

**HBL**

**ASSET MANAGEMENT LTD.**

**ايسيت ميجمنٹ لميٹڈ**

AMC Rating : AM2++ by JCR-VIS

# HALF YEARLY REPORT 2020

For the half year ended December 31, 2020

MOVING TOWARDS  
**EXCELLENCE**

# TABLE OF CONTENTS

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<i>Corporate Information</i>	4
<i>Report of the Directors of Management Company</i>	5
<b>HBL ISLAMIC MONEY MARKET FUND</b>	
<i>Fund Information</i>	15
<i>Trustee Report to the Unit Holders</i>	16
<i>Independent Auditors' Review Report to the unit holders</i>	17
<i>Condensed Interim Statement of Assets and Liabilities</i>	19
<i>Condensed Interim Income Statement (Un-Audited)</i>	20
<i>Condensed Interim Statement of Comprehensive Income (Un-Audited)</i>	21
<i>Condensed Interim Statement Of Movement In Unit Holders' FUND (Un-Audited)</i>	22
<i>Condensed Interim Cash Flow Statement (Un-Audited)</i>	23
<i>Notes to the Condensed Interim Financial Information (Un-Audited)</i>	24
<b>HBL ISLAMIC ASSET ALLOCATION FUND</b>	
<i>Fund Information</i>	33
<i>Trustee Report to the Unit Holders</i>	34
<i>Independent Auditors' Review Report to the unit holders</i>	35
<i>Condensed Interim Statement of Assets and Liabilities</i>	37
<i>Condensed Interim Income Statement (Un-Audited)</i>	38
<i>Condensed Interim Statement of Comprehensive Income (Un-Audited)</i>	39
<i>Condensed Interim Statement Of Movement In Unit Holders' FUND (Un-Audited)</i>	40
<i>Condensed Interim Cash Flow Statement (Un-Audited)</i>	42
<i>Notes to the Condensed Interim Financial Information (Un-Audited)</i>	43
<b>HBL ISLAMIC STOCK FUND</b>	
<i>Fund Information</i>	54
<i>Trustee Report to the Unit Holders</i>	55
<i>Independent Auditors' Review Report to the unit holders</i>	56
<i>Condensed Interim Statement of Assets and Liabilities</i>	57
<i>Condensed Interim Income Statement (Un-Audited)</i>	58
<i>Condensed Interim Statement of Comprehensive Income (Un-Audited)</i>	59
<i>Condensed Interim Statement Of Movement In Unit Holders' FUND (Un-Audited)</i>	60
<i>Condensed Interim Cash Flow Statement (Un-Audited)</i>	60
<i>Notes to the Condensed Interim Financial Information (Un-Audited)</i>	61
<b>HBL ISLAMIC INCOME FUND</b>	
<i>Fund Information</i>	74
<i>Trustee Report to the Unit Holders</i>	75
<i>Independent Auditors' Review Report to the unit holders</i>	76
<i>Condensed Interim Statement of Assets and Liabilities</i>	77
<i>Condensed Interim Income Statement (Un-Audited)</i>	78
<i>Condensed Interim Statement of Comprehensive Income (Un-Audited)</i>	79
<i>Condensed Interim Statement Of Movement In Unit Holders' FUND (Un-Audited)</i>	80
<i>Condensed Interim Cash Flow Statement (Un-Audited)</i>	81
<i>Notes to the Condensed Interim Financial Information (Un-Audited)</i>	82

# TABLE OF CONTENTS

---

---

## **HBL ISLAMIC EQUITY FUND**

<i>Fund Information</i>	94
<i>Trustee Report to the Unit Holders</i>	95
<i>Independent Auditors' Review Report to the unit holders</i>	96
<i>Condensed Interim Statement of Assets and Liabilities</i>	97
<i>Condensed Interim Income Statement (Un-Audited)</i>	98
<i>Condensed Interim Statement of Comprehensive Income (Un-Audited)</i>	99
<i>Condensed Interim Statement Of Movement In Unit Holders' FUND (Un-Audited)</i>	100
<i>Condensed Interim Cash Flow Statement (Un-Audited)</i>	101
<i>Notes to the Condensed Interim Financial Information (Un-Audited)</i>	102

## **HBL ISLAMIC FINANCIAL PLANNING FUND**

<i>Fund Information</i>	114
<i>Trustee Report to the Unit Holders</i>	115
<i>Independent Auditors' Review Report to the unit holders</i>	116
<i>Condensed Interim Statement of Assets and Liabilities</i>	118
<i>Condensed Interim Income Statement (Un-Audited)</i>	119
<i>Condensed Interim Statement of Comprehensive Income (Un-Audited)</i>	121
<i>Condensed Interim Statement Of Movement In Unit Holders' FUND (Un-Audited)</i>	123
<i>Condensed Interim Cash Flow Statement (Un-Audited)</i>	126
<i>Notes to the Condensed Interim Financial Information (Un-Audited)</i>	127

## **HBL Islamic Dedicated Equity Fund**

<i>Fund Information</i>	137
<i>Trustee Report to the Unit Holders</i>	138
<i>Independent Auditors' Review Report to the unit holders</i>	139
<i>Condensed Interim Statement of Assets and Liabilities</i>	140
<i>Condensed Interim Income Statement (Un-Audited)</i>	141
<i>Condensed Interim Statement of Comprehensive Income (Un-Audited)</i>	142
<i>Condensed Interim Statement Of Movement In Unit Holders' FUND (Un-Audited)</i>	143
<i>Condensed Interim Cash Flow Statement (Un-Audited)</i>	144
<i>Notes to the Condensed Interim Financial Information (Un-Audited)</i>	145

# CORPORATE INFORMATION

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## Management Company

HBL Asset Management Limited

### Board of Directors

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

### Audit Committee

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

### Human Resource Committee

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

### Risk Management Committee

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

### Technology Committee

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

### Company Secretary & Chief Financial Officer

Mr. Noman Qurban

### AMC Rating

AM2++ (Stable 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 HALF YEAR ENDED DECEMBER 31, 2020

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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 half year ended December 31, 2020.

## ECONOMIC REVIEW

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

The PKR appreciated by around 4.9% during 1HFY21 taking Real Effective Exchange Rate to 97 (SBP Oct-20 number) indicating that the currency is trading below fair value. The Central bank maintained the interest rates in 1HFY21 after a cumulative 625 bps decrease in interest rates in 2HFY20 in response to the Covid-19 pandemic. On the external front export declined by 7.1% compared to decline in import by 1.0%, leading 5MFY21 trade deficit to increase by 6.9% to USD 8.6bn. However Services Deficit decreased by 38% to USD 925mn in the period. Remittances also showed encouraging trend as it witnessed an uptick of 26.9% in 5MFY21 clocking at USD 11.8bn. These factors led the Current Account Surplus for 5MFY21 to clock at USD 1.6bn (1.4% of GDP) compared to a current account deficit of USD 1.7bn (1.6% of GDP) during same period last year. Pakistan economy has started to regain its pre-Covid trajectory as there has been a notable pickup in economic activity, as evident by LSM growth of 7.4% YoY in 5MFY21. The overall Foreign exchange reserves increased to USD 20.5bn compared to USD 18.9bn at the end of FY20.

CPI for 1HFY21 has averaged 8.6% compared to 11.1% in the same period last year due to economic slowdown and hike in utilities price in base period. We expect inflation to further taper down due to high base effect and government effort in controlling food prices. On the fiscal side FBR tax collection went up by 4.9% YoY to PKR 2,204bn during 1HFY21 against the tax collection target of PKR 2,210bn.

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

## STOCK MARKET REVIEW

The market sustained its bullish momentum in 1HFY21 as it rallied by 72.0% from its recent low in Mar-20. The stellar performance of the index can be attributed to 1) improvement in domestic COVID-19 infection and recovery rates, 2) flows into equities post 625bps cut in interest rates, 3) business friendly policies induced by the GoP and 4) Improvement in macroeconomic indicators led by stable currency and current account surplus.

The benchmark KMI-30 index recorded 16,172 points increase (+29.4%) during 1HFY21 to close at 71,168 points. During the period construction linked industries (Cement, Steel, and Glass) rallied on the back of the monetary easing done by the SBP and government focus on construction sector. Technology sector also remained in limelight due to increasing focus on technology post Covid-19 pandemic. On the flows side, foreigners were the net sellers during 1HFY21 and sold shares of worth USD 279mn, compared to net buy of USD 8mn during same period last year.

Pakistan equities are likely to continue the positive momentum due to cheaper valuation (trading at a Forward P/E of 6.8x against peer average 17.7x) and improvement in the macroeconomic landscape. Market participants would closely follow trend of coronavirus cases and the ensuring macro numbers. Cyclical sectors (Cement, Steel) are expected to continue their rally due to Government's push towards Naya Pakistan Housing Scheme. Textile sector is also expected to garner investors' attention due to huge export potential. We will maintain our strategic focus towards "bottom-up" approach and align exposure towards stocks with strong earnings potential.

## MONEY MARKET REVIEW

The Central bank maintained the interest rates in the period after a cumulative 625 bps decrease in interest rates in 2HFY20 in response to the Covid-19 pandemic. SBP clearly stated that it will hold forward looking real interest rate at zero to cushion the impact of the Coronavirus shock on growth and employment.

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As per latest data available, Islamic Banking industry assets posted 27.2% growth and stood at PKR 3,809 billion by Sep-20. Similarly, deposits of Islamic banks also witnessed a sharp growth of 26.0% YoY and reached PKR 3,034 billion by Sep-20. The government issued Energy Sukuk-II of PKR 200bn in the last quarter of FY20 to partially retire the circular debt. This was a long term instrument and SLR Eligible which helped the Islamic banks to park their excess liquidity. The government plans to disburse PKR 450bn to the IPPs in CY21 to contain the ballooning circular debt. We expect another Energy Sukuk of PKR 200bn in the fiscal year which would provide additional avenue to invest for the Islamic financial institutions.

During 1HFY21, Government largely managed its borrowing requirements through domestic sources, and largely from commercial banks. Government borrowed PKR 1,002bn from scheduled banks compared to borrowing of PKR 927bn during same period last year. Meanwhile, Government borrowing from SBP declined by PKR 536bn during the period against decline in borrowing of PKR 741bn during same period last year. This further decline in borrowing took place as IMF has restricted borrowing from the central bank to avoid inflationary pressure. Going forward the government will continue to meet additional borrowing requirements from the commercial banks.

In the monetary policy held in Nov-20, SBP maintained status quo in the interest rates. Going forward, we feel that the monetary easing has taken place and we are nearly at the bottom of the interest rate cycle. Due to the ongoing second wave of Covid-19 we expect the government to maintain status quo in the SBP policy rate for the next few months to support the recovery of the economy while at the same time addressing the root cause of cost push inflation by controlling food prices.

## **FUND'S PERFORMANCE**

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

The total income and net income of the Fund was Rs. 253.23 million and Rs. 227.84 million respectively during the period ended December 31, 2020. The Net Asset Value (NAV) of the Fund increased from Rs. 101.1744 per unit as on June 30, 2020 to Rs. 101.6143 per unit as on December 31, 2020 (after incorporating interim monthly dividends of Rs. 2.6905 per unit); thereby giving an annualized return of 6.22%. During the same period, the benchmark return (3 Month bank deposit rates) was 3.71%. The size of Fund was Rs. 7.10 billion as on December 31, 2020 as compared to Rs. 8.42 billion at the start of the year.

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

### **HBL Islamic Income Fund**

The total income and net income of the Fund was Rs. 45.99 million and Rs. 31.05 million respectively during the period ended December 31, 2020. The Net Asset Value (NAV) of the Fund increased from Rs. 101.5300 per unit as on June 30, 2020 to Rs.103.9069 per unit as on December 31, 2020; thereby giving an annualized return of 4.64%. During the same period, the benchmark return (6 Month bank deposit rates) was 3.93%. The size of Fund was Rs. 1.14 billion as on December 31, 2020 as compared to Rs. 1.42 billion at the start of the year.

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

### **HBL Islamic Stock Fund**

The total and net income of the Fund was Rs. 140.61 million and Rs. 122.42 million respectively during the period ended December 31, 2020. The Net Asset Value (NAV) of the Fund increased from Rs. 93.6583 per unit as on June 30, 2020 to Rs. 117.1364 per unit as on December 31, 2020 giving a return of 25.07% during the period against the benchmark return (KMI 30 Index) of 29.41%. The size of Fund was Rs. 0.76 billion as on December 31, 2020 as compared to Rs. 0.56 billion at the start of the year.

### **HBL Islamic Equity Fund**

The total and net income of the Fund was Rs. 72.43 million and Rs. 64.19 million respectively during the period ended December 31, 2020. The Net Asset Value (NAV) of the Fund increased from Rs. 77.5699 per unit as on June 30, 2020 to Rs. 98.1086 per unit as on December 31, 2020 giving a return of 26.48% during the period against the benchmark return (KMI 30 Index) of 29.41%. The size of Fund was Rs. 0.36 billion as on December 31, 2020 as compared to Rs. 0.23 billion at the start of the year.

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

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

The total and net income of the Fund including HBL IAAF-Plan1 was Rs. 92.22 million and Rs. 80.41 million respectively during the period ended December 31, 2020. The Net Asset Value (NAV) of the HBL-IAAF increased from Rs. 103.6330 per unit as on June 30, 2020 to Rs. 111.6380 per unit as on December 31, 2020; thereby giving a return of 7.72% 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 9.27%. The collective size of Fund was Rs. 2.43 billion as on December 31, 2020 as compared to Rs. 310 million at the start of the year.

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

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

The Islamic Capital Preservation Plan marked its maturity during the period under review.

The Fund as a whole earned total and net income of Rs. 20.38 million and Rs. 15.42 million respectively during the period under review. The fund size of the fund stood at Rs. 0.10 billion. Performance review for plan is given below:

#### **Active Allocation Plan**

During the period under review, the Active allocation plan earned total and net income of Rs. 13.00 million and Rs. 12.39 million respectively. The net assets of the Active allocation plan stood at Rs. 100 million representing Net Asset Value (NAV) of Rs. 108.1395 per unit as at December 31, 2020 as compared to Net Asset Value (NAV) of Rs. 95.3020 per unit as at start of the year. The plan earned a return of 13.47% for the period under review compared to its Benchmark return of 16.24%.

#### **Conservative Allocation Plan**

During the period under review, the Conservative allocation plan earned total and net income of Rs. 0.20 million and Rs. 0.18 million respectively. The net assets of the Conservative allocation plan stood at Rs. 1.20 million representing Net Asset Value (NAV) of Rs. 112.9808 per unit as at December 31, 2020 as compared to Net Asset Value (NAV) of Rs. 109.3637 per unit as at start of the year. The plan earned a return of 3.31% for the period under review compared to its Benchmark return of 7.08%.

#### **Islamic Capital Preservation Plan**

During this period under review, the Islamic Capital Preservation plan earned total and net income of Rs. 7.16 million and Rs. 5.49 million respectively. The plan marked its maturity during the review period.

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

The total and net income of the Fund was Rs. 3.54 million and Rs. 3.01 million respectively during the period ended December 31, 2020. The net assets of the Fund was 40 million representing Net Asset Value (NAV) of the Fund was Rs. 98.0718 per unit as on December 31, 2020 as compared to Net Asset Value (NAV) of Rs. 87.5443 as at start of the year. The Fund yielded a return of 12.03% during the period against the benchmark return (KMI 30 Index) of 29.41%.

### **MANAGEMENT COMPANY RATING**

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

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**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 & MCB Financial Services Limited 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**

## میجسٹ کمپنی کے ڈائریکٹرز کی رپورٹ

HBL ایسٹ میجسٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز نہایت مسرت کے ساتھ 31 دسمبر 2020 کو ختم ہونے والے نصف سال کے لیے HBL اسلامک منی مارکیٹ فنڈ، HBL اسلامک انکم فنڈ، HBL اسلامک اسٹاک فنڈ، HBL اسلامک ایکویٹی فنڈ، HBL اسلامک ایسٹ ایلوکیشن فنڈ، HBL اسلامک فنانشل پلاننگ فنڈ اور HBL اسلامک ڈیڈ ویکیٹیڈ ایکویٹی فنڈ (فنڈز) کے مالیاتی حسابات کے ساتھ اپنی رپورٹ پیش کر رہے ہیں۔

### معیشت کا جائزہ

Covid-19 وبا کے بعد حکومت کی جانب سے لیے گئے پالیسی اقدامات کے نتیجے میں معاشی منظر نامے میں بہتری آئی ہے۔ جس کے ساتھ ہی ملک میں ترسیلات زر کی مضبوط شرح اور سروسز خسارے میں کمی کے باعث کرنٹ اکاؤنٹ کی پوزیشن میں نمایاں بہتری دیکھنے میں آئی ہے۔ کرنٹ اکاؤنٹ کے سرپلس کے ساتھ کثیر جہتی اور دو طرفہ ذرائع سے رقم کے بہاؤ نے ہمارے ذخائر کو کم کر دیا جس کی وجہ سے مقامی کرنسی کو مضبوط ہونے میں مدد ملی ہے۔

مالی سال 21 کی پہلی ششماہی کے دوران حقیقی مؤثر زرمبادلے کی شرح کو 97 (SBP اکتوبر-20 نمبر) تک لے جانے پر روپے کی قدر میں تقریباً 4.9% فیصد تک کا اضافہ ہوا۔ جس سے یہ ظاہر ہوتا ہے کہ کرنسی مناسب قیمت کے تلے تجارت کر رہی ہے۔ عالمی وبا Covid-19 کے نتیجے میں مالی سال 20 کی دوسری ششماہی میں شرح سود میں مجموعی طور پر 625 bps کی کمی کے بعد سینٹرل بینک نے مالی سال 21 کی پہلی ششماہی میں سود کی شرح کو برقرار رکھا ہے۔ بیرونی محاذ پر درآمدات میں 1.0% فیصد کمی کے مقابلے میں برآمدات میں 7.1% فیصد کمی واقع ہوئی ہے۔ جس کے نتیجے میں مالی سال 21 کے 5 ماہ کا تجارتی خسارہ 6.9% فیصد اضافے کے ساتھ 8.6 بلین امریکی ڈالر تک جا پہنچا ہے۔ تاہم اسی مدت میں سروسز خسارہ 38% فیصد کم ہو کر 925 بلین امریکی ڈالر رہا ہے۔ مالی سال 21 کے 5 ماہ میں ترسیلات زر میں بھی 26.9% فیصد اضافے کے ساتھ 11.8 بلین امریکی ڈالر کا حوصلہ افزا رجحان دیکھنے میں آیا ہے۔ ان عوامل کے باعث مالی سال 21 کے 5 ماہ کے لیے کرنٹ اکاؤنٹ سرپلس 1.6 بلین امریکی ڈالر (GDP کا 1.4%) ہو گیا ہے جو کہ پچھلے سال اسی مدت کے دوران کرنٹ اکاؤنٹ خسارہ 1.7 بلین امریکی ڈالر (GDP کا 1.6%) تھا۔ اقتصادی سرگرمیوں میں قابل ذکر تیزی کے ساتھ پاکستانی معیشت نے کورونا سے قبل کی رفتار دوبارہ حاصل کرنا شروع کر دی ہے جو کہ مالی سال 21 کے 5 ماہ میں LSM میں 7.4% YoY فیصد کمی نمو سے واضح ہے۔ مجموعی زرمبادلہ کے ذخائر مالی سال 20 کے اختتام پر 18.9 بلین امریکی ڈالر کے مقابلے میں 20.5 بلین امریکی ڈالر تک پہنچ گئے ہیں۔

معاشی سست روی اور یوٹیلٹی قیمتوں میں اضافے کی وجہ سے مالی سال 21 کی پہلی ششماہی کے لیے CPI افراط زر 8.6% فیصد کے ساتھ اوسط رہی ہے جبکہ پچھلے سال اسی مدت کے دوران 11.1% فیصد تھی۔ ہم توقع کرتے ہیں کہ اعلیٰ بنیادی اثر اور حکومت کے اشیاء خورد و نوش کی قیمتوں پر قابو پانے کے سبب مہنگائی میں مزید کمی آئے گی۔ مالی سال میں FBR ٹیکس وصولی کا ہدف 2,210 بلین روپے کے مقابلے میں مالی سال 21 کی پہلی ششماہی کے دوران FBR ٹیکس وصولی 4.9% YoY اضافے کے ساتھ 2,204 بلین روپے تک بڑھ گئی ہے۔

مزید آگے بڑھتے ہوئے، ہمارا خیال ہے کہ بیشتر کاروبار کھلنے کے باعث GDP کی نمو میں بحالی کا امکان ہے لیکن حالیہ کوویڈ-19 کی دوسری لہر اس بحالی میں رکاوٹ بن سکتی ہے۔ اسی لیے ہماری توجہ کوویڈ-19 نمبرز اور عالمی وباء سے ہونے والے اثرات کو کنٹرول کرنے کے لیے حکومت کی جانب سے لیے گئے پالیسی اقدامات پر مرکوز رہے گی۔

### اسٹاک مارکیٹ کا جائزہ

مالی سال 21 کی پہلی ششماہی میں مارچ-20 کی حالیہ کمی سے 72.0% فیصد تک کے اضافے کے ساتھ مارکیٹ نے اپنی تیزی کو برقرار رکھا ہے۔ (1) مقامی COVID-19 انفیکشن اور بحالی کے ریٹس میں بہتری، (2) سود کی شرح میں 625bps کمی کے بعد ایکویٹیز میں بہاؤ، (3) GoP کی جانب سے کاروباری دوست پالیسیاں اور (4) مستحکم کرنسی اور کرنٹ اکاؤنٹ سرپلس کے ذریعے معاشی پیداواری اشاروں میں بہتری کو انڈیکس کی شاندار کارکردگی کی وجہ قرار دیا جاسکتا ہے۔

مالی سال 21 کی پہلی ششماہی کے دوران بیچ مارک KMI-30 انڈیکس میں 16,172 پوائنٹس (+29.4%) کا اضافہ ریکارڈ کیا گیا جو 71,168 پوائنٹس پر بند ہوا۔ اس عرصے کے دوران کنسٹرکشن سے منسلک صنعتیں (سینٹ، اسٹیل اور گلاس) SBP کی جانب سے مالیاتی نرمی اور حکومت کے کنسٹرکشن سیکٹر پر توجہ مرکوز ہونے پر منحصر کئے ہوئے ہے۔ ٹیکنالوجی سیکٹر بھی عالمی وبا Covid-19 کے بعد بڑھتی توجہ کے باعث کامرکز نگاہ بنا رہا۔ بہاؤ کے سلسلے میں، مالی سال 21 کی پہلی ششماہی کے دوران غیر ملکی نیٹ فروخت کنندہ تھے اور گزشتہ سال اسی مدت کے دوران 8 ملین امریکی ڈالر نیٹ خرید کے مقابلے میں 279 ملین امریکی ڈالر کے نیٹ فروخت کئے۔

امید ظاہر کی جاتی ہے کہ پاکستان ایکویٹیز کم قیمتوں (پیئر اور وسط 17.7x کے مقابلے میں 6.8x کے فارورڈ P/E پریٹریڈنگ) اور معاشی منظر نامے میں بہتری کی وجہ سے مثبت رفتار کو جاری رکھے گی۔ مارکیٹ کے شرکاء کو رونا وائرس کے کیسز اور یقینی میکر ونمبرز کا بغور جائزہ لیں گے۔ حکومت کی نیا پاکستان ہاؤسنگ اسکیم کے سب سائیکل سیکٹرز (سینٹ، اسٹیل) میں سرگرمیاں جاری رہنے کی توقع ہے۔ ٹیکسٹائل سیکٹر میں بھی برآمدات کی زبردست صلاحیت کے باعث سرمایہ کاروں کی توجہ حاصل ہونے کی توقع ہے۔ ہم ”bottom-up“ نقطہ نظر کی طرف اپنی اسٹریٹجک توجہ کو مرکوز رکھے گے اور مضبوط آمدنی کی صلاحیت کے ساتھ اسٹاک کی طرف سرمایہ کاری کو ترجیح دیں گے۔

### منی مارکیٹ کا جائزہ

عالمی وبا کو یڈ 19 سے ہونے والے اثرات کے نتیجے میں مالی سال 20 کے دوسرے نصف میں شرح سود میں مجموعی طور پر 625 بیس پوائنٹس کمی کے بعد سینٹرل بینک نے اس مدت میں شرح سود کو برقرار رکھا ہے۔ SBP نے واضح کیا ہے کہ وہ ترقی اور روزگار پر مرتب ہونے والے رونا وائرس کے اثرات کو مد نظر رکھتے ہوئے ریٹیل انٹرسٹ ریٹ کو صفر پر برقرار رکھیں گے۔

دستیاب تازہ ترین اعداد و شمار کے مطابق، اسلامی بینکنگ انڈسٹری کے اثاثوں میں سال 20 کے ستمبر تک 27.2% فیصد اضافہ ہوا جو کہ 3,809 بلین روپے ہو گیا ہے۔ اسی طرح، اسلامک بینکنگ کے ڈپازٹس میں بھی YoY 26.0% فیصد اضافہ دیکھنے میں آیا جو کہ سال 20 کے ستمبر تک 3,034 بلین روپے تک جا پہنچا ہے۔ حکومت نے گردش قرضوں کو جزیوی طور پر ادا کرنے کے لیے مالی سال 20 کے آخری سہ ماہی میں 200 بلین روپے کا انرجی سکوک-II جاری کیا تھا۔ یہ ایک طویل مدتی نظام اور اور SLR اہل ہے جس سے اسلامی بینکنگ کو اضافی لیکویڈٹی کو جمع کرنے میں مدد ملے گی۔ حکومت نے CY21 میں IPPs کو 450 بلین روپے فراہم کرنے کا ارادہ کیا ہے تاکہ بڑھتے ہوئے گردش قرضوں کو روکا جاسکے۔ ہم مالی سال میں ایک اور 200 بلین روپے کے انرجی سکوک کی توقع کر رہے ہیں جو اسلامی مالیاتی اداروں کے لیے سرمایہ کاری کی نئی راہیں کھولے

مالی سال 21 کی پہلی ششماہی کے دوران، حکومت نے بڑے پیمانے پر مقامی ذرائع اور بڑے کمرشل بینکنگ سے اپنے قرضے کی ضروریات کو پورا کیا۔ گزشتہ سال اسی مدت کے دوران 927 بلین روپے کے قرضے کے مقابلے میں حکومت نے شیڈول بینکنگ سے 1,002 بلین روپے کا قرض لیا۔ اسی دوران، SBP سے سرکاری قرض میں گزشتہ سال اسی مدت کے دوران 741 بلین روپے کے قرض کے خلاف 536 بلین روپے کی کمی آئی ہے۔ افراط زر کے دباؤ سے بچنے کے لیے IMF کے سینٹرل بینک سے قرض لینے پر پابندی عائد کرنے سے قرضے میں مزید کمی واقع ہوئی ہے۔ لیکن حکومت کمرشل بینکنگ سے اپنی اضافی قرض کی ضروریات کو پورا کرتی رہے گی۔

سال 20 کے نومبر میں منعقد مالیاتی پالیسی میں، SBP نے شرح سود میں جمود کو برقرار رکھا ہے۔ آتے بڑھتے ہوئے ہم خیال کر رہے ہیں کہ مالیاتی نرمی کی چابکی ہے اور ہم انٹرسٹ ریٹ سائیکل کے قریب ہیں۔ کو یڈ 19 کی دوسری لہر کے باعث ہم توقع کر رہے ہیں کہ حکومت آئندہ چند ماہ تک SBP پالیسی ریٹ میں استحکام برقرار رکھے گی تاکہ معاشی... کے مالیاتی اداروں کے لیے سرمایہ کاری کی نئی راہیں کھولے

## فنڈ کی کارکردگی

### HBL اسلاک منی مارکیٹ فنڈ

31 دسمبر 2020 کو ختم ہونے والی مدت کے دوران فنڈ کی مجموعی آمدنی اور نیٹ آمدنی 253.23 بلین روپے اور 227.84 بلین روپے بالترتیب رہی۔ فنڈ کی نیٹ ایسٹ ویلیو (NAV) 30 جون 2020 تک 101.1744 روپے فی یونٹ سے بڑھ کر 31 دسمبر 2020 کو 101.6143 روپے فی یونٹ ہو گئی (فی یونٹ 2.6905 روپے کا عبوری ماہانہ منافع منقسمہ کو شامل کرنے کے بعد)؛ اس طرح 6.22% فیصد کا سالانہ منافع ہوا ہے۔ اسی مدت کے دوران، بیسٹ مارک ریٹرن (3 ماہ کے بینک ڈپازٹ ریٹس) 3.71% فیصد تھا۔ 31 دسمبر 2020 کو فنڈ کا حجم 7.10 بلین روپے کے مقابلے میں سال کے آغاز میں فنڈ کا حجم 8.42 بلین روپے رہا۔

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ میں (f) AA+ فنڈ اسٹیبلٹی ریٹنگ کو اپ گریڈ کیا ہے۔

### HBL اسلاک انکم فنڈ

31 دسمبر 2020 کو ختم ہونے والی مدت کے دوران فنڈ کی مجموعی آمدنی اور نیٹ آمدنی 45.99 بلین روپے اور 31.05 بلین روپے بالترتیب رہی۔ فنڈ کی نیٹ ایسٹ ویلیو (NAV) 30 جون 2020 تک 101.5300 روپے فی یونٹ سے بڑھ کر 31 دسمبر 2020 کو 103.9069 روپے فی یونٹ ہو گئی؛ اس طرح 4.64% فیصد کا سالانہ منافع ہوا ہے۔ اسی مدت کے دوران، بیسٹ مارک ریٹرن (6 ماہ کے بینک ڈپازٹ ریٹس) 3.93% فیصد تھا۔ 31 دسمبر 2020 کو فنڈ کا حجم 1.14 بلین روپے کے مقابلے میں سال کے آغاز میں فنڈ کا حجم 1.42 بلین روپے رہا۔

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فنڈ کی (f) A+ پر فنڈ اسٹیبلٹی ریٹنگ کی تصدیق کی ہے۔

### HBL اسلاک اسٹاک فنڈ

31 دسمبر 2020 کو ختم ہونے والی مدت کے دوران فنڈ کی مجموعی آمدنی اور نیٹ آمدنی 140.61 بلین روپے اور 122.42 بلین روپے بالترتیب رہی۔ فنڈ کی نیٹ ایسٹ ویلیو (NAV) 30 جون 2020 تک 93.6583 روپے فی یونٹ سے بڑھ کر 31 دسمبر 2020 کو 117.1364 روپے فی یونٹ رہی، اس طرح اسی مدت کے دوران 29.41% فیصد کے بیسٹ مارک ریٹرن (30 KMI انڈیکس) کے خلاف 25.07% فیصد کا منافع ہوا۔ جبکہ 31 دسمبر 2020 کو فنڈ کا حجم 0.76 بلین روپے کے مقابلے میں سال کے آغاز میں فنڈ کا حجم 0.56 بلین روپے رہا۔

### HBL اسلاک ایکویٹی فنڈ

31 دسمبر 2020 کو ختم ہونے والی مدت کے دوران فنڈ کی مجموعی آمدنی اور نیٹ آمدنی 72.43 بلین روپے اور 64.19 بلین روپے بالترتیب رہی۔ فنڈ کی نیٹ ایسٹ ویلیو (NAV) 30 جون 2020 تک 77.5699 روپے فی یونٹ سے بڑھ کر 31 دسمبر 2020 کو 98.1086 روپے فی یونٹ رہی، اس طرح اسی مدت کے دوران 29.41% فیصد کے بیسٹ مارک ریٹرن (30 KMI انڈیکس) کے خلاف 26.48% فیصد کا منافع ہوا۔ جبکہ 31 دسمبر 2020 کو فنڈ کا حجم 0.36 بلین روپے کے مقابلے میں سال کے آغاز میں فنڈ کا حجم 0.23 بلین روپے رہا۔

## HBL اسلامک ایسٹ ایلیویشن فنڈ

HBL اسلامک ایسٹ ایلیویشن فنڈ (HBL-IAAF) کے تحت، HBL اسلامک ایسٹ ایلیویشن فنڈ - پلان 1 (HBL IAAF-Plan1) 13 جولائی 2020 کو تشکیل دیا گیا۔

31 دسمبر 2020 کو ختم ہونے والی مدت کے دوران فنڈ کی مجموعی آمدنی اور نیٹ آمدنی بشمول HBL IAAF-Plan1 92.22 ملین روپے اور 80.41 ملین روپے بالترتیب رہی۔ HBL-IAAF کے نیٹ ایسٹ ویلیو (NAV) 30 جون 2020 تک 103.6330 روپے فی یونٹ سے بڑھ کر 31 دسمبر 2020 کو 111.6380 روپے فی یونٹ ہو گئے؛ اس طرح اسی مدت کے دوران، 9.27% کے بیچ مارک ریٹرن (30 KMI انڈیکس کے روزانہ اوسط حجم کا منافع اور A درجہ بند کئے جانے والے یا مندرجہ بالا بینکس کے 6 ماہ ڈپازٹ ریٹس) کے خلاف 7.72% فیصد کا منافع ہوا۔ 31 دسمبر 2020 کو فنڈ کا مجموعی حجم 2.43 بلین روپے کے مقابلے میں سال کے آغاز میں فنڈ کا مجموعی حجم 310 ملین روپے رہا۔

## HBL اسلامک فنانشل پلاننگ فنڈ

HBL اسلامک فنانشل پلاننگ فنڈ تین ذیلی فنڈ (پلانز) پر مشتمل ہیں، جن میں ایکٹو ایلیویشن پلان، کنزرویٹو ایلیویشن پلان اور اسلامک کیپٹل پریزرویشن پلان شامل ہیں۔

اسلامک کیپٹل پریزرویشن پلان نے زیر جائزہ مدت کے دوران اپنی پختگی کو نشان زد کیا ہے۔

زیر جائزہ مدت کے دوران فنڈ کی مجموعی آمدنی 20.38 ملین روپے اور 15.42 ملین روپے بالترتیب رہی ہے۔ فنڈ کا حجم 0.10 بلین روپے پر موجود رہا۔ جبکہ پلان کا کارکردگی جائزہ درج ذیل ہے:

## ایکٹو ایلیویشن پلان

زیر جائزہ مدت کے دوران، ایکٹو ایلیویشن پلان نے مجموعی آمدنی 13.00 ملین روپے اور 12.39 ملین روپے بالترتیب حاصل کئے۔ ایکٹو ایلیویشن پلان کے نیٹ ایسٹ 100 ملین روپے پر موجود رہے جو 31 دسمبر 2020 کو نیٹ ایسٹ ویلیو (NAV) 108.1395 روپے فی یونٹ کے مقابلے میں سال کے آغاز میں نیٹ ایسٹ ویلیو (NAV) 95.3020 روپے فی یونٹ کی نمائندگی کرتا ہے۔ اس پلان نے 16.24% فیصد کے بیچ مارک ریٹرن کے مقابلے میں زیر جائزہ مدت کے لیے 13.47% فیصد کا منافع حاصل کیا۔

## کنزرویٹو ایلیویشن پلان

زیر جائزہ مدت کے دوران، کنزرویٹو ایلیویشن پلان نے مجموعی آمدنی 0.20 ملین روپے اور 0.18 ملین روپے بالترتیب حاصل کئے۔ کنزرویٹو ایلیویشن پلان کے نیٹ ایسٹ 1.20 ملین روپے پر موجود رہے جو 31 دسمبر 2020 کو نیٹ ایسٹ ویلیو (NAV) 112.9808 روپے فی یونٹ کے مقابلے میں سال کے آغاز میں نیٹ ایسٹ ویلیو (NAV) 109.3637 روپے فی یونٹ کی نمائندگی کرتا ہے۔ اس پلان نے 7.08% فیصد کے بیچ مارک ریٹرن کے مقابلے میں زیر جائزہ مدت کے لیے 3.31% فیصد کا منافع حاصل کیا۔

## اسلامک کیپٹل پریزرویشن پلان

زیر جائزہ مدت کے دوران، اسلامک کیپٹل پریزرویشن پلان نے مجموعی آمدنی 7.16 ملین روپے اور 5.49 ملین روپے بالترتیب حاصل کئے۔ یہ پلان زیر جائزہ مدت کے دوران 100% پختگی کو یقیناً

## HBL اسلاک ڈیجیٹل ایکویٹی فنڈ

31 دسمبر 2020 کو ختم ہونے والی مدت کے دوران فنڈ کی مجموعی اور نیٹ آمدنی 3.54 ملین روپے اور 3.01 ملین روپے بالترتیب رہی۔ فنڈ کے نیٹ ایسٹ 40 ملین روپے پر موجود ہیں جو 31 دسمبر 2020 کو نیٹ ایسٹ ویلیو (NAV) 198.0718 روپے فی یونٹ کے مقابلے میں سال کے آغاز میں نیٹ ایسٹ ویلیو (NAV) 87.5443 روپے فی یونٹ کی نمائندگی کرتا ہے۔ اسی مدت کے دوران فنڈ میں %29.41 فیصد کے شیئنگ مارک ریٹرن (KMI 30 انڈیکس) کے مقابلے میں %12.03 فیصد کا منافع حاصل ہوا۔

## مینجمنٹ کمپنی ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے 'AM2+' میں 'AM2++' سے 'AM Two Plus Plus' پر 'AM Two Plus Plus' پر 'AM Two Plus Plus' کو اپ گریڈ کیا ہے اور تفریق کردہ ریٹنگ پر آؤٹ لک کو مستحکم قرار دیا گیا ہے۔

## اظہار تشکر

بورڈ اس موقع پر اپنے قابل قدر یونٹ ہولڈرز کے اعتماد اور حمایت کا تہہ دل سے شکر گزار ہے۔ اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور MCB فنانشل سروسز لمیٹڈ بطور سٹریٹ، پاکستان اسٹاک ایکسچینج لمیٹڈ اور اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کردہ مسلسل تعاون اور رہنمائی کے لیے خراج تحسین پیش کرتے ہیں۔

بورڈ اپنے عملے کو ان کے بے لوث خلوص، لگن اور جہد مسلسل کے لیے بھی خراج تحسین پیش کرتا ہے۔

منجانب بورڈ آف ڈائریکٹرز کی جانب سے

HBL ایسٹ 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., Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Bank Al-Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited Askari Bank Limited Allied Bank Limited Faysal Bank Limited Summit Bank Limited Soneri bank limited United bank limited
Fund Rating	'AA+(f)' (JCR-VIS)

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ISLAMIC MONEY MARKET FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Money Market Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

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

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

Karachi, February 23, 2021





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

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

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Money Market Fund** ("the Fund") as at 31 December 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other Matter**

The figures for the quarter ended 31 December 2020 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

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

**Date: 17 February 2021**

**Karachi**

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

**HBL Islamic Money Market Fund**  
**Condensed Interim Statement of Assets and Liabilities**  
*As at December 31, 2020*

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	6	4,391,595	7,397,036
Investments	7	2,692,590	991,839
Accrued profit		44,809	53,814
Advances, deposits and other receivables	8	1,047	876
<b>Total assets</b>		<b>7,130,041</b>	<b>8,443,565</b>
<b>Liabilities</b>			
Payable to Management Company	9	3,588	3,389
Payable to Trustee		480	517
Payable to Securities and Exchange Commission of Pakistan		744	616
Accrued expenses and other liabilities	10	24,486	17,307
<b>Total liabilities</b>		<b>29,298</b>	<b>21,829</b>
<b>Net assets</b>		<b>7,100,743</b>	<b>8,421,736</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>7,100,743</b>	<b>8,421,736</b>
<b>Contingencies and Commitments</b>	11		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>69,879,343</b>	<b>83,239,789</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>101.6143</b>	<b>101.1744</b>

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

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

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

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

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

**HBL Islamic Money Market Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the six and three months period ended December 31, 2020*

	Note	Six months period ended		Three months period ended	
		December 31,		December 31,	
		2020	2019	2020	2019
		(Rupees in '000)			
<b>Income</b>					
Profit on deposits with banks calculated using effective yield method		165,589	79,880	77,219	43,848
Return on investments calculated using effective yield method		87,575	7,805	60,660	4,430
Realised gain on sale of investments		135	-	135	-
		<b>253,299</b>	<b>87,685</b>	<b>138,014</b>	<b>48,278</b>
<b>Expenses</b>					
Remuneration of Management Company		12,619	6,288	6,866	3,928
Remuneration of Trustee		2,734	474	1,488	255
Annual fee to Securities and Exchange Commission of Pakistan		745	129	406	69
Allocation of expenses related to registrar services, accounting, operation and valuation services		1,861	980	1,012	469
Selling and marketing expenses		1,861	889	1,012	-
Auditors' remuneration		199	176	110	89
Settlement and bank charges		373	181	177	115
Fee and subscription		421	211	246	150
<b>Total expenses</b>		<b>20,814</b>	<b>9,328</b>	<b>11,317</b>	<b>5,075</b>
<b>Net income from operating activities</b>		<b>232,485</b>	<b>78,357</b>	<b>126,697</b>	<b>43,203</b>
Provision for Sindh Workers' Welfare Fund	10.2	(4,650)	(1,567)	(2,534)	(864)
<b>Net income for the period before taxation</b>		<b>227,835</b>	<b>76,790</b>	<b>124,163</b>	<b>42,338</b>
Taxation	12	-	-	-	-
<b>Net income for the period after taxation</b>		<b>227,835</b>	<b>76,790</b>	<b>124,163</b>	<b>42,338</b>
<b>Allocation of net income for the period:</b>					
Net income for the period after taxation		227,835	76,790	124,163	42,338
Income already paid on redemption of units		(19,728)	(5,889)	(8,304)	(5,124)
Accounting income available for distribution		<b>208,107</b>	<b>70,901</b>	<b>115,859</b>	<b>37,214</b>
<b>Accounting income available for distribution:</b>					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		208,107	70,901	115,858	37,214
		<b>208,107</b>	<b>70,901</b>	<b>115,858</b>	<b>37,214</b>

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Money Market Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the six and three months period ended December 31, 2020*

	Six months period ended		Three months period ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	<b>227,835</b>	76,790	<b>124,163</b>	42,338
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>227,835</u></b>	<b><u>76,790</u></b>	<b><u>124,163</u></b>	<b><u>42,338</u></b>

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

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

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

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

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

**HBL Islamic Money Market Fund**  
**Condensed Interim Statement Of Movement In Unit Holders' FUND (Un-Audited)**  
*For the six months period ended December 31, 2020*

	2020			2019		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	----- (Rupees in '000) -----					
<b>Net assets at beginning of the period</b>	<b>8,400,268</b>	<b>21,468</b>	<b>8,421,736</b>	1,042,487	7,829	1,050,316
Issue of 86,057,094 units (2019: 17,546,113 units)						
- Capital value	8,706,775	-	8,706,775	1,772,101	-	1,772,101
- Element of income	25,377	-	25,377	9,314	-	9,314
Total proceeds on issue of units	8,732,152	-	8,732,152	1,781,415	-	1,781,415
Redemption of 99,417,542 units (2019: 10,966,683 units)						
- Capital value	(10,058,510)	-	(10,058,510)	(1,107,600)	-	(1,107,600)
- Element of loss	(5,623)	(19,728)	(25,351)	(804)	(5,889)	(6,693)
Total payments on redemption of units	(10,064,133)	(19,728)	(10,083,861)	(1,108,404)	(5,889)	(1,114,293)
Total comprehensive income for the period	-	227,835	227,835	-	76,790	76,790
Refund of capital	(18,491)	-	(18,491)	(4,580)	-	(4,580)
Distribution during the period	-	(178,629)	(178,629)	-	(57,817)	(57,817)
Net income for the period less distribution	(18,491)	49,206	30,715	(4,580)	18,973	14,393
<b>Net assets at end of the period</b>	<b>7,049,797</b>	<b>50,946</b>	<b>7,100,743</b>	<b>1,710,918</b>	<b>20,913</b>	<b>1,731,831</b>
<b>Undistributed income brought forward</b>						
- Realised income		21,468			7,829	
- Unrealised income		-			-	
		<u>21,468</u>			<u>7,829</u>	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		-			-	
- Excluding capital gains		208,107			70,901	
		<u>208,107</u>			<u>70,901</u>	
Distribution during the period		(178,629)			(57,817)	
<b>Undistributed income carried forward</b>		<u>50,946</u>			<u>20,913</u>	
<b>Undistributed income carried forward</b>						
- Relating to realised gain		50,946			20,913	
- Relating to unrealised gain		-			-	
		<u>50,946</u>			<u>20,913</u>	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			<u>101.1744</u>			<u>100.9968</u>
<b>Net assets value per unit at end of the period</b>			<u>101.6143</u>			<u>101.9989</u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Money Market Fund**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
*For the six months period ended December 31, 2020*

	2020	2019
	----- (Rupees in '000') -----	
<b>Cash flows from operating activities</b>		
Net income for the period before taxation	227,835	76,790
<b>Adjustments</b>		
Profit on deposits with banks calculated using effective yield method	(165,589)	(79,880)
Return on investments calculated using effective yield method	(87,575)	(7,805)
	<u>(25,329)</u>	<u>(10,895)</u>
<b>Decrease / (increase) in assets</b>		
Advances, deposits and other receivables	(171)	(929)
Investments	(1,613,176)	7,913
	<u>(1,613,347)</u>	<u>6,984</u>
<b>(Decrease) / increase in liabilities</b>		
Payable to Management Company	199	455
Payable to Trustee	(37)	(64)
Payable to Securities and Exchange Commission of Pakistan	128	(661)
Accrued expenses and other liabilities	7,179	(27,565)
	<u>7,469</u>	<u>(27,835)</u>
	<u>(1,631,207)</u>	<u>(31,746)</u>
Profit received on bank deposits	174,594	75,949
<b>Net cash (used in) / generated from operations</b>	<u>(1,456,613)</u>	<u>44,203</u>
<b>Cash flows from financing activities</b>		
Amount received on issue of units	8,713,662	1,776,835
Payments against redemption of units	(10,083,861)	(1,114,293)
Cash dividend paid	(178,629)	(57,817)
<b>Net cash (used in) / generated from financing activities</b>	<u>(1,548,828)</u>	<u>604,725</u>
<b>Net increase in cash and cash equivalents</b>	<u>(3,005,441)</u>	<u>648,928</u>
Cash and cash equivalents at beginning of the period	7,397,036	955,111
<b>Cash and cash equivalents at end of the period</b>	<u>4,391,595</u>	<u>1,604,039</u>

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

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

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

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

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

# HBL Islamic Money Market Fund

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

For the six months period ended December 31, 2020

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### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

### 1.7 Impact of Covid-19

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended 31 December, 2020 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the economy and business, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts from time to time.

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

The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact on current financial statements of the Fund.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of Compliance

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

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

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

**2.1.2** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended June 30, 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2020.

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.

**4. USE OF ESTIMATES AND JUDGEMENTS**

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

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2020.

**5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2020.

	<i>Note</i>	<b>(Un-Audited) December 31, 2020 (Rupees in '000)</b>	<b>(Audited) June 30, 2020</b>
<b>6. BANK BALANCES</b>			
Savings accounts	6.1	<u><b>4,391,595</b></u>	<u>7,397,036</u>
		<u><b>4,391,595</b></u>	<u>7,397,036</u>

6.1 This represents bank accounts held with different banks. Profit rates on these accounts range between 3.52% - 7.5% (June 30, 2020: 5.97% - 14.5%) per annum.

7. INVESTMENTS	Note	(Un-Audited)	(Audited)
		December 31, 2020	June 30, 2020
		(Rupees in '000)	
<b>Investments by category</b>			
<b>Financial asset at amortised cost</b>			
Commercial paper	7.1	1,009,084	316,839
Bai Muajjal	7.2	1,008,506	-
<b>Financial asset at fair value through profit and loss</b>			
Sukuk Certificate	7.3	675,000	675,000
		<u>2,692,590</u>	<u>991,839</u>

#### 7.1 Commercial papers - at amortised cost

	Maturity Date	As at July 1, 2020	Placements made during the period	Income accrued	Matured / Sold during the period	As at December 31, 2020	Market value as a percentage of	
							Total investments of fund	Net Assets of fund
							(Rupees in '000)	
							----- (%) -----	
K - Electric Limited	14-Aug-20	121,908	-	2,092	124,000	-	-	-
K - Electric Limited	26-Aug-20	63,624	-	1,376	65,000	-	-	-
K - Electric Limited	10-Sep-20	87,703	-	2,297	90,000	-	-	-
K - Electric Limited	6-Oct-20	43,604	-	1,396	45,000	-	-	-
K - Electric Limited	6-Oct-20	-	199,489	511	200,000	-	-	-
K - Electric Limited	6-Oct-20	-	204,476	524	205,000	-	-	-
K - Electric Limited	24-Mar-21	-	461,596	9,976	-	471,572	17.51%	6.64%
K - Electric Limited	20-Apr-21	-	529,308	8,204	-	537,512	19.96%	7.57%
		<u>316,839</u>	<u>1,394,869</u>	<u>26,376</u>	<u>729,000</u>	<u>1,009,084</u>	<u>37.47%</u>	<u>14.21%</u>

#### 7.2 Bai Muajjal - at amortised cost

	Maturity Date	As at July 1, 2020	Placements made during the period	Income accrued	Matured / Sold during the period	As at December 31, 2020	Market value as a percentage of	
							Total investments of fund	Net Assets of fund
							(Rupees in '000)	
							----- (%) -----	
Pak Kuwait Investment Company Limited	17-Dec-20	-	253,567	4,208	257,775	-	-	-
	17-Dec-20	-	279,441	4,638	284,078	-	-	-
	21-Dec-20	-	533,259	8,953	542,212	-	-	-
Pak China Investment Company Limited	20-Jan-21	-	251,968	-	-	251,968	9.36%	3.55%
	21-Jan-21	-	252,031	-	-	252,031	9.36%	3.55%
	22-Jan-21	-	252,222	-	-	252,222	9.37%	3.55%
	25-Jan-21	-	252,285	-	-	252,285	9.37%	3.55%
		-	<u>2,074,773</u>	<u>17,799</u>	<u>1,084,065</u>	<u>1,008,506</u>	<u>37.45%</u>	<u>14.20%</u>

#### 7.3 Sukuk Certificate - Fair value through profit and loss

	Maturity Date	As at July 1, 2020	Placements made during the period	Matured / Sold during the period	As at December 31, 2020	Market value as a percentage of	
						Total investments of fund	Net Assets of fund
Hub Power Company Ltd.	17-May-21	675,000	21,890	21,890	675,000	25.07%	9.51%
		<u>675,000</u>	<u>21,890</u>	<u>21,890</u>	<u>675,000</u>	<u>25.07%</u>	<u>9.51%</u>

	<i>Note</i>	(Un-Audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
<b>8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>			
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepaid listing fee		14	66
Prepaid rating fee		224	-
Advance tax		710	710
		<u>1,047</u>	<u>876</u>
<b>9. PAYABLE TO MANAGEMENT COMPANY</b>			
Management fee		1,956	2,113
Sindh Sales Tax		254	275
Allocation of expenses related to registrar services, accounting, operation and valuation services		326	352
Sales load payable		39	48
Selling and Marketing expense payable		1,013	601
		<u>3,588</u>	<u>3,389</u>
<b>10. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		174	298
Federal Excise Duty	10.1	2,185	2,185
Withholding tax payable		5,519	3,135
Provision for Workers' Welfare Fund	10.2	14,371	9,722
Other payable		1,028	867
Capital gain tax payable		900	683
Dividend payable		309	417
		<u>24,486</u>	<u>17,307</u>

**10.1** The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

In view of the above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2020 aggregating to Rs. 2.185 million. Had the provision not been retained, the Net Assets Value per unit of the Fund as on December 31, 2020 would have been higher by Rs. 0.0313 per unit (June 30, 2020: 0.0262 per unit).

**10.2 PROVISION FOR WORKERS' WELFARE FUND**

The legal status of applicability of Worker's Welfare Fund (WWF) 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, 2020.

The Fund has recognised provision for SWWF amounting to Rs. 4.65 million in this condensed interim financial information. Had the provision not being made, the net asset value per unit as at December 31, 2020 would have been higher by Rs. 0.0665 (June 30, 2020: Rs. 0.1168) per unit.

**11. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2020 and June 30, 2020 except those disclosed already.

**12. TAXATION**

The Fund's income is exempt from Income Tax as per Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2021 to its unit holders.

### 13. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

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

	(Un-Audited)	
	Half year ended December 31,	
	2020	2019
	(Rupees in '000)	
<b>13.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee including sales tax thereon	12,619	6,288
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,861	980
Selling and marketing	1,861	889
Issue of Nil units (2019: 2,423 units )	-	263
<b>Habib Bank Limited - Sponsor</b>		
Profit on bank deposits earned	77,824	32,010
Issuance of Nil units (2019: 111,438 units)	-	11,255
Redemption of 984,684 units (2019: 111,438 units)	100,000	11,255
Dividend	4,524	-
<b>Directors , Executives and key management personnel</b>		
Issue of 97,801 units (2019: 399,420 units)	9,918	40,483
Redemption of 127,771 units (2019: 331,632 units)	12,952	33,708
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee Remuneration	2,734	474
CDC service charges	201	-
<b>CDC Trustee HBL Cash Fund - Funds under common management</b>		
Purchase of KEL - Commercial paper	199,489	-
<b>CDC Trustee HBL Money Market Fund - Funds under common management</b>		
Purchase of KEL - Commercial paper	204,476	-
<b>Connected person due to 10% holding or more</b>		
<b>Fauji Fertilizer Company Limited</b>		
Issue of Nil units (2019: 2,942,177 units)	-	300,000
<b>Archroma Pakistan Limited - Employees Gratuity Fund</b>		
Issue of 213,434 units (2019: Nil units)	21,622	-
<b>Pakistan Defence Officers Housing Authority</b>		
Issue of 10,019,524 units (2019: Nil units)	1,017,357	-

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
<b>13.2 Amounts outstanding as at period end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	1,956	2,113
Sindh Sales Tax	254	275
Payable against allocation of expenses related to registrar services, accounting, operation and valuation services	326	352
Investment held in the Fund: Nil units (June 30, 2020: Nil)	-	-
Sale load payable	39	48
Selling and marketing cost	1,013	601
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund: 1,255,315 units (June 30, 2020: 2,240,000 units)	127,558	226,631
Bank balances	472,606	1,947,811
Sale load payable	609	568
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable including sales tax thereon	480	517
<b>Directors , Executives and key management personnel</b>		
Investment held in the Fund: 9,703 units (June 30, 2020: 48,155 units)	986	4,871
<b>Archroma Pakistan Limited - Employees Gratuity Fund</b>		
Investment held in the Fund: 213,434 units (June 30, 2020: Nil units)	21,688	-
<b>Connected person due to holding 10% or more</b>		
<b>Artistic Milliners Pvt Limited</b>		
Investment held in the Fund: 29,703,911.41 units (June 30, 2020 : 29,703,911.41 units)	3,018,342	3,005,275
<b>Pakistan Defence Officers Housing Authority</b>		
Investment held in the Fund: 10,019,525 units (June 30, 2020 : Nil units)	1,018,127	-

#### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		December 31, 2020 (Un-Audited)							
		Carrying amount				Fair Value			
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<i>Note</i>		----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
		675,000	-	-	675,000	675,000	-	-	675,000
<b>Financial assets not measured at fair value</b>									
	14.1	-	-	4,391,595	4,391,595				
		-	-	2,017,590	2,017,590				
		-	-	44,809	44,809				
		-	-	100	100				
		<u>675,000</u>	<u>-</u>	<u>6,454,094</u>	<u>7,129,094</u>				
<b>Financial liabilities not measured at fair value</b>									
	14.1	-	-	3,588	3,588				
		-	-	480	480				
		-	-	1,511	1,511				
		<u>-</u>	<u>-</u>	<u>5,579</u>	<u>5,579</u>				
		----- (Rupees in '000) -----							
		Carrying amount				Fair Value			
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<i>Note</i>		----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
		675,000	-	-	675,000	675,000	-	-	675,000
<b>Financial assets not measured at fair value</b>									
	14.1	-	-	7,397,036	7,397,036				
		-	-	316,839	316,839				
		-	-	53,814	53,814				
		-	-	100	100				
		<u>675,000</u>	<u>-</u>	<u>7,767,789</u>	<u>8,442,789</u>				
<b>Financial liabilities not measured at fair value</b>									
	14.1	-	-	3,389	3,389				
		-	-	458	458				
		-	-	1,582	1,582				
		<u>-</u>	<u>-</u>	<u>5,429</u>	<u>5,429</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.

**14.2** Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

**15. TOTAL EXPENSE RATIO**

In accordance with the Directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2020 is 0.34% (December 31, 2019 : 0.85%) which includes 0.09% (December 31, 2019 : 0.19%) representing government levy, Sindh Worker's Welfare Fund and SECP fee.

**16. NON COMPLIANT INVESTMENTS DISCLOSURE**

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 December 31, 2020, all the investment held in the

Name of Non-Complaint Investment	Type of investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	LIMIT	% of Net Assets	% of Gross Assets
		----- (Rupees in '000) -----					
Exposure ICP/Sukuk	ICP/ Sukuk	1,684,084	-	1,684,084	20.00%	23.72%	23.62%

**16.1** These are the non compliances with respect to investments policy and restrictions as mentioned in the offering document of the fund.

**17. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 10, 2021.

**18. GENERAL**

**18.1** 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 Asset Allocation Fund**

## FUND INFORMATION

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ISLAMIC ASSET ALLOCATION FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Asset Allocation Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

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

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

Karachi, February 24, 2021





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

**Independent Auditors' Review Report to the unit holders of HBL Islamic Asset Allocation Fund**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Asset Allocation Fund** ("the Fund") as at 31 December 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other Matter**

The figures for the quarter ended 31 December 2020 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

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

**Date: 17 February 2021**

**Karachi**

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

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at December 31, 2020*

		(Un-Audited) December 31, 2020		(Audited) June 30, 2020	
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund
	Note	----- (Rupees in '000) -----			
<b>Assets</b>					
Bank balances	6	167,202	215,426	382,628	139,710
Investments	7	214,738	1,811,910	2,026,648	172,555
Dividend receivable and accrued mark-up		2,811	30,128	32,939	2,481
Preliminary expenses and floatation costs	8	-	194	194	105
Advances, deposits and other receivables	9	2,800	100	2,900	8,133
Receivable against sale of investments		1,198	-	1,198	-
<b>Total assets</b>		<b>388,749</b>	<b>2,057,758</b>	<b>2,446,507</b>	<b>322,984</b>
<b>Liabilities</b>					
Payable to Management Company	10	1,401	753	2,154	1,430
Payable to Trustee		72	148	220	70
Payable to Securities and Exchange Commission of Pakistan		34	164	198	143
Accrued expenses and other liabilities	11	8,474	1,388	9,862	10,942
<b>Total liabilities</b>		<b>9,981</b>	<b>2,453</b>	<b>12,434</b>	<b>12,585</b>
<b>Net assets</b>		<b>378,768</b>	<b>2,055,305</b>	<b>2,434,073</b>	<b>310,399</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>378,768</b>	<b>2,055,305</b>		<b>310,399</b>
<b>Contingencies and commitments</b>	12				
		----- (Number of units) -----			
<b>Number of units in issue</b>		<b>3,392,824</b>	<b>19,927,542</b>		<b>2,995,175</b>
		----- (Rupees) -----			
<b>Net assets value per unit</b>		<b>111.6380</b>	<b>103.1389</b>		<b>103.6330</b>

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

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

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

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

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

# HBL Islamic Asset Allocation Fund

## Condensed Interim Income Statement (Un-Audited)

### For the six and three months period ended December 31, 2020

Note	For six months period ended December 31, 2020	For the period from July 13, 2020 to December 31, 2020	Total	For six months period ended December 31, 2019	Three months period ended December 31, 2020			2019
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund
(Rupees in '000)								
<b>Income</b>								
Net realised gain / (loss) on sale of investments	6,175	750	6,925	32,292	3,916	-	3,916	34,989
Dividend income	2,286	-	2,286	9,032	1,896	-	1,896	5,698
Return on investments calculated using effective yield method	3,508	52,913	56,421	32,521	1,829	34,582	36,411	14,746
Profit on deposits with banks calculated using effective yield method	4,980	9,745	14,725	18,272	2,879	4,221	7,100	10,500
Net Unrealised appreciation / (diminution) on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	15,006	(3,171)	11,835	21,210	3,766	160	3,926	39,876
Other income	24	-	24	-	24	-	24	-
	<b>31,979</b>	<b>60,237</b>	<b>92,216</b>	<b>113,327</b>	<b>14,310</b>	<b>38,963</b>	<b>53,273</b>	<b>105,809</b>
<b>Expenses</b>								
	<b>31,979</b>	<b>60,237</b>	<b>92,216</b>	<b>113,327</b>	<b>14,310</b>	<b>38,963</b>	<b>53,273</b>	<b>105,809</b>
Remuneration of Management Company	2,924	1,390	4,314	8,687	1,568	870	2,438	4,253
Remuneration of Trustee	390	766	1,156	1,149	209	416	625	569
Annual fee to Securities and Exchange Commission of Pakistan	35	164	199	102	19	103	122	50
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,294	383	1,677	2,474	695	256	951	1,253
Selling and marketing expenses	1,121	-	1,121	2,297	601	-	601	1,131
Auditors' remuneration	53	162	215	186	11	104	115	93
Amortisation of preliminary expenses and floatation costs	105	21	126	105	52	12	64	52
Settlement and bank charges	225	81	306	261	154	79	233	133
Fees and subscription	14	33	47	14	8	6	14	(47)
Securities transaction cost	175	731	906	926	79	23	102	662
Shariah advisory fee	30	72	102	102	13	72	85	102
	<b>6,366</b>	<b>3,803</b>	<b>10,169</b>	<b>16,303</b>	<b>3,409</b>	<b>1,941</b>	<b>5,350</b>	<b>8,251</b>
<b>Net income from operating activities</b>	<b>25,613</b>	<b>56,434</b>	<b>82,047</b>	<b>97,024</b>	<b>10,901</b>	<b>37,022</b>	<b>47,923</b>	<b>97,558</b>
Provision for Sindh Workers' Welfare Fund	(512)	(1,129)	(1,641)	(1,940)	(218)	(741)	(959)	(1,940)
<b>Net income for the period before taxation</b>	<b>25,101</b>	<b>55,305</b>	<b>80,406</b>	<b>95,084</b>	<b>10,683</b>	<b>36,281</b>	<b>46,964</b>	<b>95,618</b>
Taxation	-	-	-	-	-	-	-	-
<b>Net income for the period after taxation</b>	<b>25,101</b>	<b>55,305</b>	<b>80,406</b>	<b>95,084</b>	<b>10,683</b>	<b>36,281</b>	<b>46,964</b>	<b>95,618</b>
<b>Allocation of net income for the period after taxation</b>								
Net income for the period after taxation	25,101	55,305	80,406	95,084	12,229	55,305	67,534	95,084
Income already paid on redemption of units	(775)	-	(775)	(55,984)	(1,679)	(19,024)	(20,703)	(55,984)
Accounting income available for distribution	<b>24,326</b>	<b>55,305</b>	<b>79,631</b>	<b>39,100</b>	<b>10,550</b>	<b>36,281</b>	<b>46,831</b>	<b>39,100</b>
<b>Accounting income available for distribution:</b>								
- Relating to capital gains	20,447	-	20,447	12,096	-	-	-	12,096
- Excluding capital gains	3,879	55,305	59,184	27,004	3,879	55,305	59,184	27,004
	<b>24,326</b>	<b>55,305</b>	<b>79,631</b>	<b>39,100</b>	<b>3,879</b>	<b>55,305</b>	<b>59,184</b>	<b>39,100</b>

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the six and three months period ended December 31, 2020*

	For six months period ended December 31, 2020	For the period from July 13, 2020 to December 31, 2020	Total	For six months period ended December 31, 2019	Three months period ended December 31,				
					2020			Total	2019
					Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund		
----- (Rupees in '000) -----									
Net income for the period after taxation	25,101	55,305	80,406	95,084	10,683	36,281	46,964	95,618	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	
<b>Total comprehensive income for the period</b>	<b>25,101</b>	<b>55,305</b>	<b>80,406</b>	<b>95,084</b>	<b>10,683</b>	<b>36,281</b>	<b>46,964</b>	<b>95,618</b>	

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

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

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

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

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

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Statement of Movement in Unit holders' Fund (Un-Audited)**  
*For the six months period ended December 31, 2020*

	2020			2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	208,300	102,099	310,399	1,027,854	103,014	1,130,868
Issuance of 729,941 units (2019: 290,734 units)						
- Capital value	75,646	-	75,646	30,024	-	30,024
- Element of income	3,547	-	3,547	2,034	-	2,034
Total proceeds on issuance of units	79,193	-	79,193	32,058	-	32,058
Redemption of 332,292 units (2019: 7,190,756 units)						
- Capital value	(34,436)	-	(34,436)	(742,581)	-	(742,581)
- Element of loss	(714)	(775)	(1,489)	(155)	(55,984)	(56,139)
Total payments on redemption of units	(35,150)	(775)	(35,925)	(742,736)	(55,984)	(798,720)
Total comprehensive income / (loss) for the period	-	25,101	25,101	-	95,084	95,084
Net assets at end of the period	252,343	126,425	378,768	317,176	142,114	459,290
Undistributed income brought forward						
- Realised income		100,789			164,250	
- Unrealised income / (loss)		1,310			(61,236)	
		102,099			103,014	
Accounting income available for distribution						
- Relating to capital gains	20,447			12,096		
- Excluding capital gains	3,879			27,004		
	24,326			39,100		
Undistributed income carried forward		126,425			142,114	
Undistributed income carried forward comprises of:						
- Realised income		111,419			120,904	
- Unrealised income		15,006			21,210	
		126,425			142,114	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the period			103.6330			103.2688
Net assets value per unit at end of the period			111.6380			113.3854

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Asset Allocation Fund**  
**Statement of Movement in Unit Holders' Fund (Un-Audited)**  
*For the six months period ended December 31, 2020*

	<b>For the period from July 13, 2020 to December 31, 2020</b>		
	<b>Islamic Asset Allocation Fund Plan 1</b>		
	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----		
<b>Issuance of 19,927,542 units</b>			
- Capital value (at net asset value per unit at the beginning of the period)	1,992,754	-	1,992,754
- Element of Income	7,246	-	7,246
	<b>2,000,000</b>		<b>2,000,000</b>
<b>Redemption of Nil units</b>			
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-
- Element of loss	-	-	-
	-	-	-
<b>Total comprehensive/ income for the period</b>	-	<b>55,305</b>	<b>55,305</b>
<b>Net assets at the end of the period</b>	<b>2,000,000</b>	<b>55,305</b>	<b>2,055,305</b>
Accounting (loss) / income available for distribution		<u>55,305</u>	
<b>Undistributed income carried forward</b>		<u><b>55,305</b></u>	
Undistributed income carried forward			
- Realised		58,476	
- Unrealised		<u>(3,171)</u>	
		<u><b>55,305</b></u>	
			(Rupees)
<b>Net assets value per unit at end of the period</b>			<u><b>103.1389</b></u>

The annexed notes 1 to 18 form an integral part of these 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 six months period ended December 31, 2020*

	For six months period ended December 31, 2020	For the period from July 13, 2020 to December 31, 2020	Total	For six months period ended December 31, 2019
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1		Islamic Asset Allocation Fund
----- (Rupees in '000) -----				
<b>Cash flows from operating activities</b>				
Net profit for the period before taxation	25,101	55,305	80,406	95,084
<b>Adjustments</b>				
Net realised gain on sale of investments	(6,175)	(750)	(6,925)	(32,292)
Profit on deposits with banks calculated using effective yield method	(4,980)	(9,745)	(14,725)	(18,272)
Return on investments calculated using effective yield method	(3,508)	(52,913)	(56,421)	(32,521)
Dividend income	(2,286)	-	(2,286)	(9,032)
Amortisation of preliminary expenses and floatation costs	105	21	126	105
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	(15,006)	3,171	(11,835)	(21,210)
	(6,749)	(4,911)	(11,660)	(18,138)
<b>Decrease / (increase) in assets</b>				
Investments	(21,002)	(1,814,331)	(1,835,333)	663,542
Advances, deposits, other receivables and receivable against sale of investments	4,135	(294)	3,841	48,454
	(16,867)	(1,814,625)	(1,831,492)	711,996
<b>(Decrease) / increase in liabilities</b>				
Payable to Management Company	(29)	753	724	(601)
Payable to Trustee	2	148	150	(36)
Payable to Securities and Exchange Commission of	(109)	164	55	(1,889)
Accrued expenses and other liabilities	(2,468)	1,388	(1,080)	1,917
Payable against redemption of units	-	-	-	(160,617)
	(2,604)	2453	(151)	(161,226)
<b>Net cash (used in) / generated from operations</b>	(26,220)	(1,817,083)	(1,843,303)	532,632
Profit received on bank deposits	4,426	8,434	12,860	17,319
Dividend income received	2,150	-	2,150	12,121
Markup received on investments	3,868	24,074	27,942	35,096
<b>Net cash (used in) / generated from operating activities</b>	(15,776)	(1,784,575)	(1,800,351)	597,168
<b>Cash flows from financing activities</b>				
Amount received on issue of units	79,193	2,000,000	2,079,193	32,058
Payment against redemption of units	(35,925)	-	(35,925)	(798,720)
<b>Net cash generated from financing activities</b>	43,268	2,000,000	2,043,268	(766,662)
<b>Net decrease in cash and cash equivalents</b>	27,492	215,425	242,917	(169,494)
Cash and cash equivalents at beginning of the period	139,710	-	139,710	273,417
<b>Cash and cash equivalents at end of the period</b>	167,202	215,425	382,627	103,923

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

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

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

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

\_\_\_\_\_  
Director

# **HBL Islamic Asset Allocation Fund**

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

*For the six months period ended December 31, 2020*

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

**1.1** "HBL Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed, dated September 07, 2015, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on October 28, 2015.

HBL Islamic Asset Allocation Fund Plan-1 has been constituted, dated July 13, 2020, in the form of a Trust Scheme that shall invest in Shariah compliant authorized investable avenues as specified in the Investment Policy contained herein and SECP Circular 7 of 2009, as may be amended or substituted from time to time.

**1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

**1.3** The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The initial public offer period was from January 07, 2016 to January 08, 2016 (both days inclusive). The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

**1.4** The primary objective of the Fund is to provide superior returns through investments in Shari'ah Compliant Equity Securities and Shari'ah Compliant Income/ Money Market Instruments.

**1.5** VIS Credit Rating Company has assigned a management quality rating of AM2++' (Stable outlook) to the Management Company while the Fund is currently not rated.

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

#### **1.7 Impact of Covid-19**

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended 31 December, 2020 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the economy and business, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts from time to time.

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

The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact on current financial statements of the Fund.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

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

**2.1.2** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended June 30, 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2020.

## **2.2 Basis of measurement**

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

## **2.3 Functional and presentation currency**

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

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.

## **4. USE OF ESTIMATES AND JUDGEMENTS**

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

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2020.

## **5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2020.

<b>6. BANK BALANCES</b>	<i>Note</i>	<b>December 31, 2020</b>			June 30,
		<b>Islamic Asset Allocation Fund</b>	<b>Islamic Asset Allocation Fund Plan 1</b>	<b>Total</b>	2020 Islamic Asset Allocation Fund
----- (Rupees in '000) -----					
Savings accounts	6.1	<b>167,202</b>	<b>215,426</b>	<b>382,628</b>	114,118
Certificate of Musharika		-	-	-	25,592
		<b>167,202</b>	<b>215,426</b>	<b>382,628</b>	<b>139,710</b>

**6.1** This represents bank accounts held with different banks. Profit rates on these accounts ranges between 4.00% - 6.5% per annum (June 30, 2020: 3.75% - 13.50%) per annum.

7. INVESTMENTS	Note	December 31, 2020			June 30,
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	2020 Islamic Asset Allocation Fund
Investments by category					
----- (Rupees in '000) -----					
<b>At fair value through profit or loss</b>					
Listed equity securities	7.1	110,981	-	110,981	96,867
Term finance certificates and sukuk bonds	7.2	94,665	1,662,915	1,757,580	66,473
GoP Ijara Sukuks	7.3	9,092	148,995	158,087	9,215
		<b>214,738</b>	<b>1,811,910</b>	<b>2,026,648</b>	<b>172,555</b>

### 7.1 Listed equity securities - at fair value through profit or loss

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

Name of the Investee Company	As at July 01, 2020	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2020	Cost of holdings as at December 31, 2020	Market value as at December 31, 2020	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- (Number of shares) -----					----- (Rupees in '000) -----		----- % -----		
<b>Automobiles Parts &amp; Accessories</b>										
Thal Limited (Rs. 5 each)	14,650	-	-	12,200	2,450	796	1,158	0.54%	0.31%	0.00%
Avanceon Limited	-	24,000	-	-	24,000	1,705	2,228	1.04%	0.59%	0.01%
Honda Atlas Cars (Pakistan) Limited	-	6,000	-	2,500	3,500	909	1,148	0.53%	0.30%	0.00%
Millat Tractors Limited	-	3,700	-	600	3,100	2,792	3,392	1.58%	0.90%	0.01%
	14,650	33,700	-	15,300	33,050	6,202	7,926	3.69%	2.10%	0.02%
<b>Cement</b>										
Kohat Cement Limited	16,570	-	-	11,600	4,970	683	1,090	0.51%	0.29%	0.02%
Lucky Cement Limited	15,250	-	-	1,100	14,150	6,531	9,850	4.59%	2.60%	0.00%
Cherat Cement Limited	-	9,000	-	-	9,000	1,165	1,316	0.61%	0.35%	0.02%
D.G. Khan Cement Company Limited	-	35,500	-	500	35,000	3,549	4,010	1.87%	1.06%	0.01%
Fauji Cement Company Limited	-	55,000	-	5,500	49,500	1,012	1,073	0.50%	0.28%	0.00%
Maple Leaf Cement Factory Limited	38,000	37,000	-	8,000	67,000	2,146	3,016	1.40%	0.80%	0.01%
	69,820	136,500	-	26,700	179,620	15,086	20,355	9.48%	5.38%	0.06%
<b>Chemicals</b>										
Engro Polymer & Chemicals Limited	23,431	20,000	-	3,000	40,431	1,343	1,921	0.89%	0.51%	0.00%
Sitara Chemical Industries Limited	6,100	5,400	-	5,300	6,200	1,838	1,922	0.90%	0.51%	0.03%
Sitara Peroxide Limited	25,000	20,000	-	45,000	-	-	-	-	-	-
	54,531	45,400	-	53,300	46,631	3,181	3,843	1.79%	1.02%	0.03%
<b>Commercial Banks</b>										
Meezan Bank Limited	67,020	26,402	-	48,000	45,422	3,667	4,744	2.21%	1.25%	0.00%
Bank Islami Pakistan Limited	-	100,000	-	-	100,000	1,040	1,201	0.56%	0.32%	0.01%
	67,020	126,402	-	48,000	145,422	4,707	5,945	2.77%	1.57%	0.01%
<b>Engineering</b>										
Waves Singer Pakistan Limited	-	20,000	-	-	20,000	570	564	0.26%	0.15%	0.01%
Mughal Iron & Steel Industries Limited	-	17,000	-	-	17,000	1,080	1,287	0.60%	0.34%	0.01%
International Industries Limited	-	3,500	-	-	3,500	500	618	0.29%	0.16%	0.00%
International Steels Limited	-	7,000	-	-	7,000	529	653	0.30%	0.17%	0.00%
	-	47,500	-	-	47,500	2,679	3,122	1.45%	0.82%	0.02%
<b>Fertilizer</b>										
Engro Corporation Limited	36,340	4,000	-	11,900	28,440	8,418	8,741	4.07%	2.31%	0.00%
Engro Fertilizers Limited	55,000	-	-	55,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	44,000	10,000	-	44,000	10,000	1,110	1,085	0.51%	0.29%	0.00%
	135,340	14,000	-	110,900	38,440	9,528	9,826	4.58%	2.60%	0.00%
<b>Foods and Personal Care Product</b>										
The Organic Meat Company Limited	-	230,329	-	-	230,329	4,680	6,868	3.20%	1.81%	0.21%
Unity Foods Limited	-	146,000	-	86,000	60,000	1,680	1,924	0.90%	0.51%	0.01%
	-	376,329	-	86,000	290,329	6,360	8,792	4.10%	2.32%	0.22%
<b>Oil &amp; Gas Exploration Companies</b>										
Mari Petroleum Company Limited	6,995	-	-	1,600	5,395	6,672	7,228	3.37%	1.91%	0.00%
Oil & Gas Development Company Limited	84,600	3,500	-	21,100	67,000	7,263	6,953	3.24%	1.84%	0.00%
Pakistan Oilfields Limited	-	4,500	-	-	4,500	1,792	1,779	0.83%	0.47%	0.00%
Pakistan Petroleum Limited	103,592	-	-	9,500	94,092	8,165	8,499	3.96%	2.24%	0.00%
Attock Refinery Limited	-	7,500	-	7,500	-	-	-	-	-	-
National Refinery Limited	-	6,200	-	6,200	-	-	-	-	-	-
	195,187	21,700	-	45,900	170,987	23,892	24,459	11.40%	6.46%	0.00%

Name of the Investee Company	As at July 01, 2020	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2020	Cost of holdings as at December 31, 2020	Market value as at December 31, 2020	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- (Number of shares) -----				----- (Rupees in '000) -----		----- % -----			
<b>Oil &amp; Gas Marketing Companies</b>										
Pakistan State Oil Company Limited	28,959	15,800	-	11,700	33,059	6,049	7,118	3.31%	1.88%	0.01%
Sui Northern Gas Pipelines Limited	34,800	5,500	-	5,000	35,300	1,966	1,568	0.73%	0.41%	0.01%
Shell Pakistan Limited	-	4,300	-	4,300	-	-	-	-	-	-
Hascol Petroleum Limited	-	18,000	-	-	18,000	281	264	0.12%	0.07%	0.00%
	<u>63,759</u>	<u>43,600</u>	<u>-</u>	<u>21,000</u>	<u>86,359</u>	<u>8,296</u>	<u>8,950</u>	<u>4.16%</u>	<u>2.36%</u>	<u>0.02%</u>
<b>Pharmaceuticals</b>										
AGP Limited	22,000	-	-	22,000	-	-	-	0.00%	0.00%	0.00%
The Searle Company Limited	14,117	-	-	13,296	821	164	205	0.10%	0.05%	0.00%
Highnoon Laboratories Limited	5,500	-	-	3,000	2,500	1,253	1,500	0.70%	0.40%	0.01%
Ferozsons Laboratories Limited	-	6,000	600	3,000	3,600	1,103	1,189	0.55%	0.31%	0.01%
	<u>41,617</u>	<u>6,000</u>	<u>600</u>	<u>41,296</u>	<u>6,921</u>	<u>2,520</u>	<u>2,894</u>	<u>1.35%</u>	<u>0.76%</u>	<u>0.02%</u>
<b>Power Generation &amp; Distribution</b>										
Hub Power Company Limited	118,387	-	-	39,700	78,687	5,705	6,242	2.91%	1.65%	0.01%
K - Electric Limited (Rs. 3.5 each)	-	300,000	-	-	300,000	1,094	1,173	0.55%	0.31%	0.00%
	<u>118,387</u>	<u>300,000</u>	<u>-</u>	<u>39,700</u>	<u>378,687</u>	<u>6,799</u>	<u>7,415</u>	<u>3.46%</u>	<u>1.96%</u>	<u>0.01%</u>
<b>Textile and Composite</b>										
Interloop Limited	47,250	-	-	5,500	41,750	1,834	2,842	1.32%	0.75%	0.00%
Nishat Mills Limited	36,700	-	-	6,500	30,200	2,356	3,073	1.43%	0.81%	0.01%
Kohinoor Textile Mills Limited	10,500	-	-	-	10,500	641	716	0.33%	0.19%	0.02%
	<u>94,450</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>82,450</u>	<u>4,831</u>	<u>6,631</u>	<u>3.08%</u>	<u>1.75%</u>	<u>0.03%</u>
<b>Transport</b>										
Pakistan National Shipping Corporation	10,000	-	-	1,000	9,000	680	823	0.38%	0.22%	0.01%
	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>9,000</u>	<u>680</u>	<u>823</u>	<u>0.38%</u>	<u>0.22%</u>	<u>0.01%</u>
<b>Total as at December 31, 2020</b>	<b>864,761</b>	<b>1,151,131</b>	<b>600</b>	<b>501,096</b>	<b>1,515,396</b>	<b>94,761</b>	<b>110,981</b>	<b>51.69%</b>	<b>29.32%</b>	<b>0.45%</b>

**7.1.1** The above investments include shares with market value aggregating to Rs. 30.533 million (June 30, 2020: Rs. 47.192 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

**7.1.2** This includes gross bonus shares as per Fund's entitlement declared by the investee company. Previously due to amendments brought by the Finance Act, 2014 in the Income Tax Ordinance, 2001, the bonus shares received by the shareholders were to be treated as income and a tax at the rate of 5 percent was to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax was to be collected at source by the investee company which was considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has already withheld the shares (from Tax Year 2014 to Tax Year 2018) equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.312 million at December 31, 2020 (June 30, 2020: Rs.0.2432 million) and not yet deposited on CDC account of department of Income tax while during the period no tax on bonus shares is being withheld by the investee company(s) due to the amendments brought by the Finance Act, 2018 in the Income Tax Ordinance, 2001 which excluded the the requirement of tax on bonus shares. Management is of the view that the decision will be in favor of the asset management company and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

7.2 Term Finance Certificates and Sukuk Bonds - At fair value through profit or loss

Name of the Investee Company	As at July 01, 2020	Purchases during the period	Sales / matured during the period	As at December 31, 2020	Amortised Cost as at December 31, 2020	Market value as at December 31, 2020	Market value as percentage of	
	------(Number of certificates)-----			------(Rupees in'000)-----		------%-----		
<b>Islamic Asset Allocation Fund</b>								
<b>Investment Company</b>								
Dawood Hercules Corporation Limited	343	-	-	343	22,971	22,847	10.64%	6.03%
	<b>343</b>	<b>-</b>	<b>-</b>	<b>343</b>	<b>22,971</b>	<b>22,847</b>	<b>10.64%</b>	<b>6.03%</b>
<b>Power Generation &amp; Distribution</b>								
Hub Power Company Limited	-	400	-	400	32,983	33,426	15.57%	8.82%
	<b>-</b>	<b>400</b>	<b>-</b>	<b>400</b>	<b>32,983</b>	<b>33,426</b>	<b>15.57%</b>	<b>8.82%</b>
<b>Miscellaneous</b>								
International Brands Limited	100	-	-	100	6,360	6,462	3.01%	1.71%
Agha Steel Industries Limited	33	-	-	33	33,000	31,930	14.87%	8.43%
	<b>133</b>	<b>-</b>	<b>-</b>	<b>133</b>	<b>39,360</b>	<b>38,392</b>	<b>17.88%</b>	<b>10.14%</b>
<b>Total</b>	<b>476</b>	<b>400</b>	<b>-</b>	<b>876</b>	<b>95,314</b>	<b>94,665</b>	<b>44.09%</b>	<b>24.99%</b>
<b>Islamic Asset Allocation Fund Plan 1</b>								
<b>Commercial Bank</b>								
Meezan Bank Limited	-	207	-	207	207,000	209,346	11.55%	10.19%
Dubai Islamic Bank	-	4,175	-	4,175	195,000	199,894	11.03%	9.73%
	<b>-</b>	<b>4,382</b>	<b>-</b>	<b>4,382</b>	<b>402,000</b>	<b>409,240</b>	<b>22.58%</b>	<b>19.92%</b>
<b>Power Generation &amp; Distribution</b>								
Hub Power Company Limited	-	1,750	-	1,750	175,000	178,935	9.88%	8.71%
	<b>-</b>	<b>1,750</b>	<b>-</b>	<b>1,750</b>	<b>175,000</b>	<b>178,935</b>	<b>9.88%</b>	<b>8.71%</b>
<b>Miscellaneous</b>								
K-Electric Limited	-	20,000	-	20,000	100,000	101,519	5.60%	4.94%
Pakistan Energy Sukuk II	-	193,500	-	193,500	967,500	973,221	53.71%	47.35%
	<b>-</b>	<b>213,500</b>	<b>-</b>	<b>213,500</b>	<b>1,067,500</b>	<b>1,074,740</b>	<b>59.31%</b>	<b>52.29%</b>
<b>Total</b>	<b>219,632</b>	<b>-</b>	<b>219,632</b>	<b>219,632</b>	<b>1,644,500</b>	<b>1,662,915</b>	<b>91.77%</b>	<b>80.92%</b>

Significant terms and conditions of Term finance certificate and sukuk bonds outstanding as at December 31, 2020 are as follows:

Name of Security	Remaining Principal (per Sukuk)	Mark-up rate (per annum)	Issue date	Maturity date
<b>Islamic Asset Allocation Fund</b>				
Agha Steel Industries Limited	1,000,000	3 months KIBOR +0.8%	9-Oct-18	9-Oct-24
Dawood Hercules Corporation Limited	60,000	3 month KIBOR + 1.00 %	16-Nov-17	16-Nov-22
Dawood Hercules Corporation Limited	70,000	3 month KIBOR + 1.00 %	1-Mar-18	1-Mar-23
International Brands Limited	64,313	3 months KIBOR + 0.50%	15-Nov-17	15-Nov-21
Hub Power Company Limited	100,000	6 Months KIBOR + 2.5%	12-Nov-20	12-Nov-22
<b>Islamic Asset Allocation Fund Plan 1</b>				
Meezan Bank Limited - I	1,000,000	6 Months KIBOR + 0.5%	22-Sep-16	22-Sep-26
Meezan Bank Limited - Perpetual	1,000,000	6 Months KIBOR + 0.5%	1-Aug-20	-
Dubai Islamic Bank	1,000,000	6 Months KIBOR + 0.5%	14-Jul-17	14-Jul-27
Dubai Islamic Bank - Perpetual	5,000	6 Month KIBOR + 0.8%	21-Dec-18	-
Hub Power Company Limited	100,000	1 year KIBOR + 1.9%	19-Mar-20	19-Mar-24
Pakistan Energy Sukuk II	5,000	6 Month KIBOR - 0.1%	21-May-20	21-May-30
K-Electric Limited	5,000	3 Month KIBOR + 1.7%	3-Aug-20	3-Aug-27

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

Issue Date	Tenor	Face value			Amortised cost as at Dec 31, 2020	Market value as at Dec 31, 2020	Market value as a percentage of		
		As at July 1, 2020	Purchased during the year	Sold during the year			Total investments of sub-fund	Net assets of sub-fund	
----- (Rupees in '000) ----- (%) -----									
<b>Islamic Asset Allocation Fund</b>									
30-Apr-20	5-Year	95	-	-	95	9,215	9,092	4%	2.40%
		95	-	-	95	9,215	9,092	4%	2.40%
<b>Islamic Asset Allocation Fund Plan 1</b>									
29-Jul-20	5-Year	-	5,250	3,750	1,500	149,006	148,995	8%	7%
		-	5,250	3,750	1,500	149,006	148,995	8%	7%

8. PRELIMINARY EXPENSES AND FLOATATION COSTS

	Note	December 31, 2020			June 30, 2020
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund
----- (Rupees in '000) -----					
Opening balance		105	-	105	315
Cost incurred during the period		-	215	215	-
Less: Amortised during the period	8.1	(105)	(21)	(126)	(210)
Closing balance		-	194	194	105

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

9. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	Note	December 31, 2020			June 30, 2020
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan I	Total	Islamic Asset Allocation Fund
----- (Rupees in '000) -----					
Security deposit with National Clearing Company of Pakistan Limited (NCCPL)		2,500	-	2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited		100	100	200	100
Advance against TFCs and commercial paper	9.1	-	-	-	5,350
Prepaid listing fee		14	-	14	-
Advance Tax		186	-	186	183
		2,800	100	2,900	8,133

9.1 This represents deposits placed with National Clearing Company of Pakistan Limited (NCCPL) against transactions related to TFCs and Commercial Paper.

10. PAYABLE TO THE MANAGEMENT COMPANY

Management fee	476	261	737	464
Sindh Sales Tax	62	34	96	60
Sales load payable	23	-	23	58
Selling and marketing expenses payable	602	-	602	616
Allocation of expenses related to registrar services, accounting, operation and valuation services	238	213	451	232
Formation Cost Payable	-	215	215	-
Other Payable	-	30	30	-
	1,401	753	2,154	1,430

11. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable	32	162	194	298
Charity payable	11.1	131	131	744
Federal Excise Duty	11.2	1,063	1,063	1,063
Withholding tax payable		-	-	2,092
Payable to brokers		72	43	42
Provision for Workers' Welfare Fund	11.3	6,853	1,129	6,341
Dividend payable		25	25	25
Payable to NCCP		30	30	26
Payable to Shariah advisor		5	29	17
Other payable		263	25	294
		8,474	1,388	9,862
				10,942

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

**11.2** The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

The Fund has recognised provision for FED amounting to Rs. 1.063 million in these financial statements. Had the provision not being made, the net asset value per unit as at December 31, 2020 would have been higher by Rs. 0.3133 (June 30, 2020: Rs. 0.3548) per unit.

**11.3 Provision for Workers' Welfare Fund**

The legal status of applicability of Worker's Welfare Fund (WWF) 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, 2020.

The Fund has recognised provision for SWWF amounting to Rs. 1.641 million in these financial statements. Had the provision not being made, the net asset value per unit as at December 31, 2020 would have been higher by Rs. 2.0199 (June 30, 2020: Rs. 2.1169) per unit.

**12. CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments outstanding as at December 31, 2020 and June 30, 2020 except those disclosed already.

**13. TAXATION**

The Fund's income is exempt from Income Tax as per Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2021 to its unit holders.

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

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

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

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

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

14.1 Transactions during the period	For six months period ended December 31, 2020	For the period from July 13, 2020 to December 31, 2020	December 31, 2020 Islamic Asset Allocation Fund
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	
----- (Rupees in '000) -----			
<b>HBL Asset Management Limited - Management Company</b>			
Management fee	2,588	1,230	7,688
Sindh Sales Tax	336	160	999
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,294	383	2,474
Selling and marketing expense	1,121	-	2,297
<b>Habib Bank Limited - Sponsor</b>			
Redemption of units: Nil (December 31, 2019: 2,432,285)	-	-	275,000
Bank charges	12	-	9
Profit earned during the period	2,124	-	237
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Remuneration	390	766	1,149
CDC Charges	45	42	26
<b>HBL Cash Fund</b>			
Sale of The HUB Power Company Limited Sukuks: Nil (December 31, 2019: 20,000 units)	-	-	101,404
Sale of K-Electric Limited Commercial Papers: Nil (December 31, 2019: 30 units)	-	-	29,188
<b>HBL Income Fund</b>			
Sale of TPL Corporation Limited Commercial Papers : Nil (December 31, 2019: 20 units)	-	-	19,844
<b>Connected person due to 10% holding or more</b>			
<b>Pak Qatar Family Takaful limited</b>			
Investment 10,470,576 Units (31 December 2019: Nil Units)	-	1,100,000	-
Purchase of Dubai Islamic Bank Pakistan Sukuk	-	200,120	-
Purchase of Meezan Bank Pakistan Sukuk	-	216,036	-
Purchase of Hub Power Co. Ltd Sukuk	-	189,739	-
<b>Pak Qatar Individual Family Participant Investment Fund</b>			
Investment 7,977,440 Units (31 December 2019: Nil Units)	-	900,000	-
<b>System Ltd</b>			
Investment of 460,819 Units ( 31 December 2019: Nil Units)	50,000	-	-
(Un-Audited) December 31, 2020			
14.2 Amounts outstanding as at period end	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	(Audited) June 30, 2020 Islamic Asset Allocation Fund
	----- (Rupees in '000) -----		
<b>HBL Asset Management Limited - Management Company</b>			
Management fee	476	261	464
Sindh Sales Tax	62	34	60
Sales load payable	23	-	58
Allocation of expenses related to registrar services, accounting, operation and valuation services	238	213	232
Charging of selling and marketing expenses	602	-	616
Formation cost	-	215	-
Other payable	-	30	-
<b>Habib Bank Limited - Sponsor</b>			
Investment held in the Fund :1,404,025 units (June 30, 2020: 1,404,025 units)	156,743	-	145,503
Bank balances	28,243	-	101,034
Profit receivable on deposits with banks	1,229	-	1,096
<b>HBL Asset Management Limited - Employees Gratuity Fund - Associate</b>			
Investment held in the Fund :4,795 units (June 30, 2020: 4,795 units)	535	-	497
<b>HBL Asset Management Limited - Employees Provident Fund - Associate</b>			
Investment held in the Fund : 13,840 units (June 30, 2020 : 13,840 units)	1,545	-	1,434
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Remuneration payable	64	131	62
Sindh Sales Tax	8	17	8
Security deposit	100	100	100
<b>Connected person due to 10% holding or more</b>			
<b>System Ltd</b>			
Investment held in the fund 460,819 Units ( 30 June 2020: Nil Units)	51,445	-	-
<b>Pak Qatar Family Takaful limited</b>			
Investment held in the fund 10,470,576 Units (30 June 2020: Nil Units)	-	1,079,924	-
<b>Pak Qatar Individual Family Participant Investment Fund</b>			
Investment held in the fund 7,977,440 Units (30 June 2020: Nil Units)	-	822,784	-

## 15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

### Islamic Asset Allocation Fund

		December 31, 2020 (Un-Audited)							
Note	Carrying Amount				Fair Value			Total	
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3		
<b>On-balance sheet financial instruments</b>									
(Rupees in '000)									
<b>Financial assets measured at fair value</b>									
		110,981	-	-	110,981	110,981	-	-	110,981
		94,665	-	-	94,665	-	94,665	-	94,665
		9,092	-	-	9,092	-	9,092	-	9,092
		<b>214,738</b>	-	-	<b>214,738</b>				
<b>Financial assets not measured at fair value</b>									
15.1		-	-	167,202	167,202				
		-	-	2,811	2,811				
		-	-	2,600	2,600				
		-	-	<b>172,613</b>	<b>172,613</b>				
<b>Financial liabilities not measured at fair value</b>									
15.1		-	-	1,339	1,339				
		-	-	72	72				
		-	-	558	558				
		-	-	<b>1,969</b>	<b>1,969</b>				

**Islamic Asset Allocation Fund**

June 30, 2020 (Audited)

	Carrying Amount				Fair Value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Listed equity securities	96,867	-	-	96,867	96,867	-	-	96,867
Term finance certificates and sukuk bonds	66,473	-	-	66,473	-	66,473	-	66,473
GoP Ijara Sukuks	9,215	-	-	9,215	-	9,215	-	9,215
	<u>172,555</u>	<u>-</u>	<u>-</u>	<u>172,555</u>				
<b>Financial assets not measured at fair value</b>								
15.1 Bank balances	-	-	139,710	139,710				
Certificate of Musharika	-	-	25,592	25,592				
Dividend receivable and accrued mark-up	-	-	2,481	2,481				
Advances, deposits and other receivables	-	-	8,133	8,133				
	<u>-</u>	<u>-</u>	<u>175,916</u>	<u>175,916</u>				
<b>Financial liabilities not measured at fair value</b>								
15.1 Payable to Management Company	-	-	1,430	1,430				
Payable to Trustee	-	-	70	70				
Accrued expenses and other liabilities	-	-	1,446	1,446				
	<u>-</u>	<u>-</u>	<u>2,946</u>	<u>2,946</u>				

**Islamic Asset Allocation Fund Plan 1**

December 31, 2020

Note	Carrying Amount				Fair Value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
	1,662,915	-	-	1,662,915	-	1,662,915	-	1,662,915
	148,995	-	-	148,995	-	148,995	-	148,995
	<u>1,811,910</u>	<u>-</u>	<u>-</u>	<u>1,811,910</u>				
<b>Financial assets not measured at fair value</b>								
15.1 Bank balances	-	-	215,426	215,426				
Dividend receivable and accrued markup	-	-	30,128	30,128				
Advances, deposits and other receivables	-	-	100	100				
	<u>-</u>	<u>-</u>	<u>245,654</u>	<u>245,654</u>				
<b>Financial liabilities not measured at fair value</b>								
15.1 Payable to Management Company	-	-	719	719				
Payable to Trustee	-	-	148	148				
Accrued expenses and other liabilities	-	-	259	259				
	<u>-</u>	<u>-</u>	<u>1,126</u>	<u>1,126</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 periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

15.2 Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

**16. TOTAL EXPENSE RATIO**

In accordance with the Directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2020 is 2.01% and 0.28% of IAAF and IAAF Plan-1 (December 31, 2019 : 1.79%) which includes 0.27% and 0.09% (December 31, 2019 : 0.31%) representing government levy, Sindh Worker's Welfare Fund and SECP fee. As per S.R.O 639 (I)/2019, the limit towards expense ratio has been revised from 4.00% to 4.50% for Equity, Balanced, Asset Allocation and Capital protected (dynamic asset allocation-direct exposure).

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**17. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 10, 2021.

**18. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**18.1 NON COMPLIANT INVESTMENTS DISCLOSURE**

		Minimum Rating of Entity	Rating as at December 31, 2020
Agha Steel Limited	Sukuk	A	A-

These are the non compliances with respect to investments policy and restrictions as mentioned in the offering document of the fund.

**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 Stock Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Stock Fund
Name of Auditor	Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisors	Al - Hilal Shariah Advisors (Pvt.) Limited
Bankers	Habib Bank Limited Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Bank Al Baraka Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



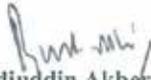
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ISLAMIC STOCK FUND**

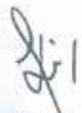
**Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies  
and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Stock Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

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

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

Karachi, February 23, 2021





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# ◆ YOUSUF ADIL

Yousuf Adil  
Chartered Accountants

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## Independent Auditors' Report to the Unit Holders on Review of Condensed Interim Financial Information

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Stock Fund** (the "Fund") as at December 31, 2020, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2020 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

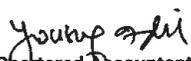
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible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

### Conclusion

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

### Other matter

The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the quarter ended December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

  
Chartered Accountants

Engagement Partner  
Naresh Kumar

Date: February 22, 2021  
Place: Karachi

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

**HBL Islamic Stock Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at December 31, 2020*

		(Un-Audited) December 31 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	31,539	34,983
Investments	5	738,967	538,096
Dividend and profit receivable		2,685	457
Receivable against sale of investment		19,804	-
Advances, deposits, prepayments and other receivables		3,534	3,521
<b>Total assets</b>		<b>796,529</b>	<b>577,057</b>
<b>Liabilities</b>			
Payable to the Management Company	6	3,467	2,610
Payable to the Trustee		143	103
Payable to Securities and Exchange Commission of Pakistan	7	58	116
Payable against purchase of Equity Securities		11,443	2,800
Dividend Payable		-	815
Accrued expenses and other liabilities	8	17,986	15,597
<b>Total liabilities</b>		<b>33,097</b>	<b>22,041</b>
<b>Net assets</b>		<b>763,432</b>	<b>555,016</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>763,432</b>	<b>555,016</b>
<b>Contingencies and commitments</b>	9		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>6,517,466</b>	<b>5,925,966</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>117.1364</b>	<b>93.6583</b>

The annexed notes 1 to 15 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 and Other Comprehensive Income (Un-Audited)**  
*For the half year and quarter ended December 31, 2020*

	Note	Half year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
(Rupees in '000)					
<b>Income</b>					
Dividend income		13,885	17,793	11,984	10,399
Profit on bank deposits		1,143	2,780	514	1,256
Capital gain on sale of investments - net		53,121	10,884	26,494	17,275
		68,149	31,457	38,992	28,930
Net unrealised gain on re-measurement of investments classified at fair value through profit or loss - held-for-trading		72,464	94,949	28,093	129,713
		140,613	126,406	67,085	158,643
<b>Expenses</b>					
Remuneration of the Management Company	6.1 & 6.2	6,545	6,458	3,525	3,541
Remuneration of the Trustee		654	675	353	354
Annual fee to Securities and Exchange Commission of Pakistan		58	60	31	32
Selling and marketing expenses	6.3	3,041	2,196	1,638	1,175
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.4	1,593	762	858	252
Securities transaction costs		2,504	1,274	1,277	786
Auditors' remuneration		186	188	93	129
Settlement and bank charges		327	279	130	146
Shariah advisory fee		85	102	51	51
Fees and subscription		13	11	7	8
Haram Income Expense		694	1,176	597	865
		15,700	13,181	8,559	7,339
<b>Net Income from operating activities</b>		124,913	113,225	58,526	151,304
Provision for Sindh Workers' Welfare Fund	8.2	(2,498)	(2,264)	(1,170)	(2,264)
<b>Net income for the period before taxation</b>		122,415	110,960	57,357	149,039
Taxation	10	-	-	-	-
<b>Net income for the period after taxation</b>		122,415	110,960	57,357	149,039
Income already paid on redemption of units		24,907	8,085	9,201	8,085
Accounting income available for distribution:					
- Relating to capital gains		97,508	98,975	48,155	140,130
- Excluding capital gains		-	3,901	-	824
		97,508	102,875	48,155	140,954
<b>Total comprehensive income for the period</b>		122,415	110,960	57,357	149,039

The annexed notes 1 to 15 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 Comprehensive Income (Un-Audited)**  
*For the half year and quarter ended December 31, 2020*

	Half year ended December 31,		Quarter ended, December 31,	
	2020	2019	2020	2019
----- (Rupees in '000) -----				
Net income for the period after taxation	122,415	110,960	57,357	149,039
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>122,415</b>	<b>110,960</b>	<b>57,357</b>	<b>149,039</b>

The annexed notes 1 to 15 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 half year ended December 31, 2020*

	Half year ended December 31,					
	2020			2019		
	Capital value	Undistributed income / (Accumulated loss)	Total	Capital value	Undistributed income / (Accumulated loss)	Total
(Rupees in '000)						
<b>Net assets at beginning of the period</b>	867,824	(312,808)	555,016	951,824	(316,663)	635,161
Issue of units 9,443,650 (2019: 3,026,429 units)						
- Capital value (at net asset value per unit at the beginning of the period)	884,476	-	884,476	276,290	-	276,290
- Element of income	138,861	-	138,861	25,884	-	25,884
Total proceeds on issuance of units	1,023,337	-	1,023,337	302,174	-	302,174
Redemption of 8,852,150 units (2019: 3,608,051 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(829,078)	-	(829,078)	(329,389)	-	(329,389)
- Element of loss	(83,351)	-	(83,351)	(5,542)	(8,085)	(13,627)
- Income already paid on redemption	-	(24,907)	(24,907)	-	-	-
Total payments on redemption of units	(912,429)	(24,907)	(937,336)	(334,931)	(8,085)	(343,016)
Total comprehensive income for the period	-	122,415	122,415	-	110,960	110,960
Distribution for the period	-	-	-	-	-	-
<b>Net assets at end of the period</b>	978,732	(215,300)	763,432	919,067	(213,788)	705,280
<b>Undistributed income brought forward</b>						
- Realised		(317,819)			(208,097)	
- Unrealised		5,011			(108,566)	
		(312,808)			(316,663)	
Accounting income available for distribution						
- Relating to capital gains	97,508			98,975		
- Excluding capital gains	-			3,901		
Net Income available for distribution	97,508			102,875		
Distribution during the period						
<b>(Accumulated loss) / undistributed income carried forward</b>		(215,300)			(213,788)	
<b>(Accumulated loss) / undistributed income carried forward</b>						
- Realised		(287,764)			(308,737)	
- Unrealised		72,464			94,949	
		(215,300)			(213,788)	
<b>Net assets value per unit at beginning of the period</b>			<b>93.6583</b>			<b>91.2924</b>
<b>Net assets value per unit at end of the period</b>			<b>117.1364</b>			<b>110.6179</b>

The annexed notes 1 to 15 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 half year ended December 31, 2020*

	2020	2019
Note	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>		
Net income for the period before taxation	122,415	110,960
<b>Adjustments</b>		
Capital gain on sale of investments - net	(53,121)	(10,884)
Dividend Income	(13,885)	(16,617)
Profit on bank deposits	(1,143)	(2,780)
Unrealised gain on re-measurement of investments classified at fair value through profit or loss	(72,464)	(94,949)
	<u>(18,198)</u>	<u>(14,270)</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	(75,286)	22,158
Receivable against sale of equity instruments	(19,804)	10,033
Advances, deposits, prepayments and other receivables	(14)	(16)
	<u>(95,103)</u>	<u>32,175</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	857	397
Payable to the Trustee	40	11
Payable to Securities and Exchange Commission of Pakistan	(58)	(1,857)
Payable against payable of equity instruments	8,643	-
Dividend Payable	(815)	-
Accrued expenses and other liabilities	2,389	(174)
	<u>11,056</u>	<u>(1,623)</u>
Mark-up on bank deposits received	1,304	2,901
Dividend received	11,496	18,463
	<u>12,800</u>	<u>21,364</u>
<b>Net cash (used in) / generated from operating activities</b>	<b>(89,445)</b>	<b>37,646</b>
<b>Cash flows from financing activities</b>		
Amount received on issue of units	1,023,337	302,174
Payment against redemption of units	(937,336)	(343,016)
<b>Net cash generated / (used in) from financing activities</b>	<b>86,001</b>	<b>(40,842)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,444)</b>	<b>(3,196)</b>
Cash and cash equivalents at beginning of the period	34,983	55,650
<b>Cash and cash equivalents at end of the period</b>	<b>31,539</b>	<b>52,454</b>

The annexed notes 1 to 15 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 half year ended December 31, 2020*

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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.

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

The Fund is an open-ended shariah compliant mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from May 09, 2011 to May 10, 2011.

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

VIS Credit Rating Company has assigned a management quality rating of AM2++ (Stable outlook) to 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 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

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

**2.1.2** 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, 2020.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2020.

#### **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.

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

**3.1** The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2020.

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

**3.3** The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2020.

**3.4** There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial information.

**3.5** The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2020.

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>4. BANK BALANCES</b>			
Balances with banks in:			
savings accounts	4.1	<u>31,539</u>	<u>34,983</u>
		<u>31,539</u>	<u>34,983</u>

**4.1** The balance in savings accounts carry expected profit which ranges from 4% to 7% (June 30, 2020: 5% to 13.25%) per annum.

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>5. INVESTMENTS</b>			
- Listed equity securities	5.1	<u>738,967</u>	<u>538,096</u>
		<u>738,967</u>	<u>538,096</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	As at July 01, 2020	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2020	Market value as at December 31, 2020 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- (Number of shares) -----						----- (%) -----		
<b>INVESTMENT BANKS/COs./SECURITIES</b>									
Dawood Hercules Corporation Ltd	65,000	-	-	65,000	-	-	0.00%	0.00%	0%
	65,000	-	-	65,000	-	-	0.00%	0.00%	
<b>TEXTILE COMPOSITE</b>									
Interloop Limited	128,750	202,500	-	83,000	248,250	16,898	2.29%	2.21%	2.86%
Kohinoor Textile Mills Ltd	-	199,000	-	9,000	190,000	12,962	1.75%	1.70%	0.18%
Nishat Mills Ltd	188,100	105,500	-	124,000	169,600	17,260	2.34%	2.26%	0.05%
	316,850	507,000	-	216,000	607,850	47,120	6.38%	6.17%	
<b>CEMENT</b>									
Attock Cement Pakistan Ltd	-	51,300	-	-	51,300	7,698	1.04%	1.01%	0.04%
Cherat Cement Company Ltd.	130,000	27,000	-	104,500	52,500	7,675	1.04%	1.01%	0.03%
D G Khan Cement Co.Ltd.	33,000	225,000	-	93,300	164,700	18,871	2.55%	2.47%	0.04%
Fauji Cement Company Limited	-	603,000	-	98,000	505,000	10,943	1.48%	1.43%	0.04%
Kohat Cement Ltd	58,190	11,500	-	36,700	32,990	7,232	0.98%	0.95%	0.03%
Lucky Cement Ltd	96,750	50,900	-	59,100	88,550	61,639	8.34%	8.07%	0.03%
Maple Leaf Cement Factory Ltd	542,500	158,000	-	354,000	346,500	15,596	2.11%	2.04%	0.07%
Pioneer Cement Limited	-	51,000	-	15,000	36,000	3,719	0.50%	0.49%	0.02%
	860,440	1,177,700	-	760,600	1,277,540	133,373	18.05%	17.47%	
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Ltd	421,841	448,500	-	383,000	487,341	38,661	5.23%	5.06%	0.04%
K-Electric Limited	1,237,000	1,161,000	-	1,479,500	918,500	3,591	0.49%	0.47%	0.00%
	1,658,841	1,609,500	-	1,862,500	1,405,841	42,252	5.72%	5.53%	
<b>ENGINEERING</b>									
Agha Steel Ind.Ltd	-	100,000	-	-	100,000	3,941	0.53%	0.52%	0.00%
International Industries Ltd	-	77,000	-	14,500	62,500	11,038	1.49%	1.45%	0.05%
International Steels Limited	-	117,000	-	35,500	81,500	7,598	1.03%	1.00%	0.02%
Mughal Iron & Steel Inds Ltd	137,000	64,000	-	96,500	104,500	7,914	1.07%	1.04%	0.04%
	137,000	358,000	-	146,500	348,500	30,491	4.13%	3.99%	
<b>AUTOMOBILE ASSEMBLER</b>									
Honda Atlas Cars (Pakistan) Ltd	-	45,100	-	23,200	21,900	7,186	0.97%	0.94%	0.02%
Indus Motor Company Limited	-	6,300	-	6,300	-	-	0.00%	0.00%	-
Millat Tractors Ltd	-	14,900	-	4,600	10,300	11,269	1.52%	1.48%	0.02%
Pak Suzuki Motor Company Limited	-	35,000	-	35,000	-	-	0.00%	0.00%	-
	-	101,300	-	69,100	32,200	18,455	2.50%	2.42%	
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Elektron Ltd	-	317,000	-	167,000	150,000	6,020	0.81%	0.79%	0.03%
Waves Singer Pakistan Limited	-	768,500	-	229,000	539,500	15,208	2.06%	1.99%	0.03%
	-	1,085,500	-	396,000	689,500	21,228	2.87%	2.78%	
<b>TRANSPORT</b>									
Pakistan International Bulk Terminal Ltd	-	296,500	-	-	296,500	3,813	0.52%	0.50%	0.02%
Pakistan National Shipping Corp Ltd	42,500	13,500	-	14,000	42,000	3,839	0.52%	0.50%	0.03%
	42,500	310,000	-	14,000	338,500	7,652	1.04%	1.00%	
<b>PHARMACEUTICALS</b>									
AGP Limited	101,250	12,000	-	113,000	250	28	0.00%	0.00%	0.00%
Ferozsons Laboratories Ltd	-	23,500	-	500	23,000	7,599	1.03%	1.00%	0.08%
GlaxoSmithKline Pakistan Ltd	63,400	-	-	63,400	-	-	0.00%	0.00%	-
Highnoon Laboratories Limited	31,855	6,500	-	25,700	12,655	7,591	1.03%	0.99%	0.00%
The Searl Co Ltd LOR	-	2,353	-	2,353	-	-	0.00%	0.00%	-
The Searle Company Ltd	53,224	800	-	52,197	1,827	455	0.06%	0.06%	0.00%
	249,729	45,153	-	257,150	37,732	15,673	2.12%	2.05%	

Name of the Investee Company	As at July 01, 2020	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2020	Market value as at December 31, 2020 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- (Number of shares) -----				----- (%) -----				
<b>Vanaspati &amp; Allied Industries</b>									
Unity Foods Limited	-	3,441,500	-	3,088,500	353,000	11,317	1.53%	1.48%	0.06%
	-	3,441,500	-	3,088,500	353,000	11,317	1.53%	1.48%	
<b>FOOD &amp; ALLIED INDUSTRIES</b>									
The Organic Meat Company Limited	-	1,531,850	-	-	1,531,850	45,680	6.18%	5.98%	0.14%
	-	1,531,850	-	-	1,531,850	45,680	6.18%	5.98%	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Ltd	39,259	17,200	-	23,120	33,339	44,668	6.04%	5.85%	0.03%
Oil & Gas Development Co Ltd	467,400	310,500	-	349,000	428,900	44,507	6.02%	5.83%	0.01%
Pakistan Oilfields Ltd	30,800	21,000	-	14,500	37,300	14,749	2.00%	1.93%	0.02%
Pakistan Petroleum Ltd	326,886	581,500	-	283,500	624,886	56,446	7.64%	7.39%	0.03%
	864,345	930,200	-	670,120	1,124,425	160,370	21.70%	21.01%	
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Hascol Petroleum Ltd	-	977,000	-	608,000	369,000	5,421	0.73%	0.71%	0.06%
Pakistan State Oil Company Ltd	132,496	100,500	-	101,900	131,096	28,225	3.82%	3.70%	0.04%
Shell Pakistan Ltd	-	27,000	-	27,000	-	-	0.00%	0.00%	-
Sui Northern Gas Pipeline Ltd	247,300	61,500	-	230,000	78,800	3,500	0.47%	0.46%	0.01%
	379,796	1,166,000	-	966,900	578,896	37,146	5.03%	4.87%	
<b>REFINERY</b>									
Attock Refinery Ltd	-	76,500	-	54,500	22,000	4,005	0.54%	0.52%	0.03%
National Refinery Ltd	-	88,800	-	88,800	-	-	0.00%	0.00%	-
Pakistan Refinery Limited	-	1,092,000	-	572,000	520,000	12,371	1.67%	1.62%	0.09%
	-	1,257,300	-	715,300	542,000	16,376	2.22%	2.15%	
<b>COMMERCIAL BANKS</b>									
BankIslami Pakistan Limited	1,069,500	557,000	-	858,000	768,500	9,230	1.25%	1.21%	0.15%
Meezan Bank Ltd	200,240	301,100	12,324	140,500	373,164	38,973	5.27%	5.11%	0.04%
	1,269,740	858,100	12,324	998,500	1,141,664	48,203	6.52%	6.31%	
<b>FERTILIZER</b>									
Engro Corporation Ltd	150,093	126,000	-	141,800	134,293	41,276	5.59%	5.41%	0.03%
Engro Fertilizers Limited	94,000	80,000	-	174,000	-	-	0.00%	0.00%	-
Fauji Fertilizer Co Ltd	103,900	76,500	-	112,400	68,000	7,378	1.00%	0.97%	0.01%
	347,993	282,500	-	428,200	202,293	48,654	6.58%	6.37%	
<b>CHEMICAL</b>									
Engro Polymer & Chemicals Ltd	284,566	293,000	-	291,000	286,566	13,615	1.84%	1.78%	0.03%
ICI Pakistan Ltd	33,800	3,500	-	37,300	-	-	0.00%	0.00%	-
Lotte Chemical Pakistan Ltd	-	200,000	-	-	200,000	3,012	0.41%	0.39%	0.01%
Sitara Chemical Industries Limited	31,400	14,800	-	23,900	22,300	6,913	0.94%	0.91%	0.10%
Sitara Peroxide Limited	251,000	63,000	-	314,000	-	-	0.00%	0.00%	-
	600,766	574,300	-	666,200	508,866	23,540	3.19%	3.08%	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Thal Limited	42,450	600	-	32,200	10,850	5,129	0.69%	0.67%	0.01%
	42,450	600	-	32,200	10,850	5,129	0.69%	0.67%	
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Avanceon Limited	-	202,500	-	37,000	165,500	15,367	2.08%	2.01%	0.09%
Systems Limited	123,000	7,000	-	103,900	26,100	10,942	1.48%	1.43%	0.02%
	123,000	209,500	-	140,900	191,600	26,309	3.56%	3.45%	
<b>Grand total</b>	<b>6,958,450</b>	<b>15,446,003</b>	<b>12,324</b>	<b>11,493,670</b>	<b>10,923,107</b>	<b>738,967</b>	<b>100.00%</b>	<b>96.80%</b>	
<b>Cost of investments at December 31, 2020</b>						<b>666,503</b>			

**5.1.1** Investments include shares having market value aggregating to Rs. 74.452 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.

**5.1.2** These includes 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. 0.6383 million at December 31, 2020 (June 30, 2020: Rs. 0.498 million ) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
Note	----- (Rupees in '000) -----	
<b>5.2 Net unrealised gain / (loss) on re-measurement of investments at fair value value through profit or loss</b>		
Market value of investments	<b>738,967</b>	538,096
Less: carrying value of investments before mark to market	<b>666,503</b>	533,085
	<b>72,464</b>	5,011

**6. PAYABLE TO THE MANAGEMENT COMPANY**

Management fee	6.1	<b>1,266</b>	909
Sindh Sales Tax on Management Company's remuneration	6.2	<b>165</b>	118
Sales load payable		<b>50</b>	116
Selling and marketing payable	6.3	<b>1,638</b>	1,217
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.4	<b>348</b>	250
		<b>3,467</b>	2,610

- 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 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets of the Fund. The management fee expense was charged by Management Company at the rate of 2% (June 2020: 1.7% to 2%) during the period.
- 6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2020: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3 SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed cap of 0.4 percent (of average net assets, calculated on daily basis), on charging of selling and marketing expenses which are charged by Asset Management Companies to all categories of open-end mutual funds (except fund of funds). Resultantly, Management Company has charged selling and marketing expenses to the Fund at the rate of 1.05% during the period, from July 01, 2020 to December 31, 2020 (June 30, 2020: 0.4% to 1.05%)
- 6.4 In accordance with Regulation 60 of the NBFC Regulations, Management Company has charged expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at 0.55% (June 30, 2020: 0.1% to 0.55%) during the period.

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
<b>7. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
Annual fee	<u>58</u>	<u>116</u>

- 7.1 As per SRO 685(I)/2019 dated June 28, 2019, annual fee at the rate of 0.02% of the net assets of the Fund has been charged during the period by Securities and Exchange Commission of Pakistan.

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Federal Excise Duty	8.1	6,785	6,785
Provision for Sindh Workers' Welfare Fund	8.2	8,930	6,431
Charity payable	8.3	694	1,524
Withholding tax payable		-	173
Auditors' remuneration		196	276
Payable to brokers		567	235
Other payables		814	173
		<u>17,986</u>	<u>15,597</u>

- 8.1 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, 2020, 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. 6.785 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2020 would have been higher by Rs. 1.041 per unit (June 30, 2020: 1.145 per unit).

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**8.2** 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, 2020.

As there is profit for the half year ended December 31, 2020, a provision of 2.5 million for SWWF has been recognised in this condensed interim financial information. As at December 31, 2020, the provision in relation to SWWF amounted to Rs. 8.930 million (2020: Rs. 6.431 million). Had the provision not been retained, NAV per unit of the Fund as at December 31, 2020 would have been higher by Rs. 1.3701 per unit (June 30, 2020: 1.0853 per unit).

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

## **9. CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments at December 31, 2020 and June 30, 2020.

## **10 TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2021 to its unit holders.

## **11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons / related parties include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, 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 agreed / contracted rates and terms determined in accordance with market rates. and the Trust Deed respectively.

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

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

	(Un-Audited) Half year ended December 31,	
	2020	2019
	----- (Rupees in '000) -----	
<b>11.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee including sales tax thereon	6,545	6,458
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,593	7 62
Selling and marketing expenses	3,041	2,196
Redemption of nil units (2019: 164,082 units)	-	15,176
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	42	16
Bank profit	286	320
<b>Executives and their relatives</b>		
Issue of 61,498 units (2019: 75,247 units)	6,579	6,928
Redemption 47,844 units (2019: 122,692 units)	5,162	12,355
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	654	675
Central Depository services charges	112	35
<b>MCBFSL - HBL Financial Planning Fund Active Allocation Plan - Trustee</b>		
Issue of nil units (2019: 22,212 units)	-	1,933
Redemption 28,059 units (2019: 226,956 units)	3,087	21,503
<b>MCBFSL - HBL Financial Planning Fund Conservative Allocation Plan - Trustee</b>		
Issue of nil units (2019: 6,980 units)	-	578
Redemption of nil units (2019: 9,700 units)	-	850
<b>IGI Life Insurance-TBF</b>		
Issue of nil units (2019: 120,742 units)	-	13,000
<b>IGI Life Insurance-TAF</b>		
Issue of nil units (2019: 74,303 units)	-	8,000
	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
<b>11.2 Balances outstanding as at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	1,266	909
Sindh Sales Tax on Management Company's remuneration	165	118
Sales load payable	50	116
Selling and marketing payable	1,638	1,217
Allocation of expenses related to registrar services, accounting, operation and valuation services	348	250

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund 2,539,414 units (June 30, 2020: 2,539,414 units)	297,458	237,838
Bank balances	6,207	14,029
Profit receivable	46	76
Dividend payable	-	813
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable including sales tax thereon	143	103
Security deposit	100	100
<b>Executives and their relatives</b>		
Investment held in the Fund: 25,410 units (June 30, 2020: 5,941 units)	2,976	556
<b>MCBFSL - HBL Financial Planning Fund Active Allocation Plan - Associate</b>		
Investment held in the Fund: 160,936 units (June 30, 2020: 188,994 units)	18,851	17,701

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

- 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Fair value measurements using inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

		December 31, 2020 (Un-Audited)							
		Carrying amount			Fair Value				
		Fair value through profit or loss	At Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
Note		(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Investments									
	- Listed equity securities	5	738,967	738,967	738,967	-	-	738,967	
<b>Financial assets not measured at fair value</b>									
	Bank balances	-	31,539	31,539	-	-	-	-	
	Dividend and profit receivable	-	2,685	2,685	-	-	-	-	
	Receivable against sale of investment	-	19,804	19,804	-	-	-	-	
	Deposits	-	3,534	3,534	-	-	-	-	
		-	57,562	57,562	-	-	-	-	
<b>Financial liabilities not measured at fair value</b>									
	Payable to the Management Company	-	3,467	3,467	-	-	-	-	
	Payable to Securities and Exchange Commission of Pakistan	-	58	58	-	-	-	-	
	Payable to the Trustee	-	143	143	-	-	-	-	
	Payable against purchase of securities	-	11,443	11,443	-	-	-	-	
	Accrued expenses and other liabilities	-	2,271	2,271	-	-	-	-	
	Net assets attributable to unit holders	-	763,432	763,432	-	-	-	-	
		-	780,814	780,814	-	-	-	-	
		June 30, 2020 (Audited)							
		Carrying amount			Fair Value				
		Fair value through profit or loss	At Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
Note		(Rupees in '000)							
<b>Financial assets measured at fair value</b>									
Investments									
	- Listed equity securities		538,096	-	538,096	538,096	-	-	538,096
			538,096	-	538,096	538,096	-	-	538,096
<b>Financial assets not measured at fair value</b>									
	Bank balances	-	34,983	34,983	-	-	-	-	
	Dividend and profit receivable	-	457	457	-	-	-	-	
	Advances and Deposits	-	2,600	2,600	-	-	-	-	
		-	38,040	38,040	-	-	-	-	
<b>Financial liabilities not measured at fair value</b>									
	Payable to the Management Company	-	2,610	2,610	-	-	-	-	
	Payable to Trustee	-	103	103	-	-	-	-	
	Payable against purchase of investment	-	2,800	2,800	-	-	-	-	
	Accrued expenses and other liabilities	-	2,208	2,208	-	-	-	-	
	Dividend Payable	-	815	815	-	-	-	-	
	Net assets attributable to unit holders	-	555,016	555,016	-	-	-	-	
		-	563,551	563,552	-	-	-	-	

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

**13. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2020 is 3.05%, which includes 0.59% representing government levy (2019: 2.41% which includes 0.53% representing government levy), Sindh Worker's Welfare Fund and SECP fee.

**14 DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 10, 2021 .

**15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures presented in condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2020 have not been reviewed.

**15.3** In continuation of note1.7 to annual audited financial statements for the year ended June 30, 2020, we state that as a result of measures taken by Government, there has not been any material adverse impact on fiscal and economic fronts facing the country. The management of the Fund is closely monitoring the situation and so far there is no impact on this interim financial information of the Fund.

**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 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	Bank Islami Pakistan Limited Bank Al Baraka Limited Faysal Bank Limited Habib Bank Limited Dubai Islamic Bank Limited Askari Bank Limited Bank Al-Habib Limited Soneri Bank Limited Summit Bank Limited MCB Islamic Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**  
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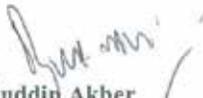
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ISLAMIC INCOME FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Income Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

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

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

Karachi, February 22, 2021



CENTRAL  
DEPOSITORY  
COMPANY



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## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS OF HBL ISLAMIC INCOME FUND

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL ISLAMIC INCOME FUND ("the Fund") as at December 31, 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and a summary of significant accounting policies and other explanatory notes to the condensed interim financial information for the half year then ended (here-in-after referred to as "interim financial information"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended December 31, 2020 does not present fairly, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The figures for the quarter ended December 31, 2020 and December 31, 2019 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 10 FEB 2021

BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

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

**HBL Islamic Income Fund**  
**Condensed Interim Statement Of Assets And Liabilities (Unaudited)**  
*AS AT DECEMBER 31, 2020*

		<b>December 31, 2020 (Un-Audited)</b>	<b>June 30, 2020 (Audited)</b>
	Note-----	(Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	4	685,588	827,655
Investments	5	468,523	588,517
Profit receivable		13,949	29,616
Deposits and prepayments		223	7,828
<b>TOTAL ASSETS</b>		<b>1,168,283</b>	<b>1,453,616</b>
<b>LIABILITIES</b>			
Payable to the Management Company	6	2,285	2,863
Payable to the Trustee	7	81	104
Payable to Securities and Exchange Commission of Pakistan	8	140	328
Dividend payable		37	257
Payable against redemption of units		2,861	1,495
Accrued expenses and other liabilities	9	18,244	30,947
<b>TOTAL LIABILITIES</b>		<b>23,648</b>	<b>35,994</b>
<b>NET ASSETS</b>		<b>1,144,635</b>	<b>1,417,621</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,144,635</b>	<b>1,417,621</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	----- (Number of units) -----	
<b>Number of units in issue</b>		<b>11,015,968</b>	<b>13,962,587</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>103.9069</b>	<b>101.5300</b>

The annexed notes from 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 Income Fund**  
**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
<b>Note</b> ----- (Rupees in '000) -----				
<b>Income</b>				
Capital (loss) / gain on sale of investments - net	(263)	602	(263)	814
Income from corporate sukuk bonds	20,872	48,280	10,072	22,649
Income from placements	1,202	7,542	310	6,384
Profit on bank deposits	27,997	58,572	10,139	27,951
	49,808	114,996	20,258	57,798
Unrealised diminution on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	(3,815)	(7,090)	(1,799)	(7,362)
	45,993	107,906	18,459	50,436
<b>Expenses</b>				
Remuneration of the Management Company	9,686	9,473	4,071	5,698
Sindh Sales Tax on remuneration of the Management Company	1,259	1,232	529	741
Remuneration of the Trustee	525	616	221	309
Sindh Sales Tax on remuneration of the Trustee	68	80	28	40
Annual fee to Securities and Exchange Commission of Pakistan	140	164	59	82
Allocation of expenses related to registrar services, accounting, operation and valuation services	699	1,234	294	411
Selling and marketing expense	1,399	3,295	588	822
Auditors' remuneration	119	119	60	60
Fees and subscription	133	133	41	42
Security transaction costs and settlement	74	145	33	51
Bank charges	99	171	45	2
Shariah advisory charges	107	107	107	53
	14,308	16,769	6,076	8,311
<b>Net income for the period from operating activities</b>	31,685	91,137	12,383	42,125
Provision for Sindh Workers' Welfare Fund	9.2 (634)	(1,823)	(248)	(839)
<b>Net income for the period before taxation</b>	31,051	89,314	12,135	41,286
Taxation	11 -	-	-	-
<b>Net income for the period after taxation</b>	31,051	89,314	12,135	41,286
<b>Allocation of net income for the period</b>				
Income already paid on redemption of units	8,142	35,015	4,917	22,794
Accounting income available for distribution:				
Relating to capital gains	-	-	-	58
Excluding capital gains	22,909	54,299	7,218	18,378
	22,909	54,299	7,218	18,492
	31,051	89,314	12,135	41,286
<b>Earnings per unit</b>	12			

The annexed notes from 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 Income Fund

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	31,051	89,314	12,135	41,286
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>31,051</u>	<u>89,314</u>	<u>12,135</u>	<u>41,286</u>

The annexed notes from 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 Income Fund**  
**Condensed Interim Statement Of Movement In Unit Holders' Fund**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	Half year ended December 31,					
	2020			2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
<b>Net assets at beginning of the period</b>	1,363,270	54,350	1,417,621	3,049,443	54,041	3,103,484
<b>Issuance of 11,483,230 units (2019: 17,138,577 units)</b>						
Capital value (at net asset value per unit at the beginning of the period)	1,168,375	-	1,168,375	1,739,366	-	1,739,366
Element of income	7,253	-	7,253	46,457	-	46,457
<b>Total proceeds on issuance of units</b>	1,175,628	-	1,175,628	1,785,823	-	1,785,823
<b>Redemption of 14,429,851 units (2019: 34,609,973 units)</b>						
Capital value (at net asset value per unit at the beginning of the period)	(1,467,545)	-	(1,467,545)	(3,512,508)	-	(3,512,508)
Income already paid on redemption of units	-	(8,142)	(8,142)	-	(35,015)	(35,015)
Element of Income	(3,977)	-	(3,977)	(25,845)	-	(25,845)
<b>Total payments on redemption of units</b>	(1,471,522)	(8,142)	(1,479,664)	(3,538,353)	(35,015)	(3,573,368)
Total comprehensive income for the period	-	31,051	31,051	-	89,314	89,314
<b>Net assets at end of the period</b>	1,067,376	77,259	1,144,635	1,296,913	108,340	1,405,253
<b>Undistributed income brought forward</b>						
Realised income		60,263			66,198	
Unrealised loss		(5,913)			(12,157)	
		54,350			54,041	
<b>Accounting income available for distribution</b>						
Relating to capital gains		-			-	
Excluding capital gains		22,909			54,299	
		22,909			54,299	
Total comprehensive loss for the period		-			-	
<b>Undistributed income carried forward</b>		77,259			108,340	
<b>Undistributed income carried forward</b>						
Realised income		81,074			115,430	
Unrealised loss		(3,815)			(7,090)	
		77,259			108,340	
			<b>Rupees</b>			<b>Rupees</b>
<b>Net assets value per unit at beginning of the period</b>			<u>101.5300</u>			<u>101.4883</u>
<b>Net assets value per unit at end of the period</b>			<u>103.9069</u>			<u>107.2031</u>

The annexed notes from 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 Income Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	Half year ended December 31,	
	2020	2019
Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	31,051	89,314
Adjustments for:		
Capital loss / (gain) on sale of investments - net	263	(602)
Income from corporate sukuk bonds	(20,872)	(48,280)
Income from placements	(1,202)	(7,542)
Profit on bank deposits	(27,997)	(58,572)
Unrealised diminution on remeasurement of investments classified as financial asset at fair value through profit or loss - net	3,815	7,090
	<u>(14,942)</u>	<u>(18,592)</u>
<b>Decrease in assets</b>		
Investments - net	115,915	230,089
Deposits and prepayments	7,605	106
	<u>123,520</u>	<u>230,195</u>
<b>Decrease in liabilities</b>		
Payable to the Management Company	(578)	(3,460)
Payable to the Trustee	(23)	(303)
Payable to Securities and Exchange Commission of Pakistan	(188)	(2,885)
Accrued expenses and other liabilities	(12,703)	(3,187)
	<u>(13,492)</u>	<u>(9,835)</u>
<b>Cash generated from operations</b>	95,086	201,768
Income from corporate sukuk bonds received	28,417	55,183
Income from placements received	4,267	1,924
Profit received on bank deposits	33,054	102,837
	<u>65,738</u>	<u>159,944</u>
<b>Net cash generated from operating activities</b>	160,824	361,712
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	1,175,628	1,785,823
Amount paid on redemption of units	(1,478,299)	(3,478,277)
Dividend paid	(220)	(166)
Net cash used in financing activities	<u>(302,891)</u>	<u>(1,692,620)</u>
Net decrease in cash and cash equivalents during the period	(142,067)	(1,330,908)
Cash and cash equivalents at beginning of period	827,655	2,164,208
Cash and cash equivalents at end of the period	4 <u>685,588</u>	<u>833,300</u>

The annexed notes from 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 Income Fund

## Notes To The Condensed Interim Financial Statements (Unaudited)

### FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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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 as a notified entity and the trust deed was executed on February 20, 2014.

Through an order dated August 31, 2016 SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on February 17, 2017. Effective from September 1, 2016 HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Agha Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

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

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

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

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund. JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2++' (Stable outlook) to the Management Company and assigned stability rating of A+(f) to the Fund as at December 31, 2020 and December 30, 2020, respectively.

#### 1.1 Impact of Covid-19

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended 31 December, 2020 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the economy and business, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts from time to time.

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

The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact on current financial statements of the Fund.

#### 2 BASIS OF PREPARATION

##### 2.1 Statement of compliance

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

Wherever the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, the directives issued by the SECP and the requirements of the Trust Deed differ from the requirements of the IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, the directives issued by the SECP and the requirements of the Trust Deed have been followed.

- 2.1.2** The disclosures made in this condensed interim financial information have; however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2020.
- 2.1.3** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2020, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2019.
- 2.1.4** This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 have not been reviewed.
- 2.1.5** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2020.

**2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, unless otherwise stated. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

**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 this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2020, unless otherwise stated.
- 3.2** The preparation of this condensed interim financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2020.
- 3.4** There are certain standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan effect for the first time in this condensed interim financial information and are mandatory for the Fund's accounting period beginning on or after July 01, 2020. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information.
- 3.5** The fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2020.

		<b>December 31,</b>	<b>June 30,</b>
		<b>2020</b>	<b>2020</b>
		<b>(Un-Audited)</b>	<b>(Audited)</b>
		<b>Note ----- (Rupees in '000) -----</b>	
<b>4 BANK BALANCES</b>			
Cash at bank			
In PLS savings accounts	4.1	672,007	800,624
In current accounts		13,581	27,031
		<u>685,588</u>	<u>827,655</u>

4.1 This represents bank accounts held with various banks. profit rates on these accounts range between 5.5% to 7.50% per annum (June 30, 2020: 7.5% to 13.50% per annum). This includes a balance held by Habib Bank Limited (a related party), amounting to Rs. 128.375 million (June 30, 2020: Rs. 30.80 million) on which return is earned at 7% (June 30, 2020: 7.74% per annum).

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
<b>5 INVESTMENTS</b>		<b>Note ----- (Rupees in '000) -----</b>	
<b>Financial assets</b>			
At fair value through profit or loss	5.1	414,206	463,517
At amortised cost	5.2	54,317	125,000
		468,523	588,517
<b>5.1 Financial assets at fair value through profit or loss</b>			
Corporate Sukuk Bonds	5.1.1	414,206	463,517

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

Name of the Investee Company	Note	Number of units				As at December 31, 2020			Market value as at percentage of	
		As at July 1, 2020	Purchases during the period	Sales during the period	As at December 31, 2020	Market value	Carrying value	Un-realised appreciation / (diminution)	Total investments	Net assets
----- (Rupees in '000) -----										
<b>Corporate Sukuks-Listed</b>										
International Brands Limited		1,100	-	-	1,100	71,079	69,958	1,121	15.17%	6.21%
Dawood Hercules Corporation Limited		350	-	-	350	24,803	25,010	(207)	5.29%	2.17%
Dawood Hercules Corporation Limited		357	-	357	-	-	-	-	0.00%	0.00%
		1,807	-	357	1,450	95,882	94,968	914	20.46%	8.38%
<b>Corporate Sukuks - Un-Listed</b>										
AGP Limited		992	-	-	992	30,059	29,818	241	6.42%	2.63%
Dubai Islamic Bank Limited		54	-	-	54	55,510	55,417	93	11.85%	4.85%
Ghani Gasses Limited		1,530	-	-	1,530	64,064	66,818	(2,754)	13.67%	5.60%
Agha Steel Industries Limited		95	-	-	95	91,921	95,000	(3,079)	19.62%	8.03%
Hub Power Company Limited		400	-	400	-	-	-	-	-	-
Hub Power Company Limited	5.1.3	-	22	-	22	22,000	22,000	-	4.70%	1.92%
Hub Power Company Limited		350	-	-	350	35,770	35,000	770	7.63%	3.13%
TPL Corporation Limited		-	76	-	76	19,000	19,000	-	4.06%	1.66%
		3,421	98	400	3,119	318,324	323,053	(4,729)	67.94%	27.81%
Total - as at December 31, 2020		5,228	98	757	4,569	414,206	418,021	(3,815)	88.41%	36.19%
Total - as at June 30, 2020		6,785	1,107	2,637	5,228	463,517	469,427	(5,913)	79%	32.70%

5.1.2 These Sukuk carry mark-up at the rate ranging from 6.88% to 14.19% per annum. (June 30, 2020: mark-up at the rate of 9.12% to 14.93% per annum).

5.1.3 This Sukuk is in the process of listing. Management believes that the fair value of the Sukuk is approximately at its cost.

5.1.4 Significant terms and conditions of Corporate Sukuk Bonds as at December 31, 2020 are as follows:

Name of company	Principal outstanding (per sukuk bond)	Mark-up rate (per annum)	Issue date	Maturity date
<b>Corporate sukuk bonds - listed</b>				
International Brands Limited	63,871	12 Month Kibor + 0.50%	November 15, 2017	November 15, 2021
<b>Corporate sukuk bonds - unlisted</b>				
Dawood Hercules Corporation Limited	70,000	3 Month Kibor + 1%	March 1, 2018	March 1, 2023
AGP Limited	30,000	3 Month Kibor + 1.30%	June 9, 2017	June 9, 2022
Dubai Islamic Bank Limited	1,000,000	6 Month Kibor + 0.50%	July 14, 2017	July 14, 2027
Ghani Gasses Limited	50,000	3 Month Kibor + 1%	February 2, 2017	February 2, 2023
Agha Steel Industries Limited	1,000,000	3 Month Kibor + 0.80%	October 9, 2018	October 9, 2024
TPL Corporation Limited (Formerly: TPL Trakker Limited)	250,000	12 Month Kibor + 3%	April 13, 2016	April 12, 2021
The Hub Power Company Limited 190320	100,000	12 Month Kibor + 1.90%	March 19, 2020	March 19, 2024
The Hub Power Company Limited	100,000	3 Month Kibor + 1.90%	August 22, 2019	August 22, 2023

	<b>December 31, 2020 (Un-Audited)</b>	<b>June 30, 2020 (Audited)</b>
<b>Note</b>	----- (Rupees in '000) -----	

## 5.2 Financial assets at amortised cost

Commercial paper	5.2.1	54,317	-
Term Deposit Receipts (TDRs)		-	125,000
		<u>54,317</u>	<u>125,000</u>

### 5.2.1 Financial assets at amortised cost - Commercial papers

Name of investee company	As at July 1, 2020	Placement made during the period	Income accrued	Matured during the period	As at December 31, 2020	Percentage of total of investments	Percentage of net assets
----- (Rupees in '000) -----							
Hub Power Company Limited (5.2.2)	53,599	-	718	-	54,317	-	-
Total - as at December 31, 2020	<u>53,599</u>	<u>-</u>	<u>718</u>	<u>-</u>	<u>54,317</u>	<u>-</u>	<u>-</u>

5.2.2 This commercial paper carries profit at the rate of 9.85% (2019: Nil) and will be matured on November 11, 2023.

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

Issue details	Face value				Market value as at December 31, 2020	Carrying value as at December 31, 2020	Un-realised appreciation / (diminution) on re-measurement of investment	Market value as a percentage of total investments	Market value as a percentage of net assets
	As at July 1, 2020	Purchases during the period	Sales / matured during the period	As at December 31, 2020					
----- Rupees in '000 -----									
GOP Ijarah Sukuk	-	50,000	50,000	-	-	-	-	-	-
Total - as at December 31, 2020	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	<b>December 31, 2020 (Un-Audited)</b>	<b>June 30, 2020 (Audited)</b>
<b>Note</b>	----- (Rupees in '000) -----	

## 6 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration of the Management Company	1,252	1,409
Sindh sales tax payable on the remuneration of the Management Company	253	505
Allocation of expenses related to registrar services, accounting, operation and valuation services	96	122
Selling and marketing expenses payable	588	789
Sales load payable	97	38
	<u>2,285</u>	<u>2,863</u>

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note	----- (Rupees in '000) -----	
<b>7</b>	<b>PAYABLE TO THE TRUSTEE</b>		
	Trustee fee payable	81	104
<b>8</b>	<b>PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
	Annual fee payable	140	328
<b>9</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Provision for Federal Excise Duty	9.1 1,344	1,344
	Provision for Sindh Workers' Welfare Fund	9.2 15,943	15,309
	Withholding tax payable	55	13,542
	Brokerage payable	18	49
	Auditors' remuneration	287	168
	Printing charges	217	217
	Other payables	381	318
		<u>18,245</u>	<u>30,947</u>
<b>9.1</b>	The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020, and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.  In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.344 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2020 would have been higher by Rs. 0.122 per unit (June 30, 2020: Rs. 0.096 per unit).		
<b>9.2</b>	The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is the same as disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2020 and a constitutional petition filed by certain CISOs, through their trustees, in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISOs, is pending adjudication. As at December 31, 2020 provision for SWWF amounted to Rs. 15.309 million. Had the provision not been made, net assets value per unit at December 31, 2020 would have been higher by Rs. 1.447 per unit (June 30, 2020: Rs. 1.096 per unit).		
<b>10</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	There were no contingencies and commitments as at December 31, 2020 (June 30, 2020: Nil).		

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**11 TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealized, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90% of the Fund's accounting income as reduced by capital gains (whether realised or unrealized) for the year ending June 30, 2021 to its unit holders.

**12 EARNINGS PER UNIT**

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

**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.

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

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

	Half year ended	
	December 31,	
	2020	2019
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	
<b>13.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of Management Company	9,686	9,473
Sindh Sales Tax on remuneration of Management Company	1,259	1,232
Allocation of expenses related to registrar services, accounting, operation and valuation services	699	1,234
Selling and Marketing expenses	1,399	3,295
Sales load paid	75	488
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	3	125
Profit on bank deposits earned	33	11,687

	Half year ended December 31,	
	2020 (Un-Audited)	2019 (Un-Audited)
	----- (Rupees in '000) -----	
<b>Executives of the Management Company</b>		
Issue of 25,011 (2019: 107,822) units	2,551	11,232
Redemption of 16,890 (2019: 142,100) units	1,734	14,779
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	525	616
Sindh Sales Tax payable on the Trustee fee	68	80
Central Depository Service charges	7	14
<b>HBL Islamic Financial Planning Fund-</b>		
<b>Active Allocation Plan</b>		
Issue of Nil (2019: 120,316) units	-	12,477
Redemption of 271,055 (2019: 508,053) units	28,063	52,914
<b>MCBFSL Trustee HBL Islamic Financial Planning Fund-</b>		
<b>Conservative Allocation Plan</b>		
Issue of 59,379 (2019: 36,956) units	6,054	3,919
Redemption of 101,989 (2019: 105,736) units	10,404	11,154
<b>MCBFSL Trustee HBL Islamic Financial Planning Fund-</b>		
<b>Strategic Allocation Plan</b>		
Issue of Nil (2019: 44,859) units	-	4,597
Redemption of Nil (2019: 20,998,393) units	-	2,139,641
<b>Archroma Pakistan limited Employees Gratuity Fund*</b>		
<b>Associated company due to common Directorship</b>		
Redemption of 695,019 (2019 : Nil) units	71,398	-

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
		----- (Rupees in '000) -----	
<b>13.2</b>	<b>Balances outstanding as at period / year end</b>		
	<b>HBL Asset Management Limited - Management Company</b>		
	Remuneration of the Management Company	1,252	1,409
	Sindh Sales Tax payable on remuneration of the Management Company	253	505
	Sales load payable	97	38
	Allocation of expenses related to registrar services, accounting, operation and valuation services	96	122
	Selling and marketing expenses	588	789
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Remuneration payable	70	92
	Sindh Sales Tax payable on remuneration of the trustee	11	12
	Security deposit	100	100
	<b>Habib Bank Limited - Sponsor</b>		
	Bank balances	128,375	30,805
	Accrued profit on bank balances	3,902	3,270
	<b>HBL Asset Management Limited - Employees' Gratuity Fund</b>		
	Units held: 5,137 (June 30, 2020: 5,137)	534	522
	<b>HBL Asset Management Limited - Employees' Provident Fund</b>		
	Units held: 27,619 (June 30, 2020: 27,619)	2,870	2,804
	<b>MCBFSL Trustee HBL Islamic Financial Planning Fund Active Allocation Plan - Fund under common management</b>		
	Units held: 196,154 (June 30, 2020: 467,209)	20,382	47,436
	<b>MCBFSL Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan - Fund under common management</b>		
	Units held: 9,569 (June 30, 2020: 52,179)	994	5,298
	<b>Directors and executives of the Management Company</b>		
	Units held: 14,110 units (June 30, 2020: 5,989) units	1,466	608
	<b>Archroma Pakistan Limited Employees Gratuity Fund Associated company due to common directorship</b>		
	Units held: Nil units (June 30, 2020: 695,019) units	-	70,565
	<b>Dawood Hercules Corporation Limited - Associated company due to common directorship</b>		
	Investment in Corporate Sukuk Bond		
	Units held: 350 units (June 30, 2020: 707) units	24,803	53,748
	Profit receivable on corporate sukuk	-	451
	<b>Dewan Petroleum (Private) Limited</b>		
	Units held: 3,073,207 (June 30, 2020: 3,073,207)	319,327	312,022

\*Comparative transactions / balances of these parties have not been disclosed as these parties were not related parties in the last period.

#### 14 FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		December 31, 2020 (Un-Audited)						
		Carrying amount			Fair Value			
		At fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
<b>Financial assets measured at fair value</b>	14.1							
Investments								
Corporate sukuk bonds		414,206	-	414,206	-	414,206	-	414,206
		<u>414,206</u>	<u>-</u>	<u>414,206</u>	<u>-</u>	<u>414,206</u>	<u>-</u>	<u>414,206</u>
<b>Financial assets not measured at fair value</b>	14.2							
Bank balances		-	685,588	685,588				
Investments								
Commercial paper		-	54,317	54,317				
Profit receivable		-	13,949	13,949				
Deposits		-	100	100				
		<u>-</u>	<u>753,954</u>	<u>753,954</u>				
<b>Financial liabilities not measured at fair value</b>	14.2							
Payable to the Management Company		-	2,032	2,032				
Payable to the Trustee		-	72	72				
Dividend payable		-	37	37				
Payable against redemption of units		-	2,861	2,861				
Accrued expenses and other liabilities		-	795	795				
		<u>-</u>	<u>5,797</u>	<u>5,797</u>				

		June 30, 2020 (Audited)						
		Carrying amount			Fair Value			
		At fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
<b>Financial assets measured at fair value</b>	14.1							
Investments								
Corporate sukuk bonds		463,517	-	463,517	-	368,517	95,000	463,517
		463,517	-	463,517	-	368,517	95,000	463,517
<b>Financial assets not measured at fair value</b>	14.2							
Bank balance		-	827,655	827,655				
Commercial paper		-	125,000	125,000				
Deposits		-	7,599	7,599				
		-	960,254	960,254				
<b>Financial liabilities not measured at fair value</b>	14.2							
Payable to the Management Company		-	2,358	2,358				
Payable to the Trustee		-	92	92				
Payable against redemption of units		-	1,495	1,495				
Dividend payable		-	257	257				
Accrued expenses and other liabilities		-	638	638				
		-	4,840	4,840				

**14.1** For level 2 investments at fair value through profit or loss - investment in Corporate Sukuk Bonds, are valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP vide its circular no. 1 of 2009 dated January 6, 2009 and circular no. 33 of 2012 dated October 24, 2012 at reporting date.

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

**14.3** Transfers during the period

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

## **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 (SECP), the total expense ratio of the Fund for the half year ended December 31, 2020 is 1.08% (2019: 1.14%) which includes 0.15% (2019: 0.20%) representing Government levy, Sindh Worker's Welfare Fund and SECP fee.

## **16 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue by the Board of Directors of the Management Company on February 10, 2021.

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**17 GENERAL**

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

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

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

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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 Bank Al Baraka Limited MCB Bank Limited Faisal Bank Limited Habib Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ISLAMIC EQUITY FUND**

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

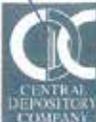
We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Equity Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

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

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

Karachi, February 18, 2021







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Karachi-74200  
Pakistan

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

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL ISLAMIC EQUITY FUND ("the Fund") as at December 31, 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and a summary of significant accounting policies and other explanatory notes to the condensed interim financial information for the half year then ended (here-in-after referred to as "interim financial information"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended December 31, 2020 does not present fairly, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The figures for the quarter ended December 31, 2020 and December 31, 2019 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 10 FEB 2021

BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

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

**HBL Islamic Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*AS AT DECEMBER 31, 2020*

	December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
Note	----- (Rupees in '000) -----	
<b>ASSETS</b>		
Bank balances	40,424	10,190
Investments	355,717	227,483
Dividend and profit receivable	1,029	698
Receivable against sale of investments	-	5
Advances, deposits and prepayments	4,157	3,001
<b>TOTAL ASSETS</b>	<b>401,327</b>	<b>241,377</b>
<b>LIABILITIES</b>		
Payable to the Management Company	1,245	955
Payable to the Trustee	60	43
Payable to Securities and Exchange Commission of Pakistan	31	72
Payable against redemption of units	24,910	2,804
Accrued expenses and other liabilities	18,574	8,917
<b>TOTAL LIABILITIES</b>	<b>44,820</b>	<b>12,791</b>
<b>NET ASSETS</b>	<b>356,507</b>	<b>228,586</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<b>356,507</b>	<b>228,586</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	-----Number of units-----	
<b>Number of units in issue</b>	<b>3,633,802</b>	<b>2,946,835</b>
	----- (Rupees) -----	
<b>Net assets value per unit</b>	<b>98.1086</b>	<b>77.5699</b>

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

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

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

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

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

**HBL Islamic Equity Fund**  
**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
----- (Rupees in '000) -----					
<b>Income</b>					
Capital gain on sale of investment- net		31,265	42,889	13,165	44,170
Dividend income		6,346	12,122	5,414	9,517
Profit from bank deposits		564	2,331	273	1,603
		<u>38,175</u>	<u>57,342</u>	<u>18,852</u>	<u>55,290</u>
Unrealised appreciation on revaluation of investments classified as financial assets at 'fair value through profit or loss' - net		34,250	49,888	10,861	64,134
		<u>72,425</u>	<u>107,230</u>	<u>29,713</u>	<u>119,424</u>
<b>Expenses</b>					
Remuneration of the Management Company		3,073	3,784	1,509	2,661
Sindh sales tax on remuneration of the Management Company		400	492	197	346
Remuneration of the Trustee		308	389	116	266
Sindh sales tax on remuneration of the Trustee		40	51	15	35
Annual fee to Securities and Exchange Commission of Pakistan		31	39	15	27
Allocation of expenses related to registrar services, accounting, operation and valuation services		247	434	121	214
Selling and marketing expenses		1,152	1,442	566	998
Auditors' remuneration		116	117	58	58
Securities transaction cost		1,189	3,207	405	2,867
Settlement and bank charges		252	21	236	17
Fee and subscription		14	14	7	7
Shariah advisory services		105	106	53	53
		<u>6,927</u>	<u>10,096</u>	<u>3,298</u>	<u>7,549</u>
<b>Net Income for the period from operating activities</b>		<u>65,498</u>	<u>97,134</u>	<u>26,415</u>	<u>111,875</u>
Provision for Sindh Workers' Welfare Fund	10.2	<u>(1,310)</u>	<u>(1,943)</u>	<u>(528)</u>	<u>(1,943)</u>
<b>Net Income for the period before taxation</b>		<u>64,188</u>	<u>95,192</u>	<u>25,887</u>	<u>109,933</u>
Taxation	12	-	-	-	-
<b>Net Income for the period after taxation</b>		<u>64,188</u>	<u>95,192</u>	<u>25,887</u>	<u>109,933</u>
<b>Allocation of net income for the period</b>					
Income already paid on redemption of units		10,647	25,538	5,280	25,538
Accounting income available for distribution:					
Relating to capital gains		53,541	69,654	20,607	84,395
Excluding capital gains		-	-	-	-
		<u>53,541</u>	<u>69,654</u>	<u>20,607</u>	<u>84,395</u>
		<u>64,188</u>	<u>95,192</u>	<u>25,887</u>	<u>109,933</u>
<b>Earnings per unit</b>	13				

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

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

Chief Financial Officer

Chief Executive Officer

Director

## HBL Islamic Equity Fund

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	64,188	95,192	25,887	109,933
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>64,188</u>	<u>95,192</u>	<u>25,887</u>	<u>109,933</u>

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

For HBL Asset Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

**HBL Islamic Equity Fund**  
**Condensed Interim Statement of Movement in Unitholders' Fund**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	Half year ended December 31,					
	2020			2019		
	Capital value	Undistributed income / (loss)	Total	Capital value	Undistributed income / (loss)	Total
	(Rupees in '000)					
Net assets at beginning of the period	421,843	(193,257)	228,586	481,681	(216,217)	265,464
<b>Issuance of 3,858,737 units (2019: 10,025,759 units)</b>						
Capital value (at net asset value per unit at the beginning of the period)	299,322	-	299,322	769,832	-	769,832
Element of income	51,658	-	51,658	49,292	-	49,292
<b>Total proceeds on issuance of units</b>	<b>350,980</b>	<b>-</b>	<b>350,980</b>	<b>819,124</b>	<b>-</b>	<b>819,124</b>
<b>Redemption of 3,171,888 units (2019: 7,803,194 units)</b>						
Capital value (at net asset value per unit at the beginning of the period)	(246,043)	-	(246,043)	(599,172)	-	(599,172)
Income already paid on redemption of units	-	(10,647)	(10,647)	-	(25,538)	(25,538)
Element of loss	(30,557)	-	(30,557)	(29,929)	-	(29,929)
<b>Total payments on redemption of units</b>	<b>(276,600)</b>	<b>(10,647)</b>	<b>(287,247)</b>	<b>(629,101)</b>	<b>(25,538)</b>	<b>(654,639)</b>
Total comprehensive income for the period	-	64,188	64,188	-	95,192	95,192
<b>Net assets at end of the period</b>	<b>496,223</b>	<b>(139,716)</b>	<b>356,507</b>	<b>671,704</b>	<b>(146,563)</b>	<b>525,141</b>
Accumulated loss brought forward						
Realised loss		(189,059)			(172,109)	
Unrealised loss		(4,198)			(44,108)	
		(193,257)			(216,217)	
Accounting income available for distribution						
Relating to capital gains		53,541			69,654	
Excluding capital gains		-			-	
		53,541			69,654	
Total comprehensive loss for the period		-			-	
		(139,716)			(146,563)	
<b>Accumulated (loss) / gain carried forward</b>						
Realised loss		(173,966)			(196,451)	
Unrealised Gain		34,250			49,888	
		(139,716)			(146,563)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			77.5699			76.7855
Net assets value per unit at end of the period			98.1086			92.4580

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

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

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

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

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

**HBL Islamic Equity Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	Half year ended December 31,	
	2020	2019
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	64,188	95,192
Adjustments for:		
Dividend income	(6,346)	(12,122)
Profit from bank deposits	(564)	(2,331)
Capital gain on sale of investments - net	(31,265)	(42,889)
Unrealised appreciation on remeasurement of investments at fair value through profit or loss - net	(34,250)	(49,888)
	(8,237)	(12,038)
<b>Increase in assets</b>		
Investments - net	(62,715)	(166,537)
Advances, deposits and prepayments	(1,156)	(14)
	(63,871)	(166,551)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	290	1,383
Payable to the Trustee	17	54
Payable to Securities and Exchange Commission of Pakistan	(41)	(624)
Accrued expenses and other liabilities	9,658	2,257
	9,924	3,070
<b>Cash used in operations</b>	(62,184)	(175,519)
Dividend received	6,037	11,015
Profit received from saving accounts	543	2,242
	6,580	13,257
<b>Net cash used in operating activities</b>	(55,604)	(162,262)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	350,980	819,124
Amount paid on redemption of units	(265,142)	(640,543)
Net cash generated from financing activities	85,838	178,581
Net increase in cash and cash equivalents	30,234	16,319
Cash and cash equivalents at beginning of the period	10,190	24,030
Cash and cash equivalents at end of the period	40,424	40,349

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

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

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

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

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

# **HBL Islamic Equity Fund**

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

### **FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

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

HBL Islamic Equity Fund ('the Fund') was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PISF/965/2014 dated April 23, 2014 as a notified entity and the Trust Deed was executed on February 20, 2014.

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

Through an order dated August 31, 2016, SECP approved the merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on February 17, 2017. Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund For Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

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

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.

JCR-VIS Credit Rating Company has assigned a long term management quality rating of 'AM2++' (Stable Outlook) to the Management Company.

#### **2 BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

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

Where the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, the directives issued by the SECP and the requirements of the Trust Deed differ from the requirements of the IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, the directives issued by the SECP and the requirements of the Trust Deed have been followed.

**2.1.2** The disclosures made in this condensed interim financial information have; however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2020.

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**2.1.3** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2020, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2019.

**2.1.4** This condensed interim financial information is unaudited but has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2020 have not been reviewed.

**2.1.5** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2020.

## **2.2 Basis of measurement**

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

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

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

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

**3.1** The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2020, unless otherwise stated.

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

**3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2020.

**3.4** There are certain standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan, effective for the first time in this condensed interim financial information and are mandatory for the Fund's accounting period beginning on or after July 01, 2020. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information.

**3.5** The Fund's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements of the Fund for the year ended June 30, 2020.

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note	----- Rupees in '000 -----	
<b>4 BANK BALANCES</b>			
- In savings accounts	4.1	38,989	8,746
- In current account		1,435	1,444
		40,424	10,190

4.1 These accounts carry profit ranging from 5.75% to 8.00% (June 30, 2020: 8% to 13.5%) per annum. This includes an amount held in Habib Bank Limited (a related party) amounting to Rs. 9.604 million (June 30, 2020: Rs. 3.648 million) on which profit is earned at 7.74% (June 30, 2020: 13.60%) per annum.

## 5 INVESTMENTS

Financial assets at 'fair value through profit or loss'

Listed equity securities

5.1 355,717 227,483

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

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

Name of investee companies (Sector wise)	Number of shares					Carrying value as at Dec 31, 2020	Market value as at Dec 31, 2020	Unrealised appreciation/ (diminution) on re-measurement of investments	Market value as a percentage of total investments	Market value as a percentage of net assets	Par value as a percentage of issued capital of the investee company
	As at July 1, 2020	Purchases during the period	Bonus issue during the period	Sales during the period	As at Dec 31, 2020						
----- Rupees in 000 -----											
<b>Automobiles Parts &amp; Accessories</b>											
Thal Limited (Par value Rs 5 per share)	12,950	5,600	-	14,000	4,550	1,692	2,151	459	0.60%	0.60%	0.53%
<b>Cement</b>											
Lucky Cement Limited (5.1.1)	38,100	18,000	-	19,511	36,589	19,916	25,469	5,553	7.16%	7.14%	0.79%
Kohat Cement Limited	31,710	6,600	-	21,600	16,710	2,737	3,664	927	1.03%	1.03%	0.18%
Maple Leaf Cement Factory Limited	333,000	28,500	-	196,000	165,500	4,766	7,449	2,683	2.09%	2.09%	0.07%
Attock Cement Pakistan Limited	-	24,800	-	-	24,800	4,260	3,721	(539)	1.05%	1.04%	0.27%
Cherat Cement Company Limited (5.1.1)	51,000	9,500	-	35,500	25,000	2,663	3,655	992	1.03%	1.03%	0.19%
DG Khan Cement Company Limited	13,500	132,500	-	66,100	79,900	8,616	9,155	539	2.57%	2.57%	0.21%
Fauji Cement Company Limited	-	265,500	-	10,500	255,000	5,395	5,526	131	1.55%	1.55%	0.04%
Pioneer Cement Limited	-	79,000	-	8,000	71,000	7,275	7,334	59	2.06%	2.06%	0.32%
	467,310	564,400	-	357,211	674,499	55,628	65,973	10,345	18.55%	18.51%	
<b>Automobile Assembler</b>											
Honda Atlas Cars (Pakistan) Limited	-	17,500	-	8,200	9,300	3,137	3,051	(86)	0.86%	0.86%	0.21%
Indus Motor Company Limited	-	2,500	-	2,500	-	-	-	-	0.00%	0.00%	0.00%
Millat Tractors Limited	-	5,000	-	50	4,950	4,503	5,416	913	1.52%	1.52%	1.09%
Pak Suzuki Motor Company Limited	-	37,500	-	7,500	30,000	7,338	7,259	(79)	2.04%	2.04%	0.88%
Sazgar Engineering Works Limited	75,000	21,000	-	96,000	-	-	-	-	0.00%	0.00%	0.00%
	75,000	83,500	-	114,250	44,250	14,978	15,726	748	4.42%	4.41%	
<b>Cable &amp; Electrical Goods</b>											
Waves Singer Pakistan Limited	-	682,000	-	417,500	264,500	7,457	7,456	(1)	2.10%	2.09%	0.40%
Pak Elektron Limited	-	455,000	-	360,000	95,000	3,742	3,812	70	1.07%	1.07%	0.85%
	-	1,137,000	-	777,500	359,500	11,199	11,269	69	3.17%	3.16%	
<b>Chemicals</b>											
Engro Polymer & Chemicals Limited	89,952	85,500	-	53,500	121,952	4,464	5,794	1,330	1.63%	1.63%	0.06%
Sitara Peroxide Limited	104,000	49,000	-	153,000	-	-	-	-	0.00%	0.00%	0.00%
ICI Pakistan Limited	13,750	6,800	-	20,550	-	-	-	-	0.00%	0.00%	0.00%
Sitara Chemicals Industries Limited	8,600	6,600	-	5,600	9,600	2,839	2,976	137	0.84%	0.83%	1.39%
Lotte Chemical Pakistan Limited	-	100,000	-	-	100,000	1,550	1,506	(44)	0.42%	0.42%	0.01%
	216,302	247,900	-	232,650	231,552	8,853	10,276	1,423	2.89%	2.88%	
<b>Commercial Bank</b>											
Meezan Bank Limited (5.1.1)	85,175	108,500	6,317	27,000	172,992	14,278	18,067	3,789	5.08%	5.07%	0.13%
BankIslami Pakistan Limited	437,000	217,000	-	271,000	383,000	3,691	4,600	909	1.29%	1.29%	0.04%
	522,175	325,500	6,317	298,000	555,992	17,969	22,667	4,698	6.37%	6.36%	
<b>Engineering</b>											
International Steels Limited	22,000	61,500	-	42,500	41,000	3,248	3,822	574	1.07%	1.07%	0.09%
International Industries Limited	12,400	36,000	-	17,500	30,900	4,998	5,457	459	1.53%	1.53%	0.41%
Mughal Iron & Steel Industries Limited	57,500	38,000	-	43,500	52,000	2,604	3,938	1,334	1.11%	1.10%	0.16%
Agha Steel Industries Limited	-	100,000	-	-	100,000	3,787	3,941	154	1.11%	1.11%	0.07%
	91,900	235,500	-	103,500	223,900	14,637	17,158	2,521	4.82%	4.81%	
<b>Vanaspatti &amp; Allied Industries</b>											
Unity Foods Limited	470,000	1,439,825	-	1,740,325	169,500	4,836	5,434	598	1.53%	1.52%	0.05%
	470,000	1,439,825	-	1,740,325	169,500	4,836	5,434	598	1.53%	1.52%	
<b>Food &amp; Allied Industries</b>											
The organic Meat Company Limited	-	766,675	-	46,000	720,675	19,348	21,491	2,143	6.04%	6.03%	1.92%
	-	766,675	-	46,000	720,675	19,348	21,491	2,143	6.04%	6.03%	

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

Name of investee companies (Sector wise)	Number of shares					Carrying value as at Dec 31, 2020	Market value as at Dec 31, 2020	Unrealised appreciation/ (diminution) on re-measurement of investments	Market value as a percentage of total investments	Market value as a percentage of net assets	Par value as a percentage of issued capital of the investee company
	As at July 1, 2020	Purchases during the period	Bonus issue during the period	Sales during the period	As at Dec 31, 2020						
-----Rupees in 000-----											
<b>Fertilizer</b>											
Engro Corporation Limited (5.1.1)	62,130	19,500	-	36,700	44,930	13,371	13,810	439	3.88%	3.87%	0.24%
Fauji Fertilizer Company Limited	40,100	59,500	-	40,100	59,500	6,195	6,456	261	1.81%	1.81%	0.05%
Engro Fertilizers Limited	20,000	60,000	-	80,000	-	-	-	-	0.00%	0.00%	0.00%
	122,230	139,000	-	156,800	104,430	19,566	20,266	700	5.70%	5.68%	
<b>Oil and Gas Exploration Companies</b>											
Mari Petroleum Company Limited (Note 5.1.2)	17,472	3,000	-	6,780	13,692	17,230	18,345	1,115	5.16%	5.15%	1.38%
Oil & Gas Development Company (5.1.1)	197,100	84,000	-	111,800	169,300	18,250	17,568	(682)	4.94%	4.93%	0.04%
Pakistan Oilfields Limited	12,900	20,000	-	17,000	15,900	6,115	6,287	172	1.77%	1.76%	0.22%
Pakistan Petroleum Limited (5.1.1)	-	322,000	-	115,700	206,300	20,177	18,635	(1,542)	5.24%	5.23%	0.07%
	227,472	429,000	-	251,280	405,192	61,772	60,835	(937)	17.10%	17.06%	
<b>Oil and Gas Marketing Companies</b>											
Pakistan State Oil Company Limited (Note 5.1.1 & 5.1.2)	60,928	63,200	-	37,900	86,228	16,583	18,565	1,982	5.22%	5.21%	0.40%
Sui Northern Gas Pipeline Limited	124,300	40,000	-	130,000	34,300	1,893	1,524	(369)	0.43%	0.43%	0.02%
Shell Pakistan Limited	-	13,000	-	13,000	-	-	-	-	0.00%	0.00%	0.00%
Hasscol Petroleum Limited	-	142,000	-	-	142,000	2,265	2,086	(179)	0.59%	0.59%	0.02%
	185,228	258,200	-	180,900	262,528	20,741	22,175	1,435	6.23%	6.22%	
<b>Power Generation &amp; Distribution</b>											
Hub Power Company Limited (5.1.1)	171,987	159,500	-	125,300	206,187	15,517	16,357	840	4.60%	4.59%	0.13%
K-Electric Limited	-	400,000	-	25,000	375,000	1,455	1,466	11	0.41%	0.41%	0.00%
	171,987	559,500	-	150,300	581,187	16,972	17,823	851	5.01%	5.00%	
<b>Pharmaceuticals</b>											
Ferozsons Laboratories Limited	-	10,400	-	10,400	-	-	-	-	0.00%	0.00%	0.00%
GlaxoSmithKline Pakistan Limited	55,700	-	-	55,700	-	-	-	-	0.00%	0.00%	0.00%
AGP Limited	-	43,000	-	43,000	-	-	-	-	0.00%	0.00%	0.00%
The Searle Company Limited (Note 5.1.2)	1,243	3	-	3	1,243	248	310	62	0.09%	0.09%	0.01%
Hightnoon Laboratories Limited	19,950	-	-	19,950	-	-	-	-	0.00%	0.00%	0.00%
	76,893	53,403	-	129,053	1,243	248	310	62	0.09%	0.09%	
<b>Textile Composite</b>											
Nishat Mills Limited (5.1.1)	57,500	63,500	-	39,000	82,000	7,350	8,345	995	2.35%	2.34%	0.24%
Interloop Limited	77,750	67,000	-	23,000	121,750	6,966	8,288	1,322	2.33%	2.32%	0.10%
Kohoor Textile Mills Limited	-	98,500	-	11,500	87,000	5,232	5,935	703	1.67%	1.66%	0.20%
	135,250	229,000	-	73,500	290,750	19,548	22,568	3,020	6.34%	6.33%	
<b>Transport</b>											
Pakistan National Shipping Corporation	-	16,500	-	-	16,500	1,520	1,508	(12)	0.42%	0.42%	0.00%
Pakistan International Bulk Terminal	-	142,000	-	-	142,000	1,861	1,826	(35)	0.51%	0.51%	0.01%
	-	158,500	-	-	158,500	3,381	3,334	(47)	0.94%	0.94%	
<b>Technology &amp; Communication</b>											
Systems Limited (Note 5.1.2)	77,800	-	-	66,700	11,100	2,039	4,653	2,614	1.31%	1.31%	0.38%
Avanceon Limited	-	85,500	-	5,000	80,500	6,145	7,474	1,329	2.10%	2.10%	0.35%
	77,800	85,500	-	71,700	91,600	8,184	12,127	3,942	3.41%	3.40%	
<b>Refinery</b>											
Attock Refinery Limited	-	46,500	-	25,000	21,500	3,827	3,914	87	1.10%	1.10%	0.37%
National Refinery Limited	-	30,000	-	30,000	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Refinery Limited	-	1,033,000	-	183,000	850,000	18,092	20,222	2,130	5.68%	5.67%	0.32%
	-	1,109,500	-	238,000	871,500	21,919	24,136	2,217	6.79%	6.77%	
as at Dec 31, 2020	2,852,497	7,827,503	6,317	4,934,969	5,751,348	321,470	355,717	34,250	100%	99.78%	
as at June 30, 2020	3,453,352	17,385,570	112,431	18,098,856	2,852,497	231,681	227,483	(4,198)	100%	99.52%	

**5.1.1** As at 31 Dec, 2020 The Fund has pledged shares with the National Clearing Company of Pakistan (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP of following companies;

- Oil and Gas Development Company Limited (125,400 shares having market value of Rs. 13.013 million)
- The Hub Power Company Limited (170,000 share having market value of Rs. 13.486 million)
- Meezan Bank Limited (60,000 shares having market value of Rs. 6.266 million)
- Lucky Cement Limited (20,000 shares having market value of Rs. 13.922 million)
- Pakistan Petroleum Limited (100,000 shares having market value of Rs. 9.033 million)
- Cherat Cement Company Limited (10,000 shares having market value of Rs. 0.146 million)
- Pakistan State Oil Company Limited (35,000 shares having market value of Rs. 7.536 million)
- Nishat Mills Limited (30,000 shares having market value of Rs. 3.053 million)
- Engro Corporation Limited (43,000 shares having market value of Rs. 13.217 million)

**5.1.2** These investments include gross bonus shares as per Fund’s entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the Funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 1.967 million at Dec 31, 2020 (June 30, 2020 Rs. 1.112 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.

		<b>December 31, 2020 (Un-Audited)</b>	<b>June 30, 2020 (Audited)</b>
	<b>Note</b>	<b>----- Rupees in '000 -----</b>	
<b>6 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Security deposit with:			
National Clearing Company of Pakistan Limited		2,500	2,500
Central Depository Company of Pakistan Limited		100	100
		<u>2,600</u>	<u>2,600</u>
Advance tax	6.1	279	279
Prepaid listing fee		122	122
		<u>3,001</u>	<u>3,001</u>

**6.1** The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular “C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R” dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the period, prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150 of ITO 2001. The management is confident that the same shall be refunded after filing refund application within stipulated time, as per ITO 2001.

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note	----- Rupees in '000 -----	
<b>7</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>		
	Remuneration of the Management Company	531	381
	Sindh Sales Tax on Management		
	Company's remuneration	69	50
	Allocation of expenses related to registrar, accounting, operation and valuation services	566	472
	Selling and marketing expenses	43	31
	Sales load payable	36	21
		1,245	955
<b>8</b>	<b>PAYABLE TO THE TRUSTEE</b>		
	Trustee fee	60	43
<b>9</b>	<b>PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
	Annual fee payable	31	72
<b>10</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Provision for Federal Excise Duty	10.1 3,268	3,268
	Provision for Sindh Workers' Welfare Fund	10.2 5,181	3,871
	Donation payable	10.3 332	1,069
	Brokerage payable	333	144
	Withholding tax	157	108
	Auditors' remuneration	282	166
	Printing charges	153	153
	Others	8,868	138
		18,574	8,917

- 
- 
- 10.1** The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020 and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 3.268 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2020 would have been higher by Rs. 0.8994 per unit (June 30, 2020: Rs. 1.1090 per unit).

- 10.2** The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is the same as disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2020 and a constitutional petition filed by certain CISOs, through their trustees, in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISOs, is pending adjudication.

As at Dec 31, 2020, the provision in relation to SWWF amounted to Rs. 5.181 million (June 30, 2020: 3.871 million). Had the provision not being made, the net asset value per unit as at December 31, 2020 would have been higher by Rs. 1.4258 per unit (June 30, 2020: Rs. 1.1197 per unit).

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

## **11 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at Dec 31, 2020 ( June 30, 2020: Nil).

## **12 TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute at least 90% of the Fund's accounting income, as reduced by the capital gains, whether realised or unrealised, for the year ending June 30, 2021, to its unit holders.

## **13 EARNINGS PER UNIT**

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

## **14 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

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

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

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

14.1 Transactions during the year	Half year ended	
	December 31,	
	2020 (Un-Audited)	2019 (Un-Audited)
	----- Rupees in '000 -----	
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company for the year	3,073	3,784
Sindh Sales tax on remuneration of the Management Company	400	492
Allocation of expenses related to registrar services, accounting, operation and valuation services	247	434
Selling and marketing expenses	1,152	1,442
Sales load paid	-	28
Issuance of 603,840 (2019: 5,951,992) units	55,000	490,332
Redemption of 291,687 (2019: 5,382,654) units	25,000	452,882
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	26	6
Profit on bank deposits earned	106	136
<b>Executives of the Management Company</b>		
Issue of 36,737 (2019: 152) units	3,382	14
Redemption of 27,151 (2019: 3,270) units	2,484	240
<b>MCBFSL Trustee HBL Islamic Financial Planning Fund</b>		
<b>management</b>		
Issue of Nil (2019: 129,551) units	-	10,000
Redemption of Nil (2019: 3,662) units	-	297
<b>MCBFSL Trustee HBL Islamic Financial Planning Fund</b>		
<b>management</b>		
Issue of Nil (2019: 129,551) units	-	10,000
Redemption of 4,135 (2019: 32,912 ) units	384	3,000
<b>MCBFSL Trustee HBL Islamic Financial Planning Fund</b>		
<b>management</b>		
Issue of 17,165 (2019: 9,576) units	1,500	820
Redemption of 31,917 (2019: 27,882) units	2,748	2,412
<b>Rohtas Associates (Pvt) Ltd - Connected person due to holding more than 10% units:</b>		
Issue of 410,271 (2019: Nil) units	40,000	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	307	389
Sindh Sales tax on remuneration of the Trustee	40	51
CDS charges	31	55

December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
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----- Rupees in '000 -----

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

##### **HBL Asset Management Limited - Management Company**

Units held: 312,153 (June 30, 2020: Nil)	30,625	-
Remuneration payable to the Management Company	531	381
Sindh Sales Tax on management company's remuneration	69	50
Sales load payable	36	21
Selling and marketing expenses	566	472
Allocation of expenses related to registrar services, accounting, operation and valuation services	43	31

##### **Central Depository Company of Pakistan Limited - Trustee**

Trustee fee payable	60	43
Security deposit held	100	100

##### **Executives of the Management Company**

Units held: 14,774 (June 30, 2020: 1300)	1,449	101
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##### **MCBFSL Trustee HBL Islamic Financial Planning Fund**

###### **management**

Units held: 369,008 (June 30, 2020: 373,142)	36,203	28,945
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##### **MCBFSL Trustee HBL Islamic Financial Planning Fund**

###### **management**

Units held: 2,548 (June 30, 2020: 21,598)	250	1,342
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##### **MCB BANK LIMITED - Connected person due to holding more than 10% units:**

Units held: 916,259 (June 30, 2020: 916,259)	89,893	71,074
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##### **Munira Aamir Vasi - Connected person due to holding more than 10% units:**

Units held: 531,947 (June 30, 2020: 531,947)	52,189	41,263
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##### **Rohtas Associates (Pvt) Ltd - Connected person due to holding more than 10% units:**

Units held: 410,271 (June 30, 2020: Nil)	40,251	-
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## 15 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

As per the requirements of IFRS 13 (Fair Value Measurements), 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:

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

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

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

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

		Dec 31, 2020 (Un-Audited)						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Note		Rupees in '000'						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value through profit or loss</b>								
		355,717	-	355,717	355,717	-	-	355,717
<b>Financial assets not measured at fair value</b>								
	15.1	-	40,424	40,424				
		-	1,029	1,029				
		-	2,600	2,600				
		-	44,053	44,053				
<b>Financial liabilities not measured at fair value</b>								
	15.1	-	1,176	1,176				
		-	53	53				
		-	24,910	24,910				
		-	9,956	9,956				
		-	36,096	36,096				

June 30, 2020 (Audited)

Carrying amount		Fair Value				
Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total

Note:----- Rupees in '000' -----

**On-balance sheet financial instruments**

**Financial assets measured at fair value through profit or loss**

Listed equity securities	227,483	-	227,483	227,483	-	-	227,483
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**Financial assets not measured at fair value**

15.1

Bank balances	-	10,190	10,190				
Dividend and profit receivable	-	698	698				
Receivable against sale of investments - net	-	5	5				
Deposit - net	-	2,600	2,600				
	-	13,493	13,493				

**Financial liabilities not measured at fair value**

15.1

Payable to the Management Company	-	905	905				
Payable to the Trustee	-	38	38				
Payable against redemption of units	-	2,804	2,804				
Dividend payable	-	93	93				
Accrued expenses and other liabilities	-	1,550	1,550				
	-	5,390	5,390				

**15.1 Valuation techniques**

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

**15.2 Transfers during the period**

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

**16 TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended December 31, 2020 is 2.70% (December 31, 2019: 3.12%) which includes 0.61% (December 31, 2019: 0.76%) representing government levy and SECP fee.

**17 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorised for issue on \_\_\_\_\_ by the Board of Directors of the Management Company.

**18 GENERAL**

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

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

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

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

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

\_\_\_\_\_  
Director

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# **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., Chartered Accountants
Name of Trustee	MCB Financial Services Limited (MCBFSL)
Name of Shariah Advisors	AI - Hilal Shariah Advisors (Pvt.) Limited

Bankers	Bank Islami Pakistan Limited Habib Bank Limited Dubai Islamic Bank Limited Bank Al Habib Limited Allied Bank Limited
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**REPORT OF THE TRUSTEE TO THE UNIT HOLDERS**  
**HBL ISLAMIC FINANCIAL PLANNING FUND**

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

HBL Islamic Financial Planning Fund, an open-end Scheme established under a Trust Deed dated March 22, 2017 executed between HBL Asset Management Company Limited, as the Management Company and Digital Custodian Company Limited Formerly MCB Financial Services Limited, as the Trustee. The Fund commenced its operations from June 17, 2017.

1. HBL Asset Management Company Limited, the Management Company of HBL Islamic Financial Planning Fund has, in all material respects, managed HBL Islamic Financial Planning Fund during the year ended 31<sup>st</sup> December 2020 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

Khawaja Anwar Hussain  
Chief Executive Officer  
Digital Custodian Company Limited  
Formerly MCB Financial Services Limited

Karachi: February 23, 2021

Perdesi House | 2/1 R-Y | Old Queens Road | Karachi – 74200 | Pakistan  
+92-21-32419770 | [www.digitalcustodian.co](http://www.digitalcustodian.co) | [info@digitalcustodian.co](mailto:info@digitalcustodian.co)



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

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

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Financial Planning Fund** ("the Fund") as at 31 December 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other Matter**

The figures for the quarter ended 31 December 2020 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

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

Date: 17 February 2021

Karachi

  
KPMG Taseer Hadi & Co.  
Chartered Accountants

# HBL Islamic Financial Planning Fund

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

As at December 31, 2020

	December 31, 2020 (Un-Audited)				June 30, 2020 (Audited)					
	Active Allocation Plan	Conservative 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) .....										
<b>Assets</b>										
Bank balances	6	108	548	3,451	4,107	454	230	2,513	326,728	329,925
Bank balances of matured plan	12	-	-	-	2,005	-	-	-	-	-
Investments	7	100,142	1,244	-	101,386	94,081	6,640	-	27,437	128,158
Accrued mark-up		-	-	61	61	3	1	1	1,740	1,745
Preliminary expenses and flotation costs	8	25	9	-	34	34	9	-	160	203
Advances, deposits and other receivables	9	92	18	-	110	92	18	-	41	151
<b>Total assets</b>		<b>100,367</b>	<b>1,819</b>	<b>3,512</b>	<b>107,703</b>	<b>94,664</b>	<b>6,898</b>	<b>2,514</b>	<b>356,106</b>	<b>460,182</b>
<b>Liabilities</b>										
Payable to Management Company	10	26	322	2,248	2,596	22	133	6	2,223	2,384
Payable to Trustee		9	-	-	9	8	1	1	29	39
Payable to Securities and Exchange Commission of Pakistan		10	-	18	28	22	2	22	84	130
Accrued expenses and other liabilities	11	656	245	1,246	2,147	979	70	2,485	3,351	6,885
Dividend payable		-	-	-	-	66	-	-	650	716
Accrued expenses and other liabilities of matured plan	12	-	-	-	2,005	-	-	-	-	-
<b>Total liabilities</b>		<b>701</b>	<b>567</b>	<b>3,512</b>	<b>6,785</b>	<b>1,097</b>	<b>206</b>	<b>2,514</b>	<b>6,337</b>	<b>10,154</b>
<b>Net assets</b>		<b>99,666</b>	<b>1,252</b>	<b>-</b>	<b>100,918</b>	<b>93,567</b>	<b>6,692</b>	<b>-</b>	<b>349,769</b>	<b>450,028</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>99,666</b>	<b>1,252</b>	<b>-</b>	<b>100,918</b>	<b>93,567</b>	<b>6,692</b>	<b>-</b>	<b>349,769</b>	<b>450,028</b>
<b>CONTINGENCIES AND COMMITMENTS</b>										
	13	..... (Units) .....			..... (Units) .....					
<b>Number of units in issue</b>		<b>921,637</b>	<b>11,085</b>	<b>-</b>	<b>932,722</b>	<b>981,790</b>	<b>61,190</b>	<b>-</b>	<b>1,042,980</b>	<b>3,327,376</b>
		..... (Rupees) .....			..... (Rupees) .....					
<b>Net assets value per unit</b>		<b>108.1395</b>	<b>112.9808</b>	<b>-</b>	<b>100.918</b>	<b>95.3020</b>	<b>109.3637</b>	<b>-</b>	<b>105.1185</b>	<b>100.918</b>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

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

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

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

\_\_\_\_\_  
Director

# HBL Islamic Financial Planning Fund

## Condensed Interim Income Statement (Un-Audited)

For the six months period ended December 31, 2020

	2020				2019				
	Active Allocation Plan	Conservative 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>Income</b>									
Net realised gain on sale of investments calculated using effective yield method	1,065	166	2,852	4,083	3,199	708	10,328	6,696	20,931
Profit on deposits with banks calculated using effective yield method	8	17	4,296	4,321	44	11	239	18,417	18,711
Net unrealised appreciation on remeasurement of investments classified as "financial asset at fair value through profit or loss"	11,929	36	-	11,965	12,321	524	7,902	39,330	60,077
Back end load	-	-	14	14	-	-	-	352	352
	<b>13,002</b>	<b>219</b>	<b>7,162</b>	<b>20,383</b>	<b>15,564</b>	<b>1,243</b>	<b>18,469</b>	<b>64,795</b>	<b>100,071</b>
<b>Expenses</b>									
Remuneration to Management Company	-	7	863	870	6	2	58	1,401	1,467
Sindh Sales Tax on remuneration of the Management Company	-	1	112	113	1	-	7	182	190
Remuneration of Trustee	50	2	92	144	63	8	89	228	388
Annual fee to Securities and Exchange Commission of Pakistan	10	-	18	28	12	2	18	45	77
Allocation of expenses related to registrar services, accounting, operation and valuation services	98	4	180	282	120	14	153	440	727
Amortisation of preliminary expenses and flotation costs	9	-	160	169	9	2	-	526	537
Auditors' remuneration	114	8	57	179	26	3	12	135	176
Printing charges	-	5	5	10	8	-	-	8	16
Settlement and bank charges	5	6	1	12	14	8	18	20	60
Fees and subscription	6	-	21	27	2	3	1	8	14
Shariah advisory fee	70	3	47	120	19	3	10	68	100
	<b>362</b>	<b>36</b>	<b>1,556</b>	<b>1,954</b>	<b>280</b>	<b>45</b>	<b>366</b>	<b>3,061</b>	<b>3,752</b>
<b>Net income for the period from operating activities</b>	<b>12,640</b>	<b>183</b>	<b>5,606</b>	<b>18,429</b>	<b>15,284</b>	<b>1,198</b>	<b>18,103</b>	<b>61,734</b>	<b>96,319</b>
Provision for Sindh Workers' Welfare Fund	(253)	(3)	(112)	(368)	(306)	(24)	(362)	(1,235)	(1,927)
<b>Net income for the period before taxation</b>	<b>12,387</b>	<b>180</b>	<b>5,494</b>	<b>18,061</b>	<b>14,978</b>	<b>1,174</b>	<b>17,741</b>	<b>60,499</b>	<b>94,392</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Net income for the period after taxation</b>	<b>12,387</b>	<b>180</b>	<b>5,494</b>	<b>18,061</b>	<b>14,978</b>	<b>1,174</b>	<b>17,741</b>	<b>60,499</b>	<b>94,392</b>
<b>Distribution for the period</b>	-	-	(2,641)	(2,641)	-	-	-	-	-
<b>Allocation of net income for the period after taxation</b>									
Net income for the period after taxation	12,387	180	2,853	15,420	14,978	1,174	17,741	60,499	94,392
Income already paid on redemption of units	(574)	(141)	(2,853)	(3,568)	(2,917)	(419)	(8,805)	(968)	(13,109)
Accounting income available for distribution	<b>11,813</b>	<b>39</b>	<b>-</b>	<b>11,852</b>	<b>12,061</b>	<b>755</b>	<b>8,936</b>	<b>59,531</b>	<b>81,283</b>
<b>Accounting income available for distribution:</b>									
- Relating to capital gains	11,813	39	-	11,852	12,061	755	8,936	45,655	67,407
- Excluding capital gains	-	-	-	-	-	-	-	13,876	13,876
	<b>11,813</b>	<b>39</b>	<b>-</b>	<b>11,852</b>	<b>12,061</b>	<b>755</b>	<b>8,936</b>	<b>59,531</b>	<b>81,283</b>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Islamic Financial Planning Fund

## Condensed Interim Income Statement (Un-Audited)

For the three months period ended December 31, 2020

	2020				2019				
	Active Allocation Plan	Conservative 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>INCOME</b>									
Net realised gain on sale of investments calculated using effective yield method	582	19	-	601	2,653	709	1,059	8,641	13,062
Profit on deposits with banks calculated using effective yield method	4	4	(462)	(454)	29	8	169	8,588	8,794
Net unrealised appreciation on remeasurement of investments classified as 'financial asset at fair value through profit or loss	4,718	29	-	4,747	13,294	306	5,752	38,887	58,239
Back end load	-	-	-	-	-	-	-	59	59
	<b>5,304</b>	<b>52</b>	<b>(462)</b>	<b>4,894</b>	<b>15,976</b>	<b>1,023</b>	<b>6,980</b>	<b>56,175</b>	<b>80,154</b>
<b>Expenses</b>									
Remuneration to Management Company	-	1	9	10	4	2	-	715	721
Sindh Sales Tax on remuneration of the Management Company	-	-	1	1	-	-	-	-	-
Remuneration of Trustee	25	1	1	27	31	4	14	116	165
Annual fee to Securities and Exchange Commission of Pakistan	5	-	-	5	5	1	1	23	30
Allocation of expenses related to registrar services, accounting, operation and valuation services	48	1	2	51	59	4	4	229	296
Amortisation of preliminary expenses and flotation costs	5	-	-	5	4	1	-	240	245
Auditors' remuneration	97	8	-	105	22	3	-	112	137
Printing charges	-	5	-	5	8	-	-	8	16
Settlement and bank charges	3	2	-	5	13	2	11	7	33
Fees and subscription	-	-	-	-	2	3	1	4	10
Shariah advisory fee	60	2	-	62	9	3	-	33	45
	<b>243</b>	<b>20</b>	<b>13</b>	<b>276</b>	<b>157</b>	<b>23</b>	<b>31</b>	<b>1,487</b>	<b>1,698</b>
<b>Net income for the period from operating activities</b>	<b>5,061</b>	<b>32</b>	<b>(475)</b>	<b>4,618</b>	<b>15,819</b>	<b>1,000</b>	<b>6,949</b>	<b>54,688</b>	<b>78,456</b>
Provision for Sindh Workers' Welfare Fund	(101)	-	(1)	(102)	(306)	(22)	(139)	(1,094)	(1,561)
<b>Net income for the period before taxation</b>	<b>4,960</b>	<b>32</b>	<b>(476)</b>	<b>4,516</b>	<b>15,513</b>	<b>978</b>	<b>6,810</b>	<b>53,594</b>	<b>76,895</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Net income for the period after taxation</b>	<b>4,960</b>	<b>32</b>	<b>(476)</b>	<b>4,516</b>	<b>15,513</b>	<b>978</b>	<b>6,810</b>	<b>53,594</b>	<b>76,895</b>
<b>Allocation of net income for the period after taxation</b>									
Net income for the period after taxation	4,960	32	(476)	4,516	15,513	978	6,810	53,594	76,895
Income already paid on redemption of units	(422)	(30)	(2,742)	(3,194)	-	-	-	-	-
Accounting income available for distribution	<b>4,538</b>	<b>2</b>	<b>(3,218)</b>	<b>1,322</b>	<b>15,513</b>	<b>978</b>	<b>6,810</b>	<b>53,594</b>	<b>76,895</b>
<b>Accounting income available for distribution:</b>									
- Relating to capital gains	4,538	2	(3,218)	1,322	15,513	978	6,810	53,594	76,895
- Excluding capital gains	-	-	-	-	-	-	-	-	-
	<b>4,538</b>	<b>2</b>	<b>(3,218)</b>	<b>1,322</b>	<b>15,513</b>	<b>978</b>	<b>6,810</b>	<b>53,594</b>	<b>76,895</b>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the six months period ended December 31, 2020*

	2020				2019				
	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
	(Rupees in '000)								
<b>Net income for the period after taxation</b>	<b>12,387</b>	<b>180</b>	<b>5,494</b>	<b>18,061</b>	14,978	1,174	17,741	60,499	94,392
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>12,387</b>	<b>180</b>	<b>5,494</b>	<b>18,061</b>	14,978	1,174	17,741	60,499	94,392

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the three months period ended December 31, 2020*

	2020				2019				
	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
	(Rupees in '000)								
Net income for the period after taxation	4,960	32	(476)	4,516	15,513	978	6,810	53,594	76,895
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>4,960</b>	<b>32</b>	<b>(476)</b>	<b>4,516</b>	<b>15,513</b>	<b>978</b>	<b>6,810</b>	<b>53,594</b>	<b>76,895</b>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

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

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

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

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

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement of Movement in Unit holders' Fund (Un-Audited)**  
*For the six months period ended December 31, 2020*

	2020			2019		
	Active Allocation Plan			Active Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at beginning of the period</b>	<b>100,158</b>	<b>(6,591)</b>	<b>93,567</b>	<b>155,916</b>	<b>(11,279)</b>	<b>144,637</b>
Issuance of 5,031 units (2019: 504 Units )						
- Capital value	479	-	479	47	-	47
- Element of income	37	-	37	3	-	3
Total proceeds on issuance of units	516	-	516	50	-	50
Redemption of 65,184 units (2019: 544,360 units)						
- Capital value	(6,212)	-	(6,212)	(50,803)	-	(50,803)
- Element of loss	(18)	(574)	(592)	826	(2,917)	(2,091)
Total payments on redemption of units	(6,230)	(574)	(6,804)	(49,977)	(2,917)	(52,894)
Net income for the period	-	12,387	12,387	-	14,978	14,978
Total comprehensive income for the period	-	12,387	12,387	-	14,978	14,978
<b>Net assets at end of the period</b>	<b>94,444</b>	<b>5,222</b>	<b>99,666</b>	<b>105,989</b>	<b>782</b>	<b>106,771</b>
<b>Undistributed income brought forward</b>						
- Realised income		(7,473)			443	
- Unrealised loss		882			(11,722)	
		(6,591)			(11,279)	
<b>Accounting income available for distribution</b>						
- Relating to capital gain		11,813			12,061	
- Excluding capital gain		-			-	
		11,813			12,061	
<b>Undistributed income carried forward</b>		<b>5,222</b>			<b>782</b>	
<b>Undistributed income carried forward comprises of:</b>						
- Realised loss		(6,707)			(11,539)	
- Unrealised income		11,929			12,321	
		5,222			782	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			<b>95.3020</b>			<b>93.3275</b>
<b>Net assets value per unit at end of the period</b>			<b>108.1395</b>			<b>106.1426</b>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement of Movement in Unit holders' Fund (Un-Audited)**  
*For the six months period ended December 31, 2020*

	2020			2019		
	Conservative Allocation Plan			Conservative Allocation Plan		
	Capital value	Undistributed income (accumulated loss)	Total	Capital value	Undistributed income (accumulated loss)	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at beginning of the period</b>	5,669	1,023	6,692	16,974	593	17,567
Issuance of 209,796 units (2019: Nil units)						
- Capital value	22,944	-	22,944	-	-	-
- Element of income	111	-	111	-	-	-
Total proceeds on issuance of units	23,055	-	23,055	-	-	-
Redemption of 259,901 units (2019: 83,776 units)						
- Capital value	(28,423)	-	(28,423)	(8,500)	-	(8,500)
- Element of loss	(111)	(141)	(252)	24	(419)	(395)
Total payments on redemption of units	(28,534)	(141)	(28,675)	(8,476)	(419)	(8,895)
Net income for the period	-	180	180	-	1,174	1,174
Total comprehensive income for the period	-	180	180	-	1,174	1,174
<b>Net assets at end of the period</b>	<b>190</b>	<b>1,062</b>	<b>1,252</b>	<b>8,498</b>	<b>1,348</b>	<b>9,846</b>
<b>Undistributed income brought forward</b>						
- Realised income		873			1,205	
- Unrealised loss		150			(612)	
		1,023			593	
<b>Accounting income available for distribution</b>						
- Relating to capital gain	39			755		
- Excluding capital gain	-			-		
	39			755		
<b>Undistributed income carried forward</b>		<b>1,062</b>			<b>1,348</b>	
<b>Undistributed income carried forward comprises of:</b>						
- Realised income		1,026			824	
- Unrealised income		36			524	
		1,062			1,348	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			<b>109.3637</b>			<b>101.4641</b>
<b>Net assets value per unit at end of the period</b>			<b>112.9808</b>			<b>110.1755</b>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement of Movement in Unit holders' Fund (Un-Audited)**  
*For the six months period ended December 31, 2020*

	2020			2019		
	Islamic Capital Preservation Plan			Islamic Capital Preservation Plan		
	Capital value	Undistributed income, (accumulated loss)	Total	Capital value	Undistributed income, (accumulated loss)	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at beginning of the period</b>	334,662	15,107	349,769	455,908	(2,509)	453,399
Issuance of 46,728 units (2019: Nil units)						
- Capital value	4,912	-	4,912	-	-	-
- Element of loss	39	-	39	-	-	-
Total proceeds on issuance of units	4,951	-	4,951	-	-	-
Redemption of 3,374,104 units (2019: 20,814,317 units)						
- Capital value	(354,681)	-	(354,681)	(40,120)	-	(40,120)
- Element of loss	(39)	(2,853)	(2,892)	550	(968)	(418)
Total payments on redemption of units	(354,720)	(2,853)	(357,573)	(39,570)	(968)	(40,538)
Net income for the period	-	5,494	5,494	-	60,499	60,499
Distribution for the period	-	(2,641)	(2,641)	-	-	-
Total comprehensive income for the period	-	2,853	2,853	-	60,499	60,499
<b>Net assets at end of the period</b>	<b>(15,107)</b>	<b>15,107</b>	<b>-</b>	<b>416,338</b>	<b>57,022</b>	<b>473,360</b>
<b>Undistributed income brought forward</b>						
- Realised income		14,322			21,387	
- Unrealised loss		785			(23,896)	
		15,107			(2,509)	
<b>Accounting income available for distribution</b>						
- Relating to capital gain		-			45,655	
- Excluding capital gain		-			13,876	
		-			59,531	
Distribution during the period		(2,641)				
Net loss for the period after taxation						
<b>Accumulated loss carried forward</b>		<b>12,466</b>			<b>57,022</b>	
<b>Undistributed income carried forward comprises of:</b>						
- Realised income		12,466			17,692	
- Unrealised income		-			39,330	
		12,466			57,022	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			<b>105.1185</b>			<b>99.4840</b>
<b>Net assets value per unit at end of the period</b>						<b>113.9467</b>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

# HBL Islamic Financial Planning Fund

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

For the six months period ended December 31, 2020

Note	2020				2019				
	Active Allocation Plan	Conservative 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>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Net income for the period before taxation	12,387	180	5,494	18,061	14,978	1,174	17,741	60,499	94,392
<b>Adjustments for:</b>									
Net realised gain on sale of investments calculated using effective yield method	(1,065)	(166)	(2,852)	(4,083)	(3,199)	(708)	(10,328)	(6,696)	(20,931)
Profit on deposits with banks calculated using effective yield method	(8)	(17)	(4,296)	(4,321)	(44)	(11)	(239)	(18,417)	(18,711)
Net unrealised appreciation on remeasurement of investments classified as financial asset at fair value through profit or loss	(11,929)	(36)	-	(11,965)	(12,321)	(524)	(7,902)	(39,330)	(60,077)
Amortisation of preliminary expenses and flotation costs	-	-	-	-	9	2	-	526	537
	(615)	(39)	(1,654)	(2,308)	(577)	(67)	(728)	(3,418)	(4,790)
<b>Decrease / (increase) in assets</b>									
Investments	6,933	5,598	30,289	42,820	53,630	9,098	2,113,173	(44,289)	2,131,612
Preliminary expenses and flotation costs	9	-	160	169	-	-	-	-	-
Advances	-	-	41	41	(67)	-	(2)	(10)	(79)
	6,942	5,598	30,490	43,030	53,563	9,098	2,113,171	(44,299)	2,131,533
<b>(Decrease) / increase in liabilities</b>									
Payable to Management Company	4	189	25	218	7	-	(403)	(44)	(440)
Payable to Trustee	1	(1)	(29)	(29)	(3)	(1)	(206)	3	(207)
Payable to Securities and Exchange Commission of Pakistan	(12)	(2)	(66)	(80)	(179)	(21)	(3,891)	(289)	(4,380)
Accrued expenses and other liabilities	(323)	175	(2,105)	(2,253)	388	40	(796)	1,341	973
Accrued expenses and other liabilities of matured plan	-	-	-	(509)	-	-	-	-	-
Dividend payable	(66)	-	(650)	(716)	-	-	-	-	-
	(396)	361	(2,825)	(3,369)	213	18	(5,296)	1,011	(4,054)
Cash generated from / (used in) operations	5,931	5,920	26,011	37,353	53,199	9,049	2,107,147	(46,706)	2,122,689
Profit received on bank deposits	11	18	5,975	6,004	39	11	238	17,580	17,868
Net cash generated from / (used in) operating activities	5,942	5,938	31,986	43,357	53,238	9,060	2,107,385	(29,126)	2,140,557
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Amount received on issue of units	516	23,055	4,951	28,522	50	-	-	-	50
Amount paid on redemption of units	(6,804)	(28,675)	(357,573)	(393,052)	(52,894)	(8,895)	(2,106,251)	(40,538)	(2,208,578)
Distribution for the period	-	-	(2,641)	(2,641)	-	-	-	-	-
Net cash (used in) / generated from financing activities	(6,288)	(5,620)	(355,263)	(367,171)	(52,844)	(8,895)	(2,106,251)	(40,538)	(2,208,528)
Net (decrease) / increase in cash and cash equivalents	(346)	318	(323,277)	(323,814)	394	168	1,144	(67,998)	(66,292)
Cash and cash equivalents at the beginning of the period	454	230	326,728	329,926	737	53	2,440	334,719	337,949
Cash and cash equivalents at the end of the period	108	548	3,451	6,112	1,131	221	3,584	266,721	271,657

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Islamic Financial Planning Fund

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

*For the six months period ended December 31, 2020*

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### 1. LEGAL STATUS AND NATURE OF BUSINESS

**1.1** HBL Islamic Financial Planning Fund (the "Fund"), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The 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 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton. The Fund commenced its operations from June 17, 2017.

**1.2** The Fund is an open ended shariah compliant fund of fund scheme and is listed on Pakistan Stock Exchange Limited. The Fund has four different plans namely Conservative Allocation Plan, Active Allocation Plan, Strategic Allocation Plan and Islamic Capital Preservation Plan (collectively referred as 'Plans'). The units of Conservative Allocation and Active Allocation Plan were initially offered to public (IPO) on June 16, 2016 whereas units of Strategic Allocation Plan were offered from June 15, 2016 to June 16, 2016 and units of Islamic Capital Preservation Plan were offered from July 01, 2018 to October 01, 2018. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of the Fund is perpetual however the allocation plans may have a set time frame. Each Allocation Plan announce separate NAVs which rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

**1.3** The objective of the Fund is to generate returns on Investment as per the respective Allocation Plan by investing in Shariah Compliant Mutual Funds in line with the risk tolerance of the investor. The investment policy for each of the Plan including the newly launched Plan "Islamic Capital Preservation Plan" (launched on October 02, 2018) are as follows;

- The "Conservative Allocation Plan" is an Allocation Plan under the Fund and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of shariah compliant investments in equity, income and money market funds. This Allocation Plan is suitable for investors who have moderate risk tolerance and have a short to medium term investment horizon. The plan will exist till perpetuity.
- The "Active Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active asset allocation between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market scheme(s) based on the Fund Manager's outlook on the asset classes. The plan will exist till perpetuity.
- The "Strategic Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active allocation of funds between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market scheme(s) based on fundamental analysis of economic indicators, underlying asset values and a strategy of risk aversion to market volatility. Fund Manager take a medium term strategic view of the portfolio assets to deliver competitive returns to investors. The duration of this plan is 24 months (Two Years). HBL Islamic Financial Planning Fund - Strategic Allocation Plan has matured on June 16, 2019 and its remaining assets and liabilities are shown in note 12.
- The "Islamic Capital Preservation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through dynamic asset allocation between Shariah Compliant Equities and Shariah Compliant Money Market based Collective Investment Schemes, Shariah compliant saving accounts and term deposits while aiming providing capital preservation on the initial amount excluding front end load upon maturity of the allocation plan. The duration of this plan was 24 months (Two Years) and it has matured on October 1, 2020.

**1.4** VIS Credit Rating Company has assigned a management quality rating of 'AM2++' (stable outlook) to the Management Company.

**1.5** Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

### **1.6 Impact of Covid-19**

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

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The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended 31 December, 2020 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the economy and business, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts from time to time.

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

The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact on current financial statements of the Fund.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

**2.1.2** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended June 30, 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2020.

### **2.2 Basis of measurement**

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

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

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

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year, ended June 30, 2020.

#### 4. USE OF ESTIMATES AND JUDGEMENTS

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2020.

#### 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2020.

		December 31, 2020				June 30, 2020				
		Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
6. BANK BALANCES	Note	(Rupees in '000)				(Rupees in '000)				
Savings accounts	6.1	108	548	3,451	4,107	454	230	2,513	326,728	329,925

6.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 4.00% to 6.00% (June 2020 : 6.00% to 13.25%) per annum.

		December 31, 2020				June 30, 2020				
		Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
7. INVESTMENTS		(Rupees in '000)				(Rupees in '000)				
Investments by category										
At fair value through profit or loss	Note	(Rupees in '000)				(Rupees in '000)				
Units of mutual funds	7.1	100,142	1,244	-	101,386	94,081	6,640	-	27,437	128,158

7.1 Units of mutual funds	Name of Investee Funds		As at July 1, 2020	Purchases during the period	Bonus / Rights issue	Redemptions during the period	As at December 31, 2020	Cost of holding: as at December 31, 2020	Market value as at December 31, 2020	Market value as a percentage of Total Investments	Market value as percentage of Net Assets
	<b>Active Allocation Plan</b>										
	HBL Islamic Income Fund	7.2	467,208	-	-	271,056	196,152	19,915	20,382	20.10%	20.45%
	HBL Islamic Equity Fund	7.2	373,142	-	-	4,135	369,007	28,624	36,203	35.71%	36.32%
	HBL Islamic Stock Fund	7.2	188,995	-	-	28,059	160,936	15,073	18,851	18.59%	18.91%
	HBL Islamic Dedicated Equity Fund	7.2	-	251,913	-	-	251,913	24,600	24,706	24.37%	24.79%
			1,029,345	251,913	-	303,250	978,008	88,212	100,142	98.77%	100.47%
	<b>Conservative Allocation Plan</b>										
	HBL Islamic Income Fund	7.2	52,179	59,379	-	101,988	9,570	978	994	79.90%	79.39%
	HBL Islamic Equity Fund	7.2	17,300	17,165	-	31,917	2,548	230	250	20.10%	19.97%
			69,479	76,544	-	133,905	12,118	1,208	1,244	100.00%	99.36%
	<b>Islamic Capital Preservation Plan</b>										
	HBL Islamic Dedicated Equity Fund		313,411	-	-	313,411	-	-	-	-	-
			313,411	-	-	313,411	-	-	-	-	-
	<b>Total as at December 31, 2020</b>		<b>1,412,235</b>	<b>328,457</b>	<b>-</b>	<b>750,566</b>	<b>990,126</b>	<b>89,420</b>	<b>101,386</b>		

7.2 Following transactions are the related party transactions with collective investment schemes managed by the Management Company and market value as 31 December 2020 are the outstanding balances as at 31 December 2020.

#### 8. PRELIMINARY EXPENSES AND FLOATATION COSTS

		December 31, 2020				June 30, 2020				
		Active Allocation Plan	Conservative 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)				
Opening balance		34	9	160	203	51	13	-	1,152	1,216
Add: Cost incurred during the period		-	-	-	-	-	-	-	-	-
Less: Amortised during the period	8.1	(9)	-	(160)	(169)	(17)	(4)	-	(992)	(1,013)
Closing balance		25	9	-	34	34	9	-	160	203

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

#### 9. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	December 31, 2020				June 30, 2020				
	Active Allocation Plan	Conservative 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)				
Advance tax	92	18	-	110	92	18	-	41	151
	<b>92</b>	<b>18</b>	<b>-</b>	<b>110</b>	<b>92</b>	<b>18</b>	<b>-</b>	<b>41</b>	<b>151</b>

#### 10. PAYABLE TO THE MANAGEMENT COMPANY

	December 31, 2020				June 30, 2020				
	Active Allocation Plan	Conservative 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)				
Formation cost	-	-	1,860	1,860	-	-	-	1,860	1,860
Rumeration to the Management Company	-	-	286	286	-	-	4	264	268
Sindh Sales Tax	-	-	37	37	-	-	-	34	34
Allocation of expenses related to registrar services, accounting, operation and valuation services	17	-	58	75	15	1	2	58	76
Sales load payable	9	322	7	338	7	132	-	7	146
	<b>26</b>	<b>322</b>	<b>2,248</b>	<b>2,596</b>	<b>22</b>	<b>133</b>	<b>6</b>	<b>2,223</b>	<b>2,384</b>

#### 11. ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31, 2020				June 30, 2020				
	Active Allocation Plan	Conservative 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)				
Withholding tax	4	1	-	5	643	21	-	2,108	2,772
Provision for Workers' Welfare Fund	503	48	1,170	1,721	250	45	1,949	1,058	3,302
Shariah advisory fee	17	-	-	17	3	-	2	11	16
Printing charges	4	5	19	28	10	-	6	25	41
Auditors' remuneration	86	6	57	149	37	4	23	144	208
Other payables	42	185	-	227	102	3	505	655	1,265
	<b>656</b>	<b>245</b>	<b>1,246</b>	<b>2,147</b>	<b>1,045</b>	<b>73</b>	<b>2,485</b>	<b>4,001</b>	<b>7,604</b>

#### 11.1 Provision for Workers' Welfare Fund

The legal status of applicability of Worker's Welfare Fund (WWF) and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

The Fund has recognised provision for SWWF amounting to Rs. 0.253 million, Rs. 0.003 million and Rs. 0.112 million (June 30, 2020 Rs. 0.169 million, Rs. 0.342 million and Rs. 1.058 million) for Active Allocation Plan, Conservative Allocation Plan and Capital Preservation Plan respectively in this condensed interim financial information. Had the provision not been made, net asset value per unit at December 31, 2020 would have been higher by Re. 0.0548 and Rs.4.3302 (June 30, 2020 : Re.0.2546, Re.0.7363 and Re.0.3215) per unit for Active Allocation Plan and Conservative Allocation Plan respectively.

12. This represents bank balances amounting to Rs. 2.005 million and accrued liabilities amounting to Rs. 2.005 million of Strategic Allocation Plan matured on 16 June 2020. The accrued liabilities include provision in respect of various contingencies which if not materialize will be reversed and the amounts refunded to the unitholders which were present at the time of maturity.

#### 13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2020 and June 30, 2020 except those disclosed already.

## 14. TAXATION

The Fund's income is exempt from Income Tax as per Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2021 to its unit holders.

## 15. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

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

### 15.1 Transactions during the period

Note	Half year ended December 31, 2020				Half year ended December 31, 2019				Total
	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	
(Rupees in '000)									
<b>HBL Asset Management Limited - Management Company</b>									
Management fee	-	7	863	870	6	2	58	1,401	1,467
Sindh Sales Tax on remuneration of the Management Company	-	1	112	113	1	-	7	182	190
Allocation of expenses related to registrar services, accounting, operation and valuation services	98	4	180	282	120	14	129	440	703
<b>Habib Bank Limited - Sponsor</b>									
Bank charges	5	6	1	12	2	6	7	13	28
Profit earned during the period	3	16	4,773	4,792	13	2	61	48	124
<b>MCB Financial Services Limited</b>									
Remuneration	50	2	92	144	63	8	89	228	388
<b>Collective investment scheme managed by Management Company</b>									
<b>HBL Islamic Income Fund</b>									
Purchase of 59,379 units (2019: 201,783 units)	-	4,454	-	4,454	12,477	3,989	4,597	-	21,063
Redemption of 373,044 units (2019: 21,612,181 units)	28,063	10,404	-	38,467	52,914	11,154	2,139,641	-	2,203,709
<b>HBL Islamic Equity Fund</b>									
Purchase of 17,166 units (2019: 268,678 units)	-	1,500	-	1,500	10,000	820	10,000	-	20,820
Redemption of 36,052 units (2019: 65,211 units)	384	2,747	-	3,131	3,000	2,482	297	-	5,779
<b>HBL Islamic Stock Fund</b>									
Purchase of Nil units (2019: 869,952 units)	-	-	-	-	1,933	578	-	-	2,511
Redemption of 28,059 units (2019: 264,776 units)	3,087	-	-	3,087	21,503	850	-	-	22,353
<b>HBL Islamic Dedicated Equity Fund</b>									
Purchase of 251,913 units (2019: 6,851,586 units)	39,400	-	-	39,400	12,000	-	18,000	200,000	230,000
Redemption of 313,411 units (2019: 1,580,821 units)	-	-	30,290	30,290	12,623	-	5,830	155,558	174,011
<b>Jubilee Insurance Company LTD Staff Provident Fund</b>									
Investment of 402 units (2019: Nil units)	-	-	43	43	-	-	-	-	-
Redemption of 53,649 Units (2019: Nil units)	-	-	5,685	5,685	-	-	-	-	-
Dividend Paid	-	-	43	43	-	-	-	-	-

	December 31, 2020				June 30, 2020				Total
	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	
<b>15.2 Amounts outstanding as at period en</b>	(Rupees in '000)								
<b>HBL Asset Management Limited - Management Company</b>									
Management Fee	-	-	286	286	8	2	63	2,848	2,921
Sindh Sales Tax	-	-	37	37	1	-	8	370	379
Formation cost	-	-	1,860	1,860	-	-	-	1,860	1,860
Allocation of expenses related to registrar services, accounting, operation and valuation services	17	-	58	75	217	21	183	828	1,249
Issue of Nil units (2020: 464 units)	-	-	-	-	44	-	-	-	44
Dividend paid	-	-	-	-	44	-	-	-	44
Sales load payable	9	322	7	338	-	-	-	-	-
<b>MCB Financial Services Limited</b>									
Remuneration payable	8	-	-	8	56	7	79	202	344
Sindh Sales Tax	1	-	-	1	7	1	10	26	44
<b>Habib Bank Limited - Sponsor</b>									
Bank balances	96	525	1,948	2,569	281	208	2,467	323,811	326,767
<b>Collective investment scheme managed by Management Company</b>									
<b>HBL Islamic Income Fund:</b>									
Units held 196,152 (2020: 467,207)	20,382	-	-	20,382	47,436	-	-	-	47,436
Units held 9,570 (2020: 52,179)	-	994	-	994	-	5,298	-	-	5,298
<b>HBL Islamic Equity Fund</b>									
Units held 369,007 (2020: 373,142)	36,203	-	-	36,203	28,945	-	-	-	28,945
Units held 2,548 (2020: 17,300)	-	250	-	250	-	1,342	-	-	1,342
<b>HBL Islamic Stock Fund</b>									
Units held 160,936 (2020: 188,995)	18,851	-	-	18,851	17,701	-	-	-	17,701
<b>HBL Islamic Dedicated Equity Fund</b>									
Units held Nil (2020: 313,411)	-	-	-	-	-	-	-	27,437	27,437
<b>HBL Asset Management Limited - Employees Provident Fund</b>									
Investment held in the Fund: 12,039 units (June 30, 2020: 12,039 units)	1,302	-	-	1,302	1,080	-	-	-	1,080
<b>New Jubilee Life Insurance Co. Limited Staff Provident Fund</b>									
Investment held in the Fund: Nil units (June 30, 2020: 50,009 units)	-	-	-	-	-	-	-	4,975	4,975
<b>Ambreen Salman</b>									
Investment held in the Fund: 130,914 units (June 30, 2020: 130,914 units)	14,157	-	-	14,157	12,476	-	-	-	12,476
<b>Muhammad Salman</b>									
Investment held in the Fund: 95,944 units (June 30, 2020: 95,944 units)	10,375	-	-	10,375	9,144	-	-	-	9,144
<b>Rubina Siddique</b>									
Investment held in the Fund: 107,380 units (June 30, 2020: 107,380 units)	11,612	-	-	11,612	10,234	-	-	-	10,234
<b>Syed Zawar haider</b>									
Investment held in the Fund: 5,003 units (June 30, 2020: 5,003 units)	-	566	-	566	-	547	-	-	547
<b>Shehnaz Zeeshan</b>									
Investment held in the Fund: 130,543 units (June 30, 2020: 130,543 units)	14,117	-	-	14,117	12,441	-	-	-	12,441
<b>Mr. Muhammad Ashraf</b>									
Investment held in the Fund: 5,243 units (June 30, 2020: 5,243 units)	-	593	-	593	-	573	-	-	573

## 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Held by Active Allocation Plan								
December 31, 2020								
Note	Carrying Amount				Fair Value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000)								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
	Investments - Units of Mutual Funds	100,142	-	-	100,142	-	-	100,142
		<u>100,142</u>	<u>-</u>	<u>-</u>	<u>100,142</u>	<u>-</u>	<u>-</u>	<u>100,142</u>
<b>Financial assets not measured at fair value</b>								
16.1	Bank balances	-	-	108				108
	Preliminary expenses and flotation costs	-	-	25				25
		<u>-</u>	<u>-</u>	<u>133</u>				<u>133</u>
<b>Financial liabilities not measured at fair value</b>								
16.1	Payable to Management Company	-	-	26				26
	Payable to Trustee	-	-	9				9
	Accrued expenses and other liabilities	-	-	149				149
		<u>-</u>	<u>-</u>	<u>184</u>				<u>184</u>

Held by Active Allocation Plan								
June 30, 2020								
Note	Carrying Amount				Fair Value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000)								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
	Investments - Units of Mutual Funds	94,081	-	-	94,081	-	-	94,081
		<u>94,081</u>	<u>-</u>	<u>-</u>	<u>94,081</u>	<u>-</u>	<u>-</u>	<u>94,081</u>
<b>Financial assets not measured at fair value</b>								
16.1	Bank balances	-	-	454				454
	Accrued mark-up	-	-	3				3
	Preliminary expenses and flotation costs	-	-	34				34
	Advances, deposits and other receivables	-	-	92				92
		<u>-</u>	<u>-</u>	<u>583</u>				<u>583</u>
<b>Financial liabilities not measured at fair value</b>								
16.1	Payable to Management Company	-	-	22				22
	Payable to Trustee	-	-	8				8
	Accrued expenses and other liabilities	-	-	152				152
		<u>-</u>	<u>-</u>	<u>182</u>				<u>182</u>

Held by Conservative Allocation Plan								
December 31, 2020								
Note	Carrying Amount				Fair Value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000)								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
	Investments - Units of Mutual Funds	1,244	-	-	1,244	-	-	1,244
		<u>1,244</u>	<u>-</u>	<u>-</u>	<u>1,244</u>	<u>-</u>	<u>-</u>	<u>1,244</u>
<b>Financial assets not measured at fair value</b>								
16.1	Bank balances	-	-	548				548
	Accrued mark-up	-	-	-				-
	Preliminary expenses and flotation costs	-	-	9				9
		<u>-</u>	<u>-</u>	<u>557</u>				<u>557</u>
<b>Financial liabilities not measured at fair value</b>								
16.1	Payable to Management Company	-	-	322				322
	Accrued expenses and other liabilities	-	-	196				196
		<u>-</u>	<u>-</u>	<u>518</u>				<u>518</u>

Held by Conservative Allocation Plan									
June 30, 2020									
Note	Carrying Amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
	Investments - Units of Mutual Funds	6,640	-	-	6,640	6,640	-	-	6,640
		<u>6,640</u>	<u>-</u>	<u>-</u>	<u>6,640</u>				
<b>Financial assets not measured at fair value</b>									
16.1	Bank balances	-	-	230	230				
	Accrued mark-up	-	-	1	1				
	Preliminary expenses and flotation costs	-	-	9	9				
	Receivable against sale of investments	-	-	-	-				
	Advances, deposits and other receivables	-	-	18	18				
		<u>-</u>	<u>-</u>	<u>258</u>	<u>258</u>				
<b>Financial liabilities not measured at fair value</b>									
16.1	Payable to Management Company	-	-	133	133				
	Payable to Trustee	-	-	1	1				
	Accrued expenses and other liabilities	-	-	7	7				
		<u>-</u>	<u>-</u>	<u>141</u>	<u>141</u>				

Held by Islamic Capital Preservation Plan									
December 31, 2020									
Note	Carrying Amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets not measured at fair value</b>									
15.1	Bank balances	-	-	3,451	3,451				
	Accrued mark-up	-	-	61	61				
		<u>-</u>	<u>-</u>	<u>3,512</u>	<u>3,512</u>				
<b>Financial liabilities not measured at fair value</b>									
15.1	Payable to Management Company	-	-	2,248	2,248				
	Payable to Trustee	-	-	-	-				
	Accrued expenses and other liabilities	-	-	76	76				
		<u>-</u>	<u>-</u>	<u>2,324</u>	<u>2,324</u>				

Held by Islamic Capital Preservation Plan									
June 30, 2020									
Note	Carrying Amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
	Investments	27,437	-	-	27,437	27,437	-	-	27,437
		<u>27,437</u>	<u>-</u>	<u>-</u>	<u>27,437</u>				
<b>Financial assets not measured at fair value</b>									
16.1	Bank balances	-	-	326,728	326,728				
	Accrued mark-up	-	-	1,740	1,740				
		<u>-</u>	<u>-</u>	<u>328,468</u>	<u>328,468</u>				
<b>Financial liabilities not measured at fair value</b>									
16.1	Payable to Management Company	-	-	2,223	2,223				
	Payable to Trustee	-	-	29	29				
	Accrued expenses and other liabilities	-	-	835	835				
		<u>-</u>	<u>-</u>	<u>3,087</u>	<u>3,087</u>				

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**16.1** 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.

**16.2** Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

**17. TOTAL EXPENSE RATIO**

In accordance with the Directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2020 is 0.63% and 1.07% (December 31, 2019 : 0.48%, 0.50%, 0.40% and 0.97%) which includes 0.27 % and 0.14% (December 31, 2019 : 0.27%, 0.18%, 0.22% and 0.34%) for Active Allocation Plan, Conservative Allocation Plan, Strategic Allocation Plan and Islamic Capital Preservation Plan representing government levy, Sindh Worker's Welfare Fund and SECP fee respectively. As per S.R.O 639 (I)/2019, the limit towards expense ratio has been revised from 4.00% to 4.50% for Equity, Balanced, Asset Allocation and Capital protected (dynamic asset allocation-direct exposure).

**18. DATE OF AUTHORIZATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 10, 2021.

**19. 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	Yousuf Adil Chartered Accountants
Name of Trustee	MCB Financial Services Limited (MCBFSL)
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Allied Bank Limited



## REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

### HBL ISLAMIC DEDICATED EQUITY FUND

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

HBL Islamic Dedicated Equity Fund, an open-end Scheme established under a Trust Deed dated June 22, 2017 executed between HBL Asset Management Company Limited, as the Management Company and Digital Custodian Company Limited Formerly MCB Financial Services Limited, as the Trustee. The Fund was authorized by Securities & Exchange Commission of Pakistan as a unit trust scheme on 4<sup>th</sup> July 2018.

1. HBL Asset Management Company Limited, the Management Company of HBL Islamic Dedicated Equity Fund has, in all material respects, managed HBL Islamic Dedicated Equity Fund during the year ended 31<sup>st</sup> December 2020 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

Khawaja Anwar Hussain  
Chief Executive Officer  
Digital Custodian Company Limited  
Formerly MCB Financial Services Limited

Karachi: February 23, 2021

## **Independent Auditors' Report to the Unit Holders on Review of Condensed Interim Financial Information**

### **Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Dedicated Equity Fund** (the "Fund") as at December 31, 2020, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2020 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of Review**

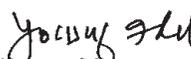
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible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

### **Conclusion**

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

### **Other matter**

The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the quarter ended December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

  
Chartered Accountants

**Engagement Partner**  
Naresh Kumar

**Date:** February 22, 2021  
**Place:** Karachi

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at December 31, 2020*

	Note	(Un-Audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
<b>Assets</b>			
Bank balances	4	5,457	543
Investments	5	35,290	22,248
Dividend and profit receivable		34	700
Preliminary expenses and floatation costs		656	715
Advances and deposits	6	5,422	5,291
Receivable against sale of investment		421	1,607
<b>Total Assets</b>		<b>47,280</b>	<b>31,104</b>
<b>Liabilities</b>			
Payable to the Management Company	7	4,977	174
Payable to the Trustee		27	24
Payable to Securities and Exchange Commission of Pakistan		1	29
Accrued expenses and other liabilities	8	1,916	3,440
<b>Total liabilities</b>		<b>6,921</b>	<b>3,667</b>
<b>Net assets</b>		<b>40,359</b>	<b>27,437</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>40,359</b>	<b>27,437</b>
<b>Contingencies and commitments</b>	9		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>411,530</b>	<b>313,411</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>98.0718</b>	<b>87.5443</b>

The annexed notes 1 to 15 form an integral part of the 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 half year ended December 31, 2020*

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2020	2019	2020	2019
		----- Rupees in '000 -----			
<b>Income</b>					
Dividend income		19	5,769	-	2,871
Profit on bank deposits		70	817	41	457
Capital gain on sale of investments - net		3,120	12,962	21	14,096
		<b>3,209</b>	19,548	<b>62</b>	17,424
Net unrealised gain on re-measurement of investments classified at fair value through profit or loss		329	37,757	329	37,413
		<b>3,538</b>	57,305	<b>391</b>	54,837
<b>Expenses</b>					
Remuneration of the Management Company		118	1,992	33	1,244
Remuneration of the Trustee		74	141	11	79
Annual fee to Securities and Exchange Commission of Pakistan		1	18	0	11
Selling and marketing expenses	7.3	(175)	675	11	412
Allocation of expenses related to registrar services, accounting, operation and valuation services		8	212	2	88
Securities transaction cost		105	707	55	208
Auditors' remuneration		76	139	13	76
Settlement and Bank Charges		81	260	19	153
Shariah advisory fee		102	102	67	102
Other expenses		77	261	19	154
		<b>466</b>	4,508	<b>229</b>	2,528
		<b>3,072</b>	52,797	<b>161</b>	52,309
Provision for Sindh Workers' Welfare Fund	8.2	(61)	(1,056)	(3)	(1,055)
<b>Net income for the period before taxation</b>		<b>3,011</b>	51,741	<b>158</b>	51,254
Taxation	10	-	-	-	-
<b>Net income for the period after taxation</b>		<b>3,011</b>	51,741	<b>158</b>	51,254
<b>Allocation of net income for the period</b>					
Income already paid on redemption of units		2,853	3,551	-	3,551
Accounting income available for distribution:					
- Relating to capital gains		158	47,168	158	47,958
- Excluding capital gains		-	1,022	-	(255)
		<b>158</b>	48,190	<b>158</b>	47,703
		<b>3,011</b>	51,741	<b>158</b>	51,254

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the half year ended December 31, 2020*

	Half year ended December 31,		Quarter ended, December 31,	
	2020	2019	2020	2019
	----- Rupees in '000 -----			
<b>Net income for the period after taxation</b>	<b>3,011</b>	51,741	<b>158</b>	51,254
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>3,011</b>	51,741	<b>158</b>	51,254

The annexed notes 1 to 15 form an integral part of the 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 half year ended December 31, 2020*

	Half year ended						
	2020			2019			
	Capital value	Undistributed income / (Accumulated loss)	Total	Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Total
	December 31,						
	(Rupees in '000)						
<b>Net assets at beginning of the period</b>	119,577	(92,140)	27,437	208,720	(92,140)	-	116,580
Issue of units 411,530 (2019: 2,921,469 units)							
- Capital value (at net asset value per unit at the beginning of the period)	36,027	-	36,027	244,913	-	-	244,913
- Element of income / (loss)	4,173	-	4,173	(14,913)	-	-	(14,913)
Total proceeds on issuance of units	40,200	-	40,200	230,000	-	-	230,000
Redemption of 313,410 units (2019: 2,093,870 units)							
- Capital value (at net asset value per unit at the beginning of the period)	(27,437)	-	(27,437)	(175,534)	-	-	(175,534)
- Element of income	-	-	-	5,073	-	-	5,073
- Income paid on redemption	-	(2,853)	(2,853)	-	(3,551)	-	(3,551)
Total payments on redemption of units	(27,437)	(2,853)	(30,290)	(170,461)	(3,551)	-	(174,011)
transferred to distribution statement	-	-	-	-	-	-	(384)
Total comprehensive income for the period	-	3,011	3,011	-	51,741	-	51,741
<b>Net assets at end of the period</b>	<b>132,340</b>	<b>(91,982)</b>	<b>40,359</b>	<b>268,259</b>	<b>(43,950)</b>	<b>-</b>	<b>224,310</b>
<b>Accumulated loss brought forward</b>							
- Realised		(92,924)			(92,140)		
- Unrealised		784			-		
		(92,140)			(92,140)		
Accounting income available for distribution							
- Relating to capital gains	158			47,168			
- Excluding capital gains	-			1,022			
	(91,982)			48,190			
	(91,982)			(43,950)			
<b>Undistributed income carried forward</b>							
- Realised		(92,311)			(81,707)		
- Unrealised		329			37,757		
		(91,982)			(43,950)		
		Rupees			Rupees		
<b>Net assets value per unit at beginning of the period</b>	<b>87.5443</b>			<b>83.8322</b>			
<b>Net assets value per unit at end of the period</b>	<b>98.0718</b>			<b>101.1208</b>			

The annexed notes 1 to 15 form an integral part of the 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 half year ended December 31, 2020*

	Half year ended December 31,	
Note	2020	2019
	(Rupees in '000)	
<b>Cash flows from operating activities</b>		
Net income for the period before taxation	3,011	51,741
<b>Adjustments</b>		
Capital gain during the period	(3,120)	(12,962)
Dividend Income	(19)	(5,769)
Profit on bank deposits	(70)	(817)
Unrealised gain on re-measurement of investments classified at fair value through profit or loss	(329)	(37,757)
	(527)	(5,564)
<b>(Increase) / decrease in assets</b>		
Investments - net	(9,592)	(61,479)
Advances and deposits	(131)	(1,066)
Receivable against sale of investment	1,186	(293)
Preliminary expenses and floatation costs	59	110
	(8,478)	(62,728)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	4,803	466
Payable to the Trustee	3	14
Payable to Securities and Exchange Commission of Pakistan	(28)	(264)
Accrued expenses and other liabilities	(1,524)	1,368
	3,254	1,584
	(5,751)	(66,708)
Dividend and accrued mark-up received	754	7,254
<b>Net cash used in operating activities</b>	(4,997)	(59,454)
<b>Cash flows from financing activities</b>		
Amount received on issue of units	40,200	230,000
Payment against redemption of units	(30,290)	(174,011)
<b>Net cash generated from financing activities</b>	9,910	55,989
<b>Net increase / (decrease) in cash and cash equivalents</b>	4,914	(3,465)
Cash and cash equivalents at beginning of the period	543	6,975
<b>Cash and cash equivalents at end of the period</b>	5,457	3,510

4

The annexed notes 1 to 15 form an integral part of the 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 half year ended December 31, 2020*

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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.

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

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 capital appreciation to investors schemes by investing in Shariah Compliant equity securities.

VIS Credit Rating Company has assigned a management quality rating of AM2++ (stable 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.

- 1.1 The Fund's primary investors are Fund of Fund Schemes managed by the Management Company (i.e. HBL Islamic Financial Planning Fund and HBL Financial Planning Fund), which are also managed by the Management Company. The aforesaid Fund of Fund Schemes managed by the Management Company aggregately hold 100 percent unitholding in the Fund. Fund of Fund Schemes managed by the Management Company will continue their investments in the Fund in the normal course of business.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of Compliance**

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

- International Accounting Standard (IAS) 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

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

#### **2.2 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 in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2020.

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

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2020.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2020.

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Note	(Rupees in '000)	
<b>4. BANK BALANCES</b>			
Balances with banks in:			
Savings accounts	4.1	5,457	543
		<u>5,457</u>	<u>543</u>

4.1 The balance in savings accounts carry expected profit which ranges from 5.75% to 6.75% (2020:7.5% to 13.5% per annum.)

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Note	(Rupees in '000)	
<b>5. INVESTMENTS</b>			
Financial assets at fair value through profit or loss account			
- Listed equity securities	5.1	35,290	22,248
		<u>35,290</u>	<u>22,248</u>

## 5.1 Listed equity securities at fair value through Profit or Loss

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

Name of the Investee Company	As at July 01, 2020	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2020	Market value as at December 31, 2020 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- Number of shares -----						----- % -----		
<b>Auto mobile assembler</b>									
Honda Atlas Cars (Pakistan) Ltd	-	2,400		1,200	1,200	394	1.12%	0.98%	0.00%
Millat Tractors Ltd	-	1,000		-	1,000	1,094	3.10%	2.71%	0.00%
Sazgar Engineering Works Limited	1,100	1,200		2,300	-	-	0.00%	0.00%	0.00%
	<b>1,100</b>	<b>4,600</b>	<b>-</b>	<b>3,500</b>	<b>2,200</b>	<b>1,488</b>			
<b>TEXTILE COMPOSITE</b>									
Interloop Limited	-	15,000	-	-	15,000	1,021	2.89%	2.53%	0.17%
Kohinoor Textile Mills Ltd 0.00	-	10,000	-	-	10,000	682	1.93%	1.69%	0.01%
Nishat Mills Limited	9,100	10,000	-	9,100	10,000	1,018	2.88%	2.52%	0.00%
	<b>9,100</b>	<b>35,000</b>	<b>-</b>	<b>9,100</b>	<b>35,000</b>	<b>2,721</b>			
<b>CEMENT</b>									
D.G. KHAN CEMENT COMPANY LIMITED	3,500	14,800		9,500	8,800	1,008	2.86%	2.50%	0.00%
Kohat Cement Limited	2,650	1,900	-	2,650	1,900	417	1.18%	1.03%	0.00%
Fauji cement company limited	-	19,500		-	19,500	423			
Pioneer Cement Limited	-	5,000		-	5,000	517			
Cherat cement company limited	8,500	-		8,500	-	-			
Lucky Cement Limited	4,800	5,300	-	4,800	5,300	3,689	10.45%	9.14%	0.00%
Maple Leaf Cement Factory Limited	22,500	20,000	-	22,500	20,000	900	2.55%	2.23%	0.00%
	<b>41,950</b>	<b>66,500</b>	<b>-</b>	<b>47,950</b>	<b>60,500</b>	<b>6,954</b>			
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Limited	19,667	15,500	-	19,667	15,500	1,230	3.48%	3.05%	0.00%
	<b>19,667</b>	<b>15,500</b>	<b>-</b>	<b>19,667</b>	<b>15,500</b>	<b>1,230</b>			
<b>ENGINEERING</b>									
International Industries Ltd	-	3,500		-	3,500	618	1.75%	1.53%	0.00%
Mughal Iron & Steel Inds Lt	14,000	8,500		14,000	8,500	643	1.82%	1.59%	0.00%
Amreli Steels Limited	-	5,000		5,000	-	-	0.00%	0.00%	0.00%
International Steels Limited	-	4,500	-	-	4,500	420	1.19%	1.04%	0.00%
	<b>14,000</b>	<b>21,500</b>	<b>-</b>	<b>19,000</b>	<b>16,500</b>	<b>1,681</b>			
<b>PHARMACEUTICALS</b>									
AGP Limited	4,000	1,000	-	5,000	-	-	0.00%	0.00%	0.00%
GlaxoSmithKline Pakistan LTD	2,300	-		2,300	-	-			
Ferozsons Laboratories LTD	-	2,800		1,500	1,300	430	1.22%	1.06%	0.00%
Highnoon Laboratories Limited	2,210	-	-	2,210	-	-	0.00%	0.00%	0.00%
The Searle Company Limited	5,100	-	-	5,100	-	-	0.00%	0.00%	0.00%
	<b>13,610</b>	<b>3,800</b>	<b>-</b>	<b>16,110</b>	<b>1,300</b>	<b>430</b>			
<b>OIL &amp; GAS EXPLORATION COMPANY</b>									
Mari Petroleum Company Limited	583	2,400		1,083	1,900	2,546	7.21%	6.31%	0.00%
Oil & Gas Developet Company Limited	22,400	22,900	-	22,400	22,900	2,376	6.73%	5.89%	0.00%
Pakistan Oilfields Limited	800	3,400	-	2,300	1,900	751	2.13%	1.86%	0.00%
Pakistan Petroleum Limited	15,720	29,300		18,520	26,500	2,394	6.78%	5.93%	0.00%
	<b>39,503</b>	<b>58,000</b>	<b>-</b>	<b>44,303</b>	<b>53,200</b>	<b>8,067</b>			
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Pakistan State Oil Company Limited	5,520	7,300		5,520	7,300	1,572	4.45%	3.89%	0.00%
Shell Pakistan LLTD	-	1,500		1,500	-	-			
Sui Northern Gas Pipeline Limited	13,000	-	-	13,000	-	-	0.00%	0.00%	0.00%
	<b>18,520</b>	<b>8,800</b>	<b>-</b>	<b>20,020</b>	<b>7,300</b>	<b>1,572</b>			
<b>COMMERCIAL BANKS</b>									
BankIslami Pakistan Limited	-	69,500		-	69,500	835	2.37%	2.07%	0.01%
Meezan Bank Limited	-	15,000		-	15,000	1,567	4.44%	3.88%	0.00%
	<b>-</b>	<b>84,500</b>	<b>-</b>	<b>-</b>	<b>84,500</b>	<b>2,402</b>			

Name of the Investee Company	As at July 01, 2020	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2020	Market value as at December 31, 2020 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- Number of shares -----						----- % -----		
<b>FERTILIZER</b>									
Engro Corporation Limited	6,970	7,700	-	6,970	7,700	2,367	6.71%	5.86%	0.00%
Engro Fertilizers Limited	5,000	7,500	-	12,500	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Company Limited	8,000	5,700	-	8,000	5,700	618	1.75%	1.53%	0.00%
	<b>19,970</b>	<b>20,900</b>	<b>-</b>	<b>27,470</b>	<b>13,400</b>	<b>2,985</b>			
<b>CHEMICALS</b>									
Engro Polymer & Chemicals Limited	-	16,000	-	-	16,000	760	2.15%	1.88%	0.00%
ICI Pakistan Ltd.	1,800	-	-	1,800	-	-			
Sitara peroxide limited	13,000	7,500	-	20,500	-	-	0.00%	0.00%	0.00%
	<b>14,800</b>	<b>23,500</b>	<b>-</b>	<b>22,300</b>	<b>16,000</b>	<b>760</b>			
<b>Technology and Communication</b>									
Avanceon Limited	-	6,500	-	-	6,500	604	1.71%	1.50%	0.00%
Systems Limited	6,100	-	-	6,100	-	-	0.00%	0.00%	0.00%
	<b>6,100</b>	<b>6,500</b>	<b>-</b>	<b>6,100</b>	<b>6,500</b>	<b>604</b>			
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Electron LTD	-	10,500	-	-	10,500	422	1.19%	1.04%	0.00%
Waves singer pakistan limited	-	28,500	-	-	28,500	803	2.28%	1.99%	0.00%
	<b>-</b>	<b>39,000</b>	<b>-</b>	<b>-</b>	<b>39,000</b>	<b>1,225</b>			
<b>Vanaspati &amp; Allied Industries</b>									
Unity foods limited	-	29,500	-	-	29,500	946	2.68%	2.34%	0.01%
	<b>-</b>	<b>29,500</b>	<b>-</b>	<b>-</b>	<b>29,500</b>	<b>946</b>			
<b>FOOD &amp; ALLIED INDUSTRIES</b>									
The organic meat company limited	-	50,000	-	-	50,000	1,491	4.22%	3.69%	0.00%
	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>1,491</b>			
<b>REFINERY</b>									
Attock refinery limited	-	1,500	-	-	1,500	273	0.77%	0.68%	0.00%
Pakistan Refinery Limited	-	19,500	-	-	19,500	464	1.31%	1.15%	0.00%
	<b>-</b>	<b>21,000</b>	<b>-</b>	<b>-</b>	<b>21,000</b>	<b>737</b>			
<b>Total as at December 31, 2020</b>	<b>198,320</b>	<b>488,600</b>	<b>-</b>	<b>235,520</b>	<b>451,400</b>	<b>35,290</b>			
<b>Total as at June 30, 2020</b>	<b>1,230,496</b>	<b>4,981,753</b>	<b>-</b>	<b>6,013,929</b>	<b>198,320</b>	<b>22,248</b>			
<b>Carrying value as at December 31, 2020</b>						<b>34,961</b>			

5.2 These investments include shares having market value aggregating to Rs. 5.529 million that have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in Pakistan Stock Exchange.

6. ADVANCES AND DEPOSITS	Note	(Un-Audited)	(Audited)
		December 31, 2020	June 30, 2020
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Advance Tax		2,822	2,691
		<b>5,422</b>	<b>5,291</b>
<b>7. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Management fee	7.1	39	58
Sindh Sales Tax on Management Company's remuneration	7.2	5	8
Selling and marketing payable	7.3	-	103
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.4	5	5
Payable to management company	7.5	4,928	-
		<b>4,977</b>	<b>174</b>

- 7.1 As per the offering document of the Fund the maximum limit of management fee is 3% per annum of Average Annual Net Assets. During the period, management fee is charged at the rate of 2% of average annual net assets of the fund.
- 7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 % on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.
- 7.3 SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed cap of 0.4 percent (of average net assets, calculated on daily basis), on charging of selling and marketing expenses which are charged by Asset Management Companies to all categories of open-end mutual funds (except fund of funds). Currently, the selling and marketing expense is charged at the rate of 0.75% of average annual net assets of the fund (June 30, 2020: 0.75%). There arose a debit balance of Rs.0.072 million at period end as a result of reversal of Rs. 0.215 million, during the period, of excess selling and marketing expense charged to the Fund by Management Company in prior year. The net reversal in income statement represents expense for the period net of aforesaid reversal recorded during the period.
- 7.4 In accordance with Regulation 60 of the NBFC Regulations, the Management Company has charged expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). Currently, the expense is charged at the rate of 0.161% of average annual net assets of the fund (June 30, 2020: 0.1610%).
- 7.5 This represents interest-free loan of Rs. 5 million from Management Company to the Fund repayable on demand net off debit balance of Rs. 0.072 million as explained in note 7.3 above.

	Note	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
(Rupees in '000)			
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Charity payable	8.1	296	490
Auditors' remuneration		354	278
Payable to brokers		20	409
Payable to NCCPL		518	882
Provision for Sindh Workers' Welfare Fund	8.2	675	614
Payable to shariah advisor		51	17
Other payables		-	750
		<b>1,916</b>	<b>3,440</b>

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

8.2 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare 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, 2020.

As there is income for the half year ended December 31, 2020, a provision of Rs. 0.675 million for SWWF has been recognised in this condensed interim financial information. As at December 31, 2020, the provision in relation to SWWF amounted to Rs. 0.675 million (June 30, 2020: Rs. 0.614 million). Had the provision not being made, the net asset value per unit as at December 31, 2020 would have been higher by Rs.1.641 (June 30, 2020: Rs. 1.959) per unit.

9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2020 and June 30, 2020.

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10. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ending June 30, 2021 to its unit holders.

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2020 is 3.85%, which includes 0.44% representing government levy, Workers' Welfare Fund and SECP fee (December 2019: 3.32% which includes 0.73% representing government levy, Worker's welfare fund and SECP Fee.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	<b>(Un-Audited)</b> <b>December 31,</b> <b>2020</b>	<b>(Un-Audited)</b> <b>December 31,</b> <b>2019</b>
	<b>(Rupees in '000)</b>	
<b>12.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	<b>118</b>	1,992
Allocation of expenses related to registrar services, accounting, operation and valuation services	<b>8</b>	212
Selling and marketing expenses	<b>(175)</b>	675

	(Un-Audited) December 31, 2020	(Un-Audited) December 31, 2019
	(Rupees in '000)	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	74	141
<b>MCBFSL Trustee HBL IFPF Islamic Capital Preservation Plan</b>		
Issue of nil units (2019:2,518,655 units)	-	200,000
Redemption of 313,411 units (2019: 1,861,892 units)	30,290	155,558
<b>MCBFSL Trustee HBL IFPF Active Allocation Plan</b>		
Issue of 251,913 units (2019: 161,125 units)	24,600	12,000
Redemption of nil units (2019: 161,125 units)	-	12,623
<b>MCBFSL Trustee HBL IFPF Strategic Allocation Plan</b>		
Issue of nil units (2019: 241,687 units)	-	18,000
Redemption of nil units (2019: 70,852 units)	-	5,830
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan</b>		
Issue of 159,617 units (2019: nil units)	15,600	-
Redemption of nil units (2019: nil units)	-	-
<b>12.2 Amounts outstanding as at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee payable	39	58
Sales tax payable	5	8
Allocation of expenses related to registrar services, accounting, operation and valuation services	5	5
Selling and marketing expenses	-	103
Loan payable to Management Company	4,928	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	27	24
<b>MCBFSL Trustee HBL IFPF Islamic Capital Preservation Plan</b>		
Investment held in the Fund: Nil units (June 30, 2020: 313,411)	-	27,437
<b>MCBFSL Trustee HBL IFPF Active Allocation Plan</b>		
Investment held in the Fund: 251,913 units (June 30, 2020: nil units)	24,706	-
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan</b>		
Investment held in the Fund: 159,617 units (June 30, 2020: nil units)	15,654	-

### 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

- 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Fair value measurements using inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

		December 31, 2020 (Un-Audited)						
		Carrying amount			Fair Value			
		Fair Value Through Profit and Loss	At Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value at fair value</b>	<b>Note</b>	----- (Rupees) -----						
Investments								
- Listed equity securities	5	35,290	-	35,290	35,290	-	-	35,290
<b>Financial assets not measured</b>	<b>13.1</b>							
Bank balances		-	5,457	5,457	-	-	-	-
Dividend and profit receivable		-	34	34	-	-	-	-
Receivable against sale of investment			421	421				
Deposits			2,600	2,600				
		-	8,512	8,512	-	-	-	-
<b>Financial liabilities not measured at fair value</b>	<b>13.1</b>							
Payable to management company		-	4,977	4,977	-	-	-	-
Payable to trustee			27	27				
Payable to Securities and Exchange Commission of Pakistan			1	1				
Accrued expenses and other liabilities			1,240	1,240				
Net assets attributable to unit holders			40,359	40,359	-	-	-	-
		-	46,604	46,604	-	-	-	-

		June 30, 2020 (Audited)						
		Carrying amount			Fair Value			
	Note	Fair Value Through Profit and Loss	At Amortised Cost	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees) -----						
Financial assets measured at fair value								
Investments								
- Listed equity securities		22,248	-	22,248	22,248	-	-	22,248
Financial assets not measured at fair value								
13.1								
Bank Balances		-	543	543	-	-	-	-
Dividend and Profit receivable		-	700	700	-	-	-	-
Receivable against sale of investment			1,607	1,607				
Advances and deposits			2,600	2,600				
		-	5,450	5,450	-	-	-	-
Financial liabilities not measured at fair value								
13.1								
Payable to management company		-	174	174	-	-	-	-
Payable to trustee			24	24				
Other liabilities			2,826	2,826				
Net assets attributable to unit holders		-	27,437	27,437	-	-	-	-
		-	30,461	30,461	-	-	-	-

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. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statement was authorised for issue by the Board of Directors of the Management Company on February 10, 2021.

#### 15. GENERAL

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

15.2 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2020 have not been reviewed.

15.3 In continuation of note 1.7 to annual audited financial statements for the year ended June 30, 2020, we state that as a result of measures taken by Government, there has not been any material adverse impact on fiscal and economic fronts facing the country. The management of the Fund is closely monitoring the situation and so far there is no impact on this interim financial information of the Fund.

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

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

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

\_\_\_\_\_  
Director



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