unit holders' fund (as per statement attached)		112,923	1,990,170	452,366		202,145	2,422,530	
Contingencies and commitments								
	12	----- (Number of units) -----						
Number of units in issue		1,108,461	18,470,871	4,123,771		1,862,442	24,096,292	
		----- (Rupees) -----						
Net assets value per unit		101.8735	107.7464	109.6967		108.5372	100.5354	

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund

Condensed Interim Income Statement (Un-Audited)

For the six and three months period ended December 31, 2022

	For six months period ended December 31, 2022		For the period from August 05, 2022 to December 31, 2022	For three months period ended December 31, 2021		Total
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
Income						
Net realised (loss) / gain on sale of investments	(2,335)	(7,514)	(61)	(9,910)	(7,274)	(28,486)
Dividend income	4,366	-	-	4,366	1,803	1,803
Return on investments calculated using effective yield method	732	141,741	21,928	164,401	8,270	20,143
Profit on deposits with banks calculated using effective yield method	2,559	34,197	3,762	40,518	3,285	96,937
Net Unrealised (diminution) / appreciation on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	(8,364)	(7,196)	(1,657)	(17,217)	(7,085)	(319)
Other income	268	942	287	1,497	7	40
	(2,774)	162,170	24,259	183,655	(994)	90,118
Expenses						
Remuneration of Management Company	1,281	1,973	1,221	3,254	3,287	5,488
Remuneration of Trustee	171	987	141	1,158	438	1,538
Annual fee to Securities and Exchange Commission of Pakistan	15	233	33	248	39	299
Allocation of expenses related to registrar services, accounting, operation and valuation services	567	-	-	567	1,454	1,454
Selling and marketing expenses	491	-	-	491	1,260	1,260
Auditors' remuneration	25	220	37	245	33	253
Amortisation of preliminary expenses and floatation costs	-	22	108	22	-	22
Settlement and bank charges	249	224	204	473	194	377
Fees and subscription	7	12	2	19	18	103
Charity expense	218	-	-	218	101	101
Printing Expense	33	37	8	70	33	61
Securities transaction cost	517	247	131	764	256	346
Shariah advisory fee	18	92	10	110	18	110
	3,592	4,047	1,895	7,639	7,131	11,412
Net (loss) / income from operating activities	(6,366)	158,123	22,364	176,016	(8,125)	78,706
Reversal of Provision for Sindh Workers' Welfare Fund	-	-	-	-	7,130	10,149
Net (loss) / income for the period before taxation	(6,366)	158,123	22,364	176,016	(995)	88,855
Taxation	-	-	-	-	-	-
Net (loss) / income for the period after taxation	(6,366)	158,123	22,364	176,016	(995)	88,855
Allocation of net (loss) / income for the period after taxation						
Net income for the period after taxation	-	158,123	22,364	158,123	(995)	88,855
Income already paid on redemption of units	-	(24,929)	-	(24,929)	-	(7,258)
Accounting income available for distribution	-	133,194	22,364	133,194	(995)	81,597
Accounting income available for distribution:						
- Relating to capital gains / (loss)	-	-	-	-	-	-
- Excluding capital gains / (loss)	-	133,194	22,364	133,194	-	82,592
	-	133,194	22,364	133,194	-	82,592

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund

Condensed Interim Income Statement (Un-audited)

For the three months period ended December 31, 2022

	For three months period ended December 31, 2022				For three months period ended December 31, 2021			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
	(Rupees in '000')							
Income								
Net realised (loss) / gain on sale of investments	(1,305)	(8,288)	(61)	(9,654)	(7,710)	(21,212)	(28,922)	
Dividend income	2,818	-	-	2,818	1,335	-	1,335	
Return on investments calculated using effective yield method	(60)	76,200	14,869	91,009	4,637	(33,992)	(29,355)	
Profit on deposits with banks calculated using effective yield method	1,396	12,725	2,631	16,752	1,117	88,265	89,382	
Net Unrealised (diminution) / appreciation on remeasurement of investments classified as 'financial asset at fair value' through profit or loss'	(5,485)	6,431	(284)	662	3,698	(1,082)	2,616	
Other income	268	942	287	1,497	7	33	40	
	(2,368)	88,010	17,442	103,084	3,084	32,012	35,096	
Expenses								
Remuneration of Management Company	551	930	822	2,303	1,598	1,109	2,707	
Remuneration of Trustee	74	465	95	634	213	554	767	
Annual fee to Securities and Exchange Commission of Pakistan	6	110	22	138	19	131	150	
Allocation of expenses related to registrar services, accounting, operation and valuation services	245	-	-	245	707	-	707	
Selling and marketing expenses	210	-	-	210	612	-	612	
Auditors' remuneration	13	110	36	159	21	139	160	
Amortisation of preliminary expenses and floatation costs	-	11	67	78	-	11	11	
Settlement and bank charges	150	130	189	469	99	95	194	
Fees and subscription	(8)	(45)	2	(51)	(7)	16	9	
Charity expense	141	-	-	141	78	-	78	
Printing Expense	16	-	5	21	16	-	16	
Securities transaction cost	286	61	-	347	221	-	221	
Shariah advisory fee	18	92	10	120	18	92	110	
	1,702	1,864	1,248	4,814	3,595	2,147	5,742	
Net (loss) / income from operating activities	(4,070)	86,146	16,194	98,270	(511)	29,865	29,354	
Reversal / (Provision) for Sindh Workers' Welfare Fund	-	-	-	-	-	-	-	
Net (loss) / income for the period before taxation	(4,070)	86,146	16,194	98,270	(511)	29,865	29,354	
Taxation	-	-	-	-	-	-	-	
Net (loss) / income for the period after taxation	(4,070)	86,146	16,194	98,270	(511)	29,865	29,354	
Allocation of net (loss) / income for the period after taxation								
Net income for the period after taxation	(4,070)	86,146	16,194	98,270	(511)	29,865	29,354	
Income already paid on redemption of units	-	(24,929)	-	(24,929)	-	(8,643)	(8,643)	
Accounting income available for distribution	(4,070)	61,217	16,194	73,341	(511)	21,222	20,711	
Accounting income available for distribution:								
- Relating to capital gains / (loss)	-	-	-	-	-	-	-	
- Excluding capital gains / (loss)	-	61,217	16,194	77,411	-	21,222	21,222	
	-	61,217	16,194	77,411	-	21,222	21,222	

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the six months period ended December 31, 2022

	For six months period ended December 31, 2022		For the period from August 05, 2022 to December 31, 2022		For six months period ended December 31, 2021		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
	----- (Rupees in '000') -----						
Net (loss) / income for the period after taxation	(6,366)	158,123	22,364	174,121	(995)	89,850	88,855
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(6,366)	158,123	22,364	174,121	(995)	89,850	88,855

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the three months period ended December 31, 2022

	For three months period ended December 31, 2022				For three months period ended December 31, 2021		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
	----- (Rupees in '000') -----						
Net (loss) / income for the period after taxation	(4,070)	86,146	16,194	98,270	(511)	29,865	29,354
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(4,070)	86,146	16,194	98,270	(511)	29,865	29,354

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund

Condensed Interim Statement of Cash Flow (Un-audited)

For the six months period ended December 31, 2022

	For six months period ended December 31, 2022			For the period from August 05, 2022 to December 31, 2022	2021		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
(Rupees in '000)							
Cash flows from operating activities							
Net (loss) / profit for the period before taxation	(6,366)	158,123	22,364	174,121	(995)	89,850	88,855
Adjustments							
Net realised (gain) / loss on sale of investments	2,335	7,514	61	9,910	7,274	21,212	28,486
Profit on deposits with banks calculated using effective yield method	(2,559)	(34,197)	(3,762)	(40,518)	(3,285)	(93,652)	(96,937)
Return on investments calculated using effective yield method	(732)	(141,741)	(21,928)	(164,401)	(8,270)	(11,873)	(20,143)
Dividend income	(4,366)	-	-	(4,366)	(1,803)	-	(1,803)
Amortisation of preliminary expenses and floatation costs	-	22	108	130	-	22	22
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	8,364	7,196	1,657	17,217	7,085	(6,766)	319
Other (income) / loss	(268)	(942)	(287)	(1,497)	-	-	-
	(3,592)	(4,025)	(1,787)	(9,404)	6	(1,207)	(1,201)
Decrease / (increase) in assets							
Investments	63,781	(134,673)	(348,950)	(419,842)	(80,759)	284,450	203,691
Advances, deposits, other receivables and floatation cost	(1,175)	(9,493)	(7,843)	(18,511)	1,938	(6,128)	(4,190)
	62,606	(144,166)	(356,793)	(438,353)	(78,821)	278,322	199,501
(Decrease) / increase in liabilities							
Payable to Management Company	(558)	(20)	463	(115)	(57)	38	(19)
Payable to Trustee	(26)	(10)	32	(4)	(1)	19	18
Payable to Securities and Exchange Commission of	(57)	(285)	33	(309)	(34)	(129)	(163)
Accrued expenses and other liabilities	(1,131)	177	203	(751)	(8,321)	(2,796)	(11,117)
Payable against purchase of investment	(471)	-	-	(471)	(3,919)	-	(3,919)
	(2,243)	(138)	731	(1,650)	(12,332)	(2,868)	(15,200)
Cash generated from / (used in) operating activities	56,771	(148,329)	(357,849)	(449,407)	(91,147)	274,247	183,100
Profit received on bank deposits	3,090	38,154	2,787	44,031	4,505	91,966	96,471
Dividend income received	4,361	-	-	4,361	1,978	-	1,978
Markup received on investments	1,872	145,188	16,525	163,585	7,624	24,232	31,856
Net cash generated from / (used in) operating activities	66,094	35,013	(338,537)	(237,430)	(77,040)	390,445	313,405
Cash flows from financing activities							
Amount received on issue of units	2,539	96,943	430,002	529,484	30,278	381,172	411,450
Payment against redemption of units	(85,395)	(578,000)	-	(663,395)	(46,843)	(337,332)	(384,175)
Net cash (used in) / generated from financing activities	(82,856)	(481,057)	430,002	(133,911)	(16,565)	43,840	27,275
Net (decrease) / increase in cash and cash equivalents	(16,762)	(446,044)	91,465	(371,341)	(93,605)	434,285	340,680
Cash and cash equivalents at beginning of the period	35,794	753,383	-	789,177	164,167	423,352	587,519
Cash and cash equivalents at end of the period	19,032	307,339	91,465	417,836	70,562	857,637	928,199

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund

Condensed Interim Statement of Movement in Unit holders' Fund (Un-audited)

For the six months period ended December 31, 2022

	HBL Islamic Asset Allocation Fund					
	2022			2021		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income (accumulated loss)	Total
(Rupees in '000')						
Net assets at the beginning of the period	84,444	117,701	202,145	259,067	128,904	387,971
Issuance of units: 23,315 units (2021: 266,504 units)						
- Capital value	2,531	-	2,531	30,105	-	30,105
- Element of income	8	-	8	173	-	173
Total proceeds on issuance of units	2,539	-	2,539	30,278	-	30,278
Redemption of units: 777,296 units (2021: 412,644 units)						
- Capital value	(84,366)	-	(84,366)	(46,615)	-	(46,615)
- Element of (loss)	(1,029)	-	(1,029)	(228)	-	(228)
Total payment on redemption of units	(85,395)	-	(85,395)	(46,843)	-	(46,843)
Total comprehensive (loss) for the period	-	(6,366)	(6,366)	-	(995)	(995)
Net assets at the end of the period	1,588	111,335	112,923	242,502	127,909	370,411
Undistributed income brought forward						
- Realised income		135,928			111,082	
- Unrealised (loss) / income		(18,227)			17,822	
		117,701			128,904	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
		-			-	
Total comprehensive loss for the period		(6,366)			(995)	
Undistributed income carried forward		111,335			127,909	
Undistributed income carried forward comprises of:						
- Realised income		119,699			137,190	
- Unrealised loss		(8,364)			(9,281)	
		111,335			127,909	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		112.6439			112.9636	
Net assets value per unit at end of the period		101.8735			112.6439	

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Statement of Movement in Unit holders' Fund (Un-audited)
For the six months period ended December 31, 2022

	HBL Islamic Asset Allocation Fund Plan 1					
	2022			2021		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	----- (Rupees in '000') -----			----- (Rupees in '000') -----		
Net assets at beginning of the period	2,417,993	4,537	2,422,530	2,470,677	3,565	2,474,242
Issuance of 938,463 units (2021: 3,703,893 Units)						
- Capital value	94,349	-	94,349	371,915	-	371,915
- Element of income	2,594	-	2,594	9,257	-	9,257
	96,943	-	96,943	381,172	-	381,172
Redemption of 6,563,884 units (2021: 3,266,842 Units)						
- Capital value	(659,903)	-	(659,903)	(328,029)	-	(328,029)
- Element of loss	(2,594)	(24,929)	(27,523)	(2,045)	(7,258)	(9,303)
	(662,497)	(24,929)	(687,426)	(330,074)	(7,258)	(337,332)
Total comprehensive income for the period	-	158,123	158,123	-	89,850	89,850
Net assets at the end of the period	1,852,439	137,731	1,990,170	2,521,775	86,157	2,607,932
Undistributed income brought forward						
- Realised income		1,733			(350)	
- Unrealised income		2,804			3,915	
		4,537			3,565	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		133,194			82,592	
		133,194			82,592	
Undistributed income carried forward		137,731			86,157	
Undistributed income carried forward						
- Realised income		144,926			79,391	
- Unrealised (loss) / income		(7,196)			6,766	
		137,731			86,157	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			100.5354			100.4119
Net assets value per unit at end of the period			107.7464			103.9929

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Statement of Movement in Unit holders' Fund (Un-audited)
For the period from August 05, 2022 to December 31, 2022

	HBL Islamic Asset Allocation Fund Plan 2		
	2022		
	Capital value	Undistributed income	Total
	(Rupees in '000)		
Net assets at beginning of the period	-	-	-
Issuance of 4,123,771 units			
- Capital value	412,377	-	412,377
- Element of income	17,625	-	17,625
	430,002	-	430,002
Redemption of Nil units			
- Capital value	-	-	-
- Element of loss	-	-	-
	-	-	-
Total comprehensive income for the period	-	22,364	22,364
Net assets at the end of the period	430,002	22,364	452,366
Undistributed income brought forward			
- Realised income		-	
- Unrealised income		-	
		-	
Accounting income available for distribution			
- Relating to capital gains		-	
- Excluding capital gains		22,364	
		22,364	
Undistributed income carried forward		22,364	
Undistributed income carried forward			
- Realised income		24,021	
- Unrealised loss		(1,657)	
		22,364	
			(Rupees)
Net assets value per unit at beginning of the period			100.00
Net assets value per unit at end of the period			109.6967

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund

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

For the six months period ended December 31, 2022

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 initial public offer period was from January 07, 2016 to January 08, 2016 (both days inclusive). The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange 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 'AM1' (Stable) to the Management Company.
- 1.6 During the period, the Fund launched "HBL Islamic Asset Allocation Fund - Plan 2" (HBL IAAF Fund - Plan 2) dated August 05, 2022. HBL IAAF Fund - Plan 2 is an allocation plan with an objective to provide competitive returns through investments in Shariah Complaint Equity Securities and Shariah Compliant Income / Money Market Instrument.
- 1.7 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part 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.

2.1.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual audited financial statements of the Fund as at and for the year ended June 30, 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last annual audited financial statements.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2022.

2.2 Basis of measurement

This condensed interim financial information have been prepared under going concern basis and under the historical cost convention except for the investments which are stated at fair value.

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2022.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2022.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2022.

6.	BANK BALANCES	December 31, 2022				June 30, 2022			
		(Un-audited)				(Audited)			
		Islamic Asset	Islamic Asset	Islamic Asset	Total	Islamic Asset	Islamic Asset	Total	
		Allocation Fund	Allocation Fund	Allocation Fund		Allocation Fund	Allocation Fund		
			Plan 1	Plan 2		Plan 1			
	Note	(Rupees in '000)							
	Savings accounts	6.1	19,032	307,339	91,465	417,836	35,794	753,383	789,177
			19,032	307,339	91,465	417,836	35,794	753,383	789,177

6.1 This represents bank accounts held with different banks. Profit rates on these accounts ranges between 7.25% - 16% per annum (June 30, 2022: 3.75% - 15.75%) per annum.

7.	INVESTMENTS	(Un-Audited)				(Audited)			
	Investments by category	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
	Note	----- (Rupees in '000) -----							
	At fair value through profit or loss								
	Listed equity securities	7.1	96,848	-	-	96,848	129,668	-	129,668
	Sukuk bonds	7.2	-	1,740,481	347,232	2,087,713	29,720	1,620,518	1,650,238
			96,848	1,740,481	347,232	2,184,561	159,388	1,620,518	1,779,906
	Financial assets at amortised cost								
	Commercial paper	7.3	-	-	-	-	11,940	-	11,940
			-	-	-	-	11,940	-	11,940
	Total Investments		96,848	1,740,481	347,232	2,184,561	171,328	1,620,518	1,791,846

7.1 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	As at July 01, 2022	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2022	Cost of holdings as at December 31, 2022	Market value as at December 31, 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')		%			
Automobile Assembler										
Millat Tractors Limited	-	600	-	600	-	-	-	-	-	-
	-	600	-	600	-	-	-	-	-	-
Cement										
Attock Cement Pakistan Limited	42,800	13,000	-	55,800	-	-	-	-	-	-
Cherat Cement Limited	-	2,500	-	2,500	-	-	-	-	-	-
D.G. Khan Cement Company Limited	-	90,000	-	90,000	-	-	-	-	-	-
Fauji Cement Company Limited	-	383,000	23,187	135,500	270,687	3,815	3,254	3.36	2.88	-
Kohat Cement Limited	9,470	3,000	-	1,500	10,970	1,529	1,620	1.67	1.43	-
Lucky Cement Limited	6,755	17,412	-	16,731	7,436	3,649	3,321	3.43	2.94	-
Maple Leaf Cement Factory Limited	106,200	192,800	-	79,000	220,000	6,213	4,965	5.13	4.40	-
Pioneer Cement Limited	-	123,400	-	2,750	120,650	8,455	6,205	6.41	5.49	-
	165,225	825,112	23,187	383,781	629,743	23,661	19,365	20.00	17.14	-
Chemicals										
Descon Oxychem Limited	-	244,000	-	96,000	148,000	3,685	3,265	3.37	2.89	-
LCI Pakistan Limited	-	1,200	-	-	1,200	816	771	0.80	0.68	-
Engro Polymer & Chemicals Limited	24,500	47,000	-	71,500	-	-	-	-	-	-
	24,500	292,200	-	167,500	149,200	4,501	4,036	4.17	3.57	-
Commercial Banks										
Bank Islami Pakistan Limited	208,000	77,000	-	208,000	77,000	1,105	1,029	1.06	0.91	-
Faysal Bank Limited	-	101,000	-	59,500	41,500	1,188	1,072	1.11	0.95	-
Meezan Bank Limited	119,575	26,500	7,757	65,900	87,932	9,216	8,753	9.04	7.75	-
	327,575	204,500	7,757	333,400	206,432	11,509	10,854	11.21	9.61	-
Engineering										
Mughal Iron & Steel Industries Limited	48,689	-	-	48,689	-	-	-	-	-	-
	48,689	-	-	48,689	-	-	-	-	-	-
Fertilizer										
Engro Fertilizers Limited	111,335	40	-	111,375	-	-	-	-	-	-
Engro Corporation Limited	74,400	42,200	-	92,575	24,025	5,862	6,295	6.50	5.57	-
	185,735	42,240	-	203,950	24,025	5,862	6,295	6.50	5.57	-
Foods & Personal Care Products										
The Organic Meat Company Limited	118,411	100,000	-	118,411	100,000	2,440	2,066	2.13	1.83	-
At-Tahur Limited	-	81,000	8,100	-	89,100	1,911	1,523	1.57	1.35	-
Unity Foods Limited	147,899	181,801	-	329,700	-	-	-	0.00	-	-
	266,310	362,801	8,100	448,111	189,100	4,351	3,589	3.70	3.18	-

Name of the Investee Company	As at July 01, 2022	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2022	Cost of holdings as at December 31, 2022	Market value as at December 31, 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')		%		
Oil & Gas Exploration Companies										
Mari Petroleum Company Limited	2,835	3,950	-	4,000	2,785	4,664	4,308	4.45	3.81	-
Oil & Gas Development Company Limited	125,500	99,500	-	147,800	77,200	5,969	6,150	6.35	5.45	-
Pakistan Oilfields Limited	11,250	5,600	-	6,117	10,733	4,155	4,216	4.35	3.73	-
Pakistan Petroleum Limited	141,992	67,000	-	102,500	106,492	7,317	7,256	7.49	6.43	-
	281,577	176,050	-	260,417	197,210	22,105	21,930	22.64	19.42	-
Oil & Gas Marketing Companies										
Sui Northern Gas Pipelines Limited	-	168,500	-	86,500	82,000	2,995	3,079	3.18	2.73	-
Attock Petroleum Limited	-	7,000	-	3,500	3,500	985	1,014	1.05	0.90	-
Pakistan State Oil Company Limited	41,459	2,300	-	13,995	29,764	5,108	4,286	4.43	3.80	-
	41,459	177,800	-	103,995	115,264	9,088	8,379	8.66	7.43	-
Pharmaceuticals										
Ferozsons Laboratories Limited	7,500	-	-	7,500	-	-	-	-	-	-
Highnoon Laboratories Limited	5,160	-	-	5,160	-	-	-	-	-	-
The Searle Company Limited	1,067	-	266	-	1,333	116	78	0.08	0.07	-
	13,727	-	266	12,660	1,333	116	78	0.08	0.07	-
Power Generation & Distribution										
Nishat Power Limited	-	100,500	-	-	100,500	1,961	1,830	1.89	1.62	-
The Hub Power Company Limited	103,687	-	-	103,687	-	-	-	-	-	-
	103,687	100,500	-	103,687	100,500	1,961	1,830	1.89	1.62	-
Textile and Composite										
Interloop Limited	36,487	-	-	36,487	-	-	-	-	-	-
Azgard Nine Limited	100,000	-	-	100,000	-	-	-	-	-	-
Nishat Mills Limited	26,700	-	-	26,700	-	-	-	-	-	-
	163,187	-	-	163,187	-	-	-	-	-	-
Refinery										
Attock Refinery Limited	22,500	20,000	-	33,800	8,700	1,386	1,249	1.29	1.11	-
National Refinery Limited	8,000	10,434	-	6,026	12,408	2,981	2,184	2.26	1.93	-
	30,500	30,434	-	39,826	21,108	4,367	3,433	3.55	3.04	-
Technology & Communication										
Octopus Digital Limited	-	35,000	-	5,500	29,500	1,997	1,671	1.73	1.48	-
Systems Limited	-	16,410	-	5,500	10,910	5,063	5,280	5.45	4.68	-
Avanceon Limited	36,000	88,500	-	74,700	49,800	3,890	3,288	3.40	2.91	-
TPL Trakker Limited	-	440,000	-	-	440,000	4,449	4,655	4.81	4.12	-
	36,000	579,910	-	85,700	530,210	15,399	14,894	15.39	13.19	-
Property										
TPL Properties Limited	111,000	229,000	-	278,900	61,100	1,156	1,039	1.07	0.92	-
	111,000	229,000	-	278,900	61,100	1,156	1,039	1.07	0.92	-
Miscellaneous										
Pakistan Aluminium Beverage Cans Limited	-	29,000	-	-	29,000	1,137	1,126	1.16	1.00	-
	-	29,000	-	-	29,000	1,137	1,126	1.16	1.00	-
Total as at December 31, 2022	1,799,171	3,050,147	39,310	2,634,403	2,254,225	105,213	96,848	100.00	85.76	-

7.1.1 The above investments include shares with market value aggregating to Rs. 30.18 million (June 30, 2022: Rs. 37.744 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.

7.1.2 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. 0.14 million at December 31, 2021 (June 30, 2022: Rs. 0.20 million) and not yet deposited on CDC account of department of Income tax while during the period 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 period end.

7.2 Sukuk Bonds - At fair value through profit or loss

	As at July 01, 2022	Purchases during the period	Sales / matured during the period	As at December 31, 2022	Amortised Cost as at December 31, 2022	Market value as at December 31, 2022	Market value as percentage of	
							Total investments	Net Assets
	(Number of certificates)				(Rupees in '000)			%
Islamic Asset Allocation Fund								
Engineering								
Agha Steel Industries Limited	33	-	33	-	-	-	-	-
	33	-	33	-	-	-	-	-
Islamic Asset Allocation Fund Plan 1								
Commercial Bank								
Meezan Bank Limited	250	33	-	283	283,000	283,000	16.26	14.22
Dubai Islamic Bank limited	4,175	-	175	4,000	20,000	20,000	1.15	1.00
Dubai Islamic Bank limited - Tier II	-	89	-	89	89,000	89,000	5.11	4.47
Al Baraka Bank Limited	-	100	80	20	20,000	20,000	1.15	1.00
	4,425	222	255	4,392	412,000	412,000	23.67	20.69
Power Generation & Distribution								
Hub Power Company Limited	2,750	265	-	3,015	232,410	230,082	13.22	11.56
Pakistan Energy Sukuk Limited - II	125,500	50,000	-	175,500	881,891	877,500	50.42	44.09
K-Electric Limited	32,000	-	12,080	19,920	96,626	96,170	5.53	4.83
K-Electric Limited	-	1000	-	1000	100,000	100,000	5.75	5.02
	160,250	50,365	12,080	198,535	1,310,927	1,303,752	74.92	65.50
Pharmaceuticals								
AGP Limited	910	-	910	-	-	-	-	-
	910	-	910	-	-	-	-	-
Engineering								
Agha Steel Industries Limited	-	33	-	33	24,750	24,729	1.42	1.24
	-	33	-	33	24,750	24,729	1.42	1.24
Islamic Asset Allocation Fund Plan 2								
Commercial Bank								
Meezan Bank Limited	-	12	-	12	12,000	12,000	3.46	0.60
Dubai Islamic Bank limited	-	60	60	-	-	-	-	-
Dubai Islamic Bank limited - Tier II	-	60	-	60	60,000	60,000	17.28	3.01
	-	132	60	72	72,000	72,000	20.74	3.61
Power Generation & Distribution								
Pakistan Energy Sukuk Limited	-	12,000	-	12,000	60,000	60,000	17.28	3.01
K-Electric Limited	-	12,000	-	12,000	58,140	57,934	16.68	2.91
	-	24,000	-	24,000	118,140	117,934	33.96	5.92
Cable & Electrical Goods								
Pak Elektron Limited	-	50	-	50	50,000	49,800	14.34	2.50
	-	50	-	50	50,000	49,800	14.34	2.50
Miscellaneous								
Pakistan International Corporation Limited	-	12,000	-	12,000	60,000	58,800	16.93	2.95
	-	12,000	-	12,000	60,000	58,800	16.93	2.95
Engineering								
Mughal Iron & Steel Industries Limited	-	60	-	60	48,750	48,698	14.02	2.45
	-	60	-	60	48,750	48,698	14.02	2.45
Total	165,618	86,862	13,338	239,142	2,096,567	2,087,713		

Significant terms and conditions of sukuk bonds outstanding as at December 31, 2022 are as follows:

Name of Sukuks	Remaining Principal (Per Sukuk)	Mark-up rate (per annum)	Issue date	Maturity date
Islamic Asset Allocation Fund Plan 1				
Meezan Bank limited - Perpetual	1,000,000	3 months KIBOR + 1.75%	1-Aug-18	-
Dubai Islamic Bank Pakistan Limited - Perpetual	5,000	3 months KIBOR + 1.75%	31-Dec-18	-
Dubai Islamic Bank Pakistan Limited - Tier II	1,000,000	6 months KIBOR + 0.7%	2-Dec-22	25-Nov-32
Al Baraka Bank Limited	100,000	6 months KIBOR + 0.75%	22-Aug-17	22-Aug-24
Hub Power Company Limited	75,000	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	4,750	3 Month KIBOR + 1.7%	3-Aug-20	3-Aug-27
K-Electric Limited	100,000	3 Month KIBOR + 1.7%	23-Nov-22	23-Feb-23
Agha Steel Industries Limited	750,000	3 months KIBOR +0.8%	9-Oct-18	9-Oct-25
Islamic Asset Allocation Fund Plan 2				
Meezan Bank Limited	1,000,000	3 months KIBOR + 1.75%	1-Aug-18	-
Dubai Islamic Bank limited - Tier II	1,000,000	6 Month KIBOR - 0.7%	2-Dec-22	25-Nov-23
Pakistan Energy Sukuk Limited	5,000	6 Month KIBOR - 0.1%	21-May-20	21-May-30
K-Electric Limited	4,750	3 Month KIBOR + 1.7%	3-Aug-20	3-Aug-27
Pak Elektron Limited	1,000,000	3 Month KIBOR + 1.30%	15-Nov-21	15-Feb-23
Pakistan International Corporation Limited	5,000	1 Months KIBOR + 1.00%	26-Jul-21	26-Jul-31
Mughal Iron & Steel Industries Limited	812,500	3 Month KIBOR + 1.30%	2-Mar-21	2-Mar-26

	Rate of return	Maturity date	As at July 01, 2022	Placements made during the period	Income accrued	Matured / Sale during the period	As at December 31, 2022	Market value as a percentage of	
								Total investments of fund	Net Assets of fund
								(%)	
Islamic Asset Allocation Fund									
Mughal Iron and Steel	9.57%	July 21, 2022	11,940	-	60	12,000	-	0.00	0.00
			11,940	-	60	12,000	-	-	-

8. PRELIMINARY EXPENSES AND FLOATATION COST

	December 31, 2022 (Un-Audited)				June 30, 2022 (Audited)		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
Note	(Rupees in '000')						
Opening balance	-	129	-	129	-	172	172
Cost incurred during the period	-	-	135	135	-	-	-
Less: amortised during the period	-	(22)	(107)	(129)	-	(43)	(43)
Closing balance	-	107	28	135	-	129	129

8.1 Preliminary expenses and floatation cost represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

8.2 In case of HBL IAAF - Plan 2, these expenses are being amortised over a period of less than twelve months, in line with the nature of expenses incurred.

9. ADVANCES, DEPOSITS AND OTHER RECEIVABLES	December 31, 2022 (Un-Audited)				June 30, 2022 (Audited)		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
Note	(Rupees in '000')						
Security deposit with National Clearing Company of Pakistan Limited (NCCPL)	3,673	9,493	7,700	20,866	2,500	-	2,500
Security deposit with Central Depository Company of Pakistan Limited	100	100	-	200	100	100	200
Initial listing fee	16	-	7	23	14	-	14
Advance Tax	189	-	-	189	189	-	189
	3,978	9,593	7,707	21,278	2,803	100	2,903

10. PAYABLE TO THE MANAGEMENT COMPANY	December 31, 2022 (Un-Audited)				June 30, 2022 (Audited)		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
Rumeration to the Management Company	147	266	248	661	320	283	603
Sindh sales tax on Management Company's remuneration	19	34	32	85	42	37	79
Selling and marketing expenses payable	204	-	-	204	479	-	479
Allocation of expenses related to registrar services, accounting, operation and valuation services	73	-	-	73	160	-	160
Formation cost payable	-	245	183	428	-	245	245
	443	545	463	1,451	1,001	565	1,566

11. ACCRUED EXPENSES AND OTHER LIABILITIES	December 31, 2022 (Un-Audited)				June 30, 2022 (Audited)		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
Auditors' remuneration payable	31	197	37	265	34	306	340
Charity payable	218	-	-	218	195	-	195
Federal excise duty	1,063	-	-	1,063	1,063	-	1,063
Withholding tax payable	-	20	-	20	-	-	-
Payable to brokers	148	247	131	526	153	-	153
Dividend payable	25	-	-	25	25	-	25
Payable to NCCPL	31	31	25	87	30	30	60
Payable to Shariah advisor	17	49	5	71	3	16	19
Other payable	5,296	176	5	5,477	6,457	191	6,648
Payable against redemption of units	-	109,426	-	109,426	-	-	-
	6,829	110,146	203	117,178	7,960	543	8,503

11.1 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.

11.2 The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2022.

In view of the above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2019 aggregating to Rs. 1.063 million. Had the provision not been retained, the Net Assets Value per unit of the Fund as on December 31, 2022 would have been higher by Rs. 0.959 per unit (June 30, 2022: 0.5708 per unit).

12. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2022 except those disclosed in the note 12 of the annual audited financial statements for the year ended June 30, 2022.

13. TAXATION

The Fund's income is exempt from Income Tax as per Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the 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 11 of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income (if by then it earns profit for HBL IAAF) as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2023 to its unit holders.

14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of 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, collective investment schemes managed by the Management Company, directors and officers of the Management Company.

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 Rules, NBFC Regulations and the Trust Deed respectively.

Details of the transactions with connected persons / related parties during the period and balances with them outstanding as at period end are as follows:

14.1 Transactions during the period

	(Un-Audited)			(Un-Audited)	
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1
	(Rupees in '000)				
HBL Asset Management Limited - Management Company					
Management fee	1,134	1,746	1,081	2,909	1,948
Sindh Sales Tax	147	227	140	378	253
Allocation of expenses related to registrar services, accounting, operation and valuation services	567	-	-	1,454	-
Selling and marketing expense	491	-	-	1,260	-
Habib Bank Limited - Sponsor					
Redemption of 531,283 units (2021: 52,743 units)	59,219	-	-	5,947	-
Bank charges	13	-	-	15	-
Profit earned during the period	41	-	-	958	-
Central Depository Company of Pakistan Limited - Trustee					
Remuneration	151	873	125	438	1,100
Sindh Sales Tax	20	114	16	-	-
Central Depository service charges	51	53	17	10	11
Executives and their relatives					
Issuance of Nil units (2021: 1,319 units)	-	-	-	150	-
Redemption of Nil (2021: 1,319 units)	-	-	-	148	-
HBL Islamic Asset Allocation Fund - Plan 1					
Sale of sukuk (Face value)	27,454	-	-	-	-
HBL Islamic Asset Allocation Fund					
Purchase of sukuk	-	27,454	-	-	-
Qatar Group (Private) Limited					
Purchase of sukuk	-	33,000	-	-	-
Connected person due to 10% holding or more					
Pak Qatar Investment Company Limited					
Redemption of Nil units (2021: 965,221 units)	-	-	-	-	100,000
Pak Qatar Individual Family Participant Investment Fund					
Issuance of Nil units (2021: 485,131 units)	-	-	-	-	50,000
Redemption of 1,932,126 units (2021: Nil units)	-	200,000	-	-	-
Dawood Family Takaful Limited - Aggressive Fund					
Issuance of 536,946 units	-	-	55,000	-	-
Dawood Family Takaful Limited - Balanced Fund					
Issuance of 1,865,149 units	-	-	195,000	-	-
Dawood Family Takaful Limited - Income Fund					
Issuance of 1,243,433 units	-	-	130,000	-	-
Dawood Family Takaful Limited					
Issuance of 478,243 units	-	-	50,000	-	-
Purchase of sukuk	-	-	182,000	-	-

14.2 Amounts outstanding as at period end

	December 31, 2022 (Un-Audited)			June 30, 2022 (Audited)	
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1
	(Rupees in '000)				
HBL Asset Management Limited - Management Company					
Management fee	147	266	248	320	283
Sindh Sales Tax	19	34	32	42	37
Sales load payable					
Allocation of expenses related to registrar services, accounting, operation and valuation services	73	-	-	160	-
Charging of selling and marketing expenses	204	-	-	479	-
Formation cost	-	245	183	-	245
Habib Bank Limited - Sponsor					
Investment held in the Fund: Nil units (June 30, 2022: 531,283 units)	-	-	-	57,664	-
Bank balances	499	-	-	1,809	-
HBL Asset Management Limited - Employees Gratuity Fund - Associate					
Investment held in the Fund: 4,909 units (June 30, 2022: 4,909 units)	500	-	-	533	-
HBL Asset Management Limited - Employees Provident Fund - Associate					
Investment held in the Fund: 14,169 units (June 30, 2022: 14,169 units)	1,443	-	-	1,538	-
Central Depository Company of Pakistan Limited - Trustee					
Remuneration payable	42	133	-	42	142
Sindh Sales Tax	6	17	-	6	18
Security deposit	100	100	-	100	100
Connected person due to 10% holding or more					
Tariq Mahmood Malik					
Investment held in the Fund: 187,104 units (June 30, 2022: 187,104 units)	19,061	-	-	20,308	-
Abdullah Farooq Azam					
Investment held in the Fund: 118,966 units (June 30, 2022: 118,966 units)	12,120	-	-	12,912	-
Pak-Qatar Individual Family Participant Investment Fund					
Investment held in the HBL IAAF Fund - Plan 1: 5,832,189 units (June 30, 2022: 7,765,108 units)	-	628,483	-	-	780,668
Pak-Qatar Investment Account					
Investment held in the HBL IAAF Fund - Plan 1: 11,742,039 units (June 30, 2022: 11,742,039 units)	-	1,265,162	-	-	1,180,491
Dawood Family Takaful Limited Aggressive Fund					
Investment held in the HBL IAAF Fund - Plan 2: 536,946 units	-	-	58,901	-	-
Dawood Family Takaful Limited Balanced Fund					
Investment held in the HBL IAAF Fund - Plan 2: 1,865,149 units	-	-	204,601	-	-
Dawood Family Takaful Limited Income Fund					
Investment held in the HBL IAAF Fund - Plan 2: 1,243,433 units	-	-	136,400	-	-
Dawood Family Takaful Limited					
Investment held in the HBL IAAF Fund - Plan 2: 478,243 units	-	-	52,462	-	-

* 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.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Islamic Asset Allocation Fund								
December 31, 2022 (Un-Audited)								
	Carrying amount			Total	Fair value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost		Level 1	Level 2	Level 3	Total
Note	----- (Rupees in'000) -----							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Listed equity securities	96,848	-	-	96,848	96,848	-	-	96,848
	96,848	-	-	96,848				
Financial assets not measured at fair value								
15.1								
Bank balances	-	-	19,032	19,032				
Dividend receivable and accrued markup	-	-	783	783				
Advances, deposits and other receivables	-	-	3,978	3,978				
Sukuk bonds	-	-	-	-				
Commercial paper	-	-	-	-				
	-	-	23,793	23,793				
Financial liabilities not measured at fair value								
15.1								
Payable to Management Company	-	-	424	424				
Payable to Trustee	-	-	22	22				
Accrued expenses and other liabilities	-	-	5,766	5,766				
	-	-	6,212	6,212				
Islamic Asset Allocation Fund Plan 1								
December 31, 2022 (Un-Audited)								
	Carrying amount			Total	Fair value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost		Level 1	Level 2	Level 3	Total
Note	----- (Rupees in'000) -----							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Sukuk bonds	1,740,481	-	-	1,740,481	-	1,740,481	-	1,740,481
	1,740,481	-	-	1,740,481				
Financial assets not measured at fair value								
15.1								
Bank balances	-	-	307,339	307,339				
Dividend receivable and accrued markup	-	-	43,724	43,724				
Preliminary expenses and flotation cost	-	-	107	107				
Advances, deposits and other receivables	-	-	9,593	9,593				
	-	-	360,763	360,763				
Financial liabilities not measured at fair value								
15.1								
Payable to Management Company	-	-	511	511				
Payable to Trustee	-	-	150	150				
Accrued expenses and other liabilities	-	-	110,126	110,126				
	-	-	110,937	110,937				

Islamic Asset Allocation Fund Plan 2								
December 31, 2022 (Un-Audited)								
	Carrying amount				Fair value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note	----- (Rupees in'000) -----							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Sukuk bonds	347,232	-	-	347,232	-	347,232	-	347,232
	347,232	-	-	347,232				
Financial assets not measured at fair value								
15.1								
Bank balances	-	-	307,339	307,339				
Dividend receivable and accrued markup	-	-	6,665	6,665				
Advances, deposits and other receivables	-	-	7,707	7,707				
	-	-	321,711	321,711				
Financial liabilities not measured at fair value								
15.1								
Payable to Management Company	-	-	463	463				
Payable to Securities and Exchange Commission of Pakistan	-	-	33	33				
Payable to Trustee	-	-	32	32				
Accrued expenses and other liabilities	-	-	110,146	110,146				
	-	-	110,674	110,674				
Islamic Asset Allocation Fund								
June 30, 2022 (Audited)								
	Carrying amount				Fair value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note	----- (Rupees in'000) -----							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Listed equity securities	129,668	-	-	129,668	129,668	-	-	129,668
Sukuk bonds	29,720	-	-	29,720	-	29,720	-	29,720
	159,388	-	-	159,388				
Financial assets not measured at fair value								
15.1								
Bank balances	-	-	35,794	35,794				
Dividend receivable and accrued mark-up	-	-	2,181	2,181				
Advances, deposits and other receivables	-	-	2,803	2,803				
Term finance certificates and sukuk bonds	-	-	-	-				
Commercial paper	-	-	11,940	11,940				
	-	-	52,718	52,718				
Financial liabilities not measured at fair value								
15.1								
Payable to Management Company	-	-	1,001	1,001				
Payable to Trustee	-	-	48	48				
Accrued expenses and other liabilities	-	-	6,897	6,897				
	-	-	7,946	7,946				
Islamic Asset Allocation Fund Plan 1								
June 30, 2022 (Audited)								
	Carrying amount				Fair value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note	----- (Rupees in'000) -----							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Sukuk bonds	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								
15.1								
Bank balances	-	-	753,383	753,383				
Dividend receivable and accrued mark-up	-	-	50,186	50,186				
Preliminary expenses and flotation costs	-	-	129	129				
Advances, deposits and other receivables	-	-	100	100				
	-	-	803,798	803,798				
Financial liabilities not measured at fair value								
15.1								
Payable to Management Company	-	-	528	528				
Payable to Trustee	-	-	160	160				
Accrued expenses and other liabilities	-	-	543	543				
	-	-	1,231	1,231				

15.1 Valuation techniques used in determination of fair values within level 2

Investments in Term Finance Certificates are valued on the basis of the market rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

15.2 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.

15.3 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 and issuance respectively, calculated on a basis consistent with that used in this condensed interim financial information. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorised into level 2 of fair value hierarchy.

16. 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 half year ended December 31, 2022 is 2.25%, 0.18% and 0.93% of IAAF, IAAF Plan-1 and IAAF Plan-2 (December 31, 2021: 1.83% and 0.17%) which includes 0.12%, 0.03% and 0.09% (December 31, 2021: 0.12% and 0.03%) representing government levy, Sindh Workers Welfare Fund and SECP fee.

17. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 13, 2023.

18. 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 Stock Fund

FUND INFORMATION

Name of Fund	HBL Islamic Stock Fund
Name of Auditor	A.F.Ferguson & Co., Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisors	AI - Hilal Shariah Advisors (Pvt.) Limited
Bankers	Habib Bank Limited Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Bank Al Baraka Limited

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahr-e-Faisal
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Tel : (92-21) 111-111-500
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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC STOCK FUND

**Report of the Trustee pursuant to Regulation 41(h) 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 six months period ended December 31, 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, February 23, 2023





A.F. FERGUSON & Co.

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Stock Fund** (the Fund) as at December 31, 2022 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2022. The Management Company (HBL Asset Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.


A.F. Ferguson & Co.
Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Date: February 27, 2023

Karachi

UDIN: RR202210061uVksM3GOp

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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■ KARACHI ■ LAHORE ■ ISLAMABAD

HBL Islamic Stock Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
AS AT DECEMBER 31, 2022

		(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	14,944	14,593
Investments	5	166,034	401,731
Dividend and profit receivable	6	157	868
Receivable against sale of investments		1,365	4,376
Advance, deposits and prepayment	7	3,014	3,000
Total assets		185,514	424,568
LIABILITIES			
Payable to HBL Asset Management Limited - Management Company	8	978	2,798
Payable to Central Depository Company of Pakistan Limited - Trustee	9	34	84
Payable to the Securities and Exchange Commission of Pakistan	10	27	126
Payable against purchase of investments		1,365	2,000
Accrued expenses and other liabilities	11	7,851	8,521
Total liabilities		10,255	13,529
NET ASSETS		175,259	411,039
Unit holders' fund (as per statement attached)		175,259	411,039
Contingencies and commitments	12		
----- (Number of units) -----			
NUMBER OF UNITS IN ISSUE		2,197,172	4,648,066
----- (Rupees) -----			
NET ASSET VALUE PER UNIT		79.7657	88.4323

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund

Condensed Interim Income Statement and Other Comprehensive Income (Un-Audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

		Half year ended December 31,		Quarter ended December 31,	
		2022	2021	2022	2021
Note		(Rupees in '000)			
INCOME					
		10,141	11,456	6,207	8,201
		1,611	1,567	993	750
		(2,221)	(35,772)	(5,314)	(37,756)
		9,531	(22,749)	1,886	(28,805)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer	Chief Executive Officer	Director
--------------------------------	--------------------------------	-----------------

HBL Islamic Stock Fund

Condensed Interim Statement of Comprehensive Income (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half year ended December 31,		Quarter ended, December 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net loss for the period after taxation	(13,311)	(94,312)	(11,074)	(26,724)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(13,311)</u>	<u>(94,312)</u>	<u>(11,074)</u>	<u>(26,724)</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Statement of Movement in Unit Holders' Fund
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half year ended December 31, 2022			Half year ended December 31, 2021		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
Rupees in '000						
Net assets at the beginning of the period (audited)	851,523	(440,485)	411,039	997,150	(236,680)	760,470
Issuance of 2,950,556 units (2021: 2,015,516 units)						
- Capital value (at net asset value per unit at the beginning of the period)	260,924	-	260,924	249,894	-	249,894
- Element of loss	(6,165)	-	(6,165)	(24,711)	-	(24,711)
Total proceeds on issuance of units	254,759	-	254,759	225,183	-	225,183
Redemption of 5,401,450 units (2021: 2,181,645 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(477,662)	-	(477,662)	(270,490)	-	(270,490)
- Element of income	434	-	434	19,418	-	19,418
Total payments on redemption of units	(477,228)	-	(477,228)	(251,072)	-	(251,072)
Total comprehensive loss for the period	-	(13,311)	(13,311)	-	(94,312)	(94,312)
Distribution for the period	-	-	-	-	-	-
Net loss for the period less distribution	-	(13,311)	(13,311)	-	(94,312)	(94,312)
Net assets at the end of the period (un-audited)	629,054	(453,796)	175,259	971,261	(330,992)	640,269
Accumulated loss brought forward comprising of:						
- Realised loss		(358,392)			(276,912)	
- Unrealised (loss) / income		(82,093)			40,232	
		(440,485)			(236,680)	
Accounting income available for distribution						
- Relating to capital gains	-			-		
- Excluding capital gains	-			-		
	-			-		
Net loss for the period after taxation	(13,311)			(94,312)		
Distribution during the period	-			-		
Accumulated loss carried forward	(453,796)			(330,992)		
Accumulated loss carried forward :						
- Realised loss	(439,377)			(266,762)		
- Unrealised loss	(14,419)			(64,230)		
	(453,796)			(330,992)		
	(Rupees)			(Rupees)		
Net asset value per unit at beginning of the period	88.4323			123.9843		
Net asset value per unit at end of the period	79.7657			107.2932		

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Cash Flow Statement (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half year ended December 31,	
	2022	2021
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period before taxation	(13,311)	(94,312)
Adjustments		
Loss on sale of investments - net	2,221	35,772
Dividend Income	(10,141)	(11,456)
Profit on savings accounts with banks	(1,611)	(1,567)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	14,419	64,230
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)	-	(9,507)
	(8,423)	(16,840)
Decrease / (increase) in assets		
Investments - net	219,057	17,420
Receivable against sale of investments	3,011	(76)
Advance, deposits and prepayment	(14)	3,803
	222,054	21,147
(Increase) / decrease in liabilities		
Payable to HBL Asset Management Limited - Management Company	(1,820)	458
Payable to Central Depository Company of Pakistan Limited - Trustee	(50)	(27)
Payable to the Securities and Exchange Commission of Pakistan	(99)	(68)
Payable against purchase of investments	(635)	(8,872)
Accrued expenses and other liabilities	(670)	(1,084)
	(3,274)	(9,593)
Profit received on savings accounts with banks	2,331	1,494
Dividend received	10,132	11,444
	12,463	12,938
Net cash generated from operating activities	222,820	7,652
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	254,759	225,183
Payment against redemption and conversion of units	(477,228)	(232,718)
Net cash used in from financing activities	(222,469)	(7,535)
Net increase in cash and cash equivalents during the period	351	117
Cash and cash equivalents at the beginning of the period	14,593	40,776
Cash and cash equivalents at the end of the period	14,944	40,893

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund

Notes to the Condensed Interim Financial Information (Unaudited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Stock Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on November 23, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 10, 2010. During the year ended June 30, 2021, the Trust Act, 1882 was 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, 2020". Accordingly, on September 8, 2021, the above-mentioned Trust Deed has been registered under the "Sindh Trust Act, 2020".

- 1.1 The Management Company of the Fund has been registered as Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi, Pakistan.
- 1.2 The Fund is an open-ended mutual fund and has been categorised as 'Shariah Compliant Equity Scheme' 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.
- 1.3 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.
- 1.4 VIS Credit Rating Company Limited (VIS) has upgraded the Management Quality Rating to AM-I (December 31, 2021: AM++) and the outlook on the rating has been assigned as 'Stable'
- 1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2022.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the Non-Banking Finance Companies (NBFC) and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2022.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except that investments are carried at fair value.

2.3 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2022.

3.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by the management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2022. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2022.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

3.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2023. However, these are not expected to have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

	Note	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
4 BANK BALANCES			
Balances with banks in:			
Savings accounts	4.1	<u>14,944</u>	<u>14,593</u>

- 4.1 These include balances of Rs 1.457 million (June 30, 2022: Rs 2.248 million) with Habib Bank Limited (a related party) and carry profit at the rates ranging from 4.5% to 7.73% (June 30, 2022: 4.5% to 11.69%) per annum. Other profit and loss saving accounts of the Fund carry profit at the rates ranging from 4.75% to 15.80% (June 30, 2022: 4.50% to 15.75%) per annum.

	Note	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
----- (Rupees in '000) -----			
5 INVESTMENTS			
At fair value through profit or loss			
- Listed equity securities	5.1	166,034	401,731

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	As at July 01, 2022	Purchases during the period	Bonus / Rights issue	Sold during the period	As at December 31, 2022	Carrying Value as at December 31, 2022	Market value as at December 31, 2022	Unrealized appreciation / (diminution) as at December 31, 2022	Market value as a percentage of		Par value as a percentage of
									Total investment-	Net assets	issued capital of the investee company
	(Number of shares)				Rupees in '000'			(%)			
Textile composite											
Nishat Mills Limited	54,048	-	-	54,048	-	-	-	-	-	-	-
Kohinoor Textile Mills Limited	74,000	-	-	74,000	-	-	-	-	-	-	-
Interloop Limited	80,577	-	-	80,577	-	-	-	-	-	-	-
	208,625	-	-	208,625	-	-	-	-	-	-	-
Chemical											
Descon Oxychem Limited	-	338,500	-	175,500	163,000	4,144	3,596	(548)	2.17%	2.05%	0.09%
Engro Polymer & Chemicals Limited	101,000	136,000	-	237,000	-	-	-	-	-	-	-
ICI Pakistan Limited *	-	4,500	-	3,000	1,500	1,034	964	(70)	0.58%	0.55%	-
	101,000	479,000	-	415,500	164,500	5,178	4,560	(618)	2.75%	2.60%	-
Cement											
Cherat Cement Company Limited	-	34,000	-	8,000	26,000	2,653	2,649	(4)	1.60%	1.51%	0.01%
Attock Cement Pakistan Limited	242,400	10,500	-	252,900	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited (note 5.1.1)	-	289,831	-	265,831	24,000	1,496	1,239	(257)	0.75%	0.71%	0.01%
Fauji Cement Company Limited (note 5.1.1)	-	710,500	64,000	463,500	311,000	4,341	3,738	(603)	2.25%	2.13%	0.01%
Kohat Cement Company Limited	-	44,500	-	18,205	26,295	4,295	3,884	(411)	2.34%	2.22%	0.01%
Lucky Cement Limited (note 5.1.1) *	13,488	58,000	-	61,125	10,363	5,213	4,628	(585)	2.79%	2.64%	-
Maple Leaf Cement Factory Limited (note 5.1.1)	-	780,000	-	332,500	447,500	12,737	10,100	(2,637)	6.08%	5.76%	0.04%
Pioneer Cement Limited	-	246,677	-	66,500	180,177	13,054	9,267	(3,787)	5.58%	5.29%	0.08%
	255,888	2,174,008	64,000	1,468,561	1,025,335	43,789	35,505	(8,284)	21.38%	20.26%	-
Power generation & distribution											
The Hub Power Company Limited	302,841	66,000	-	368,841	-	-	-	-	-	-	-
Nishat Power Limited	-	120,000	-	-	120,000	2,442	2,185	(257)	1.32%	1.25%	0.03%
	302,841	186,000	-	368,841	120,000	2,442	2,185	(257)	1.32%	1.25%	-
Pharmaceuticals											
The Searle Company Limited (5.1.2) *	50,375	-	593	48,000	2,968	259	175	(84)	0.11%	0.10%	-
Highnoon Laboratories Limited	875	-	-	875	-	-	-	-	-	-	-
Ferozsons Laboratories Limited	22,300	-	-	22,300	-	-	-	-	-	-	-
	73,550	-	593	71,175	2,968	259	175	(84)	0.11%	0.10%	-
Properties											
TPL Properties Limited	303,000	325,000	-	509,500	118,500	2,237	2,015	(222)	1.21%	1.15%	0.02%
	303,000	325,000	-	509,500	118,500	2,237	2,015	(222)	1.21%	1.15%	-
Miscellaneous											
Pakistan Aluminium Beverage Cans Limited	-	23,000	-	-	23,000	897	893	(4)	0.54%	0.51%	0.01%
	-	23,000	-	-	23,000	897	893	(4)	0.54%	0.51%	-
Oil & gas exploration companies											
Mari Petroleum Company Limited (note 5.1.1)	10,929	8,800	-	12,710	7,019	11,876	10,858	(1,018)	6.54%	6.20%	0.01%
Oil & Gas Development Company Limited (note 5.1.1) *	475,516	230,500	-	580,916	125,100	9,624	9,966	342	6.00%	5.69%	-
Pakistan Oilfields Limited (note 5.1.1)	51,969	24,800	-	59,630	17,139	6,485	6,733	248	4.06%	3.84%	0.01%
Pakistan Petroleum Limited (note 5.1.1) *	557,000	125,000	-	552,600	129,400	8,449	8,817	368	5.31%	5.03%	-
	1,095,414	389,100	-	1,205,856	278,658	36,434	36,374	(60)	21.91%	20.75%	-
Oil & gas marketing companies											
Attock Petroleum Limited (note 5.1.1)	19,000	11,569	4,750	21,597	13,722	3,636	3,975	339	2.39%	2.27%	0.01%
Sui Northern Gas Pipelines Limited	-	285,920	-	285,920	-	-	-	-	-	-	-
Pakistan State Oil Company Limited (note 5.1.1 & 5.1.2)	120,196	64,100	-	132,008	52,288	8,763	7,529	(1,234)	4.53%	4.30%	0.01%
	139,196	361,589	4,750	439,525	66,010	12,399	11,504	(895)	6.93%	6.56%	-
Refinery											
Attock Refinery Limited	92,949	41,500	-	120,949	13,500	2,136	1,938	(198)	1.17%	1.11%	0.01%
National Refinery Limited	56,100	11,100	-	47,030	20,170	4,925	3,551	(1,374)	2.14%	2.03%	0.03%
	149,049	52,600	-	167,979	33,670	7,061	5,489	(1,572)	3.31%	3.13%	-
Commercial banks											
BankIslami Pakistan Limited	1,057,500	314,500	-	1,159,500	212,500	2,966	2,839	(127)	1.71%	1.62%	0.02%
Faysal Bank Limited	-	307,091	-	221,500	85,591	2,287	2,211	(76)	1.33%	1.26%	0.01%
Meezan Bank Limited (note 5.1.1)	349,151	122,170	15,427	284,172	202,576	21,704	20,164	(1,540)	12.14%	11.51%	0.01%
	1,406,651	743,761	15,427	1,665,172	500,667	26,957	25,214	(1,743)	15.19%	14.39%	-
Fertilizer											
Engro Corporation Limited (note 5.1.1)	153,162	89,400	-	209,135	33,427	7,961	8,758	797	5.27%	5.00%	0.01%
Engro Fertilizers Limited	252,750	194,065	-	352,815	94,000	7,324	7,228	(96)	4.35%	4.12%	0.01%
	405,912	283,465	-	561,950	127,427	15,285	15,986	701	9.63%	9.12%	-
Balance carried forward						152,938	139,900	(13,038)			

Name of the Investee Company	As at July 01, 2022	Purchases during the period	Bonus / Rights issue	Sold during the period	As at December 31, 2022	Carrying Value as at December 31, 2022	Market value as at December 31, 2022	Unrealized appreciation / (diminution) as at December 31, 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)		
Balance brought forward						152,938	139,900	(13,038)			
Technology & communication											
Octopus Digital Limited	-	60,000	-	30,000	30,000	2,057	1,700	(357)	1.02%	0.97%	0.02%
Avanceon Limited	91,500	169,500	-	174,478	86,522	6,821	5,713	(1,108)	3.44%	3.26%	0.03%
Systems Limited	-	15,700	-	-	15,700	7,776	7,598	(178)	4.58%	4.34%	0.01%
TPL Trakker Limited	79,000	714,000	-	137,000	656,000	5,912	6,940	1,028	4.18%	3.96%	0.35%
	170,500	959,200	-	341,478	788,222	22,566	21,951	(615)	13.22%	12.52%	
Food & personal care products											
Unity Foods Limited	415,834	459,100	-	874,934	-	-	-	-	-	-	-
The Organic Meat Company Limited	594,485	145,015	-	618,000	121,500	2,850	2,510	(340)	1.51%	1.43%	0.09%
AT-Tahur Limited	-	89,000	8,900	-	97,900	2,099	1,673	(426)	1.01%	0.95%	0.04%
	1,010,319	693,115	8,900	1,492,934	219,400	4,949	4,183	(766)	2.52%	2.39%	
Engineering											
Mughal Iron & Steel Industries Limited	79,444	-	-	79,444	-	-	-	-	-	-	-
	79,444	-	-	79,444	-	-	-	-	-	-	-
Automobile assembler											
Millat Tractors Limited	-	3,500	-	3,500	-	-	-	-	-	-	-
	-	3,500	-	3,500	-	-	-	-	-	-	-
Total as at December 31, 2022	5,701,389	6,673,338	93,670	9,000,040	3,468,357	180,453	166,034	(14,419)			
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)			
* Nil due to rounding off											

5.1.1 The above investments include shares of the following companies which have been pledged with National Clearing Company of Pakistan for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 of 2007 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan. The details of shares which have been pledged are as follows:

Particular	(Un-audited)		(Audited)	
	December 31, 2022		June 30, 2022	
	Number of shares	Rupees in '000	Number of shares	Rupees in '000
Attock Petroleum Limited	5,000	1,449	-	-
D.G. Khan Cement Company Limited	20,000	1,033	-	-
Engro Corporation limited	5,000	1,310	-	-
The Hub Power Company Limited	-	-	300,000	20,451
Fauji Cement Company Limited	80,000	962	-	-
Lucky Cement Limited	7,762	3,466	13,162	6,042
Mari Petroleum Limited	4,800	7,425	5,000	8,699
Meezan Bank Limited	100,000	9,954	-	-
Maple Leaf Cement Factory Limited	100,000	2,260	-	-
Oil & Gas Development Company Limited	119,500	9,519	350,000	27,535
Pakistan Oilfields Limited	5,000	1,964	-	-
Attock Cement Pakistan Limited	-	-	150,000	9,975
Mughal Iron And Steel Industries Limited	-	-	78,000	4,496
Pakistan Petroleum Limited	126,700	8,633	250,000	16,878
Pakistan State Oil Company Limited	20,000	2,880	40,000	6,874
	593,762	50,855	1,186,162	100,950

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 were already pending or to 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 continue. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 the Honourable High Court of Sindh. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at December 31, 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 Investee Company	(Un-audited)		(Audited)	
	December 31, 2022		June 30, 2022	
	Bonus shares			
	Number of shares withheld	Rupees in '000	Number of shares withheld	Rupees in '000
The Searle Company Limited	2,968	175	2,375	259
Pakistan State Oil Company Limited	850	122	850	146
	3,818	297	3,225	405

5.2 Net unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss

	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
Market value of investments	166,034	401,731
Less: carrying value of investments	<u>(180,453)</u>	<u>(483,824)</u>
	<u>(14,419)</u>	<u>(82,093)</u>

6 DIVIDEND AND PROFIT RECEIVABLE

Dividend receivable	38	29
Profit receivable on bank balances	<u>119</u>	<u>839</u>
	<u>157</u>	<u>868</u>

	Note	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
7	ADVANCE, DEPOSITS AND PREPAYMENT		
Security deposit with:			
- National Clearing Company of Pakistan Limited		2,500	2,500
- Central Depository Company of Pakistan Limited		100	100
Advance tax		400	400
Prepayment		14	-
		<u>3,014</u>	<u>3,000</u>
8	PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		
Remuneration payable	8.1	300	739
Sindh Sales Tax payable on remuneration of the Management Company	8.2	39	96
Selling and marketing expenses payable	8.3	557	1,643
Allocated expenses payable	8.4	82	320
		<u>978</u>	<u>2,798</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% (June 30, 2022: 2%) per annum of annual average net assets, of the Fund during the period ended December 31, 2022. The remuneration payable to the Management Company monthly in arrears.		
8.2	The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2022: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.		
8.3	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.		
	In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, 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 rate of 1.05% (June 30, 2022: 1.05% to 1.375%).		
8.4	In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).		
	The Management Company based on its discretion has charged 0.55% of the average annual net assets of the Fund during the period ended December 31, 2022 (June 30, 2022: 0.55% to 1.15%).		

			(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	Note		----- (Rupees) -----	
9	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
	Remuneration payable	9.1	30	74
	Sindh Sales Tax payable on remuneration of the Trustee	9.2	4	10
			<u>34</u>	<u>84</u>

- 9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the period, the tariff is as follows:

Tariff structure	
Net assets (Rs.)	Fee
- Up to Rs 1,000 million	0.20% p.a. of Net Assets
- Exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% p.a. of Net Assets, on amount exceeding Rs.1,000 million.

- 9.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2022: 13%) on the remuneration of Trustee through the Sindh Sales Tax on Services Act, 2011.

			(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note		----- (Rupees in '000) -----	
10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
	Annual fee payable	10.1	<u>27</u>	<u>126</u>

- 10.1 In accordance with the NBFC Regulations, 2008, a collective investment scheme is required to pay annual fee to the Securities and Exchange Commission of Pakistan at the rate of 0.02% (June 30, 2022: 0.02%) per annum of average annual net assets of the Fund.

			(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	Note		----- (Rupees in '000) -----	
11	ACCRUED EXPENSES AND OTHER LIABILITIES			
	Provision for Federal Excise Duty	11.1	6,785	6,785
	Haram income payable	11.2	507	1,050
	Withholding tax payable		4	8
	Auditors' remuneration payable		226	294
	Brokerage payable		172	261
	Other payable		<u>157</u>	<u>123</u>
			<u>7,851</u>	<u>8,521</u>

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 6.785 million is being retained in these condensed interim 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. 3.088 (June 30, 2022: Rs. 1.460)

- 11.2 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.

12 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022.

13 EARNINGS PER UNIT

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

14 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund as at December 31, 2022 based on current period results is 5.84% (December 31, 2021: 2.42%), which includes 0.44% (December 31, 2021: 0.19%) representing government levies on the fund and annual fee to SECP. The maximum ratio limit as prescribed under the NBFC Regulation for a collective Investment Scheme categorised as an 'Equity Scheme' is 4.5% which is required to be complied on an annual basis by the fund.

15 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. 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 available for distribution other than capital gains to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Fund has incurred net loss during the current period, therefore no provision for taxation has been made in these condensed interim financial statements.

16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations.

Transactions with connected persons essentially comprise 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 also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.

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

Accounting and operational charges and selling and marketing charges are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

16.1 Transactions during the period

	(Un-Audited) Half year ended December 31,	
	2022	2021
	----- (Rupees in '000) -----	
HBL Asset Management Limited - Management Company		
Management fee including sales tax thereon	3,091	7,673
Allocation of expenses related to registrar services, accounting, operation and valuation services	752	1,867
Selling and marketing expenses	1,436	3,565
Habib Bank Limited - Sponsor		
Bank charges	34	40
Bank profit	112	241
Redemption of 1,319,805 units (December 31, 2021: nil units)	119,943	-
Executives and their relatives		
Issue of nil units (December 31, 2021: 49,935 units)	-	5,602
Redemption 45,211 units (December 31, 2021: 22,090 units)	3,849	2,315
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including sales tax thereon	309	767
Central Depository services charges	57	48
MCBFSL Trustee - HBL Islamic Financial Planning Fund - Conservative Allocation Plan - Associate		
Redemption of 57 units (December 31, 2021: Nil units)	5	-

	(Un-Audited) Half year ended December 31,	
	2022	2021
	----- (Rupees in '000) -----	
Pak Qatar Family Takaful Limited		
Issue of 293,086 units (December 31, 2021: Nil units)	25,000	-
Redemption of 216,541 units (December 31, 2021: Nil units)	20,000	-
Pak Qatar General Takaful Limited		
Issue of 588,160 units (December 31, 2021: Nil units)	50,000	-
Redemption of 295,074 units (December 31, 2021: Nil units)	26,352	-
	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees in '000) -----	
16.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Management fee payable including sales tax thereon	339	835
Selling and marketing payable	557	1,643
Allocation of expenses related to registrar services, accounting, operation and valuation services	82	320
Habib Bank Limited - Sponsor		
Outstanding nil (June 30, 2022: 1,319,805) units	-	116,713
Bank balances	1,457	2,248
Profit receivable	3	12
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable including sales tax thereon	34	84
Security deposit	100	100
Executives and their relatives		
Outstanding: 1,908 units (June 30, 2022: 47,119 units)	152	4,167
MCBFSL Trustee - HBL Islamic Financial Planning Fund - Conservative Allocation Plan - Associate		
Outstanding: 1,553 (June 30, 2022: 1,610) units	124	142
Pak Qatar Family Takaful Limited		
Outstanding: 621,176 (June 30, 2022: 544,631) units	49,549	48,163
PAK QATAR GENERAL TAKAFUL LIMITED		
Outstanding: 293,086 (June 30, 2022: Nil) units	23,378	-

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

17.1 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 December 31, 2022 and June 30, 2022, the Fund held the following financial instruments measured at fair value:

	----- (Un-audited) -----			
	----- As at December 31, 2022 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets ' at fair value through profit or loss'				
- Quoted equity securities	166,034	-	-	166,034
	----- (Audited) -----			
	----- As at June 30, 2022 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets ' at fair value through profit or loss'				
- Quoted equity securities	401,731	-	-	401,731

18 GENERAL

18.1 Figures have been rounded off to the nearest thousand rupees.

19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 13, 2023 .

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Income Fund

FUND INFORMATION

Name of Fund	HBL Islamic Income Fund
Name of Auditor	Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Bank Islami Pakistan Limited Bank Al Baraka Limited Faysal Bank Limited Habib Bank Limited Dubai Islamic Bank Limited Askari Bank Limited Bank Al-Habib Limited Soneri Bank Limited Summit Bank Limited MCB Islamic Bank Limited National Bank of Pakistan

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC INCOME FUND

**Report of the Trustee pursuant to Regulation 41(h) 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 six months period ended December 31, 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, February 24, 2023



INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE ASSET MANAGEMENT COMPANY OF HBL ISLAMIC INCOME FUND****Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Income Fund** (the "Fund") as at December 31, 2022, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the six months period ended December 31, 2022 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the three months period ended December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

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


Chartered Accountants**Place:** Karachi**Date:** February 23, 2023**UDIN:** RR202210057YnvJMcluj

HBL Islamic Income Fund
Condensed Interim Statement Of Assets And Liabilities (Unaudited)
AS AT DECEMBER 31, 2022

		(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	1,715,072	2,966,406
Investments	5	4,771,398	1,668,893
Profit / markup receivable		135,647	75,064
Deposits and prepayments		1,054	310
Total Assets		6,623,171	4,710,673
LIABILITIES			
Payable to the Management Company	6	7,187	5,280
Payable to the Trustee	7	614	327
Payable to Securities and Exchange Commission of Pakistan		554	425
Dividend payable		233	233
Payable against redemption of units		71,340	4,601
Accrued expenses and other liabilities	8	5,295	28,971
Total Liabilities		85,223	39,837
NET ASSETS		6,537,948	4,670,836
UNIT HOLDERS' FUND (AS PER CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND)		6,537,948	4,670,836
CONTINGENCIES & COMMITMENTS			
	9	----- (Number of units) -----	
NUMBER OF UNITS IN ISSE		59,148,770	45,453,539
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		110.5340	102.7607

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Six months period ended December 31,		Three months period ended December 31,	
	2022	2021	2022	2021
Note	(Rupees in '000)			
Income				
Capital loss on sale of investments - net	(3,822)	(959)	(3,259)	(365)
Income from corporate sukuk bonds	192,141	17,083	123,243	9,576
Income from placements	32,121	12,222	24,174	8,150
Profit on bank deposits	213,745	23,919	91,891	12,423
	434,185	52,265	236,049	29,784
Unrealised (loss) / gain on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	(3,176)	6,148	323	779
	431,009	58,413	236,372	30,563
Expenses				
Remuneration of the Management Company	11,283	8,298	5,113	4,195
Sindh Sales Tax on remuneration of the Management Company	1,467	1,079	665	546
Remuneration of the Trustee	2,079	484	968	262
Sindh Sales Tax on remuneration of the Trustee	270	63	270	34
Annual fee to Securities and Exchange Commission of Pakistan	554	129	292	70
Allocation of expenses related to registrar services, accounting, operation and valuation services	5,697	655	2,921	274
Selling and marketing expense	5,697	1,133	2,921	456
Auditor's remuneration	138	119	79	60
Fees and subscription	286	133	219	41
Security transaction costs and settlement	234	39	138	4
Bank charges	345	70	345	35
Shariah advisory charges	107	102	53	48
	28,157	12,304	13,984	6,025
Net income for the period from operating activities	402,852	46,109	222,388	24,538
Reversal for Sindh Workers' Welfare Fund	-	16,683	-	-
Net income for the period before taxation	402,852	62,792	222,388	24,538
Taxation	-	-	-	-
Net income for the period after taxation	402,852	62,792	222,388	24,538
Allocation of net income for the period				
Income already paid on redemption of units	101,534	16,352	78,863	10,394
Accounting income available for distribution:				
Relating to capital gains	-	3,193	-	-
Excluding capital gains	301,318	43,247	143,525	14,786
	301,318	46,440	143,525	14,144
	402,852	62,792	222,388	24,538
Earnings per unit				

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	Six months ended December 31,		Three months period ended December 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net income for the period after taxation	402,852	62,792	222,388	24,538
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	402,852	62,792	222,388	24,538

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

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

Chief Financial Officer	Chief Executive Officer	Director
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HBL Islamic Income Fund
Condensed Interim Statement Of Movement In Unit Holders' Fund
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Six months period ended December 31,					
	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period	4,605,667	65,169	4,670,836	966,294	53,885	1,020,179
Issuance of 66,536,143 units (2021: 11,889,484 units)						
Capital value (at net asset value per unit at the beginning of the period)	6,837,301	-	6,837,301	1,209,755	-	1,209,755
Element of income	335,608	-	335,608	35,431	-	35,431
Total proceeds on issuance of units	7,172,909	-	7,172,909	1,245,186	-	1,245,186
Redemption of 52,840,911 units (2021: 8,633,832 units)						
Capital value (at net asset value per unit at the beginning of the period)	(5,429,969)	-	(5,429,969)	(878,492)	-	(878,492)
Income already paid on redemption of units	-	(101,534)	(101,534)	-	(16,352)	(16,352)
Element of loss	(177,146)	-	(177,146)	(12,182)	-	(12,182)
Total payments on redemption of units	(5,607,115)	(101,534)	(5,708,649)	(890,674)	(16,352)	(907,026)
Total comprehensive income for the period	-	402,852	402,852	-	62,792	62,792
Net assets at end of the period	6,171,461	366,487	6,537,948	1,320,806	100,325	1,421,131
Undistributed income brought forward						
Realised income	55,463			52,705		
Unrealised income	9,706			1,180		
	65,169			53,885		
Accounting income available for distribution						
Relating to capital gains	-			3,193		
Excluding capital gains	301,318			43,247		
	301,318			46,440		
Undistributed income carried forward	366,487			100,325		
Undistributed income carried forward						
Realised income	369,663			94,177		
Unrealised loss	(3,176)			6,148		
	366,487			100,325		
	Rupees			Rupees		
Net assets value per unit at beginning of the period	102.7607			101.7500		
Net assets value per unit at end of the period	110.5340			106.9969		

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund
Condensed Interim Cash Flow Statement (Unaudited)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Six months period ended December 31,	
	2022	2021
Note	----- (Rupees in '000) -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	402,852	62,792
Adjustments for:		
Capital loss on sale of investments - net	3,822	959
Income from corporate sukuk bonds	(192,141)	(17,083)
Income from placements	(32,121)	(12,222)
Profit on bank deposits	(213,745)	(23,919)
Unrealised loss / (gain) on re-measurement of investments classified as financial asset at fair value through profit or loss - net	3,176	(6,148)
	(28,156)	4,379
(Increase) / decrease in assets		
Investments - net	(3,109,502)	(445,207)
Deposits and prepayments	(744)	107
	(3,110,246)	(445,100)
Increase / (decrease) in liabilities		
Payable to the Management Company	1,907	(259)
Payable to the Trustee	287	23
Payable to Securities and Exchange Commission of Pakistan	129	(132)
Dividend Payable	-	-
Accrued expenses and other liabilities	(23,676)	(23,049)
	(21,353)	(23,417)
Net cash used in operations	(3,159,755)	(464,137)
Income from corporate sukuk bonds received	168,501	20,799
Income from placements received	32,121	12,222
Profit received on bank deposits	176,800	29,673
	377,422	62,694
Net cash used in operating activities	(2,782,333)	(401,443)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	7,172,909	1,245,186
Amount paid on redemption of units	(5,641,910)	(910,534)
Dividend paid	-	-
Net cash generated from financing activities	1,530,999	334,652
Net decrease in cash and cash equivalents during the period	(1,251,334)	(66,791)
Cash and cash equivalents at beginning of period	2,966,406	564,308
Cash and cash equivalents at end of the period	1,715,072	497,517

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund

Notes To The Condensed Interim Financial Statements (Unaudited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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. The Fund is registered on August 17, 2021 with Assistant Director of Industries and Commerce (Trust Wing) Government of Sindh under Section 12A of the Sindh Trusts Act, 2020.
- 1.2 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.
- 1.3 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.
- 1.4 The Fund has been categorised as a Shariah Compliant Income 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.
- 1.5 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.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.
- 1.7 VIS Credit Rating Company has assigned a management quality rating of 'AM1' (Stable outlook) to the Management Company as at December 30, 2022 and assigned stability rating of A+(f) to the Fund as at December 29, 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 This condensed interim financial information of the Fund has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 'Interim Financial Reporting issued by the International Accounting Standard 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 requirement of trust deed.

Wherever 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, 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, the directives issued by the SECP and the requirements of the Trust Deed have been followed.

- 2.1.2 This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2022.
- 2.1.3 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2022, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the six months period ended December 31, 2021.

- 2.1.4 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed.
- 2.1.5 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2022.
- 2.1.6 This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.
3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN
- 3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2022, unless otherwise stated.
- 3.2 The preparation of this condensed interim financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2022.
- 3.4 There are certain standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that became effective during the period under review and are mandatory for the Fund's accounting period. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information.
- 3.5 The fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2022.

	Note	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
4. BANK BALANCES			
Cash at bank			
In PLS savings accounts	4.1	1,712,950	2,965,999
In current accounts		2,122	407
		<u>1,715,072</u>	<u>2,966,406</u>
4.1	This represents bank accounts held with various banks. Profit rates on these accounts range between 8.70% to 16.35% (June 30, 2022: 6.75% to 15.75%) per annum. This includes a balance held by Habib Bank Limited (a related party), amounting to Rs. 63.667 million (June 30, 2022: Rs. 303.294 million) on which return is earned ranging between 9.21% to 15% (June 30, 2022: 6.54 to 9.21%) per annum.		
	Note	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
5. INVESTMENTS			
Financial assets			
At fair value through profit or loss	5.1	3,772,555	1,529,706
At amortised cost	5.2	998,843	139,187
		<u>4,771,398</u>	<u>1,668,893</u>
5.1 Financial assets at fair value through profit or loss			
Corporate sukuk bonds	5.1.1	2,413,971	1,529,706
GoP Ijara sukuk Certificates	5.1.4	1,358,584	-
		<u>3,772,555</u>	<u>1,529,706</u>

5.1.1 Financial assets at fair value through profit or loss: -Corporate Sukuk Bonds

Name of the Investee Company	Number of units				As at December 31, 2022			Market value as at percentage of	
	As at July 1, 2022	Purchases during the period	Sales during the period	As at December 31, 2022	Market value	Carrying value	Un-realised gain / (loss)	Total investments	Net assets
(Rupees in '000)									
%									
Corporate sukuk bonds-Listed									
Agha Steel Industries Limited	95	-	-	95	54,704	56,619	(1,915)	1.15%	0.84%
	95	-	-	95	54,704	56,619	(1,915)	1.15%	0.84%
Corporate sukuk bonds - Un-Listed									
OBS AGP Private Limited	1,100	-	-	1,100	104,672	103,675	997	2.19%	1.60%
Dubai Islamic Bank Limited	54	-	54	-	-	-	-	0.00%	0.00%
Ghani Gases Limited	1,330	-	-	1,330	25,492	24,605	887	0.53%	0.39%
Hub Power Company Limited 190320	350	-	-	350	26,709	27,258	(549)	0.56%	0.41%
Hub Power Company Limited 270422	4,500	-	4,500	-	-	-	-	0.00%	0.00%
Pak Electron Limited	120	-	-	120	119,519	119,244	275	2.50%	1.83%
TPL Corporation Limited	750	-	-	750	75,000	75,000	-	1.57%	1.15%
Lucky Electric Power Company	375	-	-	375	-	-	-	0.00%	0.00%
K-electric Sukuk	150	-	150	-	-	-	-	0.00%	0.00%
TPL Trakker Limited	44	-	-	44	31,937	31,961	(24)	0.67%	0.49%
Lucky Electric Power Company	-	250	250	-	-	-	-	0.00%	0.00%
Lucky Electric Power Company	-	390	-	390	390,000	390,000	-	8.17%	5.97%
China Power Generation Company Pvt Limited	-	666	-	666	666,000	666,000	-	13.96%	10.19%
K-electric Sukuk (23-Nov-22)	-	357	-	357	357,000	357,000	-	7.48%	5.46%
K-electric Sukuk (13-Dec-22)	-	200	-	200	200,000	200,000	-	4.19%	3.06%
Hub Power Holding Company	-	1,050	-	1,050	105,938	105,000	938	2.22%	1.62%
K-electric Sukuk (10-Sep-22)	-	257	-	257	257,000	257,000	-	5.39%	3.93%
	8,773	3,170	4,954	6,989	2,359,267	2,356,743	2,524	49.45%	36.09%
Total - as at December 31, 2022	8,868	3,170	4,954	7,084	2,413,971	2,413,362	609	49.00%	36.92%
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%

5.1.2 These Sukuk carry mark-up at the rate ranging from 7.95% to 20.06% per annum. (June 30, 2022: mark-up at the rate of 7.85% to 18.03% per annum).

5.1.3 Significant terms and conditions of Corporate Sukuk Bonds as at December 31, 2022 are as follows:

Name of company	Payment Term	Principal outstanding (per sukuk bond)	Mark-up rate (per annum)	Issue date	Maturity date
Corporate sukuk bonds - listed					
Agha Steel Industries Limited	Quarterly	750,000	3 Month Kibor + 0.80%	October 9, 2018	October 9, 2025
Corporate sukuk bonds - unlisted					
OBS AGP Private Limited	Quarterly	93,750	3 months KIBOR + 1.55%	July 15, 2021	July 15, 2026
Ghani Gases Limited	Quarterly	20,833	3 months KIBOR + 1%	February 2, 2017	February 2, 2023
Hub Power Company Limited 190320	Semi Annually	75,000	1 Year KIBOR + 1.9%	March 19, 2020	March 19, 2024
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 months KIBOR + 2.25%	March 30, 2022	September 30, 2022
TPL Trakker Limited	Quarterly	722,222	3 Month Kibor + 3%	March 30, 2021	March 30, 2026
K-electric Sukuk (23-Nov-22)	Quarterly	1,000,000	3 Month Kibor + 1.7%	November 23, 2022	November 23, 2029
K-electric Sukuk (13-Dec-22)	Semi Annually	1,000,000	6 Month Kibor + 1.4%	December 13, 2022	June 13, 2023
K-electric Sukuk (10-Aug-22)	Semi Annually	1,000,000	6 Month Kibor + 1.35	August 10, 2022	February 13, 2023
Lucky Electric Power Company (28-Sep-22)	Semi Annually	1,000,000	6 Month Kibor + 1.5%	September 28, 2022	March 28, 2023
Hub Power Holding Company	Semi Annually	100,000	6 Month Kibor + 2.5	November 11, 2022	November 10, 2027
China Power Generation Company Pvt Limited	Semi Annually	1,000,000	6 Month Kibor + 1.45%	December 7, 2022	June 7, 2023

5.1.4 Financial assets at fair value through profit or loss - GoP Ijarah Sukuk Certificates

Issue details	Face value				Market value as at December 31, 2022	Carrying value as at December 31, 2022	Un-realised gain / (loss) on re-measurement of investment	Market value as a percentage of total investments	Market value as a percentage of net assets
	As at July 1, 2022	Purchases during the period	Sales / matured during the period	As at December 31, 2022					
(Rupees in '000)									
GOP Ijarah Sukuk -26	-	100,000	100,000	-	-	-	-	-	-
GOP Ijarah Sukuk -26	-	86,000	86,000	-	-	-	-	-	-
GOP Ijarah Sukuk -26	-	432,000	432,000	-	-	-	-	-	-
GOP Ijarah Sukuk -26	-	297,500	297,500	-	-	-	-	-	-
GOP Ijarah Sukuk -26	-	509,500	509,500	-	-	-	-	-	-
GOP Ijarah Sukuk -26	-	60,000	60,000	-	-	-	-	-	-
GOP Ijarah Sukuk -26	-	150,000	150,000	-	-	-	-	-	-
GOP Ijarah Sukuk -26	-	700,000	700,000	-	-	-	-	-	-
GOP Ijarah Sukuk -26	-	665,000	-	665,000	661,875	665,000	(3,125.50)	13.87%	10.12%
GOP Ijarah Sukuk -26	-	348,233	-	348,233	348,355	348,233	122.50	7.30%	5.33%
GOP Ijarah Sukuk -26	-	348,198	-	348,198	348,354	348,198	156.50	7.30%	5.33%
Total - as at December 31, 2022	-	3,696,430	2,335,000	1,361,430	1,358,584	1,361,430	(2,847)	28.47%	20.78%
Total - as at June 30, 2022	-	-	1,401,000	1,401,000	-	-	-	-	-

			December 31, 2022 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2022 (Audited)
5.2	Financial assets at amortised cost	Note		
	Commercial papers	5.2.1	998,843	139,187

5.2.1 Financial assets at amortised cost - Commercial papers

Name of investee company	Issue Date	As at July 1, 2022	Placement made during the period	Income accrued	Sales / matured during the period	As at December 31, 2022	Percentage of total of investments	Percentage of net assets
----- (Rupees in '000) -----								
Faysal Bank Limited	December 5, 2022	-	986,679	12,164	-	998,843	100%	15%
Total - as at December 31, 2022		-	986,679	12,164	-	998,843	100%	15%
Total - as at June 30, 2022		141,274	475,217	26,992	504,296	139,187	30%	20%

			(Un-Audited) December 31, 2022 ----- (Rupees in '000) -----	(Audited) June 30, 2022
6.	PAYABLE TO THE MANAGEMENT COMPANY	Note		
	Remuneration payable to the Management Company	6.1	2,062	1,931
	Sindh sales tax payable on Management Company's remuneration	6.2	268	251
	Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	1,178	772
	Selling and marketing expenses payable	6.4	2,921	1,622
	Sales load payable		757	704
			7,187	5,280

- 6.1 'As per Regulation 61 of the amended NBFC regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document, further subject to the guidelines as may be issued by the Commission from time to time. During the period, the fee is being charged at the rate ranging from 0.35% to 0.7% of the average annual net assets accordingly. The fee is payable monthly in arrears.
- 6.2 The Sindh Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2022: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3 'As per Regulation 60(3)(s) of the amended NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the period, the fee is being charged at the rate ranging from 0.2% to 0.25% of the average annual net assets accordingly.
- 6.4 As per Regulation 60(3)(v) of the amended NBFC Regulations, selling and marketing expenses is allowed on all categories of open end mutual funds, except fund of funds with no cap. During the period, the fee is being charged at the rate ranging from 0.2% to 0.25% of the average annual net assets accordingly.

			(Un-Audited) December 31, 2022 ----- (Rupees in '000) -----	(Audited) June 30, 2022
7.	PAYABLE TO THE TRUSTEE	Note		
	Remuneration payable to the Trustee	7.1	442	290
	Sindh Sales Tax payable on Trustee's remuneration	7.2	57	37
	CDS charges payable		115	-
			614	327

- 7.1 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.
- 7.2 Sindh Sales Tax at the rate of 13% (June 30, 2022: 13%) is applicable on Trustee fee as per Sindh Sales Tax on Services Act, 2011.

	Note	December 31, 2022 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2022 (Audited)
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	8.1	1,344	1,344
Withholding tax payable		3,250	27,003
Brokerage payable		185	71
Auditors' remuneration		141	171
Printing charges		44	85
Other payables		331	297
		<u>5,295</u>	<u>28,971</u>

8.1 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2022, and the appeal filed by tax authorities with Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.344 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2022 would have been higher by Rs. 0.0227 per unit (June 30, 2022: Rs. 0.0296 per unit).

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2022 (June 30, 2022: Nil).

10. 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 intends to distribute more than 90% of the Fund's accounting income as reduced by capital gains (whether realised or unrealized) for the year ending June 30, 2022 to its unit holders.

11. EARNINGS PER UNIT

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

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

Transactions with connected persons / Related parties 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 related parties who were connected persons due to holding 10% or more units and directors and executives of the Management Company in the comparatives period and not in the current period are not disclosed in the comparative.

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

		Six months period ended December 31,	
		2022	2021
		(Un-Audited)	(Un-Audited)
		----- (Rupees in '000) -----	
12.1	Transactions during the period		
	HBL Asset Management Limited - Management Company		
	Remuneration of the Management Company	11,283	8,298
	Sindh Sales Tax on remuneration of the Management Company	1,467	1,079
	Allocation of expenses related to registrar services, accounting, operation and valuation services	5,697	655
	Selling and Marketing expenses	5,697	1,133
	Sales load paid	757	81
	Habib Bank Limited - Sponsor		
	Bank charges	316	65
	Profit on bank deposits earned	803	7,499
	Executives of the Management Company		
	Issue of 32,630 (2021: 17,760) units	3,515	1,873
	Redemption of 56,512 (2021: 14,496) units	5,945	1,586
	Central Depository Company of Pakistan Limited - Trustee		
	Trustee remuneration	2,079	484
	Sindh Sales Tax payable on the Trustee fee	270	63
	Central Depository Service charges	120	16
	HBL Islamic Financial Planning Fund-Active Allocation Plan		
	Issue of Nil (2021: 393) units	-	40
	Redemption of Nil (2021: 58,070) units	-	6,178

		Six months period ended December 31,	
		2022	2021
		(Un-Audited)	(Un-Audited)
		----- (Rupees in '000) -----	
MCBFSL Trustee HBL Islamic Financial Planning Fund-Conservative Allocation Plan			
Issue of Nil (2021: 17,099) units		-	1,823
Redemption of 881 (2021: 419,053) units		95	44,725
HBL Islamic Money Market Fund			
Sale of Kelectric Islamic Commercial Paper		-	40,000
Sale of Hub Power Holding Company Sukuk		-	160,000
Zahid Rashid Soorty			
Redemption of 48,375 (2021: Nil) units		5,000	-
		Six months period ended December 31,	Year ended June 30,
		2022	2022
		(Un-Audited)	(Un-Audited)
		----- (Rupees in '000) -----	
12.2	Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company			
Remuneration of the Management Company		2,062	1,931
Sindh Sales Tax payable on remuneration of the Management Company		268	251
Sales load payable		757	704
Allocation of expenses related to registrar services, accounting, operation and valuation services		1,178	772
Selling and marketing expenses		2,921	1,622
Central Depository Company of Pakistan Limited - Trustee			
Remuneration payable to the Trustee		442	327
Sindh Sales Tax payable on remuneration of the trustee		57	-
Security deposit		100	100
Habib Bank Limited - Sponsor			
Bank balances		65,771	306,175
Accrued profit / markup receivable on bank balances		385	-
HBL Asset Management Limited - Employees' Gratuity Fund			
Units held: 5,949 (June 30, 2022: 5,405)		658	611
HBL Asset Management Limited - Employees' Provident Fund			
Units held: 31,980 (June 30, 2022: 31,980)		3,535	3,286
Jubilee Life Insurance Company Limited			
Units held: 3,961,318 (June 30, 2022: 3,961,318)		437,860	407,068
MCBFSL Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan - Fund under common management			
Units held: 4,632 (June 30, 2022: 5,512)		511	566

	Six months period ended December 31, 2022 (Un-Audited) ----- (Rupees in '000) -----	Year ended June 30, 2022 (Un-Audited)
Hamdard Laboratories (Waqf) Pakistan		
Related party due to holding more than 10%		
Units held: Nil (June 30, 2022: 14,907,091)	-	1,531,863
Zahid Rashid Soorty		
Related party due to holding more than 10%		
Units held: 5,593,171 (June 30, 2022: 5,641,546)	618,236	579,729
Directors and executives of the Management Company		
Units held: Nil (June 30, 2022: 48,163) units	-	4,949

13 FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

- 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.

		December 31, 2022 (Un-Audited)						
		Carrying amount			Fair Value			
		At fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
Financial assets measured at fair value	13.1							
Corporate sukuk bonds		3,772,555	-	3,772,555	-	3,772,555	-	3,772,555
		3,772,555	-	3,772,555	-	3,772,555	-	3,772,555
Financial assets not measured at fair value	13.1							
Bank balances		-	1,715,072	1,715,072				
Commercial paper		-	998,843	998,843				
Profit receivable		-	135,647	135,647				
Deposits		-	100	100				
		-	2,849,662	2,849,662				
Financial liabilities not measured at fair value	13.1							
Payable to the Management Company		-	6,919	6,919				
Payable to the Trustee		-	442	442				
Dividend payable		-	233	233				
Payable against redemption of units		-	71,340	71,340				
Accrued expenses and other liabilities		-	547	547				
		-	79,481	79,481				
		June 30, 2022 (Audited)						
		Carrying amount			Fair Value			
		At fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
Financial assets measured at fair value	13.1							
Corporate sukuk bonds		1,529,706	-	1,529,706	-	1,324,905	204,801	1,529,706
		1,529,706	-	1,529,706	-	1,324,905	204,801	1,529,706
Financial assets not measured at fair value	13.1							
Bank balance		-	2,966,406	2,966,406				
Commercial Paper		-	139,187	139,187				
Profit receivable		-	75,064	75,064				
Deposits			100	100				
		-	3,180,757	3,180,757				
Financial liabilities not measured at fair value	13.1							
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				

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

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

14. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio (annualised) of the Fund for the six months period ended December 31, 2022 is 1.03% (2021: 0.96%) which includes 0.04% (2021: 0.10%) representing Government levy and SECP fee.

15. GENERAL

15.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

15.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, effect of which is not material.

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 13, 2023.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Equity Fund

FUND INFORMATION

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



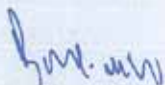
TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC EQUITY FUND

**Report of the Trustee pursuant to Regulation 41(h) 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 six months period ended December 31, 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, February 23, 2023





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Pakistan

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS OF HBL ISLAMIC EQUITY FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL ISLAMIC EQUITY FUND ("the Fund") as at December 31, 2022 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and a summary of significant accounting policies and other explanatory notes to the condensed interim financial information for the half year then ended (here-in-after referred to as "interim financial information"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended December 31, 2022 does not present fairly, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarter ended December 31, 2022 and December 31, 2021 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 23 FEB 2023

UDIN: RR202210166EoihAYC7g

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Tariq Feroz Khan

HBL Islamic Equity Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
AS AT DECEMBER 31, 2022

		December 31, 2022 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2022 (Audited)
	Note		
ASSETS			
Bank balances	4	7,362	15,503
Investments	5	98,615	142,750
Dividend and profit receivable		844	1,175
Receivable against sale of investments		10,684	7,870
Advances, deposits and prepayments	6	3,071	3,056
TOTAL ASSETS		120,576	170,354
LIABILITIES			
Payable to the Management Company	7	1,171	326
Payable to the Trustee	8	23	28
Payable to Securities and Exchange Commission of Pakistan	9	14	67
Payable against redemption of units		8,090	19,986
Accrued expenses and other liabilities	10	4,046	4,009
TOTAL LIABILITIES		13,344	24,416
NET ASSETS		107,232	145,938
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		107,232	145,938
CONTINGENCIES AND COMMITMENTS	11		
		-----Number of units-----	
Number of units in issue		1,603,616	2,085,441
		----- (Rupees) -----	
Net assets value per unit		66.8692	69.9797

The annexed notes from 1 to 18 form an integral part of this condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Note	Half year ended December 31,		Quarter ended December 31,	
		2022	2021	2022	2021
		(Rupees in '000)			
Income					
Capital loss on sale of investment - net		(4,008)	(46,597)	(637)	(14,929)
Dividend income		4,618	5,729	2,130	3,189
Profit from bank deposits		1,000	923	(1,340)	421
		1,610	(39,945)	153	(11,319)
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets classified as financial assets at 'fair value through profit or loss' - net		(5,047)	(36,924)	(2,019)	3,388
		(3,437)	(76,869)	(1,866)	(7,931)
Expenses					
Remuneration of the Management Company		1,417	4,481	681	1,568
Sindh sales tax on remuneration of the Management Company		184	583	88	204
Remuneration of the Trustee		142	511	59	182
Sindh sales tax on remuneration of the Trustee		18	58	18	58
Annual fee to Securities and Exchange Commission of Pakistan		14	45	7	16
Allocation of expenses related to registrar services, accounting, operation and valuation services		390	1,141	188	432
Selling and marketing expenses		744	2,282	358	823
Auditors' remuneration		138	120	79	62
Securities transaction cost		1,255	1,560	847	652
Settlement and bank charges		207	226	127	96
Printing Charges		19	-	-	-
Fee and subscription		14	98	7	58
Shariah advisory services		107	102	53	49
		4,649	11,207	2,512	4,200
Net loss from operating activities		(8,086)	(88,076)	(4,378)	(12,131)
Reversal of provision for Sindh Workers' Welfare Fund		-	5,543	-	-
Net loss for the period before taxation		(8,086)	(82,533)	(4,378)	(12,131)
Taxation	12	-	-	-	-
Net loss for the period after taxation		(8,086)	(82,533)	(4,378)	(12,131)
Allocation of net income for the period					
Income already paid on redemption of units		-	-	-	-
Accounting income available for distribution:					
Relating to capital gains		-	-	-	-
Excluding capital gains		-	-	-	-
		-	-	-	-
		-	-	-	-
Earnings per unit	13				

The annexed notes from 1 to 18 form an integral part of this condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)****FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

	Half year ended December 31,		Quarter ended December 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net loss for the period after taxation	(8,086)	(82,533)	(4,378)	(12,131)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(8,086)</u>	<u>(82,533)</u>	<u>(4,378)</u>	<u>(12,131)</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial statements.

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

Chief Financial Officer	Chief Executive Officer	Director
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HBL Islamic Equity Fund

Condensed Interim Statement of Movement in Unitholders' Fund

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half year ended December 31,					
	2022			2021		
	Capital value	Undistributed income / (loss)	Total	Capital value	Undistributed income / (loss)	Total
	(Rupees in '000)					
Net assets at beginning of the period	455,922	(309,984)	145,938	800,479	(175,895)	624,584
Issuance of 1,278,028 units (2021: 3,215,429 units)						
Capital value (at net asset value per unit at the beginning of the period)	89,436	-	89,436	337,731	-	337,731
Element of income/(loss)	383	-	383	(37,812)	-	(37,812)
Total proceeds on issuance of units	89,819	-	89,819	299,919	-	299,919
Redemption of 1,759,853 units (2021: 5,980,147 units)						
Capital value (at net asset value per unit at the beginning of the period)	(123,154)	-	(123,154)	(628,809)	-	(628,809)
Income already paid on redemption of units	-	-	-	-	-	-
Element of income	2,715	-	2,715	66,915	-	66,915
Total payments on redemption of units	(120,438)	-	(120,438)	(561,893)	-	(561,893)
Total comprehensive loss for the period	-	(8,086)	(8,086)	-	(82,533)	(82,533)
Net assets at end of the period	425,303	(318,070)	107,232	538,505	(258,428)	280,076
Accumulated loss brought forward						
Realised loss		(278,691)			(187,421)	
Unrealised loss		(31,293)			11,526	
		(309,984)			(175,895)	
Accounting income available for distribution						
Relating to capital gains		-			-	
Excluding capital gains		-			-	
Total comprehensive loss for the period		(8,086)			(82,533)	
		(318,070)			(258,428)	
Accumulated (loss) / gain carried forward						
Realised loss		(313,023)			(221,504)	
Unrealised loss		(5,047)			(36,924)	
		(318,070)			(258,428)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		69.9797			105.0735	
Net assets value per unit at end of the period		66.8692			88.0869	

The annexed notes from 1 to 18 form an integral part of this condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund
Condensed Interim Cash Flow Statement (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half year ended December 31,	
	2022	2021
Note	----- (Rupees in '000) -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period before taxation	(8,086)	(82,533)
Adjustments for:		
Dividend income	(4,618)	(5,729)
Profit from bank deposits	(1,000)	(923)
Capital loss on sale of investment - net	4,008	46,597
Unrealised diminution / (appreciation) re-measurement of investments at fair value through profit or loss - net	5,047	36,924
	(4,649)	(5,664)
Decrease / (increase) in assets		
Investments - net	35,080	254,874
Receivable against sale of investments	(2,814)	13,895
Advances, deposits and prepayments	(15)	6,294
	32,251	275,063
Increase / (decrease) in liabilities		
Payable to the Management Company	845	(431)
Payable to the Trustee	(5)	(63)
Payable to Securities and Exchange Commission of Pakistan	(53)	(34)
Payable against redemption of units	(11,896)	(9,569)
Accrued expenses and other liabilities	37	(7,324)
	(11,072)	(17,421)
Cash generated from operations	16,530	251,978
Dividend received	4,801	9,920
Profit received from saving accounts	1,147	1,035
	5,948	10,955
Net cash generated from operating activities	22,478	262,933
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	89,819	299,919
Amount paid on redemption of units	(120,438)	(561,894)
Net cash used in financing activities	(30,619)	(261,975)
Net (decrease)/increase in cash and cash equivalents	(8,141)	958
Cash and cash equivalents at beginning of the period	15,503	44,370
Cash and cash equivalents at end of the period	4 7,362	45,328

The annexed notes from 1 to 18 form an integral part of this condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund

Notes to the Condensed Interim Financial Information (Unaudited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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 'AM1' (Stable outlook) to the Management Company as at December 30, 2022.

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 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations'), the directives issued by the SECP and the 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 the requirements of the Trust Deed differ from the requirements of the IAS 34, 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 the requirements of the Trust Deed have been followed.

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- 2.1.2 The disclosures made in this condensed interim financial information have; however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2022.
- 2.1.3 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2022, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2021.
- 2.1.4 This condensed interim financial information is unaudited but has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2022 have not been reviewed.
- 2.1.5 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2022.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost basis, unless stated otherwise.

2.3 Functional and presentation currency

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

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

- 3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2022, unless otherwise stated.
- 3.2 The preparation of this condensed interim financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2022.
- 3.4 There are certain standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan, effective for the first time in this condensed interim financial information and are mandatory for the Fund's accounting period beginning on or after July 01, 2022. These standards, interpretations and amendments are either not relevant to the Fund's operations or did not have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements of the Fund for the year ended June 30, 2022.
- 3.6 The accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2022.

		December 31, 2022 (Un-Audited)	June 30, 2022 (Audited)
	Note	----- Rupees in '000 -----	
4	BANK BALANCES		
- In profit or loss sharing account	4.1	7,352	15,493
- In current account		10	10
		<u>7,362</u>	<u>15,503</u>

4.1 These accounts carry profit ranging from 14.50% to 15.75% (June 30, 2022: 6.5% to 15.75%) per annum. This includes an amount held in Habib Bank Limited (a related party) amounting to Rs. 0.85 million (June 30, 2022: Rs. 2.75 million) on which profit is earned at 14.50% (June 30, 2022: 6.5% to 9%) per annum.

		December 31, 2022 (Un-Audited)	June 30, 2022 (Audited)
	Note	----- Rupees in '000 -----	
5	INVESTMENTS		
Financial assets at 'fair value through profit or loss			
Listed equity securities	5.1	<u>98,615</u>	<u>142,750</u>

5.1 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 Dec 31, 2022	Market value as at Dec 31, 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, 2022	Purchases during the period	Bonus issue during the period	Sales during the period	As at Dec 31, 2022						
-----Rupees in 000-----											
Cement											
Maple Leaf Cement Factory Limited	-	877,500	-	577,500	300,000	8,623	6,771	(1,852)	6.87%	6.31%	0.03%
Cherat Cement Company Ltd.	-	111,000	-	111,000	-	-	-	-	0.00%	0.00%	0.00%
Fauji Cement Company Limited	-	283,000	-	283,000	-	-	-	-	0.00%	0.00%	0.00%
Kohat Cement Ltd	-	35,000	-	35,000	-	-	-	-	0.00%	0.00%	0.00%
Lucky Cement Ltd	-	27,000	-	27,000	-	-	-	-	0.00%	0.00%	0.00%
D. G. Khan Cement Company Ltd	-	291,300	-	216,300	75,000	4,616	3,873	(743)	3.93%	3.61%	0.02%
Attock Cement Pakistan Limited	129,700	-	-	70,700	59,000	3,924	3,336	(588)	3.38%	3.11%	0.04%
Pioneer Cement Limited	-	135,000	-	35,000	100,000	7,173	5,143	(2,030)	5.22%	4.80%	0.04%
	129,700	1,759,800	-	1,355,500	534,000	24,336	19,123	(5,213)	19.39%	17.83%	0.13%
Chemicals											
ICI Pakistan Ltd	-	2,400	-	2,400	-	-	-	-	0.00%	0.00%	0.00%
Engro Polymer & Chemicals Limited	39,000	50,000	-	89,000	-	-	-	-	0.00%	0.00%	0.00%
	39,000	52,400	-	91,400	-	-	-	-	-	-	-
Commercial Bank											
Meezan Bank Limited	126,957	174,042	7,345	258,344	50,000	5,504	4,977	(527)	5.05%	4.64%	0.00%
Faysal Bank Limited	-	300,000	-	300,000	-	-	-	-	0.00%	0.00%	0.00%
BankIslami Pakistan Limited	130,500	-	-	130,500	-	-	-	-	0.00%	0.00%	0.00%
	257,457	474,042	7,345	688,844	50,000	5,504	4,977	(527)	5.05%	4.64%	0.00%
Engineering											
Mughal Iron & Steel Industries Limited	33,213	-	-	33,213	-	-	-	-	0.00%	0.00%	0.00%
	33,213	-	-	33,213	-	-	-	-	0.00%	0.00%	0.00%
Automobile Assembler											
Millat Tractors Ltd	-	2,200	-	2,200	-	-	-	-	0.00%	0.00%	0.00%
	-	2,200	-	2,200	-	-	-	-	0.00%	0.00%	0.00%
Food & Personal Care Products											
Unity Foods Limited	194,962	306,038	-	501,000	-	-	-	-	0.00%	0.00%	0.00%
	194,962	306,038	-	501,000	-	-	-	-	0.00%	0.00%	0.00%
Food & Allied Industries											
The Organic Meat Company Limited	121,292	15,000	-	136,292	-	-	-	-	0.00%	0.00%	0.00%
	121,292	15,000	-	136,292	-	-	-	-	0.00%	0.00%	0.00%

Financial assets at fair value through profit or loss - Listed equity securities

Name of investee companies (Sector wise)	Number of shares					Carrying value as at Dec 31, 2022	Market value as at Dec 31, 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, 2022	Purchases during the period	Bonus issue during the period	Sales during the period	As at Dec 31, 2022						
-----Rupees in 000-----											
Fertilizer											
Engro Corporation Limited	52,266	94,984	-	147,250	-	-	-	-	0.00%	0.00%	0.00%
Engro Fertilizers Limited	114,027	18,682	-	132,709	-	-	-	-	0.00%	0.00%	0.00%
	166,293	113,666	-	279,959	-	-	-	-	0.00%	0.00%	0.00%
Oil and Gas Exploration Companies											
Pakistan Oilfields Limited	19,899	2,450	-	22,349	-	-	-	-	0.00%	0.00%	0.00%
Mari Petroleum Company Limited	3,916	6,045	-	9,816	145	243	224	(19)	0.23%	0.21%	0.00%
Oil & Gas Development Company Limited	177,244	364,000	-	341,244	200,000	15,221	15,932	711	16.16%	14.86%	0.00%
Pakistan Petroleum Limited	207,640	447,718	-	375,358	280,000	16,787	19,079	2,292	19.35%	17.79%	0.01%
	408,699	820,213	-	748,767	480,145	32,251	35,235	2,984	35.73%	32.86%	0.01%
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited	38,078	24,500	-	42,578	20,000	2,770	2,880	110	2.92%	2.69%	0.00%
Sui Northern Gas Pipeline Ltd	-	335,500	-	335,500	-	-	-	-	0.00%	0.00%	0.00%
Attock Petroleum Limited	10,100	-	2,525	12,625	-	-	-	-	0.00%	0.00%	0.00%
	48,178	360,000	2,525	390,703	20,000	2,770	2,880	110	2.92%	2.69%	0.00%
Power Generation & Distribution											
Hub Power Company Limited	74,300	320,700	-	395,000	-	-	-	-	0.00%	0.00%	0.00%
Nishat Chunian Power Limited	53,500	-	-	53,500	-	-	-	-	0.00%	0.00%	0.00%
	127,800	320,700	-	448,500	-	-	-	-	0.00%	0.00%	0.00%
Pharmaceuticals											
The Searle Company Limited	16,088	-	397	14,500	1,985	173	117	(56)	0.12%	0.11%	0.00%
	16,088	-	397	14,500	1,985	173	117	(56)	0.12%	0.11%	0.00%
Textile Composite											
Nishat Mills Limited	14,551	-	-	14,551	-	-	-	-	0.00%	0.00%	0.00%
Kohinoor Textile Mills Limited	16,500	-	-	16,500	-	-	-	-	0.00%	0.00%	0.00%
Interloop Limited	17,623	-	-	17,623	-	-	-	-	0.00%	0.00%	0.00%
	48,674	-	-	48,674	-	-	-	-	0.00%	0.00%	0.00%
Technology & Communication											
Avanceon Limited	26,873	378,627	-	305,500	100,000	8,104	6,603	(1,501)	6.70%	6.16%	0.03%
Systems Limited	6,898	38,600	-	27,998	17,500	8,306	8,469	163	8.59%	7.90%	0.01%
TPL Trakker Limited	157,500	1,208,000	-	392,500	973,000	8,745	10,294	1,549	10.44%	9.60%	0.52%
	191,271	1,625,227	-	725,998	1,090,500	25,155	25,366	211	25.72%	23.66%	0.56%
Refinery											
Attock Refinery Limited	38,100	91,061	-	64,161	65,000	11,258	9,333	(1,925)	9.46%	8.70%	0.06%
National Refinery Limited	23,170	3,280	-	17,450	9,000	2,215	1,584	(631)	1.61%	1.48%	0.01%
	61,270	94,341	-	81,611	74,000	13,473	10,917	(2,556)	11.07%	10.18%	0.07%
Miscellaneous											
TPL Properties Limited	78,000	783,000	-	861,000	-	-	-	-	0.00%	0.00%	0.00%
	78,000	783,000	-	861,000	-	-	-	-	0.00%	0.00%	0.00%
As at Dec 31, 2022	1,921,897	6,726,627	10,267	6,408,161	2,250,630	103,662	98,615	(5,047)	100%	92%	
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%	

5.1.1 As at 31 Dec, 2022 The Fund has pledged shares with the National Clearing Company of Pakistan (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 Refinery Limited (500 shares having market value of Rs. 0.072 million)
- Avanceon Limited (2,000 share having market value of Rs. 0.132 million)
- Meezan Bank Limited (40,000 shares having market value of Rs. 3.982 million)
- D. G. Khan Cement Company Limited (30,000 shares having market value of Rs. 1.549 million)
- Maple Leaf Cement Factory Limited (20,000 shares having market value of Rs. 0.451 million)
- National Refinery Limited (2,000 shares having market value of Rs. 0.352 million)
- Oil & Gas Development Company Limited (35,000 shares having market value of Rs. 2.788 million)
- Pioneer Cement Limited (50,000 shares having market value of Rs. 2.572 million)
- Pakistan Petroleum Limited (40,000 shares having market value of Rs. 2.726 million)
- TPL Trakker Limited (50,000 shares having market value of Rs. 0.529 million)

- 5.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the Funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) have withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 3.787 million at Dec 31, 2022 (June 30, 2022 Rs. 2.829 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end. Moreover the requirement to deduct tax on bonus shares has been withdrawn through Finance Act, 2018.

	Note	December 31, 2022 (Un-Audited)	June 30, 2022 (Audited)
		----- Rupees in '000 -----	
6 ADVANCES, DEPOSITS AND PREPAYMENTS			
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	6.1	279	279
Advance against book building/ IPO		56	56
Prepaid Listing Fee of PSX		14	-
Prepaid listing fee		122	121
		<u>3,071</u>	<u>3,056</u>

- 6.1 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). During the period, prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150 of ITO 2001. The management is confident that the same shall be refunded after filing refund application within stipulated time, as per ITO 2001.

		December 31, 2022 (Un-Audited) ----- Rupees in '000 -----	June 30, 2022 (Audited)
	Note		
7	PAYABLE TO THE MANAGEMENT COMPANY		
	Remuneration of the Management Company	206	250
	Sindh Sales Tax on remuneration of the Management Company	27	32
	Allocation of expenses related to registrar, accounting, operation and valuation services	57	1
	Selling and marketing expenses	357	28
	Sales load payable	524	15
		<u>1,171</u>	<u>326</u>
8	PAYABLE TO THE TRUSTEE		
	Trustee fee	21	25
	Sindh Sales Tax on remuneration of the Trustee	2	3
		<u>23</u>	<u>28</u>
9	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
	Annual fee payable	<u>14</u>	<u>67</u>
10	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Provision for Federal Excise Duty	10.1 3,268	3,268
	Donation payable	10.2 341	437
	Brokerage payable	246	164
	Withholding tax	16	15
	Auditors' remuneration	104	74
	Printing charges	-	21
	Others	70	30
		<u>4,046</u>	<u>4,009</u>

- 10.1 The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2022 and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 3.268 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2022 would have been higher by Rs. 2.0376 per unit (June 30, 2022: Rs. 1.567 per unit).

10.2 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.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2022 (June 30, 2022: Nil).

12 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 its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute at least 90% of the Fund's accounting income, as reduced by the capital gains, whether realised or unrealised, for the year ending June 30, 2022, to its unit holders.

13 EARNINGS PER UNIT

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

14 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

Transactions and balances with parties who were connected persons due to holding 10% or more units and executives of the management company 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:

		Half year ended December 31,	
		2022 (Un-Audited)	2021 (Un-Audited)
		----- Rupees in '000 -----	
14.1	Transactions during the period		
	HBL Asset Management Limited - Management Company		
	Remuneration of the Management Company for the period	1,417	4,481
	Sindh Sales tax on remuneration of the Management Company	184	583
	Allocation of expenses related to registrar services, accounting, operation and valuation services	390	1,141
	Selling and marketing expenses	744	2,282
	Habib Bank Limited - Sponsor		
	Bank charges paid	21	31
	Profit on bank deposits earned	48	207
	Executives of the Management Company		
	Issue of 7,305 (2021: 110,514) units	499	10,059
	Redemption of 95,369 (2021: 38,256) units	6,477	3,678
	MCBFSL Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan - Fund under common management		
	Issue of 150 (2021: 37,078) units	10	3,269
	Redemption of Nil (2021: 132,502) units	-	11,553
	CP due to more than 10% unit holdings - Muhammad Arshad*		
	Issue of 316,746 (2021: Nil) units	23,020	-
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration of the Trustee	142	448
	Sindh Sales tax on remuneration of the Trustee	18	58
	CDS charges	33	-

	December 31, 2022 (Un-Audited)	June 30, 2022 (Audited)
	----- (Rupees in '000) -----	
14.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Remuneration payable to the Management Company	206	250
Sindh Sales Tax on management company's remuneration	27	32
Sales load payable	524	15
Selling and marketing expenses	357	28
Allocation of expenses related to registrar services, accounting, operation and valuation services	57	1
	Half year ended December 31,	
	2022	2021
	(Un-Audited)	(Un-Audited)
	----- Rupees in '000 -----	
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	23	28
Security deposit held	100	100
Executives of the Management Company		
Units held: 7,305 (2022: 95,369)	478	6,674
MCBFSL Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan - Fund under common management*		
Units held: 150 (2022: Nil)	10	-
CP due to more than 10% unit holdings - Munira Amir Vasi		
Units held: 531,947 (2022: 531,947)	34,787	37,225

*Transactions and balances with parties who were connected persons due to holding 10% or more units and executives of the management company in the current period and not in the comparative period are not disclosed in the comparative period.

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

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

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

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

Level 2 Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2022 and June 30, 2022, the Fund held the following instruments measured at fair values:

	Note	Level 1 ----- Rupees in '000'	Level 2	Level 3	Total -----
December 31, 2022 (Un-audited)					
At fair value through profit or loss					
Listed equity securities	15.1	98,615	-	-	98,615

	Note	Level 1 ----- Rupees in '000'	Level 2	Level 3	Total -----
June 30, 2022 (Audited)					
At fair value through profit or loss					
Listed equity securities	15.1	142,750	-	-	142,750

15.1 Valuation techniques

For level 1 investments at fair value through profit or loss investment in respect of equity securities, Fund uses daily quotation shares which are taken from Pakistan Stock Exchange Limited at reporting date.

15.2 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.

15.3 Transfers during the period

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

16 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 period ended December 31, 2022 is 3.31% (December 31, 2021: 2.52%) which includes 0.26% (December 31, 2021: 0.19%) representing government levy and SECP fee.

17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on February 13, 2023 by the Board of Directors of the Management Company.

18 GENERAL

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

18.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, effect of which is not material.

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



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, 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 period ended December 31st, 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

Faisal Amin
Authorized Signatory
Digital Custodian Company Limited

Karachi: February 27, 2023

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

**Independent Auditors' Review Report to the unit holders of HBL Islamic
Financial Planning Fund**

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Financial Planning Fund** ("the Fund") as at 31 December 2022 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cashflow and notes to the condensed interim financial information for the six months period then ended (hereinafter referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended 31 December 2022 and 31 December 2021 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Zeeshan Rashid.

Date: 24 February 2023

Karachi

A handwritten signature in blue ink, appearing to read 'Zeeshan Rashid', written over a horizontal line.

KPMG Taseer Hadi & Co.
Chartered Accountants

UDIN: RR202210188a4RdCpnQP

HBL Islamic Financial Planning Fund

Condensed Interim Statement of Assets and Liabilities (Un-Audited)

As at December 31, 2022

		December 31, 2022 (Un-audited)			June 30, 2022 (Audited)		
		Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
	Note	(Rupees in '000')					
Assets							
Bank balances	6	65,181	211	65,392	2,709	247	2,956
Bank balances of matured plan	11	-	-	4,256	-	-	4,256
Investments	7	35,414	667	36,081	120,934	705	121,639
Accrued mark-up		2	-	2	8	1	9
Advances, deposits and other receivables	8	118	18	136	102	18	120
Total assets		100,715	896	105,867	123,753	971	128,980
Liabilities							
Payable to Management Company	9	8	-	8	22	-	22
Payable to Trustee		3	-	3	10	-	10
Payable to Securities and Exchange Commission of Pakistan		7	-	7	9	5	14
Accrued expenses and other liabilities	10	308	218	526	374	241	615
Accrued expenses and other liabilities of matured plan	11	-	-	1,137	-	-	1,137
Payable to unitholders'	11	-	-	3,119	-	-	3,119
Total liabilities		326	218	4,800	415	246	4,917
Net assets		100,389	678	101,067	123,338	725	124,063
Unit holders' fund (as per statement attached)		100,389	678	101,067	123,338	725	124,063
CONTINGENCIES AND COMMITMENTS							
	12	(Units)			(Units)		
Number of units in issue		1,085,678	7,119		1,414,900	7,961	
		(Rupees)			(Rupees)		
Net assets value per unit		92.4669	95.1084		87.1696	90.9171	

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund

Condensed Interim Income Statement (Un-Audited)

For the six months period ended December 31, 2022

	2022			2021		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
Note	(Rupees in '000)					
Income						
Net realised gain / (loss) on sale of investments calculated using effective yield method	-	6	6	(2,618)	261	(2,357)
Profit on deposits with banks calculated using effective yield method	71	9	80	24	55	79
Net unrealised appreciation / (diminution) on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	-	46	46	(3,732)	2	(3,730)
Dividend Income	4,592	2	4,594	-	-	-
	4,663	63	4,726	(6,326)	318	(6,008)
Expenses						
Remuneration of the Management Company	18	-	18	2	7	9
Sindh Sales Tax on remuneration of the Management Company	2	-	2	-	1	1
Remuneration of the Trustee	34	-	34	25	26	51
Annual fee to Securities and Exchange Commission of Pakistan	7	-	7	5	5	10
Allocation of expenses related to registrar services, accounting, operation and valuation services	66	1	67	48	50	98
Amortisation of preliminary expenses and flotation costs	-	-	-	9	-	9
Auditors' remuneration	171	7	178	190	15	205
Printing charges	66	3	69	-	-	-
Settlement and bank charges	10	21	31	8	9	17
Fees and subscription	13	-	13	5	-	5
Shariah advisory fee	104	1	105	93	40	133
Legal fee	-	-	-	35	41	76
	491	33	524	420	194	614
Net income / (loss) for the period from operating activities	4,172	30	4,202	(6,746)	124	(6,622)
Reversal of Provision for Sindh Workers' Welfare Fund	-	-	-	541	49	590
Net income / (loss) for the period before taxation	4,172	30	4,202	(6,205)	173	(6,032)
Taxation	-	-	-	-	-	-
Net income / (loss) for the period after taxation	4,172	30	4,202	(6,205)	173	(6,032)
Allocation of net income / (loss) for the period after taxation						
Net income for the period after taxation	4,172	30	4,202	(6,205)	173	(6,032)
Income already paid on redemption of units	(3,043)	-	(3,043)	-	(173)	(173)
Accounting income available for distribution	1,129	30	1,159	(6,205)	-	(6,205)
Accounting income available for distribution:						
- Relating to capital gains / (loss)	-	30	30	-	-	-
- Excluding capital gains / (loss)	1,129	-	1,129	-	-	-
	1,129	30	1,159	-	-	-

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund

Condensed Interim Income Statement (Un-Audited)

For the three months period ended December 31, 2022

	2022			2021		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
Note ----- (Rupees in '000) -----						
Income						
Net realised gain / (loss) on sale of investments calculated using effective yield method	-	5	5	11	7	18
Profit on deposits with banks calculated using effective yield method	23	5	28	(22)	3	(19)
Net unrealised (diminution) / appreciation on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	-	33	33	(4,885)	53	(4,832)
Dividend Income	1,132	1	1,133	-	-	-
	1,155	44	1,199	(4,896)	63	(4,833)
Expenses						
Remuneration of the Management Company	9	-	9	1	-	1
Sindh Sales Tax on remuneration of the Management Company	1	-	1	-	-	-
Remuneration of the Trustee	9	-	9	13	13	26
Annual fee to Securities and Exchange Commission of Pakistan	2	-	2	3	3	6
Allocation of expenses related to registrar services, accounting, operation and valuation services	16	1	17	26	26	52
Amortisation of preliminary expenses and flotation costs	-	-	-	4	-	4
Auditors' remuneration	94	-	94	69	5	74
Printing charges	30	-	30	-	-	-
Settlement and bank charges	7	12	19	5	4	9
Fees and subscription	7	-	7	-	-	-
Shariah advisory fee	50	1	51	51	1	52
Legal fee	-	-	-	17	17	34
	225	14	239	189	69	258
Net income / (loss) for the period from operating activities	930	30	960	(5,085)	(6)	(5,091)
Reversal of Provision for Sindh Workers' Welfare Fund	-	-	-	541	49	590
Net income / (loss) for the period before taxation	930	30	960	(4,544)	43	(4,501)
Taxation	-	-	-	-	-	-
Net income / (loss) for the period after taxation	930	30	960	(4,544)	43	(4,501)
Allocation of net income / (loss) for the period after taxation						
Net income for the period after taxation	930	30	960	(4,544)	43	(4,501)
Income already paid on redemption of units	(319)	-	-	-	-	-
Accounting income available for distribution	611	30	960	(4,544)	43	(4,501)
Accounting income available for distribution:						
- Relating to capital gains	-	30	30	-	43	43
- Excluding capital gains	611	-	611	-	-	-
	611	30	641	-	43	43

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the six months period ended December 31, 2022

	2022			2021		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
	(Rupees in '000)					
Net income / (loss) for the period after taxation	4,172	30	4,202	(6,205)	173	(6,032)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	4,172	30	4,202	(6,205)	173	(6,032)

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the three months period ended December 31, 2022

	2022			2021		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
	(Rupees in '000)					
Net income / (loss) for the period after taxation	930	30	960	(4,544)	43	(4,501)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	930	30	960	(4,544)	43	(4,501)

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund

Condensed Interim Statement of Movement in Unit holders' Fund (Un-Audited)

For the six months period ended December 31, 2022

Note	2022			2021		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
(Rupees in '000)						
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income / (loss) for the period before taxation	4,172	30	4,202	(6,205)	173	(6,032)
Adjustments for:						
Net realised (gain) / loss on sale of investments calculated using effective yield method	-	(6)	(6)	2,618	(261)	2,357
Profit on deposits with banks calculated using effective yield method	(71)	(9)	(80)	(24)	(55)	(79)
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	-	(46)	(46)	3,732	(2)	3,730
	4,101	(31)	4,070	121	(145)	(24)
Decrease / (increase) in assets						
Investments	85,520	90	85,610	20,054	50,299	70,353
Preliminary expenses and flotation costs	-	-	-	9	-	9
Advances	(16)	-	(16)	(57)	(56)	(113)
	85,504	90	85,594	20,006	50,243	70,249
(Decrease) / increase in liabilities						
Payable to Management Company	(14)	-	(1,874)	(14)	(353)	(2,078)
Payable to Trustee	(7)	-	(7)	(1)	-	(1)
Payable to Securities and Exchange Commission of Pakistan	(2)	(5)	(25)	(11)	4	(7)
Accrued expenses and other liabilities	(66)	(23)	78	(556)	(39)	(595)
	(89)	(28)	(1,828)	(582)	(388)	(2,681)
Cash generated from operations	89,516	31	87,836	19,545	49,710	67,544
Profit received on bank deposits	77	10	87	22	31	53
Net cash generated from operating activities	89,593	41	87,923	19,567	49,741	67,597
CASH FLOWS FROM FINANCING ACTIVITIES						
Amount received on issuance of units	223,569	1	223,570	525	5,217	5,742
Amount paid on redemption of units	(250,690)	(78)	(250,768)	(20,696)	(55,176)	(75,872)
Net used in financing activities	(27,121)	(77)	(27,198)	(20,171)	(49,959)	(70,130)
Net increase / (decrease) in cash and cash equivalents	62,472	(36)	60,725	(604)	(218)	(2,533)
Cash and cash equivalents at the beginning of the period	2,709	247	7,212	789	584	7,340
Cash and cash equivalents of matured plan at the end of the period	-	-	-	-	-	-
	65,181	211	67,937	185	366	4,807
Cash and cash equivalents at the end of the year Includes:						
Bank balances	65,181	211	67,937	185	366	4,807
Bank balances of matured plan	-	-	-	-	-	-
	65,181	211	67,937	185	366	4,807

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund

Condensed Interim Statement of Movement in Unit holders' Fund (Un-Audited)

For the six months period ended December 31, 2022

	2022			2021		
	Active Allocation Plan			Active Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at beginning of the period	133,704	(10,366)	123,338	55,000	(1,480)	53,520
Issuance of 2,462,133 units (2020 : 5,031 units)						
- Capital value	214,623	-	214,623	530	-	530
- Element of Income / (Loss)	8,946	-	8,946	(5)	-	(5)
Total proceeds on issuance of units	223,569	-	223,569	525	-	525
Redemption of 2,791,355 units (2020: 65,184 units)						
- Capital value	(243,321)	-	(243,321)	(23,342)	-	(23,342)
- Element of (loss) /income	(4,326)	(3,043)	(7,369)	2,646	-	2,646
Total payments on redemption of units	(247,647)	(3,043)	(250,690)	(20,696)	-	(20,696)
Total comprehensive income / (loss) for the period	-	4,172	4,172	-	(6,205)	-
Net assets at end of the period	109,626	(9,237)	100,389	34,829	(7,685)	33,349
Undistributed loss brought forward						
- Realised income / (loss)		(6,745)			(6,745)	
- Unrealised income / (loss)		5,265			5,265	
		(1,480)			(1,480)	
Accounting Income available for distribution						
- Relating to capital gain		-			-	
- Excluding capital gain		4,172			-	
Total comprehensive loss for the period		-			(6,205)	
Undistributed income carried forward		2,692			(7,685)	
Undistributed income carried forward comprises of:						
- Realised income / (loss)		2,692			(3,953)	
- Unrealised income / (loss)		-			(3,732)	
		2,692			(7,685)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		87.1696			115.8209	
Net assets value per unit at end of the period		92.4669			102.3791	

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the six months period ended December 31, 2022

	2022			2021		
	Conservative Allocation Plan			Conservative Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at beginning of the period	(302)	1,027	725	49,849	1,068	50,917
Issuance of 11 units (2021: 44,677 units)						
- Capital value	1	-	1	5,136	-	5,136
- Element of income	-	-	-	81	-	81
Total proceeds on issuance of units	1	-	1	5,217	-	5,217
Redemption of units 854 (2021: 477,973 units)						
- Capital value	(78)	-	(78)	(54,943)	-	(54,943)
- Element of loss	-	-	-	(60)	(173)	(233)
Total payments on redemption of units	(78)	-	(78)	(55,003)	(173)	(55,176)
Total comprehensive income for the period	-	30	30	-	173	173
Net assets at end of the period	(379)	1,057	678	63	1,068	1,131
Undistributed income brought forward						
- Realised income		1,064			1,128	
- Unrealised loss		(37)			(60)	
		1,027			1,068	
Accounting income available for distribution						
- Relating to capital gain		30			-	
- Excluding capital gain		-			-	
		30			-	
Undistributed income carried forward		1,057			1,068	
Undistributed income carried forward comprises of						
- Realised income		1,011			1,066	
- Unrealised income		46			2	
		1,057			1,068	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			90.9171			109.3637
Net assets value per unit at end of the period			95.1084			112.9808

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Notes to the Condensed Interim Financial Information (Unaudited)
For the six months period ended December 31, 2022

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 NAs which rank pan 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 returns on Investment as per the respective Allocation Plan by investing in Shariah Compliant Mutual Funds in line with the risk tolerance of the investor. The investment policy for each of the Plan including the newly launched Plan "Islamic Capital Preservation Plan" (launched on October 02, 2018) are as follows;
- The "Conservative Allocation Plan" is an Allocation Plan under the Fund and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of shariah compliant investments in equity, income and money market funds. This Allocation Plan is suitable for investors who have moderate risk tolerance and have a short to medium term investment horizon. The 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 take a medium term strategic view of the portfolio assets to deliver competitive returns to investors. The duration of this plan is 24 months (Two Years). HBL Islamic Financial Planning Fund - Strategic Allocation Plan has matured on June 16, 2020 and its remaining assets and liabilities are shown in note 11.
 - 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 01, 2020 and its remaining assets and liabilities are shown in note 11.
- 1.5 VIS Credit Rating Company has assigned a management quality rating of 'AM1' (Stable) to the Management Company.
- 1.6 Title to the assets of the Fund are held in the name of MCB Financial Services Limited / trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) 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.

2.1.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual audited financial statements of the Fund as at and for the year ended June 30, 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last annual audited financial statements.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2022.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2022.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2022.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2022.

			December 31, 2022 (Un-audited)			June 30, 2022 (Audited)		
			Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
6.	BANK BALANCES	<i>Note</i>	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
	Savings accounts	6.1	<u>65,181</u>	<u>211</u>	<u>65,392</u>	<u>2,709</u>	<u>247</u>	<u>2,956</u>

6.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 3.79% to 7.00% (June 30, 2022: 3.00% to 7.00%) per annum.

			December 31, 2022 (Un-audited)			June 30, 2022 (Audited)		
			Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
7.	INVESTMENTS		----- (Rupees in '000) -----			----- (Rupees in '000) -----		
	Investments by category							
	At fair value through profit or loss	<i>Note</i>	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
	Units of mutual funds	7.1	<u>35,414</u>	<u>667</u>	<u>36,081</u>	<u>120,934</u>	<u>705</u>	<u>121,639</u>

7.1 Units of mutual funds

Name of Investee Funds	As at July 1, 2022	Purchased during the period	Bonus / Rights issue / Re- investment	Redeemed during the period	As at December 31, 2022	Total carrying value as at December 31, 2022	Market value as at December 31, 2022	Apprediation/ (diminution) as at December 31, 2022	Market value as a percentage of Net Assets	Market value as a percentage of total value of Investment
	(Number of units)				(Rupees in '000)			%		
Active Allocation Plan										
HBL Islamic Money Market Fund	1,195,301	1,620,085	-	2,465,364	350,022	35,414	35,414	-	0.35	0.98
	1,195,301	1,620,085	-	2,465,364	350,022	35,414	35,414	-	0.35	0.98
Conservative Allocation Plan										
HBL Islamic Stock Fund	1,584	-	26	57	1,553	135	124	(11)	-	-
HBL Islamic Income Fund	5,285	-	227	881	4,631	454	512	58	0.01	0.02
HBL Islamic Money Market Fund	212	-	15	21	206	21	21	-	-	-
HBL Islamic Equity Fund	-	150	-	-	150	10	10	-	-	-
	7,081	150	268	959	6,540	620	667	47	0.01	0.02
Total as at December 31, 2022	1,202,382	1,620,235	268	2,466,323	356,562	36,034	36,081	47		

8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

			December 31, 2022 (Un-audited)			June 30, 2022 (Audited)		
			Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
	<i>Note</i>		----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Advance tax	8.1		<u>107</u>	<u>18</u>	<u>125</u>	<u>102</u>	<u>18</u>	<u>120</u>
Prepaid listing fee			<u>11</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u>118</u>	<u>18</u>	<u>136</u>	<u>102</u>	<u>18</u>	<u>120</u>

- 8.1 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 all be claimed on filing of tax return of fund.

9. PAYABLE TO THE MANAGEMENT COMPANY

	December 31, 2022 (Un-audited)			June 30, 2022 (Audited)		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
	(Rupees in '000)			(Rupees in '000)		
Rumeration to the management company	2	-	2	2	-	2
Allocation of expenses related to registrar services accounting, operation and valuation services	6	-	6	20	-	20
	8	-	8	22	-	22

10. ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31, 2022 (Un-audited)			June 30, 2022 (Audited)		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
	(Rupees in '000)			(Rupees in '000)		
Shariah advisory fee	12	-	12	34	1	35
Printing Charges	84	11	95	74	10	84
Auditors' remuneration	146	1	147	200	43	243
Dividend Payable	26	-	26	26	-	26
Payable against redemption of units	-	185	185	-	185	185
Zakat Payable	40	-	40	40	-	40
Other payables	-	21	21	-	2	2
	308	218	526	374	241	615

11. This represents bank balances amounting to Rs. 2.037 million and accrued liabilities amounting to Rs. 2.037 million of Strategic Allocation Plan matured on June 16, 2020. Moreover, bank balances amounting to Rs. 2.219 million and accrued liabilities amounting to Rs. 2.219 million of Islamic Capital Preservation Plan matured on October 01, 2020 and this amount will be refunded to the unitholders.

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022 except those disclosed the note 13 of the annual audited financial statements for the year ended June 30, 2022.

13. TAXATION

The Fund's income is exempt from Income Tax as per Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the 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 11 of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2023 to its unit holders.

14. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons / related parties comprise of 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.

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 Rules, NBFC Regulations and the Trust Deed respectively.

Details of the transactions with connected persons / related parties during the period and balances with them outstanding as at period end are as follows:

14.1 Transactions during the period

	Half year ended December 31, 2022 (Un-audited)			Half year ended December 31, 2021 (Un-audited)		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
Note	(Rupees in '000)					
HBL Asset Management Limited - Management Company						
Management Fee	18	-	18	2	7	9
Sales Tax on Management Fee	2	-	2	-	1	1
Allocation of expenses related to registrar services, accounting, operation and valuation services	66	1	67	7	7	14
Issue of 702,919 units (2021: Nil units)	65,000	-	65,000	48	50	98
Issue of Nil units (2021: 42,808 units)	-	-	-	-	5,000	5,000
Redemption of Nil units (2021: 183,374 units)	-	-	-	18,616	-	18,616
Redemption of Nil units (2021: 477,878 units)	-	-	-	-	55,165	55,165
Habib Bank Limited - Sponsor						
Bank charges	10	22	32	8	9	17
Profit earned during the period*	70	7	77	23	54	77
MCB Financial Services Limited - Trustee						
Remuneration payable to the trustee	30	-	30	22	23	45
Sindh Sales Tax on remuneration of the trustee	4	-	4	3	3	6
Collective investment scheme managed by Management Company						
HBL Islamic Income Fund						
Purchase of Nil units (2021: 393)	-	-	-	40	-	40
Purchase of Nil units (2021: 23,723)	-	-	-	-	2,533	2,533
Bonus / Right issue of 227 units (2021: Nil units)	-	22	22	-	-	-
Redemption of Nil units (2021: 58,070 units units)	-	-	-	6,178	-	6,178
Redemption of 881 units (2021: 419,053 units)	-	95	95	-	44,725	44,725
HBL Islamic Equity Fund						
Purchase of Nil units (2021: 28,904)	-	-	-	2,559	-	2,559
Purchase of 150 units (2021: 39,108)	-	10	10	-	3,446	3,446
Redemption of Nil units (2021: 186,122)	-	-	-	16,475	-	16,475
Redemption of Nil units (2021: 132,501)	-	-	-	-	11,553	11,553
HBL Islamic Money Market Fund						
Purchase of 1,620,085 units (2021: Nil units)	163,911	-	163,911	-	-	-
Bonus / Right issue of 15 units (2021: Nil units)	-	1	1	-	-	-
Redemption of 2,465,364 units (2021: Nil units)	249,432	-	249,432	-	-	-
Redemption of 21 units (2021: Nil units)	-	2	2	-	-	-
HBL Islamic Stock Fund						
Bonus / Right issue of 25 units (2021: Nil units)	-	2	2	-	-	-
Redemption of 57 units (2021: Nil)	-	5	5	-	-	-

14.2 Amounts outstanding as at period end

Amounts outstanding as at period end	December 31, 2022 (Un-audited)			June 30, 2022 (Audited)		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
Note	(Rupees in '000)					
HBL Asset Management Limited - Management Company						
Remuneration payable to the Management Company	2	-	2	2	-	2
Sindh Sales Tax payable on remuneration of the managemnet compnay	-	-	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	6	-	6	20	-	20
Investment held in the fund : 702,919 (June 30, 2022: Nil)	64,997	-	64,997	-	-	-
Habib Bank Limited - Sponsor						
Mark-up receivable on deposits with bank	1	1	2	8	1	9
Bank balances	65,165	183	65,348	2,695	223	2,918
MCB Financial Services Limited						
Remuneration payable	3	-	3	9	-	9
Sindh Sales Tax	-	-	-	1	-	1
Amjad Maqsood - Connected Person due to 10% or more holding						
Investment held in the fund : 1,655 units held (June 30, 2022: 1,655)	-	157	157	-	150	-
Muhammad Ashraf - Connected Person due to 10% or more holding						
Investment held in the fund : 5,243 units (June 30, 2022: 5,243)	-	499	499	-	477	477
HBL Asset Management LTD Employees Provident Fund						
Investment held in the fund : 170,547 units (June 30, 2022: 12,039 units)	15,770	-	15,770	1,049	-	-
Pak Qatar Investment Account						
Units held : (June 30, 2022: 1,160,762 units)	-	-	-	101,183	-	-

	December 31, 2022 (Un-audited)			June 30, 2022 (Audited)		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
Note	(Rupees in '000)					
HBL Islamic Income Fund						
Units held: 4,631 (June 30, 2022: 5285 units)	-	512	512	-	544	544
HBL Islamic Equity Fund						
Units held: 150 (June 30, 2022: Nil units)	-	10	10	-	-	-
HBL Islamic Money Market Fund						
Units held: 350,022 (June 30, 2022: 1,195,301 units)	35,414	-	35,414	120,934	-	120,934
Units held: 206 (June 30, 2022: 212 units)	-	21	21	-	21	21
HBL Islamic Stock Fund						
Units held: 1,553 (June 30, 2022: 1,585 units)	-	124	124	-	140	140

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Held by Active Allocation Plan							
December 31, 2022 (Un-audited)							
Note	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							
15.1							
Investments - Units of Mutual Funds	35,414	-	35,414	35,414	-	-	35,414
	35,414	-	35,414				
Financial assets not measured at fair value							
15.2							
Bank balances	-	65,181	65,181				
Advances and other receivable	-	118	118				
Accrued mark-up	-	2	2				
	-	65,301	65,301				
Financial liabilities not measured at fair value							
15.2							
Payable to Management Company	-	8	8				
Payable to Trustee	-	3	3				
Accrued expenses and other liabilities	-	308	308				
	-	319	319				

Held by Active Allocation Plan							
June 30, 2022 (Audited)							
Note	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							
15.1							
Investments - Units of Mutual Funds	120,934	-	120,934	120,934	-	-	120,934
	120,934	-	120,934				
Financial assets not measured at fair value							
15.2							
Bank balances	-	2,709	2,709				
Advances and other receivable	-	102	102				
Accrued mark-up	-	8	8				
	-	2,819	2,819				
Financial liabilities not measured at fair value							
15.2							
Payable to Management Company	-	22	22				
Payable to Trustee	-	10	10				
	-	374	374				
	-	406	406				

Held by Conservative Allocation Plan							
December 31, 2022 (Un-audited)							
Note	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							
15.1							
Investments - Units of Mutual Funds	667	-	667	667	-	-	667
	667	-	667				
Financial assets not measured at fair value							
15.2							
Bank balances	-	211	211				
Advances and other receivable	-	18	18				
Accrued mark-up	-	-	-				
	-	229	229				
Financial liabilities not measured at fair value							
15.2							
Payable to Management Company	-	-	-				
Payable to Trustee	-	-	-				
Accrued expenses and other liabilities	-	218	218				
	-	218	218				

		Held by Conservative Allocation Plan						
		June 30, 2022 (Audited)						
Note	Mandatorily at fair value through profit or loss	Carrying Amount		Fair Value				
		Amortised cost	Total	Level 1	Level 2	Level 3	Total	
		(Rupees in'000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
15.1	Investments - Units of Mutual Funds	705	-	705	705	-	-	705
		705	-	705				
Financial assets not measured at fair value								
15.2	Bank balances	-	247	247				
	Advances and other receivable	-	18	18				
	Accrued mark-up	-	1	1				
		-	266	266				
Financial liabilities not measured at fair value								
15.2	Payable to Management Company	-	-	-				
	Payable to Trustee	-	-	-				
	Accrued expenses and other liabilities	-	241	241				
		-	241	241				

15.1 Valuation techniques used in determination of fair values within level 1

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.

15.2 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.

15.3 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 and issuance respectively calculated on a basis consistent with that used in this condensed interim financial information. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorised into level 1 of fair value hierarchy.

16 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 half year ended December 31, 2022 is 1.80% and 1.37% (December 31, 2021: 0.88% and 0.39%) which includes 0.04% and 0.03% (December 31, 2021: 0.02% and 0.02%) for Active Allocation Plan and Conservative Allocation Plan representing government levy, Sindh Worker's Welfare Fund and SECP fee.

17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 13, 2023.

18 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

HBL Islamic Dedicated Equity Fund

FUND INFORMATION

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



REPORT OF THE TRUSTEE TO THE UNIT HOLDERS
HBL ISLAMIC DEDICATED EQUITY FUND

Report of the Trustee Pursuant to Regulation 41(h) 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, as the Trustee. The Fund was authorized by Securities & Exchange Commission of Pakistan as a unit trust scheme on 4th July 2018.

- I. 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 period ended December 31st, 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.

Faisal Amin
Authorize Signatory
Digital Custodian Company Limited

Karachi: February 27, 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE ASSET MANAGEMENT COMPANY OF HBL ISLAMIC DEDICATED EQUITY FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Dedicated Equity Fund** (the "Fund") as at December 31, 2022, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the six months period ended December 31, 2022 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 1.7 to the condensed interim financial information where it is stated that the nil value of net assets is in accordance with the Constitutive Documents of the Fund. Our conclusion is not qualified in respect of this matter.

Other matter

The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the three months period ended December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

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


Chartered Accountants

Place: Karachi

Date: February 24, 2023

UDIN: RR202210057ocLDRuXGb

HBL Islamic Dedicated Equity Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
AS AT DECEMBER 31, 2022

		(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	306	427
Dividend and profit receivable		6	7
Preliminary expenses and floatation costs		165	275
Advances, deposits and prepayments	5	6,507	6,064
Total assets		6,984	6,773
LIABILITIES			
Payable to the Management Company	6	6,195	6,195
Accrued expenses and other liabilities	7	789	578
Total liabilities		6,984	6,773
NET ASSETS		-	-
UNIT HOLDERS' FUND (AS PER CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND)			
		-	-
CONTINGENCIES AND COMMITMENTS			
	9		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		-	-
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		-	-

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Dedicated Equity Fund
Condensed Interim Income Statement (Un-Audited)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

		Six months period ended		Three months period ended	
		December 31,		December 31,	
		2022	2021	2022	2021
Note		----- (Rupees in '000) -----			
INCOME					
Profit on bank deposits		36	66	36	66
		36	66	36	66
EXPENSES					
Remuneration of the Trustee		-	17	-	17
Auditor's remuneration		-	287	-	287
Settlement and bank charges		-	308	-	308
Shariah advisory fee		-	8	-	8
Other expenses		36	148	36	148
		36	768	36	768
		-	(702)	-	(702)
Reversal for Sindh Workers' Welfare Fund	8	-	702	-	702
Net income for the period before taxation		-	-	-	-
Taxation	10	-	-	-	-
Net income for the period after taxation		-	-	-	-
Allocation of net income for the period					
Income already paid on redemption of units		-	-	-	-
Accounting income available for distribution:					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		-	-	-	-
		-	-	-	-

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Dedicated Equity Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Six months period ended		Three months period ended,	
	December 31,		December 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net income for the period after taxation	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	-	-

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Dedicated Equity Fund
Condensed Interim Statement of Movement in Unit Holders' Fund
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	December 31, 2022			December 31, 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)	-	92,140	(92,140)	-
Issue of Nil units (2021: Nil)						
beginning of the period)	-	-	-	-	-	-
- Element of income / (loss)	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	-
Redemption of Nil units (2021: Nil)						
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	-	-	-
- Element of income	-	-	-	-	-	-
- Income paid on redemption	-	-	-	-	-	-
Total payments on redemption of units	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-
Net assets at end of the period	92,140	(92,140)	-	92,140	(92,140)	-
Accumulated loss - net brought forward						
- Realised loss		-			-	
- Unrealised gain		-			-	
Accounting income available for distribution						
- Relating to capital gains	-			-		
- Excluding capital gains	-			-		
Undistributed loss - net carried forward						
- Realised loss		-			-	
- Unrealised gain		-			-	
		-			-	
		Rupees			Rupees	
Net assets value per unit at beginning of the period	-			-		
Net assets value per unit at end of the period	-			-		

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Dedicated Equity Fund
Condensed Interim Cash Flow Statement (Unaudited)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

		Six months ended December 31,	
		2022	2021
	Note	----- (Rupees in '000) -----	
Cash flows from operating activities			
Net income for the period before taxation		-	-
Adjustments			
Profit on bank deposits		(36)	(66)
Preliminary expenses and floatation costs		110	47
		<u>74</u>	<u>(19)</u>
Increase in assets			
Advances, deposits and prepayments		(443)	(84)
Increase / (decrease) in liabilities			
Payable to Trustee		-	(78)
Payable to Securities and Exchange Commission of Pakistan		-	(3)
Accrued expenses and other liabilities		211	(593)
		<u>211</u>	<u>(674)</u>
		<u>(158)</u>	<u>(777)</u>
Dividend and profit received		37	86
Net cash used in operating activities		<u>(121)</u>	<u>(691)</u>
Net decrease in cash and cash equivalents		(121)	(691)
Cash and cash equivalents at beginning of the period		427	1,454
Cash and cash equivalents at end of the period	4	<u>306</u>	<u>763</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Dedicated Equity Fund

Notes to the Condensed Interim Financial Information (Unaudited)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

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. The Fund is registered on August 17, 2021 with Assistant Director of Industries and Commerce (Trust Wing) Government of Sindh under Section 12A of the Sindh Trusts Act, 2020.
- 1.2 The Management Company of the Fund has been registered as Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 (the NBFC Rules) and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi, Pakistan.
- 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.
- 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 a management quality rating of AM1 (stable Outlook) to the Management Company on December 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 which are formed under "Fund of Fund" structure. Since the Fund's objective is to provide investment avenues to the 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 directly managing general public money therefore, it will have no effect if its AUM size reduced to nil at times.

Although, as of the period end the fund size is 'nil', however, the Management Company maintains that it has no intention to revoke or discontinue it within 12 months from the date of these financial information.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information has 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 Accounting Standard (IAS) 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; 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.

Wherever provisions of and directive issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ with the requirement of IAS 34 Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirement of the Trust Deed have been followed.

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

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

3.1 The accounting policies adopted in the preparation of this condensed interim financial information is consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2022.

3.2 The preparation of this condensed interim financial information in conformity 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 its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2022.

3.4 There are certain standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that became effective during the period under review and are mandatory for the Fund's accounting period. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2022.

	Note	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
4. BANK BALANCES			
Balances with banks in:			
Savings accounts	4.1	<u>306</u>	<u>427</u>
4.1	The balance in savings accounts carry expected profit which ranges from 16.03% to 17.81% (June 2022: 6.8% to 13.94% per annum.)		
		(Un-Audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
5. ADVANCES, DEPOSITS AND PREPAYMENTS			
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		2,859	2,854
Receivable from HBL Asset Management against expenses		<u>1,048</u>	<u>610</u>
		<u>6,507</u>	<u>6,064</u>
6. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration of the Management Company	6.1	169	169
Sindh Sales Tax on Management Company's remuneration	6.2	22	22
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	16	16
Other payable to management company	6.4	<u>5,988</u>	<u>5,988</u>
		<u>6,195</u>	<u>6,195</u>

- 6.1 As per the offering document of the Fund the maximum limit of management fee is 3% per annum of Average Annual Net Assets.
- 6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.
- 6.3 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). Currently, the expense is charged at the rate of 0.1610% of average annual net assets of the fund (June 30, 2022: 0.1610%).
- 6.4 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 6.4 to the audited Financial Statements of June 30, 2022.

	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees in '000) -----	
7 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditor's remuneration	764	553
Payable to NCCPL	<u>25</u>	<u>25</u>
	<u>789</u>	<u>578</u>

8 PROVISION FOR SINDH WORKERS' WELFARE FUND

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 term 'financial institutions' as per the Sindh WWF Act 2014 and are therefore subject to charge, whereas Mutual Funds / Pension Funds are exempt from such charge. In the wake of clarification by SRB, MUFAP recommended to its members to reverse such charge earlier. Accordingly 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.

9 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022.

10 TAXATION

The Fund's income is exempt from income tax as per Clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, MCBFSL, being the Trustee of the Fund, other Collective Investment Schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

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

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

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

	(Un-Audited) December 31, 2022 ----- (Rupees in '000) -----	(Un-Audited) December 31, 2021
11.1 Transactions during the period		
MCB Financial Services Limited - Trustee		
Trustee remuneration including sales tax	-	17
	(Un-Audited) December 31, 2022 ----- (Rupees in '000) -----	(Audited) June 30, 2022
11.2 Amounts outstanding as at period / 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
Receivable from HBL Asset Management against expenses	1,048	610
11. TOTAL EXPENSE RATIO		
In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the six months period ended December 31, 2022 is Nil (2021: Nil) which includes Nil (2021: Nil) representing Government levy, Sindh Worker's Welfare Fund and SECP fee.		
12 GENERAL		
12.1	Figures have been rounded off to the nearest thousand rupees.	
12.2	Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, effect of which is not material.	
12.3	This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2022 have not been reviewed.	
13 DATE OF AUTHORISATION FOR ISSUE		
This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 13, 2023 .		

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

Chief Financial Officer

Chief Executive Officer

Director



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