

**HBL**

**ASSET MANAGEMENT LTD.**

**ايسيت ميجمنٹ لميٹڈ**

AMC Rating : AM2+ by JCR-VIS

# QUARTERLY REPORT 2019

For the period ended September 30, 2019

MOVING TOWARDS  
**EXCELLENCE**

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## CORPORATE INFORMATION

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### Management Company

HBL Asset Management Limited

### Board of Directors (Composition as of October 29, 2019)

Chairman	Mr. Atif Aslam Bajwa	(Independent Director)
Directors	Mr. Mir Adil Rashid	(Chief Executive Officer)
	Mr. Shabbir Hussain Hashmi	(Independent Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Shahid Ghaffar	(Independent Director)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Aamir Hasan Irshad	(Non-Executive Director)

### Audit Committee

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

### Human Resource Committee

Chairman	Mr. Atif Aslam Bajwa	(Independent Director)
Members	Mr. Shabbir Hussain Hashmi	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)

### Risk Management Committee

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Aamir Hasan Irshad	(Non-Executive Director)

### Company Secretary & Chief Financial Officer

Mr. Noman Qurban

### AMC Rating

AM2+ (Positive Outlook)

### Legal Advisors

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

### Website

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

### Head Office & Registered Office

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

# REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Islamic Money Market Fund, HBL Islamic Income Fund, HBL Islamic Stock Fund, HBL Islamic Equity Fund, HBL Islamic Asset Allocation Fund, HBL Islamic Financial Planning Fund and HBL Islamic Dedicated Equity Fund (the Funds) for the three months ended September 30, 2019.

### ECONOMIC REVIEW:

Pakistan's macroeconomic landscape witnessed a huge shift over the past year as policymakers adopted multiple measures aimed at stabilization of the economy. During the quarter under review, most of the policy measures have started to bear fruits in the form of reduced Current Account deficit, stable FX reserves and stable currency. These results have come in at the cost of slowdown in GDP growth and higher inflation. However, there was a disappointment on the fiscal front as revised fiscal deficit figures for FY19 clocked in at whopping 8.9% of GDP compared to 6.6% in FY18.

In line with the recent trend, economic slowdown continued during the quarter as reflected in a 3.3% decline in LSM during Jul-19 compared to growth of 0.8% YoY during the same period last year. The currency remained stable during the quarter after signing of IMF agreement and the release of staff report. PKR appreciated by 2% during the quarter, taking REER to 92.7 in Aug-19. Trade balance data released by PBS sustained improvement as exports grew by 2.8% YoY while imports declined steeply by 20.6% 1QFY20 dragging trade deficit by 34.9% to USD 5.7bn. The current account deficit (CAD) for 2MFY20 clocked in at USD 1.3bn (2.8% of GDP) compared to USD 2.8bn (5.5% of GDP) during the same period last year. These changes in trade balance and CAD trend reflected lag impact on aggregate demand due to 49% PKR depreciation and steep monetary tightening (750bps increase in policy rate) during the past 18 months. Due to sustained CAD, foreign exchange reserves remained flat at USD 15.0bn while SBP reserves also remained flat at USD 7.3bn (less than 2 months of import cover). PKR depreciation and above-mentioned policy changes have also contributed to overall inflationary pressures. During the quarter under review, Pakistan Bureau of Statistics published CPI with a revised base year of FY16 where average CPI for 1QFY20 came down by ~100bps from 11.2% to 10.1%. Higher CPI was mainly due to transport prices (+18%YoY) and food price (+16% YoY) during Sep-19. Core inflation (urban) remained muted during the quarter increased by 8.4% YoY compared to 7.1% YoY during the same period last year. Given these factors and maintaining considerably higher real interest rates, the central bank increased the policy rate by 100bps in July MPS while maintained the status quo in September MPS.

Moving ahead, we foresee a tough economic environment to continue with sluggish business activities and inflationary pressures. The focus would remain on meeting FATF requirements, fiscal management and government compliance with the IMF quarterly targets.

### STOCK MARKET REVIEW:

Pakistan equities continued to decline in the outgoing quarter as the benchmark KMI-30 index declined by 5.5% due to volatility on account of (1) heightened tension with neighbor country after it revoked the special status of Kashmir, (2) expectation of weak results by cyclical sectors and (3) concerns on FATF front with harsh actions in FATF review due in the next quarter. However, there were some positives during the quarter with the signing of Extended Fund Facility program (EFF) with the IMF and status quo on policy rate in Sep-19 monetary policy along with inverted yield curve in the secondary market indicating expected rate cut in the short term.

The benchmark KMI-30 Index fell 2,965 points to close at 51,151 points (↓5.5%). Weak performance during the quarter was driven by the Cement and Power sector as sector's market capitalization dropped by 14% and 11% respectively. The Cement sector demand concerns persisted as the Government halted majority of public sector spending to curb fiscal deficit while overall economic slowdown also weighed on the sector's performance. The weak performance of the Power sector was driven by the announcement of Right shares by leading IPP i.e. Hub Power Company. Oil & Gas Marketing Companies were also laggards with uncertainty around the issuance of Energy Sukuk II, with 11% and 6% decline in SNGP and PSO respectively. Foreigners turned buyers in the market, buying equities worth USD23mn during the quarter ended Sep-19.

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Looking ahead, Pakistan equities are expected to gain further traction due to cheaper valuation and expected monetary easing in the near term. Moreover, market would closely watch any development on FATF, macroeconomic indicators and corporate earnings. We believe Pakistan equities offer a good entry opportunity for long term investors.

#### **MONEY MARKET REVIEW:**

SBP continued its policy of monetary tightening in 1QFY20 to anchor the rising current account deficit and increasing inflationary pressures.

As per the latest data available, Islamic Banking industry assets posted 20.6% growth and stood at PKR 2,992 billion by Jun-19. Similarly, deposits of Islamic banks also witnessed a sharp growth of 18.8% YoY and reached PKR 2,415 billion by Jun-19. Despite the massive growth in assets and deposits, SBP has not issue any fixed or floating rate GOP Ijarah Sukuk in the last one year. The government issued Islamic Sukuk of PKR 200bn in a previous fiscal year to partially retire the circular debt. This is a long term instrument and will be an SLR Eligible resulting in increased investment avenues for the Islamic banks. Moreover, we expect an additional PKR 200bn of Islamic Sukuk would be issued in 2QFY20 to settle a circular debt and the issue is also expected to be a long term instrument with an SLR eligibility.

During the quarter, the Government shifted its borrowing from scheduled banks to SBP. The government raised PKR 1,717bn from scheduled banks against the retirement of PKR 1,433bn during the same period last year due to the borrowing limit from SBP under the IMF program. Meanwhile, Government borrowing from SBP reduced by PKR 1,394bn during the period against the borrowing of PKR 1,518bn during the same period last year.

In the monetary policy held in July-19, SBP increased the policy rate by a further 100bps to 13.25%, bringing a calculative increase in the policy rate to 750bps. However, in monetary policy held in Sep-19 SBP maintained the status quo. Going forward, we expect that interest rates have peaked out and lower inflation under new methodology can lead to some cut in interest rates within this fiscal year.

#### **FUND'S PERFORMANCE**

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

The total income and net income of the Fund was Rs. 39.41 million and Rs. 34.45 million respectively during the period ended September 30, 2019. The Net Asset Value (NAV) of the Fund increased from Rs. 100.9968 per unit as on June 30, 2019 to Rs. 101.9239 per unit as on September 30, 2019 (after incorporating dividend of Rs. 2.0086 per unit); thereby giving an annualized return of 11.64%. During the same period the benchmark return (3 Month bank deposit rates) was 5.40%. The size of Fund was Rs. 1.27 billion as on September 30, 2019 as compared to Rs. 1.05 billion at the start of the year.

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

##### **HBL Islamic Income Fund**

The total income and net income of the Fund was Rs. 57.47 million and Rs. 48.20 million respectively during the period ended September 30, 2019. The Net Asset Value (NAV) of the Fund increased from Rs. 101.4883 per unit as on June 30, 2019 to Rs. 104.6018 per unit as on September 30, 2019, thereby giving an annualized return of 12.17%. During the same period the benchmark return (6 Month bank deposit rates) was 5.74%. The size of Fund was Rs. 1.80 billion as on September 30, 2019 as compared to Rs. 3.10 billion at the start of the year.

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

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### **HBL Islamic Stock Fund**

The total and net loss of the Fund was Rs. 33.41 million and Rs. 39.26 million respectively during the period ended September 30, 2019. The Net Asset Value (NAV) of the Fund decreased from Rs. 91.2924 per unit as on June 30, 2019 to Rs. 85.8319 per unit as on September 30, 2019 giving a negative return of 5.98% during the period against the benchmark return (KMI 30 Index) of negative 5.48%. The size of Fund was Rs. 536 million as on September 30, 2019 as compared to Rs. 635 million at the start of the year.

### **HBL Islamic Equity Fund**

The total and net loss of the Fund was Rs. 12.19 million and Rs. 14.74 million respectively during the period ended September 30, 2019. The Net Asset Value (NAV) of the Fund decreased from Rs. 76.7854 per unit as on June 30, 2019 to Rs. 72.5698 per unit as on September 30, 2019 giving a negative return of 5.49% during the period against the benchmark return (KMI 30 Index) of negative 5.48%. The size of Fund was Rs. 249 million as on September 30, 2019 as compared to Rs. 265 million at the start of the year.

### **HBL Islamic Asset Allocation Fund**

The total income and net loss of the Fund was Rs. 7.69 million and Rs. 0.53 million respectively during the period ended September 30, 2019. The Net Asset Value (NAV) of the Fund increased from Rs. 103.2688 per unit as on June 30, 2019 to Rs. 103.3543 per unit as on September 30, 2019, thereby giving a return of 0.08% 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 0.39%. The size of Fund was Rs. 1.01 billion as on September 30, 2019 as compared to Rs. 1.13 billion at the start of the year.

### **HBL Islamic Financial Planning Fund**

HBL Islamic Financial Planning Fund comprises of four sub funds (plans) namely Active allocation plan, Conservative allocation plan, Strategic allocation plan and Islamic Capital Preservation Plan.

The Fund as a whole earned total and net income of Rs. 19.97 million and Rs. 17.49 million respectively during the period under review. The fund size of the fund stood at Rs. 622 million as compared to Rs. 2.76 billion at the start of the year. Performance review for plan is given below:

#### **Active Allocation Plan**

During the period under review, the Active allocation plan incurred a total and net loss of Rs. 0.41 million and Rs. 0.54 million respectively. The net assets of the Active allocation plan stood at Rs. 120 million representing Net Asset Value (NAV) of Rs. 93.2238 per unit as at September 30, 2019 as compared to net assets of Rs. 145 million representing Net Asset Value (NAV) of Rs. 93.3275 per unit at the start of the year. The plan earned a negative return of 0.11% for the period under review against its benchmark return of 0.18%.

#### **Conservative Allocation Plan**

During the period under review, the Conservative allocation plan earned total and net income of Rs. 0.22 million and Rs. 0.19 million respectively. The net assets of the Conservative allocation plan stood at Rs. 16 million representing Net Asset Value (NAV) of Rs. 102.8592 per unit as at September 30, 2019 as compared to net assets of Rs. 18 million representing Net Asset Value (NAV) of Rs. 101.4641 per unit at the start of the year. The plan earned a return of 1.37% for the period under review against its benchmark return of 0.14%.

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### **Strategic Allocation Plan**

During the period under review, the Strategic allocation plan earned total and net income of Rs. 11.54 million and Rs. 10.93 million respectively. The net assets of the Strategic allocation plan stood at Rs. 55 million representing Net Asset Value (NAV) of Rs. 105.3649 per unit as at September 30, 2019 as compared to net assets of Rs. 2.15 billion representing Net Asset Value (NAV) of Rs. 100.7694 per unit at the start of the year. The plan earned a return of 4.56% for the period under review against its benchmark return of 4.02%.

### **Islamic Capital Preservation Plan**

During the period under review, the Islamic Capital Preservation Plan earned a total income and net income of Rs. 8.62 million and Rs. 6.91 million respectively. The net assets of the Islamic Capital Preservation Plan stood at Rs. 431 million representing Net Asset Value (NAV) of Rs. 101.1601 per unit as at September 30, 2019 as compared to net assets of Rs. 453 million representing Net Asset Value (NAV) of Rs. 99.4840 per unit at the start of the year. The plan earned a return of 1.68% for the period under review against the benchmark return of 1.06%.

### **HBL Islamic Dedicated Equity Fund**

During the period under review, the Islamic Dedicated Equity Fund earned a total and net income of Rs. 2.16 million and Rs. 0.05 million respectively. The net assets of the Islamic Dedicated Equity Fund stood at Rs. 123 million representing Net Asset Value (NAV) of Rs. 79.5161 per unit as at September 30, 2019 as compared to net assets of 117 million representing Net Asset Value (NAV) of Rs. 83.8322 at the start of the year. The Fund earned a negative return of 5.15% for the period under review against the benchmark return of negative 5.48%.

### **MANAGEMENT COMPANY RATING**

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has maintained management quality rating of 'AM2+ (positive outlook)' to the Management Company.

### **Acknowledgement**

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

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

On behalf of the Board of  
HBL Asset Management Limited

Chief Executive Officer



فنڈز کی کارکردگی

HBL اسلامک منی مارکیٹ فنڈ

30 ستمبر 2019 کو ختم ہونے والی مدت کے لیے فنڈ کی مجموعی اور خالص آمدنی بالترتیب 39.41 ملین اور 34.45 ملین روپے تھی۔ فنڈ کا نیٹ ایسیٹ ویلیو (NAV) 30 جون 2019 کے مطابق فی یونٹ 100.9968 روپے سے بڑھ کر 30 ستمبر 2019 کے مطابق فی یونٹ 101.9239 روپے ہو گیا (فی یونٹ 2.0086 روپے کا منافع منقسمہ شامل کرنے کے بعد)؛ اس طرح سالانہ منافع 11.64 فیصد فراہم کیا گیا۔ اسی مدت کے لیے بیچ مارک منافع (تین ماہ کے بینک ڈپازٹ ریٹس) 5.40 فیصد تھا۔ فنڈ کا سائز 30 ستمبر 2019 کے مطابق 1.27 بلین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 1.05 بلین روپے تھا۔

JCR-VIS کرڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے فنڈ کے لیے مستحکم ریٹنگ ڈبل اے (ایف) برقرار رکھی ہے۔

HBL اسلامک آگم فنڈ

30 ستمبر 2019 کو ختم ہونے والی مدت کے لیے فنڈ کی مجموعی اور خالص آمدنی بالترتیب 57.47 ملین اور 48.20 ملین روپے تھی۔ فنڈ کا نیٹ ایسیٹ ویلیو (NAV) 30 جون 2019 کے مطابق فی یونٹ 101.4883 روپے سے بڑھ کر 30 ستمبر 2019 کے مطابق فی یونٹ 104.6018 روپے ہو گیا اس طرح سالانہ منافع 12.17 فیصد فراہم کیا گیا۔ اسی مدت کے لیے بیچ مارک منافع (6 ماہ کے بینک ڈپازٹ ریٹس) 5.74 فیصد تھا۔ فنڈ کا سائز 30 ستمبر 2019 کے مطابق 1.80 بلین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 3.10 بلین روپے تھا۔

JCR-VIS کرڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے فنڈ کو مستحکم ریٹنگ اے پلس (ایف) کے ساتھ ترقی دی گئی ہے۔

HBL اسلامک اسٹاک فنڈ

30 ستمبر 2019 کو ختم ہونے والی مدت کے لیے فنڈ کی مجموعی اور خالص نقصان بالترتیب 33.41 ملین اور 39.26 ملین روپے رہا۔ فنڈ کا نیٹ ایسیٹ ویلیو (NAV) 30 جون 2019 کے مطابق فی یونٹ 91.2924 روپے سے کم ہو کر 30 ستمبر 2019 کے مطابق فی یونٹ 85.8319 روپے رہ گیا اس طرح 5.98 فیصد خسارہ ہوا جو اسی مدت کے لیے بیچ مارک منافع (کے ایم آئی 30 انڈیکس) کے مقابلے میں 5.48 فیصد خسارے کی صورت میں سامنے آیا۔ فنڈ کا سائز 30 ستمبر 2019 کے مطابق سال کے آغاز میں 635 ملین روپے کے مقابلے میں 536 ملین روپے تھا۔

HBL اسلامک ایکویٹی فنڈ

30 ستمبر 2019 کو ختم ہونے والی مدت کے لیے فنڈ کی مجموعی اور خالص نقصان بالترتیب 12.19 ملین اور 14.74 ملین روپے رہا۔ فنڈ کا نیٹ ایسیٹ ویلیو (NAV) 30 جون 2019 کے مطابق فی یونٹ 76.7854 روپے سے کم ہو کر 30 ستمبر 2019 کے مطابق فی یونٹ 72.5698 روپے رہ گیا اس طرح 5.49 فیصد خسارہ ہوا جو اسی مدت کے لیے بیچ مارک منافع (کے ایم آئی 30 انڈیکس) کے مقابلے میں 5.48 فیصد خسارے کی صورت میں سامنے آیا۔ فنڈ کا سائز 30 ستمبر 2019 کے مطابق سال کے آغاز میں 265 ملین روپے کے مقابلے میں 249 ملین روپے تھا۔

HBL اسلامک ایسیٹ ایلوکیشن فنڈ

30 ستمبر 2019 کو ختم ہونے والی مدت کے لیے فنڈ کی مجموعی اور خالص نقصان بالترتیب 7.69 ملین اور 0.53 ملین روپے رہا۔ فنڈ کا نیٹ ایسیٹ ویلیو (NAV) 30 جون 2019 کے مطابق فی یونٹ 103.2688 روپے سے کم ہو کر 30 ستمبر 2019 کے مطابق فی یونٹ 103.3543 روپے رہ گیا اس طرح 0.08 فیصد خسارہ ہوا جو اسی مدت کے لیے بیچ مارک منافع (کے ایم آئی 30 انڈیکس) اور اس سے زائد ریٹریبلٹی کے 6 ماہ کے ڈپازٹ ریٹ کے مطابق روزانہ منافع) کے مقابلے میں 0.39 فیصد خسارے کی صورت میں سامنے آیا۔ فنڈ کا سائز 30 ستمبر 2019 کے مطابق سال کے آغاز میں 1.13 بلین روپے کے مقابلے میں 1.01 بلین روپے تھا۔

HBL اسلامک فنانسل پلاننگ فنڈ

HBL اسلامک فنانسل پلاننگ فنڈ مزید چار سب فنڈز پر مشتمل ہے جن کے نام ایکویٹی ایلوکیشن پلان، کنزرویٹو ایلوکیشن پلان، اسٹریٹجک ایلوکیشن پلان اور اسلامک کیپٹل پریزرویشن پلان ہیں۔

زیر جائزہ مدت کے دوران اس فنڈ نے مجموعی طور پر ٹوٹل اور خالص آمدنی بالترتیب 19.97 ملین روپے اور 17.49 ملین روپے رہی۔ فنڈ کا سائز سال کے آغاز میں 2.76 بلین روپے کے مقابلے میں 622 ملین روپے تھا۔ پلان سے متعلق کارکردگی کا جائزہ درج ذیل ہے:

ایکویٹی ایلوکیشن پلان

زیر جائزہ مدت کے لیے ایکویٹی ایلوکیشن پلان کی مجموعی اور خالص نقصان بالترتیب 0.41 ملین اور 0.54 ملین روپے رہا۔ ایکویٹی ایلوکیشن پلان کے خالص اثاثہ جات 120 ملین روپے رہے جو پلان کے نیٹ ایسیٹ ویلیو (NAV) 30 ستمبر 2019 کے مطابق فی یونٹ 93.2238 روپے کے مقابلے میں سال کے آغاز پر 145 ملین روپے کے خالص اثاثہ جات کے ساتھ فی یونٹ 93.3275 روپے کے نیٹ ایسیٹ ویلیو کی نشاندہی کر رہے تھے۔ پلان کو زیر جائزہ مدت کے لیے 0.18 فیصد کے بیچ مارک منافع کے مقابلے میں 0.11 فیصد خسارہ ہوا۔

کنزرویٹو ایلوکیشن پلان

زیر جائزہ مدت کے لیے کنزرویٹو ایلوکیشن پلان کی مجموعی اور خالص آمدنی بالترتیب 0.22 ملین اور 0.19 ملین روپے رہی۔ کنزرویٹو ایلوکیشن پلان کے خالص اثاثہ جات 16 ملین روپے رہے جو پلان کے نیٹ ایسیٹ ویلیو (NAV) 30 ستمبر 2019 کے مطابق فی یونٹ 102.8592 روپے کے مقابلے میں سال کے آغاز پر 18 ملین روپے کے خالص اثاثہ جات کے ساتھ فی یونٹ 101.4641 روپے کے نیٹ ایسیٹ ویلیو کی نشاندہی کر رہے تھے۔ پلان کو زیر جائزہ مدت کے لیے 0.14 فیصد کے بیچ مارک منافع کے مقابلے میں 1.37 فیصد منافع حاصل ہوا۔

#### اسٹریٹجک ایلوکیشن پلان

زیر جائزہ مدت کے لیے اسٹریٹجک ایلوکیشن پلان کی مجموعی اور خالص آمدنی بالترتیب 11.54 بلین اور 10.93 بلین روپے رہی۔ اسٹریٹجک ایلوکیشن پلان کے خالص اثاثہ جات 55 بلین روپے رہے جو پلان کے نیٹ ایسیٹ ویلیو (NAV) 30 ستمبر 2019 کے مطابق فی یونٹ 105.3649 روپے کے مقابلے میں سال کے آغاز پر 2.15 بلین روپے کے خالص اثاثہ جات کے ساتھ فی یونٹ 100.7694 روپے کے نیٹ ایسیٹ ویلیو کی نشاندہی کر رہے تھے۔ پلان کو زیر جائزہ مدت کے لیے 4.02 فیصد کے شیئ مارک منافع کے مقابلے میں 4.56 فیصد منافع حاصل ہوا۔

#### اسلامک کیپٹل پر زرویشن پلان

زیر جائزہ مدت کے لیے اسلامک کیپٹل پر زرویشن پلان کی مجموعی اور خالص آمدنی بالترتیب 8.62 بلین اور 6.91 بلین روپے رہی۔ اسلامک کیپٹل پر زرویشن پلان کے خالص اثاثہ جات 431 بلین روپے رہے جو پلان کے نیٹ ایسیٹ ویلیو (NAV) 30 ستمبر 2019 کے مطابق فی یونٹ 101.1601 روپے کے مقابلے میں سال کے آغاز پر 435 بلین روپے کے خالص اثاثہ جات کے ساتھ فی یونٹ 99.4840 روپے کے نیٹ ایسیٹ ویلیو کی نشاندہی کر رہے تھے۔ پلان کو زیر جائزہ مدت کے لیے 1.06 فیصد کے شیئ مارک منافع کے مقابلے میں 1.68 فیصد منافع حاصل ہوا۔

#### IHBL اسلامک ڈیڈیکیٹڈ ایکٹیوٹی فنڈ

زیر جائزہ مدت کے لیے اسلامک ڈیڈیکیٹڈ ایکٹیوٹی فنڈ کی مجموعی اور خالص آمدنی بالترتیب 2.16 بلین اور 0.05 بلین روپے رہی۔ اسلامک ڈیڈیکیٹڈ ایکٹیوٹی فنڈ کے خالص اثاثہ جات 123 بلین روپے رہے جو فنڈ کے نیٹ ایسیٹ ویلیو (NAV) 30 ستمبر 2019 کے مطابق فی یونٹ 79.5161 روپے کے مقابلے میں سال کے آغاز پر 117 بلین روپے کے خالص اثاثہ جات کے ساتھ فی یونٹ 83.8322 روپے کے نیٹ ایسیٹ ویلیو کی نشاندہی کر رہے تھے۔ فنڈ کو زیر جائزہ مدت کے لیے 5.48 فیصد کے شیئ مارک منافع کے مقابلے میں 5.15 فیصد منافع حاصل ہوا۔

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) کی جانب سے مینجمنٹ کمپنی کے لیے اے ایم 2 پلس سطح کی مینجمنٹ کو ای ریٹنگ (ثبت آؤٹ لک) برقرار رکھی گئی ہے۔

#### اطہار تشکر

بورڈ اس موقع پر اپنے قابل قدر یونٹ ہولڈرز کا ان کے تعاون اور اعتماد کے لیے شکریہ ادا کرتا ہے۔ اس کے ساتھ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان کا ٹرسٹی کے طور پر، پاکستان اسٹاک ایکسچینج لمیٹڈ اور اسٹیٹ بینک آف پاکستان کی جانب سے تعاون اور رہنمائی کے لیے بھی شکریہ ادا کرتا ہے۔ اس کے ساتھ بورڈ اپنے اسٹاف کی انتھک محنت اور لگن کی قدر کرتے ہوئے ان کے لیے بھی ستائش کو رکھتا ہے۔

#### از طرف بورڈ

IHBL ایسیٹ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر

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# **HBL**

## **Islamic Money Market Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Money Market Fund
Name of Auditor	KPMG Taseer Hadi & Co.
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
Fund Rating	'AA(f)' (JCR-VIS)

**HBL Islamic Money Market Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*As at September 30, 2019*

	Note	September 30, 2019 (Un-Audited) (Rupees in '000)	June 30, 2019 (Audited)
<b>Assets</b>			
Bank balances	4	1,152,144	955,111
Investments	5	117,091	121,627
Accrued mark-up on banks		14,063	12,495
Advances, deposits and prepayment		421	109
<b>Total assets</b>		<b>1,283,718</b>	<b>1,089,342</b>
<b>Liabilities</b>			
Payable to Management Company	6	2,408	1,269
Payable to Trustee	7	74	156
Payable to Securities and Exchange Commission of Pakistan	8	60	790
Accrued expenses and other liabilities	9	12,455	36,812
<b>Total liabilities</b>		<b>14,996</b>	<b>39,026</b>
<b>Net assets</b>		<b>1,268,722</b>	<b>1,050,316</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>1,268,722</b>	<b>1,050,316</b>
<b>Contingencies and commitments</b>	8		
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>12,447,746</b>	<b>10,399,489</b>
		<b>(Rupees)</b>	
<b>Net assets value per unit</b>		<b>101.9239</b>	<b>100.9968</b>

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 and Statement of Comprehensive Income (Un-Audited)**  
*For the three months ended September 30, 2019*

	Note	Three months ended	
		September 30,	
		2019	2018
		----- (Rupees in '000) -----	
<b>Income</b>			
Mark-up on deposits with banks		36,032	16,587
Mark-up on investments		3,375	929
		<b>39,407</b>	<b>17,516</b>
<b>Expenses</b>			
Remuneration of Management Company		2,301	2,072
Remuneration of Trustee		219	410
Annual fee to the Securities and Exchange Commission of Pakistan		60	182
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	511	243
Selling and Marketing expenses		889	-
Auditors' remuneration		87	93
Fee and Subscription		61	136
Settlement and bank charges		66	47
		<b>4,252</b>	<b>3,183</b>
<b>Net income from operating activities</b>		<b>35,155</b>	<b>14,334</b>
Provision for Workers' Welfare Fund	9.2	(703)	(287)
<b>Net income for the period before taxation</b>		<b>34,452</b>	<b>14,047</b>
<b>Taxation</b>	12.	-	-
<b>Net income for the period after taxation</b>		<b>34,452</b>	<b>14,047</b>
<b>Allocation of net income for the period:</b>	15.		
Income already paid on redemption of units		765	3,148
Accounting income available for distribution:			
-Relating to capital gains		-	-
-Excluding capital gains		33,687	10,899
		<b>33,687</b>	<b>10,899</b>
<b>Net income / (loss) for the period after taxation</b>		<b>34,452</b>	<b>14,047</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>34,452</b>	<b>14,047</b>

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 three months ended September 30, 2019*

	Three months ended	
	September 30,	
	2019	2018
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	34,452	14,047
<b>(Increase) / decrease in assets</b>		
Accrued profit	(1,568)	(120)
Prepaid expenses	(312)	(2)
	(1,879)	(122)
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	1,139	73
Investments	4,536	(115,749)
Payable to Trustee	(82)	12
Payable to Securities and Exchange Commission of Pakistan	(730)	(427)
Accrued expenses and other liabilities	(24,357)	495
	(19,494)	(115,596)
<b>Net cash generated from / (used in) operating activities</b>	<b>13,079</b>	<b>(101,671)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	479,862	402,961
Payment against redemption of units	(272,558)	(500,091)
Cash dividend paid	(23,350)	(37,837)
<b>Net cash generated from / (used in) financing activities</b>	<b>183,954</b>	<b>(134,967)</b>
<b>Net increase in cash and cash equivalents</b>	<b>197,033</b>	<b>(236,638)</b>
Cash and cash equivalents at beginning of the period	955,111	958,590
<b>Cash and cash equivalents at end of the period</b>	<b>1,152,144</b>	<b>721,951</b>

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 three months ended September 30, 2019*

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

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 (the SECP) as a unit trust scheme on December 10, 2010.

HBL Asset Management Limited is the 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 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 Pakistan.

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.

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.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+' positive outlook to the Management Company and the fund stability rating of AA(f) to the fund.

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. STATEMENT OF COMPLIANCE**

**2.1.1** This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. 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 published audited financial statements of the Fund for the year ended June 30, 2019.

**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 September 30, 2019.

#### **2.2 Basis of measurement**

This condensed interim financial information has 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 AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN**

- 3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2019.
- 3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2019.
- 3.4** Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2019. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5** The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2019.

		<b>September 30, 2019 (Un-Audited)</b>	June 30, 2019 (Audited)
<b>4. BANK BALANCES</b>	<i>Note</i>	<b>(Rupees in '000)</b>	
Savings accounts	4.1	1,152,144	955,111
		<u><b>1,152,144</b></u>	<u>955,111</u>
<b>4.1</b>	This represents bank accounts held with defferent banks. Mark up rates on these accounts range between 6% - 14.30% p.a ( June 30, 2019 : 4% - 13% p.a ).		
<b>5 INVESTMENTS - AT AMORTIZED COST</b>	<i>Note</i>	<b>September 30, 2019 (Un-Audited)</b>	June 30, 2019 (Audited)
		<b>(Rupees in '000)</b>	
Commercial Paper	5.1	117,091	121,627
		<u><b>117,091</b></u>	<u>121,627</u>
<b>5.1</b>	This represents Commercia Paper placed with K-Electric limited carrying mark-up at the average rate of 14..77% (June 30, 2019: 11.75%) per annum.		
<b>6. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<i>Note</i>	<b>September 30, 2019 (Un-Audited)</b>	June 30, 2019 (Audited)
		<b>(Rupees in '000)</b>	
Management fee	6.1	1,000	1,014
Sindh Sales Tax	6.2	130	132
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	340	101
Sales load payable		49	22
Selling and marketing payable	6.4	889	-
		<u><b>2,408</b></u>	<u>1,269</u>

- 6.1** As per the offering document of the Fund, the Management Company may charge a fee at the rate of 10% of the gross earning of the scheme, calculated on a daily basis subject to a cap of 1% and a floor of 0.75% of the average daily net asset of the scheme. Effective from July 08, 2019 till August 31, 2019 the Management Company has charged the fee at the rate 0.50% of the average daily net asset of the scheme. Effective from September 01, 2019 the Management Company has revised the fee to be charged at the rate of 1% of the average daily net assets of the fund. The fee is payable monthly in arrears.
- 6.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3** As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to “registrar services, accounting, operation and valuation services related to , Collective Investment Scheme”. During the period the Management Company has charged aforementioned expense to the extent of 0.1% of the average daily net assets of the Fund till July 7, 2019. Effective from July 8, 2019 till August 31, 2019 expenses were charged at the rate of 0.2% of the average daily net assets of the Fund. Effective from September 1, 2019 expenses are being charged at the rate of 0.1350% of the average daily net assets of the fund.
- 6.4** As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to “selling and marketing expenses” to Collective Investment Scheme subject to certain conditions. During the period the Management Company has charged aforementioned expense to the extent of 0.5% of the average daily net assets of the Fund effective from July 8, 2019 till August 31, 2019.

<b>7 PAYABLE TO THE TRUSTEE</b>	<i>Note</i>	<b>September 30, 2019 (Un-Audited) (Rupees in '000)</b>	<b>June 30, 2019 (Audited)</b>
Trustee fee	7.1	65	138
Sindh Sales Tax		8	18
		<b>73</b>	<b>156</b>

- 7.1** The trustee is entitled to a monthly remuneration for services rendered to the fund under the provision of the Trust Deed. Effective from July 1, 2019 the trustee fee is being charged at the rate of 0.065% of the daily average net assets of the Fund. The fee is payable monthly in arrears.

<b>8 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<i>Note</i>	<b>September 30, 2019 (Un-Audited) (Rupees in '000)</b>	<b>June 30, 2019 (Audited)</b>
Annual fee	8.1	60	790
		<b>60</b>	<b>790</b>

- 8.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a money market scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019 the rate of is reduced from 0.075% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears.

		<b>September 30, 2019 (Un-Audited)</b>	June 30, 2019 (Audited)
	<i>Note</i>	<b>(Rupees in '000)</b>	
<b>9. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		350	264
Federal Excise Duty	9.1	2,185	2,185
Withholding tax payable		8	3,282
Provision for Sindh Workers' Welfare Fund	9.2	4,636	3,933
Other payables		356	1,187
Capital gain tax payable		73	4,242
Dividend payable		3,495	21,719
Sale load payable to related party		1,318	-
Shariah advisory payable		34	-
		<u><b>12,455</b></u>	<u><b>36,812</b></u>

#### 9.1 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 2.18 million (June 30, 2019 : 2.18 million). Had the provision not been made, the Net Asset Value per unit as at September 30, 2019 would have been higher by Rs. 0.1755 (June 30, 2019: Re. 0.2101) per unit.

#### 9.2 PROVISION WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 11.2 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

As there is a loss for the three months ended September 30, 2018, therefore, no provision for SWWF has been made recognised in this condensed interim financial information. Had the provision not been retained, net asset value per unit at September 30, 2018 would have been higher by Re. 0.3725 (June 30, 2019 Re. 0.3782) per unit.

#### 10. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2019.

#### 11. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.42% (0.09% representing Government Levies, and SECP Fee).

#### 12. TAXATION

The income of the Fund is exempt from tax under 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 among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

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**13. EARNINGS PER UNIT (EPU)**

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

**14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

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

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

<b>14.1 Transactions during the period</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>Three months ended September 30, 2019</b>	<b>2018</b>
	<b>(Rupees in '000)</b>	
HBL Asset Management Limited - Management Company		
Management Fee	2,361	2,072
Allocation of expenses related to registrar services, accounting, operation and valuation services	511	243
Selling and Marketing expenses	889	-
Investment of 2,319 units (2018: 1,010 units)	234	140
Redemption of Nil units (2018: 28,597 units)	-	2,911
Dividend	4	114
Habib Bank Limited - Sponsor		
Investment of Nil units (2018: 118,710 units)	-	11,969
Dividend	4,499	11,969
Mark-up earned during the period	12,561	47
Bank charges paid	40	30
Directors, Executives and Key management personnel		
Investment of 132,287 units (2018: 309 units)	13,437	40
Redemption of 145,218 units (2018: Nil units)	14,755	-
Dividend	161	34
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	219	410
MCBFSL TRUSTEE HBL Islamic Capital Preservation Plan- Associate		
Redemption of 1,521 units (2018: Nil units)	154	-

14.2 Amounts outstanding as at period end	Note	September 30, 2019 (Un-Audited) (Rupees in '000)	June 30, 2019 (Audited)
HBL Asset Management Limited - Management Company			
Management fee		1,000	1,014
Sindh Sales Tax		130	132
Allocation of expenses related to registrar services, accounting, operation and valuation services		340	101
Selling and Marketing payable		889	
Investment held in the Fund: 4,066 units (June 30, 2019: 1,748 units)		414	177
Sales load payable		49	22
Habib Bank Limited - Sponsor			
Investment held in the Fund: 2,240,000 units (June 30, 2018: 2,884,054 units)		228,310	226,233
Bank Balances		1,142,513	7,510
Sales load payable		1,318	814
Directors, Executives and Key management personnel			
Units held in the Fund: 124,266 units (June 30, 2018: 8,091 units)		12,666	13,869
Central Depository Company of Pakistan Limited - Trustee			
Remuneration payable		74	156
MCBFSL TRUSTEE HBL Islamic Capital Preservation Plan- Associate			
Investment held in the Fund: Nil units (2018: 1,521 units)		-	154

## 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.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market 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 that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (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.

	September 30, 2019						
	Carrying amount			Fair Value			
	Fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>							----- (Rupees in '000) -----
<b>Financial assets not measured at fair value</b>							
Bank balances	-	1,152,144	1,152,144	-	-	-	-
Commercial Paper	-	117,091	117,091	-	-	-	-
Accrued mark-up	-	14,063	14,063	-	-	-	-
Prepayment and Other receivables	-	421	421	-	-	-	-
	-	<b>1,283,718</b>	<b>1,283,718</b>	-	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Payable to Management Company	-	2,274	2,274	-	-	-	-
Payable to Trustee	-	65	65	-	-	-	-
Accrued expenses and other liabilities	-	5,553	5,553	-	-	-	-
	-	<b>7,892</b>	<b>7,892</b>	-	-	-	-
June 30, 2019							
	Carrying amount			Fair Value			
	Fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>							----- (Rupees in '000) -----
<b>Financial assets not measured at fair value</b>							
Bank balances	-	955,111	955,111	-	-	-	-
Commercial Paper	-	121,627	121,627	-	-	-	-
Accrued mark-up	-	12,495	12,495	-	-	-	-
Advance . Prepayment and other receivable	-	109	109	-	-	-	-
	-	<b>1,089,342</b>	<b>1,089,342</b>	-	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Payable to HBL Asset Management Limited - Management Company	-	1,269	1,269	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	156	156	-	-	-	-
Accrued expenses and other liabilities	-	23,170	23,170	-	-	-	-
	-	<b>24,595</b>	<b>24,595</b>	-	-	-	-

15.1 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.

## 16. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 29, 2019.

## 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

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# **HBL**

## **Islamic Asset Allocation Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Asset Allocation Fund
Name of Auditor	KPMG Taseer Hadi & Co.
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 Askari Bank Limited Allied Bank Limited Dubai Islamic Bank Limited Soneri Bank Limited Bank Islamic Pakistan Limited Summit Bank Limited Al Baraka Bank Pakistan Limited MCB Islamic Bank Limited

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2019*

	Note	September 30, 2019 (Un-Audited)	June 30, 2019 (Audited)
(Rupees in '000)			
<b>Assets</b>			
Bank balances	4	278,496	273,417
Investments	5	718,811	1,029,001
Dividend receivable and accrued mark-up		16,577	18,232
Preliminary expenses and flotation cost		262	315
Receivable Against Sale of Investment		-	23,653
Advances , deposits and other receivables		8,037	35,821
<b>Total assets</b>		<b>1,022,183</b>	<b>1,380,439</b>
<b>Liabilities</b>			
Payable to Management Company	6	3,416	3,504
Payable to Trustee		187	219
Payable to Securities and Exchange Commission of Pakistan	7	52	1,991
Accrued expenses and other liabilities	8	11,120	8,240
Payable against redemption of Units		-	235,617
<b>Total liabilities</b>		<b>14,775</b>	<b>249,571</b>
<b>Net assets</b>		<b>1,007,408</b>	<b>1,130,868</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>1,007,408</b>	<b>1,130,868</b>
<b>Contingencies and commitments</b>	9	(Number of units)	
<b>Number of units in issue</b>		<b>9,747,127</b>	<b>10,950,716</b>
<b>Net assets value per unit</b>		<b>103.3543</b>	<b>103.2688</b>
(Rupees)			

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 Asset Allocation Fund**  
**Condensed Interim Income Statement And Other Comprehensive Income (Un-Audited)**  
*For the three months ended September 30, 2019*

	Note	Three months ended September 30,	
		2019 (Rupees in '000)	2018
<b>Income</b>			
Dividend Income		3,508	7,810
Return on Investment		17,775	15,707
Mark-up on deposits with banks		7,772	17,506
Capital gain on sale of investments - net		(2,697)	1,230
		<b>26,358</b>	<b>42,253</b>
Unrealised appreciation /(diminution) on re-measurement of investments at "fair value through profit or loss - held-for-trading" - net		(18,666)	(13,369)
		<b>7,692</b>	<b>(13,369)</b>
<b>Expenses</b>			
Remuneration of Management Company		4,434	10,316
Remuneration of Trustee		580	973
Annual fee of Securities and Exchange Commission of Pakistan		52	579
Allocation of expenses related to registrar services, accounting, operation and valuation services		1,221	609
Selling and Marketing Expense		1,166	2,435
Settlement and Bank Charges		128	149
Auditors' remuneration		93	93
Fee and Subscriptions		61	80
Amortisation of preliminary expenses and floatation costs		53	53
Securities Transaction Costs		264	317
Charity Expense		174	302
		<b>8,226</b>	<b>15,906</b>
		<b>(534)</b>	<b>12,978</b>
Provision for Workers' Welfare Fund	8.2	-	(205)
<b>Net (Loss) / income for the period before taxation</b>		<b>(534)</b>	<b>12,773</b>
<b>Taxation</b>	10.	-	-
<b>Net (Loss) / income for the period after taxation</b>		<b>(534)</b>	<b>12,773</b>
<b>Allocation of net income for the period:</b>			
Income already paid on redemption of units		-	781
Accounting income available for distribution:			
-Relating to capital gains		-	-
-Excluding capital gains		-	11,992
		-	11,992
<b>Net income / (loss) for the period after taxation</b>		<b>-</b>	<b>12,773</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive (Loss)/ income for the period</b>		<b>(534)</b>	<b>12,773</b>
<b>Earning Per Unit</b>	11		

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 Asset Allocation Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
*For the three months ended September 30, 2019*

	Three months ended	
	September 30,	
	2019	2018
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income / (Loss) for the period	(534)	12,773
<b>Adjustments</b>		
Amortisation of preliminary expenses and floatation costs	53	53
	(481)	12,826
<b>(Increase) / decrease in assets</b>		
Investments - net	333,843	(111,925)
Accrued mark-up	1,655	(2,642)
Advances, deposits and other receivables	27,784	1,249
	363,282	(113,318)
<b>Increase / (decrease) in assets</b>		
Payable to HBL Asset Management Limited - Management Company	(88)	(3,697)
Payable to Central Depository Company of Pakistan Limited - Trustee	(32)	(30)
Payable to Securities and Exchange Commission of Pakistan	(1,939)	(1,989)
Accrued expenses and other liabilities	2,880	(165)
	821	(5,881)
<b>Net cash used in operating activities</b>	363,622	(106,373)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	932	11,614
Payment against redemption of units	(359,475)	(123,769)
Cash dividend paid	-	(7,068)
<b>Net cash used in financing activities</b>	(358,543)	(119,223)
<b>Net (decrease) in cash and cash equivalents</b>	5,079	(225,596)
Cash and cash equivalents at beginning of the period	273,417	1,072,554
<b>Cash and cash equivalents at end of the period</b>	278,496	846,958

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 Asset Allocation Fund**

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

*For the year ended September 30, 2019*

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

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.

HBL Asset Management Limited is the 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 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 Pakistan.

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.

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.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2+' to the Management Company.

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

### **2 BASIS OF PREPARATION**

#### **2.1 STATEMENT OF COMPLIANCE**

**2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. 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 published audited financial statements of the Fund for the year ended June 30, 2019.

**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 September 30, 2019.

#### **2.2 Basis of measurement**

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

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### 2.3 Functional and presentation currency

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

### 3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

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

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2019.

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

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

		September 30, 2019 (Un-Audited) (Rupees in '000)	June 30, 2019 (Audited)
	<i>Note</i>		
<b>4. Bank Balances</b>			
Savings accounts	4.1	<u>278,496</u>	<u>273,417</u>
		<u>278,496</u>	<u>273,417</u>

4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 5.00%-13.5% per annum (2019:3.75% - 13% p.a).

		September 30, 2019 (Un-Audited) (Rupees in '000)	June 30, 2019 (Audited)
	<i>Note</i>		
<b>5 INVESTMENTS</b>			
Fair Value Through Profit or Loss - Held For Trading			
- Listed equity Securities	5.1	283,241	319,086
- Term Finance Certificate	5.2	378,356	516,166
At Amortized Cost			
- Commercial Paper	5.3	<u>57,214</u>	<u>193,749</u>
		<u>718,811</u>	<u>1,029,001</u>

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

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

Name of the Investee Company	Number of shares					Market value as at September 30, 2019	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2019		Total Investments	Net Assets	
(Rupees in '000)									
<b>Textile composite</b>									
Interloop Limited	201,250	25,000	-	50,000	176,250	7,743	1.08%	0.77%	2.03%
Nishat Mills Limited	87,600	64,400	-	24,300	127,700	10,727	1.49%	1.06%	0.04%
	<u>288,850</u>	<u>89,400</u>	<u>-</u>	<u>74,300</u>	<u>303,950</u>	<u>18,470</u>	<u>2.57%</u>	<u>1.83%</u>	
<b>Cement</b>									
Kohat Cement Ltd	93,070	-	-	29,000	64,070	2,949	0.41%	0.29%	0.05%
Lucky Cement Limited	34,250	2,000	-	12,500	23,750	8,126	1.13%	0.81%	0.01%
Meple Leaf Cement Factory Ltd	-	150,000	-	150,000	-	-	0.00%	0.00%	0.00%
	<u>127,320</u>	<u>152,000</u>	<u>-</u>	<u>191,500</u>	<u>87,820</u>	<u>11,075</u>	<u>1.54%</u>	<u>1.10%</u>	
<b>Power generation &amp; distribution</b>									
The Hub Power Company Limited	385,387	60,500	-	72,000	373,887	26,453	3.68%	2.63%	0.03%
K-Electric Ltd	1,605,500	164,000	-	-	1,769,500	6,282	0.87%	0.62%	0.01%
	<u>1,990,887</u>	<u>224,500</u>	<u>-</u>	<u>72,000</u>	<u>2,143,387</u>	<u>32,735</u>	<u>4.55%</u>	<u>3.25%</u>	
<b>Oil and gas exploration companies</b>									
Mari Petroleum Company Limited	27,214	8,846	-	8,846	27,214	24,470	3.40%	2.43%	0.02%
Oil & Gas Development Co. Ltd	309,500	66,800	-	86,500	289,800	35,654	4.96%	3.54%	0.01%
Pakistan Oilfields Limited	45,640	2,000	-	10,600	37,040	14,071	1.96%	1.40%	0.02%
Pakistan Petroleum Limited	235,660	74,000	-	54,500	255,160	34,709	4.83%	3.45%	0.01%
	<u>618,014</u>	<u>151,646</u>	<u>-</u>	<u>160,446</u>	<u>609,214</u>	<u>108,904</u>	<u>15.15%</u>	<u>10.82%</u>	
<b>Oil and gas Marketing companies</b>									
Pakistan State Oil Company Ltd	101,316	30,000	-	54,100	77,216	12,161	1.69%	1.21%	0.02%
Sui Northern Gas Pipeline Ltd	104,800	51,000	-	54,000	101,800	6,271	0.87%	0.62%	0.02%
	<u>206,116</u>	<u>81,000</u>	<u>-</u>	<u>108,100</u>	<u>179,016</u>	<u>18,432</u>	<u>2.56%</u>	<u>1.83%</u>	
<b>Fertilizers</b>									
Engro Corporation Limited	115,140	-	-	5,000	110,140	29,395	4.09%	2.92%	0.02%
Engro Fertilizer Limited	208,500	66,000	-	31,000	243,500	16,614	2.31%	1.65%	0.02%
Fauji Fertilizer Company Limited	114,000	-	-	114,000	-	-	0.00%	0.00%	0.00%
	<u>437,640</u>	<u>66,000</u>	<u>-</u>	<u>150,000</u>	<u>353,640</u>	<u>46,009</u>	<u>6.40%</u>	<u>4.57%</u>	
<b>Commercial Banks</b>									
Meezan Bank Limited	133,520	81,500	-	6,000	209,020	15,058	2.09%	1.49%	0.02%
	<u>133,520</u>	<u>81,500</u>	<u>-</u>	<u>6,000</u>	<u>209,020</u>	<u>15,058</u>	<u>2.09%</u>	<u>1.49%</u>	
<b>Chemicals</b>									
Engro Polymer & Chemicals Ltd	391,431	110,000	-	132,000	369,431	9,069	1.26%	0.90%	0.04%
Lotte Chemical Pakistan Limited	110,000	290,000	-	32,000	368,000	5,019	0.70%	0.50%	0.02%
Sitara Chemical Industries Limited	8,800	-	-	-	8,800	2,259	0.31%	0.22%	0.04%
	<u>510,231</u>	<u>400,000</u>	<u>-</u>	<u>164,000</u>	<u>746,231</u>	<u>16,347</u>	<u>2.27%</u>	<u>1.62%</u>	
<b>Pharmaceuticals</b>									
AGP Limited	38,000	25,000	-	16,000	47,000	3,036	0.42%	0.30%	0.00%
The Searle Company Limited	40,217	-	-	20,100	20,117	2,781	0.39%	0.28%	0.01%
	<u>78,217</u>	<u>25,000</u>	<u>-</u>	<u>36,100</u>	<u>67,117</u>	<u>5,817</u>	<u>0.81%</u>	<u>0.58%</u>	
<b>Automobile Parts &amp; Accessories</b>									
Thal Limited	27,950	9,000	-	-	36,950	8,815	1.23%	0.88%	0.05
	<u>27,950</u>	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>36,950</u>	<u>8,815</u>	<u>1.23%</u>	<u>0.88%</u>	
<b>TRANSPORT</b>									
Pakistan National Shipping Corp Ltd	37,500	-	-	12,500	25,000	1,579	0.22%	0.16%	0.02%
	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>25,000</u>	<u>1,579</u>	<u>0.22%</u>	<u>0.16%</u>	
	<u>4,456,245</u>	<u>1,280,046</u>	<u>-</u>	<u>974,946</u>	<u>4,761,345</u>	<u>283,241</u>	<u>39.39%</u>	<u>28.13%</u>	

Cost of investments at September 30, 2019

301,518

**5.1.1** This includes 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 companies have withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.1795 million at September, 2019 (June 30, 2019: Rs. 0.1914 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.

**5.1.2** Investments include shares having market value aggregating to Rs. 46.7502 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

**5.2 Term Finance Certificates - Held for trading**

Name of the Investee Company	Number of certificates			As at September 30, 2019	Market value as at September 30, 2019	Carrying value as a percentage of Net Asset
	As at July 1, 2019	Purchases during the year	Sale during the year			
	----- (Rupees in '000) -----					
International Brand Limited	100	-	-	100	9,276	0.00%
Dubai Islamic Bank Limited	124	-	-	124	124,000	0.01%
Dawood Hercules Corporation Limited*	2,110	-	300	1,810	162,080	0.08%
Agha Steel Industries Limited	33	-	-	33	33,000	0.00%
Hub Power Company Limited	30,000	-	20,000	10,000	50,000	0.42%
	-	-	-	-	-	-
	<b>32,367</b>	<b>-</b>	<b>20,300</b>	<b>12,067</b>	<b>378,356</b>	<b>0.51%</b>
<b>Cost of investments at September 30, 2019</b>					<b>378,745</b>	

\* Related party due to common directorship

**5.2.1** Significant Terms And Conditions of Term Finance Certificate and Sukuk bonds outstanding as at September 30, 2019 are as follow:

Name Of Security	Remaining Principles (Per TFC)	Markup Rate (Per Annum)	Issue Date	Maturity Date
<b>Term Finance Certificate - Listed</b>				
Dubai Islamic Bank Limited	1,000,000	6 month KIBOR + 0.50 %	14-Jul-17	14-Jul-27
Dawood Hercules Corporation	100,000	3 month KIBOR + 1.00 %	16-Nov-17	16-Nov-22
Dawood Hercules Corporation	100,000	3 month KIBOR + 1.00 %	1-Mar-18	1-Mar-23
International Brand Limited	94,990	12 month KIBOR + 0.50 %	15-Nov-17	15-Nov-21
Agha Steel Industries Limited	1,000,000	3 month KIBOR + 0.80 %	9-Oct-18	9-Oct-24
Hub Power Company Limited	5,000	3 month KIBOR + 1.00 %	27-Feb-19	27-Nov-19

\* Related party due to common directorship

5.3 This includes Rs. 30 million placed with TPL Corporation and Rs. 30 million placed with K-Electric Limited, having rate of return of 15.90% and 15.39% respectively.

	<i>Note</i>	<b>September 30, 2019 (Un-Audited)</b>	June 30, 2019 (Audited)
		<b>(Rupees in '000)</b>	
<b>6. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Management fee	6.1	1,245	1,677
Sindh Sales Tax	6.2	162	218
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	843	112
Selling and Marketing Expense	6.4	1,166	1,497
Sales load payable		-	-
		<u>3,416</u>	<u>3,504</u>

6.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of 1.5 percent per annum for the current year (June 2019: 1.5 percent per annum).

6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

6.3 As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to "registrar services, accounting, operation and valuation services related to , Collective Investment Scheme". During the period the Management Company has charged aforementioned expense to the extent of 0.1% of the average daily net assets of the Fund till July 7, 2019. Effective from July 8, 2019 till September 30, 2019 expenses were charged at the rate of 0.5% of the average daily net assets of the Fund.

6.4 As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to "selling and marketing expenses" to Collective Investment Scheme subject to certain conditions. During the period the Management Company has charged aforementioned expense to the extent of 0.4% of the average daily net assets of the Fund till July 7, 2019. Effective from July 8, 2019 till September 30, 2019 expenses were charged at the rate of 0.45% of the average daily net assets of the Fund.

	<i>Note</i>	<b>September 30, 2019 (Un-Audited)</b>	June 30, 2019 (Audited)
		<b>(Rupees in '000)</b>	
<b>7. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual Fee	7.1	<u>52</u>	<u>1,991</u>

7.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a money market scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019 the rate of is reduced from 0.095% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears

	<i>Note</i>	<b>September 30, 2019 (Un-Audited) (Rupees in '000)</b>	June 30, 2019 (Audited)
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		369	276
Charity payable		1,527	1,353
Withholding tax payable		2	4
Payable to NCCPL		42	35
Payable to Shariah Advisor		38	17
Provision for Sindh Workers Welfare Fund	8.2	4,667	4,667
Federal Excise Duty	8.1	1,063	1,063
Printing Payable		76	-
Payable againsts Redemption of Units		2,814	-
Payable to Broker		82	306
Dividend Payable		25	25
Other payable		415	494
		<u>11,120</u>	<u>8,240</u>

#### 8.1 PROVISION FOR FEDERAL EXCISE DUTY

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

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.06 million. Had the provision not been made, the Net Asset Value per unit as at September 30, 2019 would have been higher by Re. 0.1091 (June 30, 2019: Re. 0.0971) per unit.

#### 8.2 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 13.3 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

As there is a loss for the three months ended September 30, 2019, therefore, no provision for SWWF has been maderecognised in this condensed interim financial information. Had the provision not been retained, net asset value per unit at September 30, 2019 would have been higher by Re. 0.48 (June 30, 2019 Re. 0.43) per unit.

#### 9. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2019.

#### 10. TAXATION

The income of the Fund is exempt from tax under 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 among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains

(whether realised or unrealised) to its unit holders.

**11. EARNINGS PER UNIT (EPU)**

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

**12. TOTAL EXPENSE RATIO**

The Scheme has maintained Total Expense Ratio (TER) 0.78% (0.06% representing Government Levies, and SECP Fee).

**13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and directors of connected persons.

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

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

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

	<b>Three months ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>13.1 Transactions during the period</b>	<b>(Rupees in '000)</b>	
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	4,434	10,316
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,221	609
Charging of Selling and marketing expenses	1,166	2,435
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	2	8
Mark-up earned during the period	99	72
Mark-up received during the period	87	89
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	580	973
CDC Charges	12	-
<b>HBL Cash Fund</b>		
Hub Power Company Limited	101,404	-

	September 30, 2019 (Un-Audited) (Rupees in '000)	June 30, 2019 (Audited)
<b>13.2 Amounts outstanding as at period end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management Fee	1,245	1,677
Sindh Sales Tax	162	218
Allocation of expenses related to registrar services, accounting, operation and valuation services	843	112
Charging of Selling and marketing expenses	1,166	1,497
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund : 4,292,544 units (June 30, 2019: 4,292,544 units)	443,653	443,286
Bank balances	6,609	4,775
Mark-up receivable on deposits with bank	34	16
Sales load payable	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	166	194
Sindh Sales Tax	22	25
Security Deposit	100	100
<b>HBL Asset Management Limited Employees Gratuity Fund</b>		
Investment held in the Fund 4,521 units (2019: 4,521 units)	467	467
<b>HBL Asset Management Limited Employees Provident Fund</b>		
Investment held in the Fund 13,051 units (2019: 13,051 units)	1,349	1,348
<b>SIUT Trust - Connected person due to holding more than 10% units</b>		
Investment held in the Fund 2,806,411 units (2019: 2,806,411 units)	290,055	289,815

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

The Securities and Exchange Commission of Pakistan vide circular 16 of 2010 dated July 07, 2010 required all Asset Management Companies to made disclosure in the financial statement of the collective investment scheme regarding any non-compliant investment held in portfolio of the collective investment scheme which are non-compliant either with the investment policy or the minimum investment criteria. As at September 30, 2019, all the investment held in the fund portfolio are compliant except for the following which are non-compliant due to not meeting minimum rating requirement.

Name of Non-Complaint Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	Limit	% of Net Assets	% of Total Assets
(Rupees in '000)							
Dawood Hercules Corporation Limited	Sukuk 1 & 2	162,080	-	162,080	15.00%	16.09%	15.86%

## 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.

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (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.

	September 30, 2019							
	Carrying amount			Fair Value				
	Fair value through profit or loss	At amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Listed Equities Securities	283,241	-	-	283,241	283,241	-	-	283,241
- Term finance certificate - unlisted	378,356	-	-	378,356	-	378,356	-	378,356
- Commercial Paper	-	57,214	-	57,214	-	57,214	-	57,214
	<u>661,597</u>	<u>57,214</u>	<u>-</u>	<u>718,811</u>	<u>283,241</u>	<u>378,356</u>	<u>-</u>	<u>661,597</u>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	278,496	-	278,496				
Accrued mark-up	-	16,577	-	16,577				
Advances, deposits and other receivables	-	8,037	-	8,037				
	<u>-</u>	<u>303,110</u>	<u>-</u>	<u>303,110</u>				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	3,416	3,416				
Payable to Trustee	-	-	188	188				
Accrued expenses and other liabilities	-	-	11,120	11,120				
Unit holders' fund	-	-	9,747,127	9,747,127				
	<u>-</u>	<u>-</u>	<u>14,724</u>	<u>14,724</u>				

	June 30, 2019							
	Carrying amount				Fair Value			
	Fair value through profit or loss	At amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>								
Investments								
- Listed Equities Securities	319,086	-	-	319,086	319,086	-	-	319,086
- Term finance certificate - unlisted	516,166	-	-	516,166	-	516,166	-	516,166
	<u>835,252</u>	<u>-</u>	<u>-</u>	<u>835,252</u>	<u>319,086</u>	<u>516,166</u>	<u>-</u>	<u>835,252</u>
<b>Financial assets not measured at fair value</b>								
Commercial Paper	193,749	-	-	193,749				
Bank balances	-	273,417	-	273,417				
Accrued mark-up	-	18,232	-	18,232				
Advances, deposits and other receivables	-	33,221	-	33,221				
Receivable Against Sale Of Investment	-	23,653	-	23,653				
	<u>193,749</u>	<u>348,523</u>	<u>-</u>	<u>542,272</u>				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	3,286	3,286				
Payable to Trustee	-	-	194	194				
Accrued expenses and other liabilities	-	-	2,506	2,506				
Payable Against Redemption of Units	-	-	235,617	235,617				
	<u>-</u>	<u>-</u>	<u>241,603</u>	<u>241,603</u>				

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

## **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 October 29, 2019.

## **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**

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# **HBL**

## **Islamic Stock Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Stock Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Bank Al Baraka Limited

**HBL Islamic Stock Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2019*

	<i>Note</i>	<b>September 30, 2019 (Un-Audited)</b>	<b>June 30, 2019 (Audited)</b>
<b>(Rupees in '000)</b>			
<b>Assets</b>			
Bank balances	4	46,464	55,650
Investments	5	500,566	585,604
Dividend receivable and accrued mark-up		6,630	2,347
Receivable against sale of equity instruments		-	10,033
Advance, deposits and other receivables		3,545	3,521
<b>Total assets</b>		<b>557,206</b>	<b>657,155</b>
<b>Liabilities</b>			
Payable to Management Company	6	2,155	2,202
Payable to Trustee		100	120
Payable to Securities and Exchange Commission of Pakistan	7	28	1,917
Payable against purchase of equity		1,390	-
Accrued expenses and other liabilities	8	17,996	17,755
<b>Total liabilities</b>		<b>21,669</b>	<b>21,994</b>
<b>Net assets</b>		<b>535,537</b>	<b>635,161</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>535,537</b>	<b>635,161</b>
<b>Contingencies and Commitments</b>	9		
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>6,239,372</b>	<b>6,957,434</b>
		<b>(Rupees)</b>	
<b>Net assets value per unit</b>		<b>85.8319</b>	<b>91.2924</b>

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 Stock Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the three months ended September 30, 2019*

		Three Months ended September 30,	
		2019	2018
		------(Rupees in '000)-----	
<b>Income</b>			
Dividend income		6,218	26,725
Mark-up on deposits with banks		1,524	7,492
Unrealized diminution on re-measurements of investments - HFT		(34,764)	(36,316)
Capital gain / (loss) on sale of investments - net		(6,391)	978
		<b>(33,414)</b>	<b>(1,121)</b>
<b>Expenses</b>			
Remuneration of Management Company		2,917	14,745
Remuneration of Trustee		321	1,103
Annual fee to Securities and Exchange Commission of Pakistan		28	620
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	510	652
Selling & Marketing Expense	6.4	1,021	2,610
Settlement & Bank Charges		133	170
Auditors' remuneration		59	89
Fees & Subscription		54	8
Securities Transaction Cost		488	1,446
Legal Fee		-	53
Haram Income Expense		311	961
		<b>5,842</b>	<b>22,457</b>
<b>Net loss from operating activities</b>		<b>(39,256)</b>	<b>(23,578)</b>
Provision for Workers' Welfare Fund	8.2	-	-
<b>Net loss for the period before taxation</b>		<b>(39,256)</b>	<b>(23,578)</b>
<b>Taxation</b>	11	-	-
<b>Net loss for the period after taxation</b>		<b>(39,256)</b>	<b>(23,578)</b>
<b>Earning per unit</b>	12		
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<b>(39,256)</b>	<b>(23,578)</b>
<b>Earning per unit</b>	12		

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 Stock Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For the three months ended September 30, 2019*

	Three months ended September 30,							
	2019			2018				
	(Rupees in '000)							
Capital value	Undistributed (loss) / income	Unrealized income / (loss)	Total	Capital value	Undistributed (loss) / income	Unrealized income / (loss)	Total	
<b>Net assets at the beginning of the period</b>	951,824	(316,663)	-	635,161	2,580,862	(40,603)	1,683	2,541,942
Issue of 549,580 units (2018: 1,462,649 units)								
- Capital value (at net asset value per unit at the beginning of the period)	50,172	-	-	50,172	163,565	-	-	163,565
- Element of loss	(5,365)	-	-	(5,365)	1,800	-	-	1,800
Total proceeds on issuance of units	44,808	-	-	44,808	-	-	-	165,364
Redemption of 1,267,642 units (2018: 498,023 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(115,726)	-	-	(115,726)	(55,693)	-	-	(55,693)
- Amount paid out of element of income relating to net income for the year after taxation	10,550	-	-	10,550	695	-	-	695
Total payment on redemption of units	(105,176)	-	-	(105,176)	(54,997)	-	-	(54,997)
Total comprehensive income for the period less distribution	-	(39,256)	-	(39,256)	-	-	(23,578)	(23,578)
<b>Net assets at the end of the period</b>	<b>891,456</b>	<b>(355,919)</b>	<b>-</b>	<b>535,537</b>	<b>2,525,865</b>	<b>-</b>	<b>(21,895)</b>	<b>2,628,731</b>
Undistributed income brought forward								
- Realised		(208,097)				6,041		
- Unrealised		(108,566)				(46,644)		
		(316,663)				(40,603)		
Accounting loss available for distribution		(39,256)				(23,578)		
Distribution during the period		-				-		
<b>Undistributed income carried forward</b>		<b>(355,919)</b>				<b>(64,181)</b>		
Undistributed income carried forward								
- Realised		(321,155)				(27,865)		
- Unrealised		(34,764)				(36,316)		
		(355,919)				(64,181)		
					(Rupees)			
Net assets value per unit at beginning of the period				<b>91.2924</b>				<b>111.8276</b>
Net assets value per unit at end of the period				<b>85.8319</b>				<b>110.9379</b>

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 Stock Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the three months ended September 30, 2019*

	Three Months ended September 30,	
	2019	2018
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss for the period	(39,256)	(23,578)
<b>Adjustments</b>		
Unrealized diminution on re-measurements of investments	34,764	36,316
	(4,492)	12,738
<b>(Increase) / decrease in assets</b>		
Investments - net	50,274	7,182
Dividend receivable and accrued mark-up	(4,283)	(3,343)
Receivable against sale of equity instruments	10,033	-
Advances, deposits, prepayments and other receivables	(24)	18,442
	55,999	22,281
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	(47)	(1,164)
Payable to Trustee	(20)	(8)
Payable against redemption of units	(1,889)	(634)
Dividend payable	-	(64,460)
Payable to Securities and Exchange Commission of Pakistan	1,390	-
Accrued expenses and other liabilities	241	(2,647)
	(325)	(68,913)
<b>Net cash generated from operating activities</b>	51,182	(33,894)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	44,808	319,956
Payment against redemption of units	(105,176)	(110,495)
<b>Net cash generated from financing activities</b>	(60,368)	209,461
<b>Net increase in cash and cash equivalents</b>	(9,186)	175,567
Cash and cash equivalents at beginning of the period	55,650	67,149
<b>Cash and cash equivalents at end of the period</b>	46,464	242,716

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 Stock Fund**

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

*For the three months ended September 30, 2019*

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

HBL Islamic Stock Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on December 10, 2010.

HBL Asset Management Limited is the 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 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 Pakistan.

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 09, 2011 to May 10, 2011.

The principal activity of the Fund is to provide long-term capital growth by investing primarily in a diversified pool of equities and equities related instruments.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2' (Positive outlook) to the Management Company and.

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 approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the 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 published financial statements of the Fund for the year ended June 30, 2018.

**2.1.3** In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, 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 September 30, 2018.

#### **2.2 Basis of measurement**

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

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### 2.3 Functional and presentation currency

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

### 3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2017.

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

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

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

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2018.

4 BANK BALANCES	Note	September 30,	June 30,
		2019	2019
Savings accounts		<u>46,464</u>	<u>55,650</u>
		<u>46,464</u>	<u>55,650</u>

5 INVESTMENTS

Note September 30, 2019 (Un-Audited) (Rupees in '000) June 30, 2019 (Audited)

Listed equity securities	5.1	500,566	585,604
		<u>500,566</u>	<u>585,604</u>

5.1 Listed equity securities at fair Value through Profit or Loss - Held for trading

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

Name of the Investee Company	Number of shares				As at September 30, 2019	Market value as at September 30, 2019 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
<b>Cement</b>									
D. G. Khan Cement Limited	-	-	-	-	-	-	0.00%	0.00%	0.00%
Kohat Cement Limited	172,690	9,000	-	63,500	118,190	5,439	1.09%	1.02%	0.03%
Lucky Cement Limited	59,550	8,000	-	21,300	46,250	15,824	3.16%	2.95%	0.03%
Maple Leaf Cement Factory Limited	-	-	-	-	-	-	0.00%	0.00%	0.00%
Pioneer Cement Limited	-	-	-	-	-	-	0.00%	0.00%	0.00%
	<u>232,240</u>	<u>17,000</u>	<u>-</u>	<u>84,800</u>	<u>164,440</u>	<u>21,263</u>	<u>4.25%</u>	<u>3.97%</u>	
<b>Automobile Parts &amp; Accessories</b>									
Thall Limited	53,050	12,000	-	-	65,050	15,520	3.10%	2.90%	0.02%
	<u>53,050</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>65,050</u>	<u>15,520</u>	<u>3.10%</u>	<u>2.90%</u>	
<b>Oil and Gas Exploration Companies</b>									
Mari Petroleum Compny Limited	51,482	4,000	-	7,700	47,782	43,143	8.62%	8.06%	0.01%
Oil & Gas Development Ltd	504,300	90,000	-	80,800	513,500	63,176	12.62%	11.80%	0.17%
Pakistan Oilfields Limited	87,770	2,000	-	25,900	63,870	24,264	4.85%	4.53%	0.02%
Pakistan Petroleum Limited	380,655	172,000	-	109,500	443,155	60,282	12.04%	11.26%	0.15%
	<u>1,024,207</u>	<u>268,000</u>	<u>-</u>	<u>223,900</u>	<u>1,068,307</u>	<u>190,865</u>	<u>38.13%</u>	<u>35.64%</u>	
<b>Oil and Gas Marketing Companies</b>									
Hascol Petroleum Limited	-	-	-	-	-	-	0.00%	0.00%	0.00%
Pakistan State Oil Company Limited	183,580	30,000	-	78,000	135,580	21,352	4.27%	3.99%	0.05%
Sui Northern Gas Pipeline Limited	178,300	22,000	-	23,500	176,800	10,891	2.18%	2.03%	0.06%
	<u>361,880</u>	<u>52,000</u>	<u>-</u>	<u>101,500</u>	<u>312,380</u>	<u>32,243</u>	<u>6.44%</u>	<u>6.02%</u>	
<b>Fertilizers</b>									
Engro Corporation Limited	204,980	29,100	-	53,700	180,380	48,142	9.62%	8.99%	0.04%
Engro Fertilizers Limited	397,000	158,000	-	118,000	437,000	29,817	5.96%	5.57%	0.15%
Fauji Fertilizer Company Limited	277,500	-	-	277,500	-	-	0.00%	0.00%	0.00%
	<u>879,480</u>	<u>187,100</u>	<u>-</u>	<u>449,200</u>	<u>617,380</u>	<u>77,958</u>	<u>15.57%</u>	<u>14.56%</u>	
<b>Commercial Banks</b>									
Meezan Bank Limited	286,740	86,000	-	-	372,740	26,852	5.36%	5.01%	0.03%
	<u>286,740</u>	<u>86,000</u>	<u>-</u>	<u>-</u>	<u>372,740</u>	<u>26,852</u>	<u>5.36%</u>	<u>5.01%</u>	
<b>Chemicals</b>									
Engro Polymer & Chemicals Limited	702,066	367,000	-	311,000	758,066	18,611	3.72%	3.48%	0.14%
Lotte Chemical Pakistan Ltd	204,000	620,000	-	262,000	562,000	7,666	1.53%	1.43%	0.11%
Sitara Chemical Industries Limited	24,700	-	-	3,400	21,300	5,468	1.09%	1.02%	0.00%
	<u>930,766</u>	<u>987,000</u>	<u>-</u>	<u>576,400</u>	<u>1,341,366</u>	<u>31,744</u>	<u>6.34%</u>	<u>5.93%</u>	
<b>Transport</b>									
Pakistan National Shipping Corp Limited	56,000	-	-	12,000	44,000	2,778	0.56%	0.52%	0.01%
	<u>56,000</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>44,000</u>	<u>2,778</u>	<u>0.56%</u>	<u>0.52%</u>	
<b>Investment Banks/Cos./Securities</b>									
Dawood Hercules Corporation Limited	63,900	-	-	63,900	-	-	0.00%	0.00%	0.00%
	<u>63,900</u>	<u>-</u>	<u>-</u>	<u>63,900</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>	
<b>Power Generation &amp; Distribution</b>									
Hub Power Company Ltd	732,441	50,500	-	117,000	665,941	47,115	9.41%	8.80%	0.15%
K-Electric Limited	2,955,000	325,000	-	100,000	3,180,000	11,289	2.26%	2.11%	0.73%
	<u>3,687,441</u>	<u>375,500</u>	<u>-</u>	<u>217,000</u>	<u>3,845,941</u>	<u>58,404</u>	<u>11.67%</u>	<u>10.91%</u>	
<b>Textile Composite</b>									
Kohinoor Textile Mills Ltd	-	-	-	-	-	-	0.00%	0.00%	0.00%
Interloop Limited	385,250	30,000	-	117,000	298,250	13,102	2.62%	2.45%	0.06%
Nishat Mills Ltd	163,800	113,000	-	47,100	229,700	19,295	3.85%	3.60%	0.04%
	<u>549,050</u>	<u>143,000</u>	<u>-</u>	<u>164,100</u>	<u>527,950</u>	<u>32,397</u>	<u>6.47%</u>	<u>6.05%</u>	
<b>PHARMACEUTICALS</b>									
AGP Limited	50,750	43,000	-	10,000	83,750	5,410	1.08%	1.01%	0.02%
The Searle Company Limited	42,124	-	-	5,000	37,124	5,131	1.03%	0.96%	0.01%
	<u>92,874</u>	<u>43,000</u>	<u>-</u>	<u>15,000</u>	<u>120,874</u>	<u>10,542</u>	<u>2.11%</u>	<u>1.97%</u>	
	<u>8,217,628</u>	<u>2,170,600</u>	<u>-</u>	<u>1,907,800</u>	<u>8,480,428</u>	<u>500,566</u>	<u>99.44%</u>	<u>92.96%</u>	

Cost of investments at September 30, 2019

535,330

**5.1.1** These includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 through 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, as 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 of the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case.

However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.690 million at September 30, 2018 (June 2018: Rs. 0.727 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.

**5.1.2** Investments include shares having market value aggregating to Rs. 62.30 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

<b>6</b>	<b>PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<i>Note</i>	<b>September 30, 2019</b>	June 30, 2019
<b>(Rupees in '000)</b>				
	Management fee	6.1	<b>887</b>	1,065
	Sindh Sales Tax	6.2	<b>115</b>	139
	Sales load payable		<b>60</b>	20
	Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	<b>71</b>	925
	Selling & Marketing payable	6.4	<b>1,021</b>	53
			<b>2,155</b>	<b>2,202</b>

**6.1** Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. During the period the Management Company has charged aforementioned expense to the extent of 2% of the average daily net assets of the Fund till July 7, 2019. Effective from July 08, 2019 till August 31, 2019 the Management Company has charged the fee at the rate 1.7% of the average daily net asset of the scheme. Effective from September 01, 2019 the Management Company has revised the fee to be charged at the rate of 2% of the average daily net assets of the fund. The fee is payable monthly in arrears.

**6.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

**6.3 ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES**

As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to "registrar services, accounting, operation and valuation services related to , Collective Investment Scheme". During the period the Management Company has charged aforementioned expense to the extent of 0.1% of the average daily net assets of the Fund till July 7, 2019. Effective from July 8, 2019 till August 31, 2019 expenses were charged at the rate of 0.5% of the average daily net assets of the Fund. Effective from September 1, 2019 expenses are being charged at the rate of 0.161% of the average daily net assets of the fund.

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#### 6.4 ALLOCATION OF EXPENSES RELATED TO SELLING AND MARKETING

As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to “selling and marketing expenses” to Collective Investment Scheme subject to certain conditions. During the period the Management Company has charged aforementioned expense to the extent of 0.75% of the average daily net assets of the Fund effective from July 8, 2019.

#### 7 PAYABLE TO SECURITIES EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as an equity scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019 the rate of is reduced from 0.095% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears.

#### 8 ACCRUED EXPENSES AND OTHER LIABILITIES

	<i>Note</i>	<b>September 30, 2019</b>	June 30, 2019
		<b>(Rupees in '000)</b>	
Auditors' remuneration		<b>322</b>	263
Federal Excise Duty	7.1	<b>6,793</b>	6,793
Provision for Sindh Workers' Welfare Fund	7.2	<b>6,312</b>	6,312
Payable to brokers		<b>155</b>	184
Charity Payable		<b>4,193</b>	3,882
Withholding tax payable		<b>19</b>	143
Other payables		<b>201</b>	178
		<b>17,996</b>	<b>17,755</b>

#### 8.1 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2019, and the appeal filed by tax authorities against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 6.793 million. Had the provision not been made, the Net Asset Value per unit as at September 30, 2019 would have been higher by Rs. 1.0887 (June 30, 2019: Re. 0.9764) per unit.

#### 8.2 PROVISION WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 12.3 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

As there is a loss for the three months ended September 30, 2019, therefore, no provision for SWWF has been maderecognised in this condensed interim financial information. Had the provision not been retained, net asset value per unit at September 30, 2019 would have been higher by Re. 1.0117 (June 30, 2019 Re. 0.9072) per unit.

#### 9 CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2019.

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## **9.1 COMMITTED CREDIT LINES**

The Securities and Exchange Commission of Pakistan Vide Direction No. 2 of 2017 dated January 13, 2017 as amended by Direction No. 7 of 2017 dated March 3, 2017, has directed all asset management companies to arrange committed credit lines from banks / DFIs for the equity funds equivalent to 10% of its net assets for redemption purposes. Accordingly, the Management Company of the fund has obtained committed credit lines of PKR 50 million at rate of 1 year KIBOR plus 1.50%. Further, the management company has applied to enhance the committed credit line by PKR 100 million. The management company is required to review the committed credit at least on a quarterly basis against the net assets of the Fund.

## **10 TOTAL EXPENSE RATIO**

The Scheme has maintained Total Expense Ratio (TER) 0.87% (0.10% representing Government Levies, and SECP Fee).

## **11 TAXATION**

The income of the Fund is exempt from tax under 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 among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

## **12 EARNINGS PER UNIT (EPU)**

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

## **13 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

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

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

13.1 Transactions during the period	Three Months ended September 30,	
	2019	2018
	(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>		
Management Fee	2,917	14,745
Allocation of expenses related to registrar services, accounting, operation and valuation services	510	652
Selling & Marketing Expense	1,021	2,610
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	20,329	16,380
Profit on bank deposits earned	181	181
Profit on bank deposits received	155	144
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	321	1,103
<b>Directors, Executives and their relatives</b>		
Issuance of 54 units (2018: 47 Units)	5	5
Redemption of 39,919 units (2018: 906 Units)	3,376	100
<b>HBL IFPF Strategic Allocation Plan</b>		
Redemption of Nil units (2018: 3,491 Units)	-	375
<b>HBL IFPF Active Allocation Plan</b>		
Issuance of 22,212 units (2018: 3600 Units)	1,933	400
Redemption of 110,451 units (2018: 37,397 Units)	9,621	4,246
<b>HBL IFPF Conservative Allocation Plan</b>		
Issuance of 6,980 units (2018: Nil Units)	578	-
Redemption of 5,239 units (2018: 3,358 Units)	413	370

13.2	Balances outstanding as at period end	September 30,	June 30,
		2019	2019
		(Un-Audited)	(Audited)
		(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>			
	Investment held in fund of 164,082 units (June 30, 2019: 164,082 units)	14,083	14,979
	Management fee	887	1,065
	Sindh Sales Tax	115	139
	Sales load payable	60	20
	Selling & Marketing Expense	1,021	53
	Allocation of expenses related to registrar services, accounting, operation and valuation services	71	925
<b>Habib Bank Limited - Sponsor</b>			
	Investment held in the Fund: 2,539,414 units (June 30, 2019: 2,539,414 units)	217,963	231,829
	Bank balances	7,613	7,006
	Mark-up accrued on deposits with bank	45	19
<b>HBL IFPF Strategic Allocation Plan</b>			
	Investment held in the Fund: Nil units (June 30, 2019: 393,090 units)	-	35,886
<b>HBL IFPF Active Allocation Plan</b>			
	Investment held in the Fund: 304,852 units (June 30, 2019: Nil units)	26,166	-
<b>HBL IFPF Conservative Allocation Plan</b>			
	Investment held in the Fund: 4,461 units (June 30, 2019: 2,721 units)	383	248
<b>Directors, Executives and their relatives</b>			
	Investment held in the Fund: 13,713 units (June 30, 2019: 49,299 units)	810	4,501
<b>IGI Life Insurance</b>			
	Investment held in the Fund: 1,447,199 units (June 30, 2019: 1,447,199 units)	124,216	132,118
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
	Remuneration payable	89	285
	Sindh Sales Tax	12	37
	Security deposit	100	100

#### 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.

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

undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date.

The quoted market price used for financial assets held by the Fund is current bi

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (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.

	September 30, 2019				Fair Value			
	Carrying amount							
Available- for-sale	Held for Trading	Loans and receivables / Other financial liabilities	Total					
<b>On-balance sheet financial instruments</b>				----- (Rupees in '000) -----				
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	500,566	-	-	500,566	500,566	-	-	500,566
	500,566	-	-	500,566	500,566	-	-	500,566
<b>Financial assets not measured at fair value</b>								
Bank balances								
	-	46,464	-	46,464				
Investments								
- Un-Listed equity securities	-	-	-	-				
Dividend receivable and accrued mark-up	-	6,630	-	6,630				
Advances, deposits and other receivables	-	3,545	-	3,545				
	-	56,640	-	56,640				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company								
	-	-	2,039	2,039				
Payable to Trustee								
	-	-	89	89				
Accrued expenses and other liabilities								
	-	-	4,872	4,872				
	-	-	7,000	7,000				

	June 30, 2019							
	Carrying amount				Fair Value			
	Available- for-sale	Held for Trading	Loans and receivables / Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	20,598	585,604	-	606,202	606,202	-	-	606,202
	<u>20,598</u>	<u>585,604</u>	<u>-</u>	<u>606,202</u>	<u>606,202</u>	<u>-</u>	<u>-</u>	<u>606,202</u>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	55,650	-	55,650				-
Dividend receivable and accrued mark-up	-	2,347	-	2,347				-
Advances, deposits, prepayments and other receivables	-	2,600	-	2,600				-
	<u>-</u>	<u>60,597</u>	<u>-</u>	<u>60,597</u>				<u>-</u>
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	2,063	2,063				-
Payable to Trustee	-	-	285	285				-
Accrued expenses and other liabilities	-	-	4,507	4,507				-
	<u>-</u>	<u>-</u>	<u>6,855</u>	<u>6,855</u>				<u>-</u>

**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 repriced periodically. Therefore, their carrying amounts are reasonable approximation of 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 for the period ended September 30, 2019 is 0.98% (September 30, 2018 0.87%) which includes 0.07% (September 30, 2018 0.10%) representing government levy and SECP fee of the fund.

## **16 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on October 29, 2019 by the Board of Directors of the Management Company.

## **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**

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# **HBL**

## **Islamic Income Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Income Fund
Name of Auditor	BDO Ebrahim & Co. Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Dubai Islamic Bank Limited Bank Islami Pakistan Limited Al Baraka Bank Pakistan Limited United Bank Limited Burj Bank Limited Faysal Bank Limited Allied Bank Limited Askari Bank Limited Soneri Bank Limited Summit Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited
Rating	'A+(f)'

**HBL Islamic Income Fund**  
**Condensed Interim Statement Of Assets And Liabilities (Unaudited)**  
*AS AT September 30, 2019*

		(Unaudited) September 30, 2019	(Audited) June 30, 2019
	Note	(Rupees in 000's)	
<b>ASSETS</b>			
Bank balances	4	959,646	2,164,208
Investments	5	822,386	888,592
Profit receivable		31,021	76,919
Deposits and prepayments and Others		7,758	7,798
<b>Total assets</b>		<u>1,820,811</u>	<u>3,137,517</u>
<b>LIABILITIES</b>			
Payable to the Management Company	6	5,540	7,001
Payable to the Trustee		122	407
Annual fee payable to Securities and Exchange Commission of Pakistan		82	3,049
Redemption Payable		1,838	199
Dividend payable		33	3,864
Accrued expenses and other liabilities	8	15,180	19,513
<b>Total liabilities</b>		<u>22,795</u>	<u>34,033</u>
<b>NET ASSETS</b>		<u>1,798,016</u>	<u>3,103,484</u>
<b>UNIT HOLDERS' FUND</b>		<u>1,798,016</u>	<u>3,103,484</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	(Number of units)	
Number of units in issue		<u>17,189,161</u>	<u>30,579,719</u>
		(Rupees)	
Net assets value per unit		<u>104.6018</u>	<u>101.4883</u>

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 And Comprehensive Income (Unaudited)**  
*For The Three Months Ended September 30, 2019*

	Note	Quarter ended September 30,	
		2019	2018
		(Rupees in '000')	
<b>INCOME</b>			
Capital loss on sale of investments - net		(212)	(188)
Profit from bank deposits		30,621	35,691
Profit from Sukuks		25,631	30,567
Profit from TDRs		1,158	14,124
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		272	3,126
		<u>57,470</u>	<u>83,320</u>
<b>EXPENSES</b>			
Remuneration to the Management Company		3,775	8,676
Sindh Sales Tax on remuneration of management company on management fee		491	1,128
Remuneration to the Trustee		347	1,255
Annual fee to Securities and Exchange Commission of Pakistan		82	791
Fund operations, accounting and related costs	7	823	1,055
Shahriah Advisory Charges		54	33
Amortisation of preliminary expenses and floatation costs		-	206
Auditors' remuneration		59	59
Fees and subscription		92	104
Securities transaction, settlement and bank charges		92	391
Printing charges		-	-
Selling and Marketing expenses	6.4	2,473	1,433
		<u>8,286</u>	<u>15,130</u>
Net income from operating activities		49,184	68,189
Provision for Sindh Workers' Welfare Fund	8.1	(984)	(1,364)
Net income for the period before taxation		<u>48,200</u>	<u>66,826</u>
Taxation	10	-	-
Net income for the period after taxation		48,200	66,826
<b>Allocation of net income for the period:</b>			
Income already paid on redemption of units		<b>12,221</b>	<b>11,428</b>
Accounting income available for distribution:			
-Relating to capital gains		58	2,495
-Excluding capital gains		35,921	52,902
		<u>35,979</u>	<u>55,398</u>
<b>Net income / (loss) for the period after taxation</b>		<b>48,200</b>	<b>66,826</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>48,200</b>	<b>66,826</b>
<b>Earnings per unit</b>	11		

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 Movement In Unit Holders' Fund**  
*For The Three Months Ended September 30, 2019*

	2019			2018		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	-----Rupees in '000'-----					
<b>Net assets at beginning of the period</b>	3,049,443	54,041	3,103,484	3,009,578	93,906	3,103,484
Issuance of 10,850,377 units (2018: 12,921 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,101,186	-	1,101,186	1,372,361	-	1,372,361
- Element of loss	19,367	-	19,367	76,230	-	76,230
Total proceeds on issuance of units	1,120,553	-	1,120,553	1,448,591	-	1,448,591
Redemption of 24,240,934 units (2018: 3,989,754 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(2,460,171)	-	(2,460,171)	1,483,177	-	1,483,177
- Amount relating to element of loss		(12,221)	(12,221)	-	(11,428)	(11,428)
Relating to net loss for the period after taxation	(1,830)	-	(1,830)	(3,043,687)	-	(3,043,687)
Total payments on redemption of units	(2,462,001)	-	(2,474,222)	(1,571,938)	-	(1,571,938)
Total comprehensive income for the period	-	48,200	48,200	-	66,826	66,826
Refund of Capital	-	-	-	(145,445)	-	(145,445)
Distribution for the period	-	-	-	-	(44,653)	(44,653)
Total comprehensive income for the period less distribution	-	48,200	48,200	(145,445)	22,173	(123,272)
<b>Net assets at end of the period</b>	1,707,995	102,241	1,798,016	2,740,786	116,079	2,856,864
<b>Undistributed income brought forward</b>						
- Realised		66,198			106,089	
- Unrealised		(12,157)			(12,183)	
		54,041			93,906	
Accounting income / (loss) for the period		48,200			22,173	
Distribution during the period		-			(44,653)	
<b>Undistributed income carried forward</b>		102,241			71,426	
<b>Undistributed income carried forward</b>						
- Realised		101,969			68,300	
- Unrealised		272			3,126	
		102,241			71,426	
<b>Net assets value per unit at beginning of the period</b>			101.4883			101.4883
<b>Net assets value per unit at end of the period</b>			104.6018			102.9238

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 Three Months Ended September 30, 2019*

	Quarter ended September 30,	
	2019	2018
	(Rupees in '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	48,200	66,826
<b>Adjustments for non cash charges and other items:</b>		
Amortisation of deferred formation cost	-	206
Capital loss on sale of investments - net	212	188
Unrealize appreciation on re-measurement of investments as 'financial assets at fair value through profit of loss' - net	(272)	(3,126)
	(60)	(2,732)
<b>(Increase) / decrease in assets</b>		
Investments - net	66,266	(1,577,501)
Profit receivable	45,898	38,806
Deposits and prepayments	40	3,387
	112,204	(1,535,309)
<b>Increase / (Decrease) in liabilities</b>		
Payable to the Management Company	(1,461)	(1,237)
Payable to the Trustee	(285)	16
Annual fee payable to Securities and Exchange Commission of Pakistan	(2,967)	(2,258)
Redemption Payable	1,639	-
Dividend payable	(3,831)	-
Accrued expenses and other liabilities	(4,333)	(8,382)
	(11,238)	(11,861)
Net cash (used in ) / generated from operating activities	149,106	(1,483,076)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issuance of units	1,120,553	1,448,591
Cash paid on redemption of units	(2,474,222)	(1,671,517)
Dividend paid	-	(190,072)
Net cash used in financing activities	(1,353,669)	(412,998)
Net decrease in cash and cash equivalents	(1,204,563)	(1,896,074)
Cash and cash equivalents at the beginning of the period	2,164,208	2,164,208
Cash and cash equivalents at the end of the period	959,646	268,134

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 Three Months Ended September 30, 2019***

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

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

SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. 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. After the merger, trust deed was revised on February 17, 2017.

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 office of the Management Company located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund has been categorised as a Shariah Compliant Income Scheme as per the criteria laid down by the SECP for categorization of open-end Collective Investment Schemes (CISs) 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 investment objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking into account liquidity considerations.

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

JCR-VIS Credit Rating Company has assigned an asset management rating of 'AM2+ (AM2 Plus)' to the Management Company and a stability rating 'A+(f)' to 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 approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the 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 published financial statements of the Fund for the year ended June 30, 2019.

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 September 30, 2019.

**HBL Islamic Income Fund**  
**Notes to the Condensed Interim Financial Information (Unaudited)**  
*For the Nine Months and Quarter Ended March 31, 2019*

2.20 Basis of measurement

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

2.30 Functional and presentation currency

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

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

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

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2019.

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

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

		<b>September 30, 2019 (Un-Audited)</b>	June 30, 2019 (Audited)
	<i>Note</i>	<b>(Rupees in '000)</b>	
4	BANK BALANCES		
	In savings accounts	4.1	959,646
		<u>959,646</u>	<u>2,164,208</u>

4.1 Mark-up rates on these accounts range between 13.00% to 13.50% per annum (June 30, 2019: 6.50% to 12.50% per annum).

		<b>September 30, 2019 (Un-Audited)</b>	June 30, 2019 (Audited)
	<i>Note</i>	<b>(Rupees in '000)</b>	
5	INVESTMENTS		
	Financial Assets at fair value through profit & loss:		
	Corporate Sukuk	5.1	705,627
	At amortized cost		
	Term deposit certificates	5.2	116,759
		<u>116,759</u>	<u>129,424</u>
		<u>822,386</u>	<u>888,592</u>

## 5.1 Corporate Sukuks:

Entity	Long Term Rating	Number of Units				Market value	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2019	Purchases during the period	Sales / matured during the year	As at September 30, 2019			
		-----No. of Certificates-----				-----Rupees in '000'-----	-----%-----	
<b>Corporate Sukuks</b>								
Ghani Gases Sukuk		1,530	-	-	1,530	89,919	5.00%	10.93%
AGP Limited Sukuk (6.1.2)		2,642	-	-	2,642	145,310	8.08%	17.67%
Dubai Islamic Bank (Sukuk) (6.1.2)		190	-	-	190	190,000	10.57%	23.10%
International Brand Ltd		1,100	-	-	1,100	102,032	5.67%	12.41%
DAWOOD HERCULES CORP. LTD. (16-11-2017)		751	-	-	751	43,024	2.39%	5.23%
DAWOOD HERCULES CORP. LTD. (01-03-2018)		450	-	-	450	40,342	2.24%	4.91%
Agha Steel		95	-	-	95	95,000	5.28%	11.55%
<b>Total - September 30, 2019</b>		<b>6,758</b>	<b>-</b>	<b>-</b>	<b>6,758</b>	<b>705,627</b>	<b>39.24%</b>	<b>85.80%</b>

Cost of investment - September 30, 2019

1,592,517

5.1.1 These Sukuk carry semi annual mark-up at the rate of 15.20% to 13.65% per annum. (June 30, 2019: semi annual mark-up at the rate of 11.03% to 14.20% per annum) respectively.

5.1.2 This include Rs. 1,306 million (2019: 1,588) recievable from Dawood Hercules Coporate Limited which is a related party due to common directorship.

6	PAYABLE TO MANAGEMENT COMPANY	Note	September 30,	June 30,
			2019 (Un-Audited)	2019 (Audited)
			(Rupees in '000)	
	Management fee	6.1	1,988	3,889
	Sindh Sales Tax	6.2	259	505
	Sales load payable		326	104
	Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	494	341
	Selling and Marketing expenses	6.4	2,473	2,162
			<u>5,540</u>	<u>7,001</u>

6.1 As per the offering document of the Fund, the Management Company may charge a fee at the rate of 10% of the gross earning of the scheme, calculated on a daily basis subject to a cap of 1.5% and a floor of 1% of the average daily net asset of the scheme. Effective from July 08, 2019 till August 31, 2019 the Management Company has charged the fee at the rate 0.5% of the average daily net asset of the scheme. Effective from September 01, 2019 the Management Company has revised the fee to be charged at the rate of 0.1385% of the average daily net assets of the fund. The fee is payable monthly in arrears.

6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

6.3 As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to "registrar services, accounting, operation and valuation services related to , Collective Investment Scheme". During the period the Management Company has charged aforementioned expense to the extent of 0.1% of the average daily net assets of the Fund till July 7, 2019. Effective from July 8, 2019 till August 31, 2019 expenses were charged at the rate of 0.3% of the average daily net assets of the Fund. Effective from September 1, 2019 expenses are being charged at the rate of 0.1% of the average daily net assets of the fund.

6.4 As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to “selling and marketing expenses” to Collective Investment Scheme subject to certain conditions. During the period the Management Company has charged aforementioned expense to the extent of 1% of the average daily net assets of the Fund effective from July 8, 2019 till August 31, 2019.

#### 7 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a money market scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019 the rate of is reduced from 0.075% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears.

		<b>September 30, 2019 (Un-Audited)</b>	June 30, 2019 (Audited)
	<i>Note</i>	<b>(Rupees in '000)</b>	
8	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Provision for Sindh Workers' Welfare Fund	12,993	12,010
	Provision for Federal Excise Duty	1,344	1,344
	Payable to brokers	97	83
	Withholding tax payable	212	5,461
	Auditors' remuneration	62	169
	Printing Charges	237	238
	Redemption Payable	-	-
	Others	235	208
		<u>15,180</u>	<u>19,513</u>

#### 8.1 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

As there is loss for the half year ended September 30, 2019, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2019 would be higher by Re. 0.7559 (June 30, 2019 Re. 0.3927) per unit.

#### 8.2 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2019, and the appeal filed by tax authorities against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.344 million. Had the provision not been retained, NAV per unit of the Fund as at September 30, 2019 would have been higher by Re. 0.0782 (June 30, 2019: Re. 0.0440 ) per unit.

#### 9 CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2018 and June 30, 2019.

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10 TAXATION

The income of the Fund is exempt from tax under 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 among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

11 EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

12 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 three months ended September 30, 2019 is 0.39% which includes 0.08% representing government levy and SECP fee.

13 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include the HBL Asset Management Limited being the Management Company, Habib Bank Limited being the holding company of the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, other associated companies of the Management Company and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and term determined in accordance with the market rates.

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

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

Details of transactions carried out by the Fund with connected persons and balances with them other than those disclosed elsewhere in these financial statements, as at year end, are as follows:

	<b>September 30, 2019 (Un-Audited)</b>	<b>June 30, 2019 (Audited)</b>
13.1 Balance as at September 30, 2019		
HBL Asset Management Company Limited		
Management fee payable	1,988	3,889
Sindh Sales Tax	259	505
Sales load payable	326	104
Allocation of expenses related to registrar services, accounting operation and valuation services	494	341
Selling & Marketing Expense	2,473	2,162
Central Depository Company of Pakistan Limited - Trustee		
Trustee Fee payable	122	407

	<b>September 30, 2019 (Un-Audited)</b>	June 30, 2019 (Audited)
	<b>(Rupees in '000)</b>	
Habib Bank Limited-Sponsor		
Units held : Nil (June 30, 2019: Nil units)	-	-
Bank balances	574,541	144,066
HBL Asset Management Limited Employees Gratuity Fund		
Units held : 4,658 units (June 30, 2019: 4,658 units)	487	473
HBL Asset Management Limited Employees Provident Fund		
Units held 25, 042 units (June 30, 2019: 25,042 units)	2,619	2,541
Directors and executives of the Management Company		
Units held 39,076 units (June 30, 2019: 56,017 units)	4,087	5,685
Connected Person due to holding more than 10% units:		
HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management		
Units held : 395,691 (June 30, 2019: 21,203,996) units	41,390	2,151,958
HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management		
Units held : 679,924 (June 30 2019: 838,440) units	71,121	85,092
HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management		
Units held : 120,048 (June 30, 2019: 140,026) units	12,557	14,211
Dawood Hercules Corporation Limited		
Investment in Sukuk Certificate : 5,220 Certificate (2018: Nil)	-	523,044
Profit receivable on Sukuk Certificate	-	5,516
Advance against initial public offering	-	-
DEWAN PETROLEUM (PVT)LTD		
Units held : 2,820,979 (2019: Nil) units	295,079	-
SOORTY ENTERPRISES (PVT) LTD		
Units held : 3,875,492 (2019: Nil) units	405,383	-

	(Unaudited) 2019	(Unaudited) Quarter ended September 30, 2018
	(Rupees in '000)	
Transactions during the year		
HBL Asset Management Company Limited		
Remuneration of the Management Company for the period	3,775	8,676
Sindh Sales tax on remuneration of the Management Company	491	1,128
Redemption of NIL (June 30, 2017: 248,136) units	-	-
Issuance of Nil units (2018: 245,246)units	-	25,000
Redemption of Nil units (2018: 245,246) units	-	25,096
Habib Bank Limited - Sponsors		
Profit on bank deposits	5,550	186
Bank charges paid	52	22
Refund of capital	-	4,960
Dividend paid	-	12,111
Issuance of Nil units (2018: 119,554 units)	-	12,111
HBL Asset Management Limited Employees Gratuity Fund		
Refund of capital	-	11
Dividend paid	-	21
Issuance of Nil units (2018: 204 units)	-	21
HBL Asset Management Limited Employees Provident Fund		
Refund of capital	-	69
Dividend paid	-	111
Issuance of Nil units (2018: 1,094 units)	-	111
Central Depository Company of Pakistan Limited-Trustee		
Trustee fee	347	1,255
CDS charges	3	55
Directors and executives of the Management Company		
Issue of 34,701 units (2018: 49,462 units)	3,571	2,661
Redemption of 51,643 units (2018: 25,793 units)	5,289	2,637
Dividend paid	-	1,304
Refund of capital	-	400
HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management		
Issue of 42,054 units (2018: 4,181,010 units)	4,300	325,347
Redemption of 20,850,359 (2018: 57,200) units	2,124,027	5,857
Refund of capital	-	101,610
Dividend paid	-	101,956

	(Unaudited) Quarter ended September 30, 2019	(Unaudited) 2018
	(Rupees in '000)	
HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management		
Investment of 120,316 (2018: 74,185) units	12,477	2,966
Redemption of 278,832 (2018: 71,313) units	28,666	7,290
Refund of capital	-	4,574
Dividend paid	-	4,590
HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management		
Investment of Nil (2018: 13,511) units	-	5
Redemption of 19,978 (2018: 92,860) units	2,065	9,468
Refund of capital	-	1,364
Dividend paid	-	1,369
DEWAN PETROLEUM (PVT)LTD		
Investment of 2,820,979 (2018: Nil) units	290,000	-
SOORTY ENTERPRISES (PVT) LTD		
Investment of 3,875,492 (2018: Nil) units	400,000	-

#### 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

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the company 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.

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.

Note	September 30, 2019								
	Carrying amount				Fair Value				
	Fair value through profit and loss	At amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments									
- Corporate Sukuk	6	705,627	-	-	705,627	-	705,627	-	705,627
		<u>705,627</u>	<u>-</u>	<u>-</u>	<u>705,627</u>	<u>-</u>	<u>705,627</u>	<u>-</u>	<u>705,627</u>
<b>Financial assets not measured at fair value</b>									
Bank balances		-	959,646	-	959,646	-	-	-	-
Profit receivable		-	31,021	-	31,021	-	-	-	-
Deposits		-	7,758	-	7,758	-	-	-	-
		<u>-</u>	<u>990,667</u>	<u>-</u>	<u>990,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Payable to the Management Company		-	-	5,540	5,540	-	-	-	-
Payable to the Trustee		-	-	122	122	-	-	-	-
Accrued expenses and other liabilities		-	-	631	631	-	-	-	-
		<u>-</u>	<u>-</u>	<u>6,293</u>	<u>6,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note	June 30, 2019								
	Carrying amount				Fair Value				
	Fair value through profit and loss	At amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments									
- Corporate Sukuk	6	888,592	-	-	888,592	-	888,592	-	888,592
		<u>888,592</u>	<u>-</u>	<u>-</u>	<u>888,592</u>	<u>-</u>	<u>888,592</u>	<u>-</u>	<u>888,592</u>
<b>Financial assets not measured at fair value</b>									
Bank balances		-	2,164,208	-	2,164,208	-	-	-	-
Profit receivable		-	76,919	-	76,919	-	-	-	-
		<u>-</u>	<u>2,241,127</u>	<u>-</u>	<u>2,241,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Payable to the Management Company		-	-	7,001	7,001	-	-	-	-
Payable to the Trustee		-	-	407	407	-	-	-	-
Accrued expenses and other liabilities		-	-	19,513	19,513	-	-	-	-
		<u>-</u>	<u>-</u>	<u>26,921</u>	<u>26,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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The company 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.

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 29, 2019 by the Board of Directors of the Management Company.

16 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Islamic Equity Fund**

## FUND INFORMATION

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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 Al Baraka Bank Pakistan Limited United Bank Limited Burj Bank Limited MCB Bank Limited Faysal Bank Limited Habib Bank Limited

**HBL Islamic Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2019*

	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
Note	(Rupees in '000)	
<b>Assets</b>		
Bank balances	4 22,112	24,030
Investments	5 230,659	241,786
Dividend and profit receivable	3,547	1,640
Receivable against sale of investments	-	5,002
Deposits and prepayments	2,963	3,001
<b>Total assets</b>	<b>259,281</b>	<b>275,459</b>
<b>Liabilities</b>		
Payable to Management Company	6 1,028	915
Payable to the Trustee	45	65
Payable to the Securities and Exchange Commission of Pakistan	7 12	663
Payable against purchase of investments	837	-
Payable against redemption of units	80	-
Accrued expenses and other liabilities	8 8,421	8,352
<b>Total liabilities</b>	<b>10,423</b>	<b>9,995</b>
<b>Net assets</b>	<b>248,858</b>	<b>265,464</b>
<b>Unit holders' fund (as per statement attached)</b>	<b>248,858</b>	<b>265,464</b>
<b>Contingencies and commitments</b>		
	9	
	(Number of units)	
<b>Number of units in issue</b>	<b>3,429,217</b>	<b>3,457,222</b>
	(Rupees)	
<b>Net assets value per unit</b>	<b>72.5698</b>	<b>76.7854</b>

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 Equity Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the three months ended September 30, 2019*

		Quarter ended September 30,	
	Note	2019	2018
		(Rupees in '000')	
<b>INCOME</b>			
Capital (loss) / gain on sale of investments - net		(1,281)	2,826
Dividend income		2,605	9,613
Profit from bank deposits		728	3,086
Unrealize (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(14,246)	(13,954)
		<u>(12,194)</u>	<u>1,571</u>
<b>EXPENSES</b>			
Remuneration to the Management Company		1,123	6,086
Sindh Sales Tax on remuneration of management company		146	791
Remuneration to the Trustee		139	625
Annual fee to Securities and Exchange Commission of Pakistan		12	289
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	220	304
Amortisation of preliminary expenses and floatation costs		-	51
Auditors' remuneration		59	59
Fees and subscription		7	7
Securities transaction and bank charges		344	1,120
Printing charges		-	-
Expense to Shariah Advisory Services		53	36
Selling and marketing expense	6.4	444	1,217
		<u>2,548</u>	<u>10,585</u>
<b>Net loss from operating activities</b>		<u>(14,742)</u>	<u>(9,014)</u>
Element of income and capital gains included in prices of units issued less those in units redeemed	4	-	-
Provision for Workers' Welfare Fund	8.1	-	-
Net loss for the period before taxation		<u>(14,742)</u>	<u>(9,014)</u>
Taxation	10	-	-
<b>Net loss for the period after taxation</b>		<u>(14,742)</u>	<u>(9,014)</u>
<b>Allocation of net loss for the period:</b>			
Income already paid on redemption of units		-	-
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<u><b>(14,742)</b></u>	<u><b>(9,014)</b></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 Equity Fund**  
**Condensed Interim Statement of Movement in Unitholders' Fund**  
*For the three months ended September 30, 2019*

	2019			2018		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
-----Rupees in '000'-----						
<b>Net assets at beginning of the period</b>	<b>481,681</b>	<b>(216,217)</b>	<b>265,464</b>	349,933	(84,469)	<b>265,464</b>
Issuance of 376,748 units (2018: 12,921 units)						
- Capital value (at net asset value per unit at the beginning of the period)	28,929	-	28,929	992	-	992
- Element of loss	(1,602)	-	(1,602)	209	-	209
Total proceeds on issuance of units	27,327	-	27,327	1,201	-	1,201
Redemption of 404,753 units (2018: 3,989,754 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(31,079)	-	(31,079)	(306,355)	-	(306,355)
- Amount relating to element of loss	1,888	-	1,888	-	-	-
Relating to net loss for the year after taxation	-	-	-	(62,086)	-	(62,086)
Total payments on redemption of units	(29,191)	-	(29,191)	(368,441)	-	(368,441)
Total comprehensive income for the year	-	(14,742)	(14,742)	-	(9,014)	(9,014)
Distribution for the year	-	-	-	-	-	-
Total comprehensive income for the year less distribution	-	(14,742)	(14,742)	-	(9,014)	(9,014)
<b>Net assets at end of the year</b>	<b>479,816</b>	<b>(230,959)</b>	<b>248,858</b>	(17,307)	(93,483)	(110,790)
<b>Undistributed income brought forward</b>						
- Realised		(172,109)			(40,048)	
- Unrealised		(44,108)			(44,421)	
		(216,217)			(84,469)	
Element of income and capital gains included in prices of units issued less those in units redeemed		-			-	
Accounting (loss) / income for the year		(14,742)			(9,014)	
Distribution during the year		-			-	
<b>Undistributed income carried forward</b>		<b>(230,959)</b>			<b>(93,483)</b>	
<b>Undistributed income carried forward</b>						
- Realised		(216,713)			(79,529)	
- Unrealised		(14,246)			(13,954)	
		(230,959)			(93,483)	
<b>Net assets value per unit at beginning of the year</b>			<b>76.7854</b>			<b>76.7854</b>
<b>Net assets value per unit at end of the year</b>			<b>72.5698</b>			<b>91.6596</b>

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 Equity Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the three months ended September 30, 2019*

	<b>Quarter ended September 30, 2019                      2018 (Rupees in 000's)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	(14,742)	(9,014)
<b>Adjustments for non cash charges and other items:</b>		
Amortisation of deferred formation cost	-	51
Capital gain on sale of investments - net	1,281	(2,826)
Unrealize diminution/ (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	14,246	13,954
	15,527	11,179
<b>Decrease / (increase) in assets</b>		
Investments - net	(4,400)	(585,815)
Dividend and profit receivable	(1,907)	(11,154)
Receivable from equity market settlement	5,002	5,002
Deposits and prepayments	38	(20)
Preliminary and floatation costs	-	(184)
	(1,267)	(592,171)
<b>(decrease) / Increase in liabilities</b>		
Payable to the Management Company	113	2,248
Payable to the Trustee	(20)	117
Annual fee payable to Securities and Exchange Commission of Pakistan	(651)	(374)
Payable against equity market settlement	837	832
Accrued expenses and other liabilities	69	3,013
	348	5,836
Net cash generated from / (used in) operating activities	(134)	(584,170)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issuance of units	27,327	1,201
Cash paid on redemption of units	(29,112)	(367,210)
Net cash used in / generated from financing activities	(1,785)	(366,009)
Net (decrease)/ increase in cash and cash equivalents	(1,919)	(950,179)
Cash and cash equivalents at the beginning of the period	24,030	24,030
Cash and cash equivalents at the end of the period	22,112	(926,149)

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 Equity Fund**

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

### ***For the three months ended September 30, 2019***

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#### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. 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. After the merger, trust deed was revised on February 17, 2017.

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

"The Fund 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 (CISs) 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. Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

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

JCR-VIS Credit Rating Company has assigned an asset management rating of 'AM2+' (AM2 Plus) to the Management Company.

#### 2 BASIS OF PREPARATION

##### 2.1 Statement of compliance

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP).Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirments of the IFRS the requirments of NBFC Rules,the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. 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 published audited financial statements of the Fund for the year ended June 30, 2019.

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 September 30, 2019.

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2.2 Basis of measurement

This condensed interim financial information has 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 AND RISK MANAGEMENT POLICIES, ACCOUNTING JUDGEMENT AND CHANGES THEREIN

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

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2019.

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

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended September 30, 2019.

	<b>September 30,</b>	<b>June 30,</b>
	<b>2019</b>	<b>2019</b>
	<b>(Un-Audited)</b>	<b>Audited</b>
	<b>(Rupees in '000)</b>	
<b>Note</b>		
<b>4 BANK BALANCES</b>		
Current accounts	<b>1,435</b>	1,435
PLS deposit accounts under mark-up arrangements	<b>20,677</b>	22,595
	<b>22,112</b>	24,030

4.1 Mark-up rates on these accounts range between 13.00% to 13.50% p.a (June 30, 2019: 6.50% - 7.45% p.a).

**September 30, 2019**  
**(Un-Audited)**  
**Note**

**June 30, 2019**  
**Audited**  
**(Rupees in '000)**

**5 INVESTMENTS**

**Financial assets 'at fair value through profit or loss' held for trading**

- Listed equity securities	5.1	<b>230,659</b>	<b>241,786</b>
		<b>230,659</b>	<b>241,786</b>

5.1 **Financial assets 'at fair value through profit or loss' - held for trading - listed equity securities**

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

Name of the Investee Company	Number of shares				As at September 30, 2019	Market value			Par value as a percentage of issued capital of the investee company
	As at July 1, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period		As at September 30, 2019 (Rupees in	As a percentage of total Investments	As a percentage of net Assets	
<b>INVESTMENT BANKS/COs./SECUR</b>									
Dawood Hercules Corporation Ltd	26,400	-	-	-	26,400	-	-	-	-
<b>TEXTILE COMPOSITE</b>									
Interloop Limited	162,250	25,500	-	44,000	143,750	6,315	2.74%	2.54%	1.65%
Nishat Mills Limited	67,800	53,700	-	16,500	105,000	8,820	3.82%	3.54%	0.03%
						15,135	3.82%	6.07%	
<b>CEMENT</b>									
Kohat Cement Ltd	55,210	11,500	-	16,000	50,710	2,334	1.01%	0.94%	0.04%
Lucky Cement Limited	25,300	4,500	-	8,400	21,400	7,322	3.17%	2.94%	0.01%
Maple Leaf Cement Factory Ltd	-	125,000	-	125,000	-	-	-	-	-
						9,656	4.19%	3.87%	
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Ltd	303,987	52,500	-	54,000	302,487	21,401	9.28%	8.60%	0.02%
K-Electric Limited (par value is 3.5)	1,257,000	275,000	-	50,000	1,482,000	5,261	2.28%	2.11%	0.01%
						26,662	11.56%	10.71%	
<b>TRANSPORT</b>									
Pakistan National Shipping Corp Ltd	23,500	-	-	3,000	20,500	1,294	0.56%	0.52%	0.02%
						1,294	0.56%	0.52%	
<b>PHARMACEUTICALS</b>									
AGP Limited	20,500	21,000	-	2,500	39,000	2,519	1.09%	1.01%	0.00%
The Searle Company Limited	18,443	-	-	1,000	17,443	2,411	1.05%	0.97%	0.01%
						4,930	2.14%	1.98%	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	21,715	2,000	-	1,140	22,575	20,298	8.80%	8.16%	0.02%
Oil and Gas Development Company Limited	207,800	44,500	-	17,800	234,500	28,851	12.51%	11.59%	0.01%
Pakistan Oilfields Limited	36,720	-	-	7,200	29,520	11,215	4.86%	4.51%	0.01%
Pakistan Petroleum Limited	157,580	74,300	-	25,500	206,380	28,074	12.18%	11.28%	0.01%
						88,438	38.35%	35.53%	
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Pakistan State Oil Company Limited	77,940	95,000	-	110,000	62,940	9,912	4.30%	3.98%	0.02%
Sui Northern Gas Pipeline Limited	74,800	11,000	-	4,000	81,800	5,039	2.18%	2.02%	0.01%
						14,951	6.48%	6.01%	
<b>COMMERCIAL BANKS</b>									
Meezan Bank Limited	124,675	51,000	-	3,000	172,675	12,440	5.39%	5.00%	0.02%
						12,440	5.39%	5.00%	
<b>FERTILIZER</b>									
Engro Corporation Limited	85,530	17,300	-	20,700	82,130	21,920	9.50%	8.81%	0.02%
Engro Fertilizers Limited	168,500	71,000	-	31,500	208,000	14,192	6.15%	5.70%	0.02%
Fauji Fertilizer Co Ltd	118,000	-	-	118,000	-	-	-	-	-
						36,112	15.66%	14.51%	
<b>CHEMICAL</b>									
Engro Polymer & Chemicals Limited	294,452	160,500	-	109,000	345,952	8,493	3.68%	3.41%	0.04%
Lotte Chemical Pakistan Ltd	100,000	282,500	-	120,000	262,500	3,581	1.55%	1.44%	0.02%
Sitara Chemical Industries Limited	-	5,100	-	-	5,100	1,309	0.57%	0.53%	0.02%
						13,383	3.68%	5.38%	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Thal Limited (Par value Rs. 5)	21,950	19,000	-	10,000	30,950	7,384	3.20%	2.97%	0.04%
						7,384	3.20%	2.97%	
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Systems Limited	3,300	-	-	-	3,300	274	0.12%	0.11%	0.00%
						274	0.12%	0.11%	
<b>Total September 30, 2019</b>						<b>230,659</b>	<b>95.15%</b>	<b>92.66%</b>	
<b>Carrying value as at September 30, 2019</b>						<b>244,904</b>			

- 5.2 The above investments include shares with market value aggregating to Rs 70.93 million (2019: Rs 56.88 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, which are as follows:

These investments include gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 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) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.646 million (June 30, 2019 Rs. 0.719 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.

6	PAYABLE TO MANAGEMENT COMPANY	Note	September 30, 2018 (Un-Audited)	June 30, 2019 (Audited)
	Management fee	6.1	398	448
	Sindh Sales Tax	6.2	52	59
	Sales load payable		3	-
	Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	131	386
	Allocation of expenses related to Selling and Marketing,	6.4	444	22
			<u>1,028</u>	<u>915</u>

- 6.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. During the period the Management Company has charged aforementioned expense to the extent of 2% of the average daily net assets of the Fund till July 7, 2019. Effective from July 08, 2019 till August 31, 2019 the Management Company has charged the fee at the rate 1.7% of the average daily net asset of the scheme. Effective from September 01, 2019 the Management Company has revised the fee to be charged at the rate of 2% of the average daily net assets of the fund. The fee is payable monthly in arrears.
- 6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.
- 6.3 As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to "registrar services, accounting, operation and valuation services related to , Collective Investment Scheme". During the period the Management Company has charged aforementioned expense to the extent of 0.1% of the average daily net assets of the Fund till July 7, 2019. Effective from July 8, 2019 till August 31, 2019 expenses were charged at the rate of 0.5% of the average daily net assets of the Fund. Effective from September 1, 2019 expenses are being charged at the rate of 0.161% of the average daily net assets of the fund.

6.4 As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to “selling and marketing expenses” to Collective Investment Scheme subject to certain conditions. During the period the Management Company has charged aforementioned expense to the extent of 0.75% of the average daily net assets of the Fund effective from July 8, 2019.

7 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a money market scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019 the rate of is reduced from 0.095% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears.

	Note	September 30, 2019 (Un-Audited) (Rupees in '000)	June 30, 2019 (Audited)
<b>8 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	8.1	3,194	3,194
Provision for Federal Excise Duty	8.2	3,268	3,268
Donation payable		1,496	1,359
Payable to brokers		97	79
Withholding tax payable		59	58
Auditors' remuneration		61	169
Printing Charges		194	195
Others		52	30
		8,421	8,352

#### 8.1 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

As there is loss for the half year ended September 30, 2018, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2019 would be higher by Re. 0.931 (June 30, 2019 Re. 0.924) per unit.

#### 8.2 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating aggregating to Rs. 3.268 million (June 30, 2018: Rs. 3.268 million ). Had the provision not been made, the Net Asset Value per unit as at september 30, 2019 would have been higher by Re. 0.953 (June 30, 2019: Re. 0.945 ) per unit.

#### 9 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at September 30, 2018 and June 30, 2018.

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10 TAXATION

The income of the Fund is exempt from tax under 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 among its unit holders in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of net accounting income other than capital gains/loss to 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 EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

12 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 three months ended September 30, 2018 is 0.88% which includes 0.11% representing government levy and SECP fee.

13 TRANSACTIONS 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 Regulations and the Trust Deed respectively.

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

**13.1 Balance as at September 30, 2018**

	(Unaudited) September 30, 2019	(Audited) June 30, 2019
	(Rupees in '000)	
<b>HBL Asset Management Company Limited</b>		
Units held 483,649 (2019: 483,649) units	<u>35,098</u>	<u>37,139</u>
Management fee payable	<u>398</u>	<u>448</u>
Sindh Sales tax on remuneration of the Management Company	<u>52</u>	<u>58</u>
Sales load payable	<u>3</u>	<u>-</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>131</u>	<u>22</u>
Allocation of expenses related to Selling and Marketing,	<u>444</u>	<u>386</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee Fee payable	<u>45</u>	<u>65</u>
<b>Directors and executives of the Management Company</b>		
Units held 3,048 (2019: 6,317) units	<u>221</u>	<u>485</u>
<b>HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management</b>		
Units held Nil (2019: Nil) units	<u>-</u>	<u>-</u>
<b>HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management</b>		
Units held 302,592 (2019: 302,592) units	<u>21,959</u>	<u>23,235</u>
<b>HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management</b>		
Units held 39,519 (2019: 40,622) units	<u>2,868</u>	<u>3,119</u>
<b>HAMDARD LABORATORIES (WAQF) PAKISTAN</b>		
Units held 1,105,707 (2019: Nil) units	<u>80,241</u>	<u>-</u>
<b>MCB BANK LIMITED</b>		
Units held 916,259 (2019: Nil) units	<u>66,493</u>	<u>-</u>

	(Unaudited) Quarter ended September 30, 2019	(Unaudited) Quarter ended September 30, 2018 (Rupees in '000)
<b>Transactions during the year</b>		
<b>HBL Asset Management Company Limited</b>		
Remuneration of the Management Company for the period	1,123	6,086
Sindh Sales tax on remuneration of the Management Company	146	791
Allocation of expenses related to registrar services, accounting, operation and valuation services	220	304
Allocation of expenses related to Selling and Marketing, Sale load	444	1,217
Issue of Nil (2018: Nil) units	-	-
Bonus of Nil units (2018: Nil units)	-	-
Cash dividend	-	-
Redemption of Nil units (2018: 268,861 units)	2,500	2,500
<b>Directors and executives of the Management Company</b>		
Redemption of 3,270 (2018: 2,914) units	240	-
<b>HBL Islamic Financial Planning Fund - Strategic Allocation Plan CIS under common management</b>		
Redemption of Nil (2018: 3,520,906) units	-	325,000
<b>HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management</b>		
Investment of Nil (2018: Nil) units	-	-
<b>HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management</b>		
Investment of 2,118 (2018: 2,118) units	-	193
Redemption of 1,104 (2018: 21,316) units	80	2,010
<b>Central Depository Company of Pakistan Limited</b>		
Trustee fee	139	625
CDS charges	7	32

#### 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.

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (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.

		September 30, 2019							
		Carrying amount			Fair Value				
Note		Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
14.1	Investments - Listed equity securities	230,659	-	-	230,659	230,659	-	-	230,659
		<b>230,659</b>	<b>-</b>	<b>-</b>	<b>230,659</b>	<b>230,659</b>	<b>-</b>	<b>-</b>	<b>230,659</b>
<b>Financial assets not measured at fair value</b>									
14.1	Bank balances	-	22,112	-	22,112	-	-	-	-
	Investments	-	-	-	-	-	-	-	-
	Dividend and profit receivable	-	3,547	-	3,547	-	-	-	-
	Deposits and prepayments	-	2,963	-	2,963	-	-	-	-
		<b>-</b>	<b>28,622</b>	<b>-</b>	<b>28,622</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>									
14.1	Payable to Management Company	-	-	1,028	1,028	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	45	45	-	-	-	-
	Payable against purchase of investments	-	-	837	837	-	-	-	-
	Accrued expenses and other liabilities	-	-	-	-	-	-	-	-
		<b>-</b>	<b>-</b>	<b>1,910</b>	<b>1,910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

		June 30, 2019							
		Carrying amount			Fair Value				
		Fair value through profit or loss - held for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>		14.1							
Investments									
- Listed equity securities									
		241,786	-	-	241,786	241,786	-	-	241,786
		241,786	-	-	241,786	241,786	-	-	241,786
<b>Financial assets not measured at fair value</b>		14.1							
Bank balances									
		-	24,030	-	24,030	-	-	-	-
Investments									
- Unlisted Equity Securities									
		-	-	-	-	-	-	-	-
Dividend and profit receivable									
		-	1,640	-	1,640	-	-	-	-
		-	25,670	-	25,670	-	-	-	-
<b>Financial liabilities not measured at fair value</b>		14.1							
Payable to Management Company									
		-	-	915	915	-	-	-	-
Payable to Trustee									
		-	-	65	65	-	-	-	-
Accrued expenses and other liabilities									
		-	-	-	-	-	-	-	-
		-	-	980	980	-	-	-	-

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 29, 2019.

16 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

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 Financial Planning Fund**



## FUND INFORMATION

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Name of Fund	HBL Islamic Financial Planning Fund
Name of Auditor	KPMG Taseer Hadi & Co.
Name of Trustee	MCB Financial Services Limited (MCBFSL)
Bankers	Bank Islami Pakistan Limited Habib Bank Limited Dubai Islamic Bank Limited

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2019*

Note	September 30, 2019 (Un-Audited)					June 30, 2019 (Audited)														
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total										
(Unaudited)					(Audited)					(Rupees in '000)										
<b>Assets</b>																				
Bank balances	4	894	93	795	322,314	324,096	737	53	2,440	334,719	337,949									
Investments	5	119,246	15,808	56,528	107,389	298,971	144,173	17,570	2,150,707	116,720	2,429,170									
Accrued mark-up		18	6	39	2,888	2,951	3	4	11	3,406	3,424									
Advance, deposits and other receivables		30	19	3	15	67	51	13	-	1,152	1,216									
Preliminary expenses and flotation costs		46	12	-	866	924	-	245	-	-	245									
Others		-	-	-	-	-	26	18	-	-	44									
<b>Total assets</b>		<b>120,234</b>	<b>15,938</b>	<b>57,365</b>	<b>433,472</b>	<b>627,009</b>	<b>144,990</b>	<b>17,903</b>	<b>2,153,158</b>	<b>455,997</b>	<b>2,772,048</b>									
<b>Liabilities</b>																				
Payable to the Management Company	6	41	7	26	2,274	2,347	13	2	413	2,216	2,644									
Payable to the Trustee		10	1	5	36	52	13	2	211	38	264									
Payable to Securities and Exchange Commission of Pakistan	7	6	1	18	22	47	191	23	3,910	334	4,458									
Accrued expenses and other liabilities	8	129	25	2,121	165	2,439	136	65	2,871	10	3,082									
Other Payables		-	-	-	-	-	-	244	-	-	244									
<b>Total liabilities</b>		<b>186</b>	<b>33</b>	<b>2,170</b>	<b>2,496</b>	<b>4,886</b>	<b>353</b>	<b>336</b>	<b>7,405</b>	<b>2,598</b>	<b>10,692</b>									
<b>Net assets</b>		<b>120,049</b>	<b>15,905</b>	<b>55,194</b>	<b>430,975</b>	<b>622,124</b>	<b>144,637</b>	<b>17,567</b>	<b>2,145,753</b>	<b>453,399</b>	<b>2,761,356</b>									
<b>Unit holders' fund (as per statement attached)</b>		<b>120,049</b>	<b>15,905</b>	<b>55,194</b>	<b>430,975</b>	<b>622,124</b>	<b>144,637</b>	<b>17,567</b>	<b>2,145,753</b>	<b>453,399</b>	<b>2,761,356</b>									
<b>Number of units in issue</b>	10	<b>1,287,743</b>	<b>154,627</b>	<b>523,841</b>	<b>4,260,330</b>		<b>1,549,776</b>	<b>173,139</b>	<b>21,293,693</b>	<b>4,557,510</b>										
(Rupees)					(Rupees)					(Rupees)										
<b>Net asset value per unit</b>		<b>93.2238</b>	<b>102.8592</b>	<b>105.3649</b>	<b>101.1601</b>		<b>93.3275</b>	<b>101.4641</b>	<b>100.7694</b>	<b>99.4840</b>										

The annexed notes 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 Financial Planning Fund**  
**Condensed Interim Income Statement and Other Comprehensive Income (Un-Audited)**  
*For the three months ended September 30, 2019*

Note	2019					2018			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
(Rupees in '000)									
<b>Income</b>									
	15	3	70	9,829	9,917	20	-	16	36
Mark-up on deposits with bank									
Capital gain / (loss) on sale of investment - net	546	(1)	9,269	(1,945)	7,869	129	94	(603)	(381)
Dividend Income	-	-	-	-	-	16	5	346	367
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss - held-for-trading' - net	(973)	218	2,204	443	1,893	269	267	20,801	21,337
Bank End Load Income	-	-	-	293	293	-	-	-	-
<b>Total income</b>	<b>(411)</b>	<b>220</b>	<b>11,543</b>	<b>8,621</b>	<b>19,972</b>	<b>433</b>	<b>366</b>	<b>20,561</b>	<b>21,359</b>
<b>Expenses</b>									
6.1 Remuneration of the Management Company	3	0	58	768	829	3	1	-	4
6.2 Sindh Sales Tax on remuneration of the Management Company	0	0	7	100	108	0	0	-	1
7.1 Remuneration of the Trustee	32	4	75	112	224	63	8	866	937
8 Annual fee to Securities and Exchange Commission of Pakistan	7	1	17	22	47	58	7	1,027	1,092
Allocation of expenses related to registrar services, accounting, operation and valuation services	61	8	125	211	406	61	8	1,082	1,151
6.3 Amortisation of preliminary expenses and flotation costs	5	1	-	286	293	4	1	573	578
11 Auditors' remuneration	4	0	64	23	91	4	1	68	73
Printing charges	-	0	-	0	1	-	-	-	-
Securities and transaction cost	2	6	7	13	27	4	5	3	12
Shariah advisory fee	10	1	34	35	80	3	-	49	52
Listing Fee	0	0	0	3	4	-	-	3	3
<b>Total expenses</b>	<b>123</b>	<b>23</b>	<b>388</b>	<b>1,574</b>	<b>2,110</b>	<b>201</b>	<b>30</b>	<b>3,671</b>	<b>3,903</b>
<b>Net income / (loss) from operating activities</b>	<b>(535)</b>	<b>196</b>	<b>11,154</b>	<b>7,046</b>	<b>17,862</b>	<b>231</b>	<b>335</b>	<b>16,890</b>	<b>17,456</b>
8 Provision for Sindh Workers' Welfare Fund	-	(4)	(223)	(141)	(368)	(5)	(7)	(338)	(350)
<b>Net income / (loss) for the period before taxation</b>	<b>(535)</b>	<b>192</b>	<b>10,931</b>	<b>6,905</b>	<b>17,494</b>	<b>227</b>	<b>328</b>	<b>16,552</b>	<b>17,106</b>
10 Taxation	-	-	-	-	-	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>	<b>(535)</b>	<b>192</b>	<b>10,931</b>	<b>6,905</b>	<b>17,494</b>	<b>227</b>	<b>328</b>	<b>16,552</b>	<b>17,106</b>
<b>Earning per unit</b>									
11									
Income already paid on redemption of units		27	8,524	314			89		
Accounting income / (loss) available for distribution:									
-Relating to capital gains	165	2,407	-			227	239	16,552	
-Excluding capital gains	-	-	6,591			-	-	-	
	165	2,407	6,591			227	239	16,552	
<b>Net income / (loss) for the period after taxation</b>		<b>192</b>	<b>10,931</b>	<b>6,905</b>		<b>227</b>	<b>328</b>	<b>16,552</b>	
<b>Other comprehensive income for the period</b>	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>		<b>192</b>	<b>10,931</b>	<b>6,905</b>		<b>227</b>	<b>328</b>	<b>16,552</b>	

The annexed notes 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 Financial Planning Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)**  
*For the three months ended September 30, 2019*

	Three months ended					
	September					
	2019			2018		
	Active Allocation Plan			Active Allocation Plan		
Rupees in '000						
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
<b>Net assets at the beginning of the period</b>	155,916	(11,279)	144,637	245,177	1,734	246,911
Issuance of Nil units (2018: 21,298 units)						
- Capital value (at the net asset value per unit at the beginning of the period)	-	-	-	2,139	-	2,139
- Element of loss	-	-	-	11	-	11
Total proceeds on Issuance of units	-	-	-	2,150	-	2,150
Redemption of 262,033 units (2018: 133,754 units)						
- Capital value (at the net asset value per unit at the beginning of the period)	(24,455)	-	(24,455)	(10,554)	-	(10,554)
- Element of loss	402	-	402	(144)	-	(144)
Total payments on redemption of units	(24,053)	-	(24,053)	(10,698)	-	(10,698)
Total comprehensive income for the year / period	-	(535)	(535)	-	227	227
Net income for the year / period	-	(535)	(535)	-	227	227
<b>Net assets at the end of the year / period</b>	<b>131,863</b>	<b>(11,814)</b>	<b>120,049</b>	<b>236,629</b>	<b>1,961</b>	<b>238,590</b>
Undistributed income / (loss) brought forward						
- Realized		443			5,405	
- Unrealized		(11,722)			(3,671)	
		(11,279)			1,734	
Element of Income and capital gains included in prices of units issued less those in units redeemed		-				
Accounting income / (loss) available for distribution		(535)			227	
Distribution during the period		-			-	
<b>Undistributed income / (loss) carried forward</b>		<b>(11,814)</b>			<b>1,961</b>	
Undistributed income / (loss) carried forward						
- Realized		(10,841)			1,692	
- Unrealized		(973)			269	
		(11,814)			1,961	
<b>Net assets value per unit at the end of the period</b>			<b>93.2238</b>			<b>100.4532</b>

The annexed notes 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 Financial Planning Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund (un-Audited)**  
*For the three months ended September 30, 2019*

Three months ended -----September----- ----- 2019 ----- Islamic Capital Preservation Plan ----- Rupees in '000 -----			
Capital Value	Undistributed Income	Total	
<b>Net assets at the beginning of the period</b>	455,908	(2,509)	453,399
Issuance of Nil units			
- Capital value (at the net asset value per unit at the beginning of the period)	-	-	-
- Element of loss	-	-	-
Total proceeds on Issuance of units	-	-	-
Redemption of 297,180 units			
- Capital value (at the net asset value per unit at the beginning of the period)	(29,947)	-	(29,947)
- Income already paid on redemption of units	-	(314)	(314)
- Element of loss	932	-	932
Total payments on redemption of units	(29,015)	(314)	(29,329)
Total comprehensive income for the year / period	-	6,905	6,905
Distribution during the year / period	-	-	-
Net income for the year / period less distribution	-	6,905	6,905
Net assets at the end of the year / period	426,893	4,082	430,975
Undistributed income / (loss) brought forward			
- Realized		21,387	
- Unrealized		(23,896)	
		(2,509)	
Element of Income and capital gains included in prices of units issued less those in units redeemed		-	
Accounting income / (loss) available for distribution		6,905	
Distribution during the period		-	
<b>Undistributed income / (loss) carried forward</b>		<b>4,396</b>	
Undistributed income / (loss) carried forward			
- Realized		2,192	
- Unrealized		2,204	
		<b>4,396</b>	
		----- Rupees -----	
<b>Net assets value per unit at the end of the period</b>			<b>93.2238</b>

The annexed notes 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 Financial Planning Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
*For the three months ended September 30, 2019*

Note	Three months ended												
	2019					September				2018			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total				
(Rupees in '000)					(Rupees in '000)								
<b>Cash flows from operating activities</b>													
Net income for the period before taxation	(535)	192	10,931	6,905	10,588	227	328	16,552	17,106				
<b>Adjustments for non-cash items</b>													
Unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	973	(218)	(2,204)	(443)	(1,450)	(269)	(267)	(20,801)	(21,337)				
	438	(26)	8,727	6,462	9,139	(42)	61	(4,250)	(4,230)				
<b>Increase in assets</b>													
Investments	23,954	1,980	2,096,383	9,774	2,122,318	8,043	11,557	6,489	26,089				
Accrued mark-up	(15)	(2)	(28)	518	(46)	8	6	5	19				
Advance, deposits and other receivables	21	(6)	(3)	1,137	12	(43)	(6)	(1,038)	(1,087)				
Preliminary expenses and flotation costs	(46)	233	-	(866)	187	-	-	-	-				
Others	26	18	-	-	44	45	1	1,404	1,450				
	23,940	2,223	2,096,352	10,564	2,122,515	8,053	11,558	6,861	26,470				
<b>Decrease in liabilities</b>													
Payable to the Management Company	28	5	(387)	58	(297)	(260)	(1)	(3)	(264)				
Payable to the Trustee	(3)	(1)	(206)	(2)	(212)	(1)	(1)	(1)	(3)				
Payable to Securities and Exchange Commission of Pakistan	(185)	(22)	(3,892)	(312)	(4,411)	(184)	(38)	(3,028)	(3,250)				
Accrued expenses and other liabilities	(7)	(40)	(750)	155	(643)	(5)	7	193	195				
Dividend payable	-	(244)	-	-	-	-	-	-	-				
	(167)	(303)	(5,235)	(102)	(5,562)	(450)	(33)	(2,839)	(3,320)				
<b>Net cash used in operating activities</b>	24,210	1,894	2,099,845	16,924	2,126,092	7,562	11,586	(228)	18,920				
<b>Cash flows from financing activities</b>													
Amount received / receivable on issue of units	-	-	-	-	-	2,150	100	-	2,250				
Amount paid / payable on redemption of units	(24,053)	(1,856)	(2,101,490)	(29,329)	(2,127,399)	(10,698)	(11,591)	(51)	(22,340)				
<b>Net cash generated from financing activities</b>	(24,053)	(1,856)	(2,101,491)	(29,329)	(2,127,399)	(8,548)	(11,491)	(51)	(20,090)				
<b>Net increase in cash and cash equivalents</b>	157	38	(1,646)	(12,405)	(1,307)	(987)	95	(280)	(1,170)				
Cash and cash equivalents at the beginning of the period	737	53	2,440	334,719	3,230	1,721	199	1,046	2,966				
<b>Cash and cash equivalents at the end of the period</b>	4 893	93	795	322,314	1,923	734	295	767	1,796				

The annexed notes 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 Financial Planning Fund**

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

*For the three months ended September 30, 2019*

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### 1. LEGAL STATUS AND NATURE OF BUSINESS

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 Trust Deed was executed on March 22, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 4, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 24C, Khyaban-e-Hafiz, Phase VI, DHA, Karachi. Subsequent to the year end, the registered office of the Management Company has been changed to 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton. The Fund commenced its operations from June 17, 2017.

The Fund is an open ended shariah compliant fund of fund scheme and the Fund is listed on Pakistan Stock Exchange. The Fund has three different plans namely Conservative Allocation Plan, Active Allocation Plan and Strategic Allocation 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. 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 will announce separate NAVs which will rank pari passu inter se according to the number of Units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

The 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 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 "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 "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 will 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).

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2 (positive outlook)' to the Management Company while the Fund is currently not rated.

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

No comparative figures / information have been disclosed in these financial statements as the fund commenced its operations on June 17, 2017.

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## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS -34. 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 published audited financial statements of the Fund for the year ended June 30, 2018.

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 September 30, 2018

This condensed interim financial information is unaudited. In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, 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 September 30, 2017.

### 2.2 Basis of measurement

This condensed interim financial information has 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 AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2017.

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

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

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

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2018.

#### 4. BANK BALANCES

		September 30, 2019				
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
Note		----- (Rupees in '000) -----				
Savings accounts	4.1	894	93	795	322,314	324,096

		June 30, 2019				
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
Note		----- (Rupees in '000) -----				
Savings accounts	4.1	737	53	2,440	344,719	347,949

4.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 3.5% to 5.5% per annum.

#### 5. INVESTMENTS

		September 30, 2019				
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
Note		----- (Rupees in '000) -----				
<b>Investments by category</b>						
<b>At fair value through profit or loss - held-for-trading</b>						
Units of mutual funds	5.1	119,246	15,808	56,528	107,389	298,971

		June 30, 2019				
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
		----- (Rupees in '000) -----				
<b>Investments by category</b>						
<b>At fair value through profit or loss - held-for-trading</b>						
Units of mutual funds		144,173	17,570	2,150,707	116,720	2,429,170

## 5.1 Units of mutual funds

Name of the Investee Company	Number of shares					Market value September 30, 2019
	As at July 1, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2019	
(Rupees in						
<b>Textile composite</b>						
Interloop Limited	201,250	25,000	-	50,000	176,250	
Nishat Mills Limited	87,600	64,400	-	24,300	127,700	
	<u>288,850</u>	<u>89,400</u>	<u>-</u>	<u>74,300</u>	<u>303,950</u>	
<b>Cement</b>						
Kohat Cement Ltd	93,070	-	-	29,000	64,070	
Lucky Cement Limited	34,250	2,000	-	12,500	23,750	
Meple Leaf Cement Factory Ltd	-	150,000	-	150,000	-	
	<u>127,320</u>	<u>152,000</u>	<u>-</u>	<u>191,500</u>	<u>87,820</u>	
<b>Power generation &amp; distribution</b>						
The Hub Power Company Limited	385,387	60,500	-	72,000	373,887	
K-Electric Ltd	1,605,500	164,000	-	-	1,769,500	
	<u>1,990,887</u>	<u>224,500</u>	<u>-</u>	<u>72,000</u>	<u>2,143,387</u>	
<b>Oil and gas exploration companies</b>						
Mari Petroleum Company Limited	27,214	8,846	-	8,846	27,214	
Oil & Gas Development Co. Ltd	309,500	66,800	-	86,500	289,800	
Pakistan Oilfields Limited	45,640	2,000	-	10,600	37,040	
Pakistan Petroleum Limited	235,660	74,000	-	54,500	255,160	

## 6. PAYABLE TO THE MANAGEMENT COMPANY

	September 30, 2019 (Un-Audited)					June 30, 2019 (Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
Note	(Rupees in '000)					(Rupees in '000)				
Formation Cost	-	-	-	1,860	1,860	-	-	-	1,860	1,860
Management fee	6.1	1	0	1	233	235	1	-	132	276
Sindh Sales Tax on Management Company's remuneration	6.2	-	0	0	30	31	-	-	17	36
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	40	7	24	144	215	12	2	264	315
Sales load payable	-	-	-	7	7	-	-	-	7	7
	<u>41</u>	<u>7</u>	<u>26</u>	<u>2,274</u>	<u>2,347</u>	<u>13</u>	<u>2</u>	<u>413</u>	<u>2,216</u>	<u>2,644</u>

6.1 As per the offering document of the fund, the Management Company shall charge a fee at the rate of 1% of the average annual net assets on daily basis of the Scheme. However, no management fee is charged on that part of the net assets which have been invested in mutual funds managed by the Management Company. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

6.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011.

6.3 As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to "registrar services, accounting, operation and valuation services related to , Collective Investment Scheme". During the period the Management Company has charged aforementioned expense to the extent of 0.1% of the average daily net assets of the Fund till July 7, 2019. Effective from July 8, 2019 expenses are being charged at the rate of 0.2% of the average daily net assets of the fund.

6.4 During the year Management Company has stopped charging these expenses to the Fund and reversed the entire provision till June 30, 2017, as these expenses are not applicable to the Fund of Funds category.

#### 7. PAYABLE TO SECURITIES EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as an equity scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019 the rate of is reduced from 0.095% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears.

#### 8. ACCRUED EXPENSES AND OTHER LIABILITIES

	September 30, 2019 (Un-Audited)					June 30, 2019 (Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
Note	(Rupees in '000)					(Rupees in '000)				
Withholding tax	2	0	-	-	2	2	43	-	-	45
Provision for Sindh Workers' Welfare Fund	81	22	1,830	141	2,074	81	18	1,607	-	1,706
Shariah advisory fee	-	1	29	23	53	1	-	11	1	13
Printing	1	-	78	-	79	1	-	79	-	80
Auditors' remuneration	5	0	114	1	120	11	1	200	9	221
Other Payables	40	1	69	-	110	40	3	974	-	1,017
	<b>129</b>	<b>25</b>	<b>2,121</b>	<b>165</b>	<b>2,439</b>	<b>136</b>	<b>65</b>	<b>2,871</b>	<b>10</b>	<b>3,082</b>

#### 8.1. SINDH WORKER'S WELFARE FUND

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 12.3 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs.0.081 million (June 30, 2019: 0.081 million), Rs. 0.022 million (June 30, 2019: 0.018 million), Rs. 1.830 million (June 30, 2019: 1.607 million) and Rs. 0.141 million (June 30, 2019: Nil) has been held in Active Allocation Plan, Conservative Allocation Plan, Strategic Allocation Plan and Islamic Capital Preservation Plan respectively. Had the provision not been made, the net asset value per unit would have been higher by Rs. 0.0628 (June 30, 2019: Rs. 0.052) per unit, Rs. 0.1438 (June 30, 2019: Rs. 0.104) per unit, Rs. 3.4938 (June 30, 2019: Rs. 0.076) per unit and Rs. 0.0331 (June 30, 2019: Nil) per unit of the Active Allocation Plan, Conservative Allocation Plan, Strategic Allocation Plan, and Islamic Capital Preservation Plan respectively.

#### 9. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2018.

#### 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 the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the period, management has distributed cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

#### 11. EARNINGS PER UNIT (EPU)

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

## 12 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, MCB Financial Services Limited being the Trustee of the Fund, collective investment schemes managed by the Management Company, directors and officers of the Management Company and directors of the connected persons.

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

Remuneration payable to the Management Company and Trustee is determined in accordance with the provisions of the offering document.

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

### 12.1 Transactions during the period

	2019					Three months ended September 2018				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
(Rupees in '000)										
<b>HBL Asset Management Limited - Management Company</b>										
Remuneration of the Management Company	3	0	58	768	829	3	1	-	-	4
Sindh Sales Tax on remuneration of the Management Company	0	0	7	-	8	0	0	-	-	1
Allocation of expenses related to registrar services, accounting, operation and valuation services	61	8	125	211	406	61	8	1,082	-	1,151
<b>Habib Bank Limited - Sponsor</b>										
Mark-up earned	13	2	61	48	124	15	2	6	-	23
<b>MCB Financial Services Limited - Trustee</b>										
Remuneration of the Trustee	32	4	75	112	224	63	8	866	-	937
<b>Mrs Nashid Anam Shahid - Connected Person due to 10% holding</b>										
Redemption of Nil units (2017: 2,683 units)	-	-	-	-	-	-	275	-	-	275
<b>HBL Islamic Income Fund - CIS managed by Management Company</b>										
Purchase of 120,314 units (2018: 74,185 units)	12,477	-	-	-	12,477	7,419	-	-	-	7,419
Purchase of Nil units (2018: 13,511 units)	-	-	-	-	-	-	1,351	-	-	1,351
Purchase of 42,056 units (2018: 418,010 units)	-	-	4,300	-	4,300	-	-	418,101	-	418,101
Redemption of 278,832 units (2018: 71,313 units)	28,666	-	-	-	28,666	7,131	-	-	-	7,131
Redemption of 19,979 units (2018: 92,860 units)	-	2,065	-	-	2,065	-	9,286	-	-	9,286
Redemption of 20,850,359 units (2018: 57,200 units)	-	-	2,124,027	-	2,124,027	-	-	5,720	-	5,720
<b>HBL Islamic Equity Fund - CIS managed by Management Company</b>										
Purchase of Nil units (2018: 2,118 units)	-	-	-	-	-	-	212	-	-	212
Redemption of 1,104 units (2018: 21,316 units)	-	80	-	-	80	-	2,132	-	-	2,132
Redemption of Nil units (2018: 3,520,906 units)	-	-	-	-	-	-	-	352,091	-	352,091
<b>HBL Islamic Stock Fund - CIS managed by Management Company</b>										
Purchase of 22,213 units (2018: 3,599 units)	1,933	-	-	-	1,933	360	-	-	-	360
Purchase of Nil units (2018: Nil units)	-	578	-	-	578	-	-	-	-	-
Redemption of 110,451 units (2018: 37,391 units)	9,621	-	-	-	9,621	3,740	-	-	-	3,740
Redemption of 5,240 units (2018: 3,358 units)	-	413	-	-	413	-	336	-	-	336
Redemption of 3,491 units (2018: 3,491 units)	-	-	-	-	-	-	-	349	-	349
<b>HBL Islamic Money Market Fund - CIS managed by Management Company</b>										
Redemption of 1,409 units (2018: Nil units)	-	-	-	142	142	-	-	-	-	-
<b>HBL Islamic Dedicated Equity Fund - CIS managed by Management Company</b>										
Purchase of 161,125 units (2018: Nil units)	12,000	-	-	-	12,000	-	-	-	-	-
Purchase of 241,688 units (2018: Nil units)	-	-	18,000	-	18,000	-	-	-	-	-
Purchase of 1,342,711 units (2018: Nil units)	-	-	-	100,000	100,000	-	-	-	-	-
Redemption of 161,125 units (2018: Nil units)	12,623	-	-	-	12,623	-	-	-	-	-
Redemption of 51,311 units (2018: Nil units)	-	-	3,924	-	3,924	-	-	-	-	-
Redemption of 1,382,820 units (2018: Nil units)	-	-	-	107,558	107,558	-	-	-	-	-

## 12.2 Balances outstanding as at period end

	30-Sep-2019 (Un-Audited)					30-Jun-2019 (Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
	(Rupees in '000)					(Rupees in '000)				
<b>HBL Asset Management Limited - Management Company</b>										
Management fee	1	0	1	233	235	1	-	132	276	409
Sindh Sales Tax on Management Company's remuneration	-	0	0	30	31	-	-	17	36	53
Allocation of expenses related to registrar services, accounting, operation and valuation services	40	7	24	144	215	12	2	264	37	316
Sales load payable	-	-	-	7	7	-	-	-	7	7
Formation Cost	-	-	-	1,860	1,860	-	-	-	1,860	1,860
<b>Habib Bank Limited - Sponsor</b>										
Mark-up accrued on deposits with bank	15	2	25	10	52	-	-	-	-	-
Balance in savings account	797	23	680	67	1,567	655	33	306	2,197	3,191
<b>MCB Financial Services Limited - Trustee</b>										
Remuneration payable to the Trustee	10	1	5	36	52	13	2	211	38	264
<b>Habib Bank Staff Behbood Fund - Connected Person due to 10% holding</b>										
Units held 684,657 (June 2019: 684,657)	-	-	-	69,260	69,260	-	-	-	68,112	68,112
<b>Imperial Developers &amp; Builders (Pvt) Ltd - Connected Person due to 10% holding</b>										
Nil units held (June 2019: 20,055,600 units)	-	-	-	-	-	-	-	2,020,991	-	2,020,991
<b>New Jubilee Insurance Company Limited Staff Provident Fund Connected Person due to 10% holding</b>										
Units held 50,009 units (June 2019: 50,009 units)	-	-	-	5,059	5,059	-	-	-	4,975	4,975
<b>Pakistan Society for the Welfare of Mentally Retarded Children Connected Person due to 10% holding</b>										
Units held 811,054 units (June 2019: 811,054 units)	-	-	-	82,046	82,046	-	-	-	80,687	80,687
<b>Barrett Hodgson Pakistan (Private) Limited Connected Person due to 10% holding</b>										
Units held 1,002,789 units (June 2019: 1,002,789 units)	-	-	-	101,442	101,442	-	-	-	99,761	99,761
<b>Pak Qatar Individual Family Participant Investment Fund Connected Person due to 10% holding</b>										
Units held 200,839 units (June 2019: 200,839 units)	-	-	21,161	-	21,161	-	-	20,238	-	20,238
<b>Mohsin Safdar - Connected Person due to 10% holding</b>										
Units held 60,805 units (June 2019: 60,805 units)	-	6,254	-	-	6,254	-	6,169	-	-	6,169
<b>HBL Asset Management Limited - Employees Provident Fund</b>										
Units held 11,575 units (June 2019: 11,575 units)	1,079	-	-	-	1,079	1,080	-	-	-	1,080
<b>Ambreen Salman - Connected Person due to 10% holding</b>										
Units held 126,603 units (June 2019: 126,603 units)	11,802	-	-	-	11,802	11,816	-	-	-	11,816
<b>Shehnaz Zeeshan - Connected Person due to 10% holding</b>										
Units held 126,244 units (June 2019: 126,244 units)	11,769	-	-	-	11,769	11,782	-	-	-	11,782
<b>Falak Naz - Connected Person due to 10% holding</b>										
Units held 34,638 units (June 2019: 36,638 units)	-	3,563	-	-	3,563	-	3,514	-	-	3,514
<b>Ahmad Salahuddin - Connected Person due to 10% holding</b>										
Units held 14,931 units (June 2019: 14,931 units)	-	1,536	-	-	1,536	-	1,515	-	-	1,515
<b>Mubashir Hasan - Connected Person due to 10% holding</b>										
Units held 220,773 units (June 2019: 220,773 units)	-	-	23,262	-	23,262	-	-	22,247	-	22,247

	30-Sep-2019 (Un-Audited)					30-Jun-2019 (Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
	(Rupees in '000)					(Rupees in '000)				
<b>HBL Islamic Income Fund - CIS managed by Management Company</b>										
Units held 679,922 (June 2019: 838,440 units)	63,385	-	-	-	63,385	85,043	-	-	-	85,043
Units held 120,047 (June 2019: 140,026 units)	-	12,348	-	-	12,348	-	14,203	-	-	14,203
Units held 395,691 (June 2019: 21,203,994 units)	-	-	41,692	-	41,692	-	-	2,150,706	-	2,150,706
<b>HBL Islamic Equity Fund - CIS managed by Management Company</b>										
Units held 302,592 (June 2019: 302,592 units)	28,209	-	-	-	28,209	23,237	-	-	-	23,237
Units held 39,518 (June 2019: 40,622 units)	-	4,065	-	-	4,065	-	3,119	-	-	3,119
<b>HBL Islamic Stock Fund - CIS managed by Management Company</b>										
Units held 304,852 (June 2019: 393,090 units)	28,419	-	-	-	28,419	35,893	-	-	-	35,893
Units held 4,461 (June 2019: 2,721 units)	-	459	-	-	459	-	248	-	-	248
<b>HBL Islamic Dedicated Equity Fund - CIS managed by Management Company</b>										
Units held 190,377 (June 2019: 1,390,638 units)	-	-	20,059	-	20,059	-	-	-	116,578	116,578
Units held 1,350,529 (June 2019: Nil units)	-	-	-	136,620	136,620	-	-	-	-	-
<b>HBL Islamic Money Market Fund - CIS managed by Management Company</b>										
Units held Nil (June 2019: 1,409 units)	-	-	-	-	-	-	-	-	142	142

### 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. 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. units of mutual funds are based on the quoted NAVs at the close of the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

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

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

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

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

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

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

Active Allocation Plan  
September 30, 2019  
(Un-Audited)

		Carrying amount				Fair Value			
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	Note	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Units of mutual funds	5	119,246	-	-	119,246	119,246	-	-	119,246
		<u>119,246</u>	<u>-</u>	<u>-</u>	<u>119,246</u>	<u>119,246</u>	<u>-</u>	<u>-</u>	<u>119,246</u>
<b>Financial assets not measured at fair value</b>									
	13.1								
Bank balances		-	894	-	894				
Accrued mark-up		-	18	-	18				
		<u>-</u>	<u>912</u>	<u>-</u>	<u>912</u>				
<b>Financial liabilities not measured at fair value</b>									
	13.1								
Payable to the Management Company		-	41	-	-				
Payable to the Trustee		-	9	-	-				
Accrued expenses and other liabilities		-	46	-	-				
		<u>-</u>	<u>96</u>	<u>-</u>	<u>-</u>				

Active Allocation Plan  
June 30, 2019  
(Audited)

		Carrying amount				Fair Value			
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	Note	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Investments		144,173	-	-	144,173	144,173	-	-	144,173
		<u>144,173</u>	<u>-</u>	<u>-</u>	<u>144,173</u>	<u>144,173</u>	<u>-</u>	<u>-</u>	<u>144,173</u>
<b>Financial assets not measured at fair value</b>									
	13.1								
Bank balances		-	737	-	737				
Accrued mark-up		-	3	-	3				
		<u>-</u>	<u>740</u>	<u>-</u>	<u>740</u>				
<b>Financial liabilities not measured at fair value</b>									
	13.1								
Payable to the Management Company		-	13	-	13				
Payable to the Trustee		-	11	-	11				
Accrued expenses and other liabilities		-	53	-	53				
		<u>-</u>	<u>78</u>	<u>-</u>	<u>78</u>				

Conservative Allocation Plan  
September 30, 2019  
(Un-Audited)

		Carrying amount				Fair Value			
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	Note	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Investments	5	15,808	-	-	15,808	15,808	-	-	15,808
		<u>15,808</u>	<u>-</u>	<u>-</u>	<u>15,808</u>	<u>15,808</u>	<u>-</u>	<u>-</u>	<u>15,808</u>
<b>Financial assets not measured at fair value</b>									
	13.1								
Bank balances		-	93	-	93				
Accrued mark-up		-	6	-	6				
		<u>-</u>	<u>100</u>	<u>-</u>	<u>100</u>				
<b>Financial liabilities not measured at fair value</b>									
	13.1								
Payable to the Management Company		-	7	-	-				
Payable to the Trustee		-	1	-	-				
Accrued expenses and other liabilities		-	2	-	-				
		<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>				

Conservative Allocation Plan  
June 30, 2019  
(Audited)

		Carrying amount				Fair Value			
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	Note	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Investments		17,570	-	-	17,570	17,570	-	-	17,570
		<u>17,570</u>	<u>-</u>	<u>-</u>	<u>17,570</u>	<u>17,570</u>	<u>-</u>	<u>-</u>	<u>17,570</u>
<b>Financial assets not measured at fair value</b>									
	13.1								
Bank balances		-	53	-	53				
Accrued mark-up		-	4	-	4				
Receivable against sale of equity		-	245	-	245				
		<u>-</u>	<u>302</u>	<u>-</u>	<u>302</u>				
<b>Financial liabilities not measured at fair value</b>									
	13.1								
Payable to the Management Company		-	2	-	2				
Payable to the Trustee		-	1	-	1				
Accrued expenses and other liabilities		-	4	-	4				
Payable against redemption of units		-	244	-	244				
		<u>-</u>	<u>252</u>	<u>-</u>	<u>252</u>				

		Strategic Allocation Plan September 30, 2019 (Un-Audited)							
		Carrying amount			Fair Value				
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	Note	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Investments	5	56,528	-	-	56,528	56,528	-	-	56,528
		<u>56,528</u>	<u>-</u>	<u>-</u>	<u>56,528</u>	<u>56,528</u>	<u>-</u>	<u>-</u>	<u>56,528</u>
<b>Financial assets not measured at fair value</b>									
	13.1								
Bank balances		-	795	-	795				
Accrued mark-up		-	39	-	39				
		<u>-</u>	<u>834</u>	<u>-</u>	<u>834</u>				
<b>Financial liabilities not measured at fair value</b>									
	13.1								
Payable to the Management Company		-	25	-	-				
Payable to the Trustee		-	5	-	-				
Accrued expenses and other liabilities		-	291	-	-				
		<u>-</u>	<u>321</u>	<u>-</u>	<u>-</u>				

		Strategic Allocation Plan June 30, 2019 (Audited)							
		Carrying amount			Fair Value				
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	Note	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Investments		2,150,707	-	-	2,150,707	2,150,707	-	-	2,150,707
		<u>2,150,707</u>	<u>-</u>	<u>-</u>	<u>2,150,707</u>	<u>2,150,707</u>	<u>-</u>	<u>-</u>	<u>2,150,707</u>
<b>Financial assets not measured at fair value</b>									
	13.1								
Bank balances		-	2,440	-	2,440				
Accrued mark-up		-	11	-	11				
		<u>-</u>	<u>2,451</u>	<u>-</u>	<u>2,451</u>				
<b>Financial liabilities not measured at fair value</b>									
	13.1								
Payable to the Management Company		-	396	-	396				
Payable to the Trustee		-	187	-	187				
Accrued expenses and other liabilities		-	1,264	-	1,264				
		<u>-</u>	<u>1,847</u>	<u>-</u>	<u>1,847</u>				

Islamic Capital Preservation Plan

September 30, 2019

(Un-Audited)

		Carrying amount			Fair Value				
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	Note	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Investments	5	107,389	-	-	107,389	107,389	-	-	107,389
		<u>107,389</u>	<u>-</u>	<u>-</u>	<u>107,389</u>	<u>107,389</u>	<u>-</u>	<u>-</u>	<u>107,389</u>
<b>Financial assets not measured at fair value</b>									
	13.1								
Bank balances		-	322,314	-	322,314				
Accrued mark-up		-	2,888	-	2,888				
		<u>-</u>	<u>325,202</u>	<u>-</u>	<u>325,202</u>				
<b>Financial liabilities not measured at fair value</b>									
	13.1								
Payable to the Management Company		-	2,244	-	-				
Payable to the Trustee		-	32	-	-				
Accrued expenses and other liabilities		-	24	-	-				
		<u>-</u>	<u>2,299</u>	<u>-</u>	<u>-</u>				

Islamic Capital Preservation Plan

June 30, 2019

(Audited)

		Carrying amount			Fair Value				
		Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	Note	(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Investments		116,720	-	-	116,720	116,720	-	-	116,720
		<u>116,720</u>	<u>-</u>	<u>-</u>	<u>116,720</u>	<u>116,720</u>	<u>-</u>	<u>-</u>	<u>116,720</u>
<b>Financial assets not measured at fair value</b>									
	13.1								
Bank balances		-	334,719	-	334,719				
Accrued mark-up		-	3,406	-	3,406				
		<u>-</u>	<u>338,125</u>	<u>-</u>	<u>338,125</u>				
<b>Financial liabilities not measured at fair value</b>									
	13.1								
Payable to the Management Company		-	2,180	-	2,180				
Payable to the Trustee		-	34	-	34				
Accrued expenses and other liabilities		-	10	-	10				
		<u>-</u>	<u>2,224</u>	<u>-</u>	<u>2,224</u>				

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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.

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, the total expense ratio for the period ended September 30, 2019 is 0.09%, 0.16%, 0.18% and 0.39% (September 30, 2018 0.08%, 0.12% and 0.09%) which includes 0.01%, 0.03%, 0.08% and 0.06% (September 30, 2018 0.02%, 0.05% and 0.03%) representing government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan, Strategic Allocation Plan and Islamic Capital Preservation Plan respectively.

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 29, 2019 by the Board of Directors of the Management Company.

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **HBL Islamic Dedicated Equity Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Dedicated Equity Fund
Name of Auditor	Deloitte 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

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at September 30, 2019*

		For the Period from October 01, 2018 to June 30, 2019	
	Note	September 30, 2019	2019
		(Un-Audited)	(Audited)
		(Rupees in '000)	
<b>Assets</b>			
Bank balances	4	6,804	6,975
Investments	5	110,824	102,392
Dividend receivable and accrued mark-up		3,460	1,590
Preliminary expenses and floatation costs		880	935
Receivable against sale of equity instruments		-	3,116
Advance, deposits and other receivables		4,341	4,202
<b>Total assets</b>		<b>126,309</b>	<b>119,210</b>
<b>Liabilities</b>			
Payable to Management Company	6	1,148	475
Payable to Trustee		52	10
Payable to Securities and Exchange Commission of Pakistan		7	282
Payable against Formation cost		1,100	1,100
Accrued expenses and other liabilities	7	1,476	763
<b>Total liabilities</b>		<b>3,783</b>	<b>2,630</b>
<b>Net assets</b>		<b>122,527</b>	<b>116,580</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>122,527</b>	<b>116,580</b>
<b>Contingencies and Commitments</b>	8		
		(Number of units)	
<b>Number of units in issue</b>		<b>1,540,906</b>	<b>1,390,638</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>79.5161</b>	<b>83.8322</b>

The annexed notes 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 Dedicated Equity Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the three months ended September 30, 2019*

		Three Months ended September 30, 2019 ----- (Rupees in '000) -----
<b>Income</b>		
Dividend income		2,593
Mark-up on deposits with banks		360
Unrealized diminution on re-measurements of investments - HFT		344
Capital (loss) on sale of investments - net		(1,134)
		<b>2,163</b>
<b>Expenses</b>		
Remuneration of the Management Company		748
Remuneration of the Trustee		62
Annual fee to Securities and Exchange Commission of Pakistan		7
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	124
Selling and marketing expenses	6.4	263
Amortisation of preliminary expenses and floatation costs		55
Auditors' remuneration		63
Fees and subscription		52
Securities transaction costs		499
Settlement and bank charges		107
Charity expense		130
		<b>2,110</b>
<b>Net Gain from operating activities</b>		<b>53</b>
Provision for Workers' Welfare Fund	7.1	(1)
<b>Net Income for the period before taxation</b>		<b>52</b>
<b>Taxation</b>	10	-
<b>Net Income for the period after taxation</b>		<b>52</b>
<b>Earning per unit</b>	11	
<b>Allocation of net income for the period:</b>		
Income already paid on redemption of units		-
Accounting (loss) / income available for distribution:		
-Relating to capital gains		-
-Excluding capital gains		52
		<b>52</b>
<b>Net income / (loss) for the period after taxation</b>		<b>52</b>
-Other comprehensive income		-
<b>Total comprehensive loss for the period</b>		<b>52</b>

The annexed notes 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 Dedicated Equity Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For the three months ended September 30, 2019*

Three months ended  
September 30,

2019

(Rupees in '000)

Capital value	Undistributed income / (Accumulated loss)	Total
---------------	---	-------

Net assets at the beginning of the period 208,720 (92,140) 116,580

Issue of 1,745,524 units

- Capital value (at net asset value per unit at the beginning of the period) 146,331 - 146,331

- Element of loss (16,331) - (16,331)

Total proceeds on issuance of units 130,000 - 130,000

Redemption of 1,595,257 units

- Capital value (at net asset value per unit at the beginning of the period) (133,734) - (133,734)

- Amount paid out of element of income 9,628 9,628

relating to net income for the year after taxation - -

Total payment on redemption of units (124,105) - (124,105)

Total comprehensive income for the period less distribution - 52 52

**Net assets at the end of the period 214,614 (92,088) 122,527**

Undistributed income brought forward

- Realised (72,993)

- Unrealised (19,147)

(92,140)

Accounting loss available for distribution 52

Distribution during the period -

**Undistributed income carried forward (92,088)**

Undistributed income carried forward

- Realised (92,432)

- Unrealised 344

(92,088)

(Rupees)

Net assets value per unit at beginning of the period 83.8322

Net assets value per unit at end of the period 79.5161

The annexed notes 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 Dedicated Equity Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the three months ended September 30, 2019*

	<b>Three Months ended September 30, 2019</b>
	<b>(Rupees in '000)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net loss for the period	52
<b>Adjustments</b>	
Unrealized diminution on re-measurements of investments	(344)
	(292)
<b>(Increase) / decrease in assets</b>	
Investments - net	(8,089)
Dividend receivable and accrued mark-up	(1,870)
Preliminary expenses and floatation costs	55
Receivable against sale of equity instruments	3,116
Advances, deposits, prepayments and other receivables	(139)
	(6,927)
<b>Increase / (decrease) in liabilities</b>	
Payable to Management Company	672
Payable to Trustee	42
Payable against redemption of units	(275)
Accrued expenses and other liabilities	713
	1,152
<b>Net cash (used in) from operating activities</b>	<b>(6,067)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Amount received on issue of units	130,000
Payment against redemption of units	(124,105)
<b>Net cash generated from financing activities</b>	<b>5,895</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(172)</b>
Cash and cash equivalents at beginning of the period	6,975
<b>Cash and cash equivalents at end of the period</b>	<b>6,804</b>

The annexed notes 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 Dedicated Equity Fund**

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

*For the three months ended September 30, 2019*

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

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.

HBL Asset Management Limited is the 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 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 Pakistan.

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 principal activity of the Fund is to provide long-term capital growth by investing primarily in a diversified pool of equities and equities related instruments.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2' (Positive outlook) to the Management Company.

Title to the assets of the Fund are held in the name of MCB Financial Services 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 approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the 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 published financial statements of the Fund for the year ended June 30, 2019.

**2.1.3** In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, 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 September 30, 2019.

#### **2.2 Basis of measurement**

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

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### 2.3 Functional and presentation currency

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

### 3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

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

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual financial statements as at and for the year ended June, 2019.

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

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

4	BANK BALANCES	Note	September 30, 2019	June 30, 2019
	Savings accounts	4.1	<u>6,804</u>	<u>6,975</u>
			<u>6,804</u>	<u>6,975</u>

4.1 The balance in saving account carry expected profit 13.50% (June 30, 2019 8% to 13.5%)

5	INVESTMENTS	Note	September 30, 2019 (Un-Audited)	June 30, 2019 (Audited)
	<b>At fair value through profit or loss</b>			
	- Listed equity securities	5.1	<u>110,824</u>	<u>102,392</u>
			<u>110,824</u>	<u>102,392</u>

#### 5.1 Listed equity securities at fair Value through Profit or Loss - Held for trading

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

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Name of the Investee Company	Number of shares				As at September 30, 2019	Market value as at September 30, 2019 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
<b>Investment Banks</b>									
Dawood Hercules Corporation Ltd	10,500	-	-	10,500	-	-	0.00%	0.00%	0.00%
	<b>10,500</b>	<b>-</b>	<b>-</b>	<b>10,500</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>	
<b>Textile Composite</b>									
Interloop Limited	70,309	88,000	-	82,000	76,309	3,352	3.02%	2.74%	0.01%
Nishat Mills Ltd	28,700	87,900	-	64,500	52,100	4,376	3.95%	3.57%	0.01%
	<b>99,009</b>	<b>175,900</b>	<b>-</b>	<b>146,500</b>	<b>128,409</b>	<b>7,729</b>	<b>6.97%</b>	<b>6.31%</b>	
<b>Cement</b>									
Kohat Cement Ltd	36,650	31,000	-	42,500	25,150	1,157	1.04%	0.94%	0.01%
Lucky Cement Ltd	10,600	12,000	-	12,000	10,600	3,627	3.27%	2.96%	0.00%
Maple Leaf Cement Factory Ltd	-	50,000	-	50,000	-	-	0.00%	0.00%	0.00%
	<b>47,250</b>	<b>93,000</b>	<b>-</b>	<b>104,500</b>	<b>35,750</b>	<b>4,784</b>	<b>4.32%</b>	<b>3.90%</b>	
<b>Power Generation and Distribution</b>									
Hub Power Company Ltd	133,967	175,000	-	146,500	162,467	11,495	10.37%	9.38%	0.01%
K-Electric Limited	270,000	425,000	-	365,000	330,000	1,172	1.06%	0.96%	0.00%
	<b>403,967</b>	<b>600,000</b>	<b>-</b>	<b>511,500</b>	<b>492,467</b>	<b>12,666</b>	<b>11.43%</b>	<b>10.34%</b>	
<b>Pharmaceuticals</b>									
AGP Limited	13,500	29,000	-	22,000	20,500	1,324	1.19%	1.08%	0.01%
The Searle Company Limited	8,450	8,000	-	8,500	7,950	1,099	0.99%	0.90%	0.00%
	<b>21,950</b>	<b>37,000</b>	<b>-</b>	<b>30,500</b>	<b>28,450</b>	<b>2,423</b>	<b>2.19%</b>	<b>1.98%</b>	
<b>Oil and Gas Exploration Company</b>									
Mari Petroleum Company Ltd	8,150	10,000	-	8,320	9,830	8,839	7.98%	7.21%	0.01%
Oil & Gas Development Co Ltd	90,500	141,000	-	126,000	105,500	12,980	11.71%	10.59%	0.00%
Pakistan Oilfields Ltd	16,350	19,000	-	18,700	16,650	6,325	5.71%	5.16%	0.01%
Pakistan Petroleum Ltd	61,100	161,000	-	125,000	97,100	13,209	11.92%	10.78%	0.00%
	<b>176,100</b>	<b>331,000</b>	<b>-</b>	<b>278,020</b>	<b>229,080</b>	<b>41,352</b>	<b>37.31%</b>	<b>33.75%</b>	
<b>Oil and Gas Marketing Company</b>									
Pakistan State Oil Company Ltd	34,100	63,000	-	66,000	31,100	4,898	4.42%	4.00%	0.01%
Sui Northern Gas Pipeline Ltd	34,500	90,500	-	84,500	40,500	2,495	2.25%	2.04%	0.01%
	<b>68,600</b>	<b>153,500</b>	<b>-</b>	<b>150,500</b>	<b>71,600</b>	<b>7,393</b>	<b>6.67%</b>	<b>6.04%</b>	
<b>Commercial Banks</b>									
Meezan Bank Ltd	61,100	127,000	-	105,000	83,100	5,987	5.40%	4.89%	0.01%
	<b>61,100</b>	<b>127,000</b>	<b>-</b>	<b>105,000</b>	<b>83,100</b>	<b>5,987</b>	<b>5.40%</b>	<b>4.89%</b>	
<b>Fertilizer</b>									
Engro Corporation Ltd	40,670	50,600	-	46,500	44,770	11,949	10.78%	9.75%	0.01%
Engro Fertilizers Limited	74,000	148,000	-	124,000	98,000	6,687	6.03%	5.46%	0.01%
Fauji Fertilizer Co Ltd	52,000	50,000	-	102,000	-	-	0.00%	0.00%	0.00%
	<b>166,670</b>	<b>248,600</b>	<b>-</b>	<b>272,500</b>	<b>142,770</b>	<b>18,635</b>	<b>16.82%</b>	<b>15.21%</b>	
<b>Chemical</b>									
Engro Polymer and Chemicals Ltd	130,000	260,000	-	220,500	169,500	4,161	3.75%	3.40%	0.02%
Lotte Chemical Pakistan Ltd	39,000	272,000	-	186,500	124,500	1,698	1.53%	1.39%	0.01%
	<b>169,000</b>	<b>532,000</b>	<b>-</b>	<b>407,000</b>	<b>294,000</b>	<b>5,859</b>	<b>5.29%</b>	<b>4.79%</b>	
<b>Automobile Parts and Accessories</b>									
Thal Limited	6,350	10,400	-	-	16,750	3,996	3.61%	3.26%	0.04%
	<b>6,350</b>	<b>10,400</b>	<b>-</b>	<b>-</b>	<b>16,750</b>	<b>3,996</b>	<b>3.61%</b>	<b>3.26%</b>	
	<b>1,230,496</b>	<b>2,308,400</b>	<b>-</b>	<b>2,016,520</b>	<b>1,522,376</b>	<b>110,824</b>	<b>100%</b>	<b>90%</b>	
Cost of investments at September 30, 2019						<b>110,481</b>			

**5.1** Investments include shares having market value aggregating to Rs. 49.812 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

6	<b>PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<i>Note</i>	<b>September 30, 2019</b>	June 30, 2019
			<b>(Rupees in '000)</b>	
	Management fee	6.1	492	196
	Sindh Sales Tax	6.2	64	26
	Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	85	10
	Selling & Marketing payable	6.4	506	243
			<u>1,148</u>	<u>475</u>
<b>6.1</b>	Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum of the average net assets of the Fund for the current period.			
<b>6.2</b>	The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.			
<b>6.3</b>	<b>ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES</b>			
	As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to “registrar services, accounting, operation and valuation services related to , Collective Investment Scheme”. During the period the Management Company has charged aforementioned expense to the extent of 0.1% of the average daily net assets of the Fund till July 7, 2019. Effective from July 8, 2019 till August 31, 2019 expenses were charged at the rate of 0.5% of the average daily net assets of the Fund. Effective from September 1, 2019 expenses are being charged at the rate of 0.161% of the average daily net assets of the fund.			
<b>6.4</b>	<b>ALLOCATION OF EXPENSES RELATED TO SELLING AND MARKETING</b>			
	As per Non-Banking Finance Companies and Notified Entities Regulation, 2007 the Management Company is allowed to recover expenses incurred in relation to “selling and marketing expenses” to Collective Investment Scheme subject to certain conditions. During the period the Management Company has charged aforementioned expense to the extent of 0.4% of the average daily net assets of the Fund till July 7, 2019. Effective from July 08, 2019 the Management Company has revised the fee to be charged at the rate of 0.75% of the average daily net assets of the fund. The fee is payable quarterly in arrears.			
7	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<i>Note</i>	<b>September 30, 2019</b>	June 30, 2019
			<b>(Rupees in '000)</b>	
	Auditors' remuneration		254	191
	Payable against sale of equity securities		342	-
	WWF	7.1	1	-
	Payable to brokers		242	84
	Charity Payable		601	471
	NCCPL charges		1	-
	Payable to shariah advisor		35	17
			<u>1,476</u>	<u>763</u>

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**7.1 PROVISION SINDH WORKERS' WELFARE FUND**

During the period, the Fund has charged a provision of Sindh Workers' Welfare Fund at the rate of 2% of its accounting income. Had the provision not been made, the Net Asset Value would have been higher by Rs. 0.0006 per unit.

**8 CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments outstanding as at September 30, 2019.

**9 TOTAL EXPENSE RATIO**

The Scheme has maintained Total Expense Ratio (TER) 1.47% (0.07% representing Government Levies, and SECP Fee).

**10 TAXATION**

The income of the Fund is exempt from tax under 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 among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

**11 EARNINGS PER UNIT (EPU)**

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

**12 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

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

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

		Three Months ended	
		September 30,	
		2019	
		(Rupees in '000)	
<b>12.1</b>	<b>Transactions during the period</b>		
	<b>HBL Asset Management Limited - Management Company</b>		
	Management Fee		748
	Allocation of expenses related to registrar services, accounting, operation and valuation services		124
	Selling & Marketing Expense		263
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Trustee remuneration		62
	<b>MCBFSL HBL IFPF Islamic Capital Preservation Plan</b>		
	Issuance of 1,342,711 Units units (2018: Nil Units)		100,000
	Redemption of 1,382,820 units (2018: Nil Units)		107,558
	<b>MCBFSL HBL IFPF Active Allocation Plan</b>		
	Issuance of 161,125 units (2018: Nil Units)		12,000
	Redemption of 161,125 units (2018: Nil Units)		12,623
	<b>MCBFSL HBL IFPF Strategic Allocation Plan</b>		
	Issuance of 241,688 units (2018: Nil Units)		18,000
	Redemption of 51,311 units (2018: Nil Units)		3,924
<b>12.2</b>	<b>Balances outstanding as at period end</b>	<b>September 30,</b>	<b>June 30,</b>
		<b>2019</b>	<b>2019</b>
		<b>(Un-Audited)</b>	<b>(Audited)</b>
		<b>(Rupees in '000)</b>	
	<b>HBL Asset Management Limited - Management Company</b>		
	Management fee	492	196
	Sindh Sales Tax	64	26
	Selling & Marketing Expense	506	243
	Allocation of expenses related to registrar services, accounting, operation and valuation services	85	10
	<b>MCB Financial Services Limited - Trustee</b>		
	Remuneration payable	52	10
	<b>MCBFSL HBL IFPF Islamic Capital Preservation Plan</b>		
	Investment held in the Fund: 1,350,529 units (June 30, 2019: 1,390,638 units)	107,389	116,580
	<b>MCBFSL HBL IFPF Strategic Allocation Plan</b>		
	Investment held in the Fund: 190,377 units (June 30, 2019: Nil units)	15,138	-

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

The Securities and Exchange Commission of Pakistan vide circular 16 of 2010 dated July 07, 2010 required all Asset Management Companies to made disclosure in the financial statement of the collective investment scheme regarding any non-compliant investment held in portfolio of the collective investment scheme which are non-compliant either with the investment policy or the minimum investment criteria. As at September 30, 2019, all the investment held in the fund portfolio are compliant except for the following:

Name of Non-Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	Limit	% of Net Assets	% of Total Assets
		(Rupees in '000)					
Equity	Cir 13 of 2017	-	-	-	10%	10.19%	-

**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.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date.

The quoted market price used for financial assets held by the Fund is current bid price.

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (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.

	September 30, 2019						
	Carrying amount			Fair Value			
	Fair value through profit or loss	At Amortised Cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investments							
- Listed equity securities	110,824	-	110,824	110,824	-	-	110,824
	<u>110,824</u>	<u>-</u>	<u>110,824</u>	<u>110,824</u>	<u>-</u>	<u>-</u>	<u>110,824</u>
<b>Financial assets not measured at fair value</b>							
Bank balances	-	6,804	6,804				
Investments							
- Un-Listed equity securities	-	-	-				
Dividend receivable and accrued mark-up	-	3,460	3,460				
Advances, deposits and other receivables	-	4,341	4,341				
	<u>-</u>	<u>14,605</u>	<u>14,605</u>				
<b>Financial liabilities not measured at fair value</b>							
Payable to Management Company	-	1,084	1,084				
Payable to Trustee	-	46	46				
Accrued expenses and other liabilities	-	1,475	1,475				
Unit Holder's Fund	-	122,527	122,527				
	<u>-</u>	<u>2,604</u>	<u>2,604</u>				
June 30, 2019							
	Carrying amount			Fair Value			
	Fair value through profit or loss	At Amortised Cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investments							
- Listed equity securities	102,392	-	102,392	102,392	-	-	102,392
	<u>102,392</u>	<u>-</u>	<u>102,392</u>	<u>102,392</u>	<u>-</u>	<u>-</u>	<u>102,392</u>
<b>Financial assets not measured at fair value</b>							
Bank balances	-	6,975	6,975				
Dividend receivable and accrued mark-up	-	1,590	1,590				
Receivable against sale of investment	-	3,116	3,116				
Advances, deposits, prepayments and other receivables	-	4,202	4,202				
	<u>-</u>	<u>15,883</u>	<u>15,883</u>				
<b>Financial liabilities not measured at fair value</b>							
Payable to Management Company	-	475	475				
Payable to Trustee	-	10	10				
Payable against purchase of equity	-	1,100	1,100				
Unit Holder's Fund	-	116,580	116,580				
Accrued expenses and other liabilities	-	763	763				
	<u>-</u>	<u>118,928</u>	<u>118,928</u>				

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**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.

**15 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on October 29, 2019 by the Board of Directors of the Management Company.

**16 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



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# HBL

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